



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 552

PRINTERS NO. 1442

PRIME SPONSOR: Brubaker

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0

SUMMARY: Amends the Workforce Development Act to establish statutory guidelines for the establishment and operation of “Industry Partnerships”. This legislation would take effect immediately.

ANALYSIS: This legislation would add a new Chapter 13 (“Industry Partnerships”) into the Workforce Development Act (Act 114 of 2001) to put into statute operating guidelines for the already existing “Industry Partnership” program. The legislation defines such partnerships as a collaboration that brings together multiple employers and workers in a targeted industry cluster to address common workforce needs.

The legislation would require that the Department of Labor and Industry work with businesses, industry associations, career and technical associations, participating agencies, state and local workforce investment boards, and economic development entities, to identify industry clusters based on:

- statistics showing competitiveness;
- importance to state or regional economic development;
- other employers that supply materials or services to the industry;
- research studies; and
- other criteria deemed relevant by the Department.

In collaboration with these groups, as well as business and labor leaders, the Department must select targeted industry clusters for workforce and economic development investments, based on:

- importance to the state and regional economy;
- workforce development needs;
- potential for economic growth;
- competitiveness;
- employment base; and
- wages, benefits, and career opportunities.

The Department must periodically evaluate targeted industry clusters for needed changes. By July 1 of each year, the Department must post industry cluster related statistics, including labor market information and occupational analysis of employment and wages, on its website. The Department must annually provide a list of high-priority occupations targeted for workforce and educational investments.

The Department shall administer a grant program for Industry Partnerships subject to available funds appropriated by the General Assembly. Industry Partnerships may use grant funds for any of the following purposes:

- To facilitate collaboration between employers, workers, and their representatives in an industry cluster.
- To identify businesses' training needs, including skill gaps.
- To work to combine training and education needs of multiple employers.
- To assist educational and training institutions in aligning curricula to industry demands.
- To work with PA Careerlinks, youth councils, business-education partnerships, intermediate units, secondary and postsecondary educational institutions, parents, and career counselors to address career connections for disadvantaged adults and youth.
- To help employers identify and address human resource challenges.
- To develop and strengthen career ladders that enable entry-level workers to improve skills and advance to higher-wage jobs.
- To help employers attract a diverse workforce, including individuals who face economic or other barriers to employment.
- To strengthen businesses' connections and generate additional cooperation to improve competitiveness and job quality.

To receive grant funding, Industry Partnerships must:

- demonstrate involvement of local workforce investment board;
- demonstrate participation of workers or labor representatives;
- provide for private sector matching funding of at least 25%; and
- commit to participate in the performance and evaluation system.

The Department must:

- establish grant guidelines and applications;
- develop forms and procedures to award competitive grants;
- establish an application review process;
- establish a process to provide applicants with additional information and assistance;
- provide technical assistance to applicants and grantees; and
- seek other grants or revenue sources to fund administrative and training activities.

The Department will oversee the operation of the grant program with support from participating agencies. The grant period will be not less than 12 and not more than 24 months. Grantees may apply to renew grants. Participating agencies will be required to supply relevant information and assistance, including performance measurements related to workforce development programs or policies.

The Department will be required to provide industry and labor market research to support Industry Partnerships. This includes current data on targeted industry clusters, industry employment and trends, and high-priority occupations and trends.

The Department will be required to maintain an evaluation and performance improvement system that collects data annually from Industry Partnerships, including what the Industry Partnership has learned, common human resource challenges, use of technology, challenges foreseen, best practices, and other information deemed relevant by the Department. The system will also identify benefits of the Industry Partnerships and provide annual performance information to the General Assembly, the public, and workforce stakeholders.

FISCAL IMPACT: This legislation would have no adverse impact on Commonwealth funds. The 2010-11 General Appropriations Act funded Industry Partnerships at \$1,645,000 and the 2011-12 General Appropriations Act funds Industry Partnerships at \$1,613,000.

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Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.