

Oregon Workforce Investment Board Three-Year Report on the Oregon Employer Workforce Training Fund (EWTF)

Executive Briefing Paper



Key Results

- Innovative economic and workforce strategy to build the skills of Oregon workers, promote innovation in the workplace, and enhance the competitiveness of Oregon businesses.
- Over 23,000 current workers trained in critical knowledge-based industries.
- A \$10M public investment leveraged almost \$22 M in private sector investments for training incumbent workers.
- Over 400 companies participated – majority small business with fewer than 100 workers.
- Training in advanced manufacturing, high tech, bioscience and other critical industries.
- Workers gained new skills in high performance/lean, specialized technical areas, patient care, computer software application, critical thinking, problem solving and leadership.
- Training projects regionally driven by industry, Local Workforce Boards, and Workforce Response Teams.
- Over 20 statewide projects implemented to build capacity to link economic and workforce development efforts and address critical skill shortages in high-demand occupations.
- Strategic investments created over 2,300 new jobs and retained almost 20,000 existing jobs.
- Primary recommendation: To maintain the competitive edge - and win in the global market - Oregon must increase EWTF funding investment from flexible, non-federal sources.

What is the Oregon Employer Workforce Training Fund?

Three years ago, Governor Kulongoski signed Executive Order 03-16 creating the Oregon Employer Workforce Training Fund (EWTF), an innovative, public-private investment plan designed to strengthen Oregon's competitive position in the global marketplace. The Fund is unique in the country in that it creates three distinct but complementary tools that:

- **Provide customized, workplace training** to workers currently on the job but struggling to keep pace with technological change and the demands of the modern workplace;
- **Build the capacity of Oregon's workforce development system** to address statewide challenges due to skilled worker shortages in targeted industries; and
- **Support retention and expansion of companies** critical to regional economies across the state.

Why does Oregon need an Employer Workforce Training Fund?

To win in the global market, Oregon businesses need workers at all levels with the technical savvy, entrepreneurial approach and critical thinking skills required to fuel innovation and to capture competitive advantages. With limited training dollars usually targeted at management, thousands of small businesses across Oregon lack the internal capacity to design and deliver worker training.

The Oregon Employer Workforce Training Fund acts as a catalyst to identify and aggregate training needs, spur private investment in training front line workers and build capacity in the public system to address critical skilled worker shortages. As such, the EWTF is simultaneously a workforce and an economic development strategy, designed to build a skilled workforce while growing the existing Oregon business base.

What are the measurable goals for the Fund?

The Oregon Workforce Investment Board, a business-led advisory board to the Governor on education and training workforce policy, set the following four goals for the EWTF:

- Living wage jobs, created and retained, in Oregon;
- Highly skilled workforce, especially for knowledge-based industries;
- Global competitiveness of Oregon businesses, based on the skills of their workforce;
- Efficient and effective teams and projects.

How does the Employer Workforce Training Fund work?

The EWTF is capitalized with a \$6 million investment annually from the federally funded Workforce Investment Act. Over the past three years, \$18 million has been distributed by the Oregon Department of Community Colleges and Workforce Development to the three EWTF program areas as follows:

- **\$11.7 million for current worker training** awarded to 15 regional Workforce Response Teams (WRTs). The WRTs are made up of education, employment, economic and workforce development practitioners, who work with business partners to review and fund applications from companies for current worker training across the state. Funding is formula-allocated to regions based on region's percentage of business establishments and labor force guided by investment plans developed by each region. Companies or consortia of companies who qualify may receive reimbursement of their direct training costs and are required to match the funds. (A regionally-based strategy)
- **\$3.6 million for capacity building** through Statewide Opportunity Grants to solve unique workforce challenges in targeted industries. Rather than focusing on direct training, these funds build the expertise and training infrastructure of educators and/or business consortia to deliver innovative training at multiple sites across the state. (A statewide strategy)
- **\$2.7 million in the Governor's Strategic Training Fund** allows the Governor to strategically invest in Oregon businesses that are expanding (or to retain businesses) by providing incentives for necessary skill training of incumbent workers and other strategic investments. (An executive level strategy)

Other states have created current worker training programs over the past decade to provide incentives and support, particularly to small business, to invest additional resources in upgrading the skills of their existing workforce. Several states have also targeted funds for capacity building efforts designed to improve the quality and accessibility for training for future and current workers.

Oregon is trailblazing in its approach and unique in its implementation. It is one of only a few states in the country using federal funds to address current worker skill gaps, and the only state to creatively link capacity building, current worker training and targeted job retention into a single fund, providing ultimate flexibility to respond to dynamic business needs.

What are the results for the current worker training program?

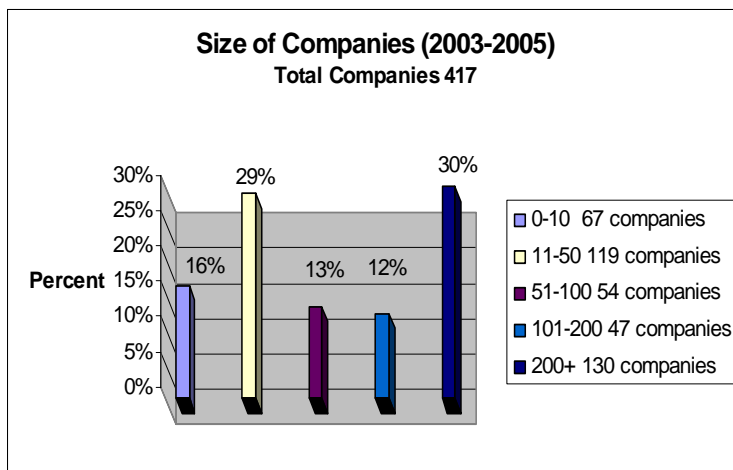
One of the four EWTF goals is to retain and grow living wage jobs in Oregon. Summarized below are reported results from all fifteen regional Workforce Response Teams across the state for incumbent worker training funded from July, 2003, to June, 2005, and planned results from July, 2005, to June, 2006.

Table One: Incumbent Worker Training Projects

	2003	2004	2005 Planned*	Three-Year Total
Training Projects	122	119	176	417
Total state investment	\$2,951,248	\$3,136,235	\$3,645,299	\$9,732,782
Private sector match	\$4,628,482	\$6,425,263	\$10,170,695	\$21,224,440
Individuals trained	5,244	7,750	10,037	23,031
Jobs created	453	1,118	789	2,360
Jobs retained	4,915	5,625	8,949	19,489

* Planned data is being used for 2005 since a number of training projects funded from July, 2005, through June, 2006, are still operational. Grants are for up to two years.

The three-year results basically show steady increases over time on all key measures. Of particular note is that while the Fund only requires a 1:1 match, a more than 2:1 match was achieved, with approximately \$10 million in public dollars leveraging over \$21 million in private investment. The combined investment trained over 23,000 workers, with an average cost-per-worker of approximately \$1,344 (roughly \$450 public and \$894 private), although actual costs per worker varied depending on the content and length of the training. Approximately 19,500 jobs were retained and more than 2,300 jobs created by participating companies.



- Over half (240 of the 417) of participating companies had 100 or fewer workers, demonstrating the intent to reach out to small businesses across the state that lack the infrastructure to provide current worker training on their own
- Companies with over 200 workers were the largest single category
- Distribution of company size was consistent across the three years

What industry sectors participated?

Collectively, manufacturing industries had the highest level of participation, including metals (41 projects), forest/wood products (39 projects), transportation equipment (23 projects) and food processing (22 projects). The largest single sector receiving EWTF grants was healthcare/biomedical, with 73 funded projects; high tech was second largest with 47 projects. A variety of other sectors were also involved, including professional services, creative services and recreation.

How did Oregon workers benefit?

Another major goal of the EWTF is to ensure a highly skilled workforce, especially for knowledge-based industries. Over 23,000 Oregonians benefited from the EWTF training investments, with increasing numbers involved each successive year - 2003 (5,244); 2004 (7,750); and 2005 (10,037). Over 5,300 received industry-recognized certifications.

Workers benefited from a wide variety of training programs, reflective of the emphasis from participating industry sectors. The single most common training was in high performance/lean manufacturing, followed closely by safety and sanitation, and a vast array of mechanical, maintenance and other technical training related to manufacturing production and processing. Reflecting the biomedical interest, projects focused on therapeutic patient care and a wide variety of diagnostic laboratory and technician training. The most common "generic" training was computer software application and leadership, with an emerging interest in "leadership for high performance."

How did Oregon businesses benefit?

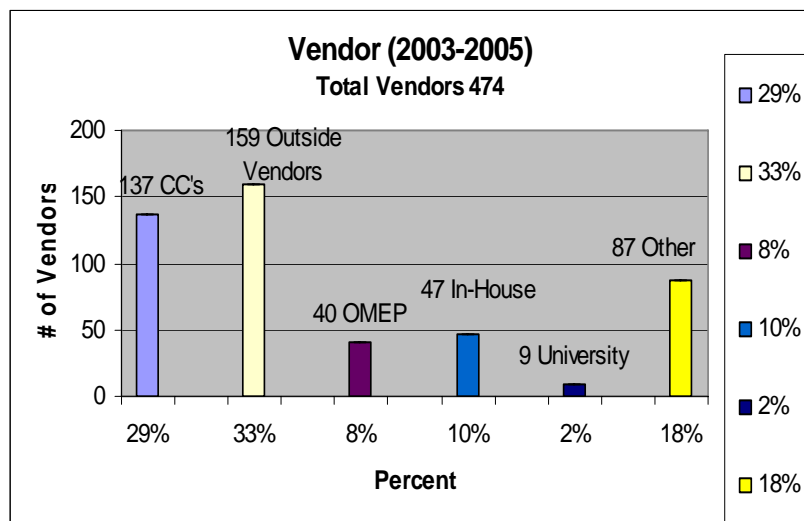
EWTF also supports the global competitiveness of Oregon businesses, based on the skills of their workforce. At the completion of each project, every employer receiving a reimbursement grant must self-report on as many outcome measures as apply. Summarized below are the reported outcomes of the 417 companies that received training grants (the percentage of projects for each given year is shown in parentheses).

Table Two: Business Performance Outcomes

Outcome Measures	2003 Final (122)	2004 Final (119)	2005 Reported to Date (176)	Total (417)
Increase in productivity	95 (78%)	96 (81%)	129 (73%)	320 (77%)
Increase in competitiveness	90 (74%)	87 (73%)	119 (68%)	296 (71%)
Reduction in operating costs	60 (50%)	68 (57%)	84 (48%)	212 (51%)
Reduction in rework	41 (34%)	60 (50%)	87 (49%)	188 (45%)
Reduction in cycle time	36 (30%)	60 (50%)	67 (38%)	163 (28%)
Increase in capital investment	19 (16%)	33 (28%)	39 (22%)	91 (22%)

Performance outcomes were very consistent across all years, with over three-fourths of participating companies reporting increases in both productivity and competitiveness, about half of all companies reporting reductions in operating costs and rework, and about a fourth reporting reductions in cycle time and new capital investments.

Who provided the training to companies?



The single largest provider of training was outside vendors. The community colleges were also actively engaged, providing training support to over a third of the projects. The total number of vendors exceeds the number of projects because some companies use multiple trainers and/or vendors.

OMEP = Oregon Manufacturing Extension Partnership CC= Community Colleges

What are the results for the capacity building projects?

Statewide Opportunity projects are targeted at solving unique challenges that have a statewide workforce development impact. Capacity building initiatives include efforts to build capacity in traded sectors, address major skill gaps in high-demand occupations, and/or implement cluster-based economic and workforce development strategies. Approximately \$3.6 million has been invested in more than 20 projects over the past three years, the “ripple effects” of which are still yielding positive benefit to Oregon businesses, current and future workers, and regional economies all across the state. A brief summary of projects is provided at the end of this Briefing Paper.

Using an evaluation framework developed to track process and outcome measures for the capacity building projects, a review of project performance suggests significant progress in several key performance areas over the three year period:

- **Increased Collaborative Activity:** Capacity building investments have yielded increases in collaborative activity, within regions and across the state. Project partners report improved communication, inter-organization planning, joint decision-making and sharing of promising practices.

- **Alignment with Business Needs.** Many of the capacity building projects focus on key industry sectors, supporting increased responsiveness of training programs to the needs of businesses and skill gaps in high-demand occupations. Cluster-based strategies and consortia activity advance aggregating demand and increasing leverage.
- **Improved Information about Education and Training Needs and Opportunities:** Projects increased the flow of information among employers, education/training providers, and potential students/trainees about employers' and students' needs for training and the offerings of providers that address these needs.
- **Expanded Training Resources:** Many of the capacity building projects focused on identification of training needs, curriculum development, and development of alternative education and training models, such as simulation labs and career pathway programs.

What are the results of the Governor's Strategic Training Fund projects?

Governor Kulongoski used the \$2.7 million in the Fund to make strategic investments in workforce training to expand and retain businesses in Oregon. The grants are made to ensure the investment goes to an Oregon business that is expanding its base of operations (and therefore its worker base) or to retain firms with family wage jobs in the state. Awards from the GSTF are used to finance both direct worker training and capacity building efforts. Projects are reviewed to ensure that they:

- Are reasonably expected to result in new jobs, job retention or higher incomes.
- Reserved for projects that result in significant long-term economic benefits.
- Serve as a catalyst for additional economic and workforce development benefits or will result in improved utilization of existing Oregon resources.

Of particular note is the number of projects funded through the Governor's Strategic Training Fund in rural communities across the state. All were strategic investments to assist successful businesses with expansion efforts or to retain businesses at risk of closing or relocating out of state. Given the critical importance of each and every business to rural economies, such critical investments can make the difference between economic vitality and economic stagnation.

Projects also focused on several traded sectors of the Oregon economy – those sectors that sell their products to other states and countries and are highly vulnerable to changing demands of the global economy. Sector-based projects included transportation equipment, bioscience, food processing, metals, semiconductors, and wood products. A project was also funded in emerging wind energy technology, which has application to other alternative sources such as hydro, solar, and biofuels – all potential economic growth areas for the state. A brief summary of funded projects is provided at the end of this Briefing Paper.

What are the strengths of Oregon's EWTF approach?

- **Creative and innovative use of Workforce Investment Act funding.** Very few other states are using WIA funds for employer-based incumbent worker training, and none has established a system to disperse these funds that encourages regional control, collaboration, and building capacity.
- **Flexibility to adapt to regional conditions.** Oregon's decentralized system for distributing funding supports local flexibility and regional decision-making based on the needs of the regional economy.
- **Promotes alignment between economic development and workforce development goals.** By fostering collaboration among economic development and workforce development players in each region and by encouraging regions to choose strategic clusters on which to focus, the state recasts workforce development in the light of economic goals and opportunities.
- **Trailblazing concept behind statewide capacity building projects.** The major projects funded are creative and have strong business partners. Several help build an infrastructure to support targeted industries, with the potential for significantly impact in the quantity and quality of training for years to come.
- **Statewide projects are well-aligned with industry needs.** Funded projects reflect a high degree of public-private partnership that address specific, clearly identified gaps in the existing training delivery system and/or promote demonstrated business retention and expansion.

What lessons have been learned and what are recommendations for change?

- **Demand exceeds capacity to respond:** Requests for assistance from all three EWTF "pots" (training, capacity building and retention/expansion assistance) far exceeded the ability to respond. Based on results from the past three years and increasing private sector investment, more job creation and retention would occur with additional investment. *Recommendation: Funding levels must be increased and flexible sources of funding must be found for Oregon to maintain a competitive edge.*
- **Businesses share common workforce challenges:** Data suggest that similar training occurred across the state delivered to hundreds of companies one-on-one. *Recommendation: Encourage "cluster" based training to groups of firms that have common workforce challenges creating opportunities to share programs and curricula to minimize up front program development costs.*

- **Training linked directly to company goals is most effective.** National research shows that training linked directly to measurable company outcomes helps firms achieve productivity and competitiveness goals. *Recommendation: Refine procedures to ensure funds are used to help businesses leverage their training funds with public funds to meet their training needs and achieve strategic goals.*
- **Investing in training is a “culture shift” for many businesses.** Many businesses still view training as a cost and don’t see the relationship to the bottom line. *Recommendation: Create return-on-investment models for specific industry sectors and promote success stories to help companies see value in incumbent worker training.*
- **Recognizing and rewarding new skills provide positive incentives to workers.** Workers need to see the connection between learning new skills and their personal and professional development. *Recommendation: Increase skills training links to industry-based certifications and encourage employers to adopt “pay for skills.”*
- **Collaboration is critical.** No one agency alone can address the multitude of productivity and competitiveness issues facing Oregon business – a collaborative approach is required. *Recommendation: Building on the success on the Workforce Response Teams in partnership with Local Workforce Investment Boards, promote best practice models for aligning and coordinating the array of business assistance services available to support retention and growth of the existing Oregon business base.*

The Oregon Employer Workforce Training Fund is both a workforce and an economic development investment. The underlying premise behind the Fund is that employee training and skill development helps retain and grow jobs by improving the productivity of workers. In turn, worker productivity is a function of both worker skills and the integration of these skills into workplaces that incorporates a host of other dimensions: appropriate processes, labor-management relations, compensation systems, etc. Teasing out the “impact” of training investments can be challenging, given the host of intervening variables that can occur.

Oregon’s EWTF has had impressive outcomes in its three years of operation. The fundamental infrastructure that has been developed is highly functional and poised for additional investments.

Completed Statewide Opportunity Fund and Governor’s Strategic Training Fund Grants

Completed Project	Overview
AFL-CIO labor led projects:	Promotion of Manufacturing Jobs: Conducted research on companies at-risk due to globalization to build early-warning systems in a labor-management model. This project built upon successful efforts from 5 previous projects. These projects ensured that workers acquired new technological skills to retain high wage, high-skill jobs based on new ways of doing work. Each of the four training centers utilized a labor-management partnership made up of signatory employers and labor leaders that negotiate training programs through a collective bargaining agreement. The types of training included Solar Photovoltaic, High Voltage Transformer, Pressure Vessels, Home Fire Sprinklers, and Bio-Medical for 322 workers.
AHEC Spanish Medical Interpreters	Develops a health care interpreter training curriculum with self-study and distance-learning components for rural Oregon hospitals serving large numbers of Limited English Proficient and Non-English Proficient Hispanic patients.
ATS: Region 4	Training towards a two-year apprenticeship program for current workers to be Electronic Automation Technologists; will help the company gain new markets and create 15 new jobs in the course of two years.
Bio Science Consortium: Region 2	Work with OHSU and the Oregon Bioscience Association (OBA) to develop a new masters degree program entitled “Management in Health Care & Bioscience.”
Food Processing & Metal Consortia: Region 3	Work with the food processing and metals clusters in Marion, Polk and Yamhill counties to facilitate their development into formalized consortium.
Georgia Pacific	Trained employees in the use of two steam turbine-generators resulting in cost savings by increasing plant energy efficiency and reducing costs of production.
Granite Plus: Region 7	To train current workers for American National Standards Institute certification and access new markets in support of job creation and retention.
Lane RV Manufacturing Consortium	Development of a Recreational Vehicles Consortium to address workforce needs of the RV industry and act as the hub for a statewide workforce effort for this industry.
Lean ESL	Portland Community College is scaling this best practice program to 10 community colleges across the state, designed to develop and deliver ‘lean’ manufacturing skills curriculum for English as a Second Language learners in the workplace;
Marks Metals Technology: Region 15	To implement Lean Manufacturing, Six Sigma Green Belt Certification, and prepare for ISO certification in three stages in support of planned company expansion.
Molecular Probes	Developed curriculum for biotech industry and trained 250 Oregonians.
N2K (Nurse 2000) Nursing Capacity Building Model	A creative model for addressing the nursing shortage by selecting high-performing current workers for nurse training, with a focus on bilingual/bicultural employees and executing a contract education agreement with participating nursing schools.
NW Agricultural Consortium	Developing cross-crop training program for agricultural workers for the wine, nursery, dairy industries. Completed surveys with workers and growers, identified skill needs. Will conduct trainings in future.
Pain Management	Develops a pain management curriculum for nurses to be used around the state.

Completed Project (cont.)	Overview
Precision Wire Project	Developed curriculum for the biomedical device traded sector, retained 15 jobs, created 22 new jobs and training 190 employees.
Registered Nurse Training	Development of an innovative regionally-based pathway model in Central Oregon with 13 area Health Education entities that moves health care workers into high demand nursing occupations, providing most training via distance technology.
Statewide Projects Evaluation	A process evaluation of the EWTF and developed a performance measurement and evaluation framework for future capacity building investments.
Workforce Demonstration Project	Formation of the Portland Workforce Alliance between Portland Public Schools and the metals, manufacturing, healthcare, and the construction trades to build pathways from high schools into work or industry-recognized training programs.

Current Statewide Opportunity Fund and Governor’s Strategic Training Fund Grants

Current Project	Overview
AFL-CIO Apprenticeship Project	The development of a pilot industrial apprenticeship program with union-employer partners and create a Joint Apprenticeship Training Committee.
ATS: Region 4	Training towards a two-year apprenticeship program for current workers to be Electronic Automation Technologists; will help the company gain new markets and create 15 new jobs in the course of two years.
Bio Science Consortium: Region 2	Work with OHSU and the Oregon Bioscience Association (OBA) to develop a new masters degree program entitled “Management in Health Care & Bioscience.”
Food Processing & Metal Consortia: Region 3	Work with the food processing and metals clusters in Marion, Polk and Yamhill counties to facilitate their development into formalized consortium.
Granite Plus: Region 7	To train current workers for American National Standards Institute certification and access new markets in support of job creation and retention.
Industry Clusters Training	Builds capacity of regions to identify industry clusters and implement economic and workforce cluster strategies through training and technical assistance.
Lane RV Manufacturing Consortium	Development of a Recreational Vehicles Consortium to address workforce needs of the RV industry and act as the hub for a statewide workforce effort for this industry.
Marks Metals Technology: Region 15	To implement Lean Manufacturing, Six Sigma Green Belt Certification, and prepare for ISO certification in three stages in support of planned company expansion.
New Nurses for Oregon	Oregon Health Career Center: Expands the N2K model via statewide distance learning curriculum.
Oregon Healthcare Workforce Institute	Established a private-public partnership to develop a coordinated statewide response to critical needs in the healthcare workforce.
Oregon Manufacturing Workforce Strategy	Northwest High Performance Enterprise Consortium (NWHPEC) will coordinate & link regional manufacturing centers of activity; fund high-performance consortia; address skilled worker shortages; promote importance of manufacturing.
Oregon Simulation Alliance	The Simulation Alliance helped to form and fund 20 regional healthcare coalitions to develop and expand simulation as a training tool for healthcare workers. Project included Nursing Competency Simulation Lab equipment.
Pacific NW Wind Energy Consortium/Wood Turbine Maintenance Technician: Region 9	Supports the skilled workforce needed to maintain and operate wind turbines, with skills transferable to hydro, solar or biofuel and build an Alternative Energy Career Pathway to serve the multi-state Pacific Northwest area.
Pathways to Advancement	Repackaging community college programs into “chunked curricula” to build short-term stepping stones to post-secondary degrees, with a focus on non-traditional students (low income and working adults). All 17 colleges are involved in transforming programs based on regional economic needs.

Current Project (cont.)	Overview
Salmon Recovery	To organize workforce resources and services for workers and families affected by the salmon closure.
Semi-Conductor Consortium: Region 2	Implementation of a semi-conductor consortia, focused on preparing skilled workers to fill a projected 11.5% employment increase over the next decade for this critical traded sector of Multnomah and Washington counties.
Wood Products: TOC/OWA	Provide support to 24 rural counties to partner with the wood products industry, assess their workforce needs, and provide workers with technical skills required in the new “high tech” wood products work environment.



December 2006