

The Strengthening Employment Clusters to Organize Regional Success Act of 2009

SECTORS Section-by-Section Analysis | S777, HR1855

October 2009

Sec. 1 Short Title

Identifies the bill as the “Strengthening Employment Clusters to Organize Regional Success Act of 2009” or the “SECTORS Act of 2009.”

Sec. 2 Industry or Sector Partnership Grant Program

Amends Subtitle D of Title I of the Workforce Investment Act of 1998 (29 U.S.C. 2911 et. seq.) to establish an industry or sector partnership grant program under new section 173B. [Sec. 174A in H.R. 1855]

(a) Purpose

States that the purpose of the Industry or Sector Partnership Grant Program is to help establish or expand designated capacity for multi-stakeholder, industry or sector partnerships that lead collaborative planning, resource alignment, and training efforts across multiple firms for current and potential workers within the targeted industry cluster.

(b) Definitions

Defines key terms within the Act.

A ‘*career ladder*’ is defined as an identified series of positions, work experiences, and educational benchmarks or credentials that offer occupational and financial advancement within a specified career field or related fields over time.

An ‘*industry cluster*’ is defined as a group of employers in a region closely linked by common product or services, workforce needs, similar technologies, supply chains, or other economic ties.

An ‘*industry or sector partnership*’ is defined as a workforce collaborative that organizes key stakeholders in a targeted industry cluster into a working group that focuses on the



human capital needs of the industry cluster. Defines the required partners of an industry or sector partnership as: representatives of multiple firms or employers, including workers, in a targeted industry cluster, including small- and medium sized employers when practicable; one or more representatives of State labor organizations or central labor councils; one or more representatives of local workforce investment boards; one or more representatives of postsecondary educational institutions or other training providers; and one or more representatives of State workforce agencies or other entities providing employment services. Required partners are to be included at the appropriate stage of development of the partnership. Also identifies non-mandatory partners that may be included in industry or sector partnerships, including among others representatives of State or local government, business and trade associations, and nonprofit organizations.

A '*high-priority occupation*' is defined as an occupation that has a significant presence in an industry cluster, is in demand by employers, pays (or can reasonably be expected to lead to) family-sustaining wages that enables workers to achieve economic self-sufficiency, has a documented career ladder, and has a significant impact on a region's economic development strategy.

A '*targeted industry cluster*' is defined as an industry cluster that has an economic impact in a local or regional area, immediate workforce development needs, and documented opportunities for career advancement.

Also defines the terms '*economic self-sufficiency*,' '*eligible entity*,' and '*eligible State agency*.'

(c) **Grants Authorized**

- (1) *In General.* Authorizes the Secretary of Labor to award competitive industry or sector partnership planning and implementation grants to eligible entities.
- (2) *Maximum Amount.* Establishes a limit of \$250,000 for planning grants, a limit of \$2,500,000 over three years for implementation grants, and a limit of \$1,500,000 over three years for renewal grants.
- (3) *Planning Grants.* Authorizes the Secretary to award one year planning grants to industry or sector partnerships which are newly formed and have not received a previous grant under the section.
- (4) *Implementation Grants.* Authorizes the Secretary to award implementation grants of not more than three years to eligible entities that have received a planning grant or are established industry or sector partnerships. Establishes the federal share of an implementation grant at 90% in the first year, 80% in the second year, and 70% in the



third year, and identifies allowable sources for the non-Federal share of the grant. [Note: H.R. 1855 permits the Secretary to set the Federal match at 100% if the eligible entity is located in a State or local area receiving a National Emergency Grant under WIA.]

Authorizes the Secretary to renew implementation grants for an additional three years, subject to certain conditions. Prioritizes renewal grants for industry or sector partnerships that can demonstrate long-term sustainability. Mandates increasing non-federal share during each year of the renewal grant, including 25 percent cash match.

- (5) *Fiscal Agent*. Requires industry or sector partnerships receiving a grant to designate an entity in the partnership as the fiscal agent for the grant.
- (6) *Use of Grant Funds During Grant Periods*. Requires an eligible entity receiving a planning, implementation, or renewal grant to expend or obligate grant funds by the last day of the grant period.

(d) Application Process

- (1) *Identification of a Targeted Industry Cluster*. Requires eligible entities to identify a targeted industry cluster in order to qualify for a grant.
 - (A) Requires eligible entities to work with businesses, industry associations, labor organizations, and other organizations to identify an appropriate targeted industry cluster based on data showing the competitiveness of the industry cluster, the importance of the industry cluster to the economic development of the area served by the eligible entity, the identification of supply and distribution chains within the industry cluster, and research studies on industry clusters.
 - (B) Requires eligible entities to work with appropriate employment agencies, workforce investment boards, and other organizations to ensure that the targeted industry cluster should be targeted for investment, based on a variety of employment and other economic criteria.
- (2) *Application*. Requires eligible entities to submit grant applications that include:
 - (A) A description of the eligible entity, evidence of the eligible entity's capacity to carry out activities in support of the strategic objectives identified in the application, and a description of the expected participation and responsibilities of each of the mandatory partners.



- (B) A description of the targeted industry cluster and a description of how the cluster was identified;
- (C) A description of the workers that will be targeted or recruited by the partnership, an analysis of the existing labor market and potential barriers to employment for targeted workers, and a description of strategies to overcome those barriers;
- (D) A description of the strategic objectives that the eligible entity will carry out for the targeted industry cluster, which shall include recruiting and regularly convening key stakeholders in the targeted industry cluster; identifying training needs of multiple businesses; helping postsecondary educational institutions and training institutions to align curricula and programs to industry demand; developing and strengthening career ladders within and across companies; improving job quality through improving wages, benefits, and working conditions; and other activities;
- (E) A description of the manner in which the eligible entity intends to make sustainable progress towards the strategic objectives;
- (F) Performance measures, with quantifiable benchmarks, for measuring progress toward the strategic objectives;
- (G) A timeline for achieving progress toward the strategic objectives; and
- (H) For eligible entities seeking an implementation grant, an assurance that the eligible entity will leverage other funding sources, in addition to the amount required for the non-Federal share of the grant, to provide training and supportive services under the grant program.

(e) Award Basis

- (1) *Geographic Distribution.* Requires the Secretary to award grants in a manner that ensures geographic diversity.
- (2) *Priorities.* Requires the Secretary to give priority in awarding grants to eligible entities that work with employers within a targeted industry cluster to retain and expand employment in high wage, high growth areas; help workers move toward economic self-sufficiency and ensure that workers have access to supportive services; address the needs of firms with limited human resources or in-house training capacity, including small- and medium sized firms; and coordinate with entities carrying out State and local workforce investment, economic development, and education activities.



(f) Activities

- (1) *In General.* Requires grantees to carry out activities necessary to meet strategic objectives described in the grant application in a manner that integrates services and funding sources effectively and uses grant funds efficiently.
- (2) *Administrative Costs.* Permits grantees to retain a portion of grant funds received during a fiscal year for administration.

(g) Evaluation and Progress Reports

- (1) *Annual Activity Report and Evaluation.* Requires an eligible entity to provide annual reports on activities funded under the grant to the Secretary of Labor and the Governor of the State served by the eligible entity. Requires the grantee to conduct an annual evaluation of progress towards strategic objectives, and measure progress according to performance measures identified in the grant application.
- (2) *Report to the Secretary.* Requires the eligible entity to provide a report to the Secretary containing the results of the evaluation at such time and in such manner as the Secretary may require.

(h) Administration by the Secretary

- (1) *Administrative Costs.* Authorizes the Secretary of Labor to retain not more than 10 percent of funds appropriated for the program each fiscal year for administrative costs.
- (2) *Technical Assistance and Oversight.* Requires the Secretary of Labor to provide technical assistance and oversight to eligible entities in applying for and administering grants. Requires the Secretary to provide technical assistance to eligible entities in the form of conferences and the collection and dissemination of best practices. Permits the Secretary to award grants or contracts to national or State organizations to provide technical assistance.
- (3) *Performance Measures.* Requires the Secretary to issue a range of performance measures, with quantifiable benchmarks, and methodologies that eligible entities may use to evaluate the effectiveness of activities in making progress towards strategic objectives under the grant. Such measures shall consider the benefits of the partnership for workers, firms, industries, and communities.
- (4) *Dissemination of Information.* Requires the Secretary to: coordinate an annual review of grantees and produce an overview report that includes the critical learning of each industry or sector partnership, and a description of what eligible entities serving



similar targeted industry clusters consider exemplary practices; make resource materials available on the Internet; and conduct conferences and seminars to disseminate information on best practices and provide information to eligible entities.

- (5) *Report.* Requires the Secretary, within 18 months of enactment, to submit to Congress a report on the grant program, including a description of eligible entities receiving funding, the activities carried out by the eligible entities, and other information.

(i) Authorization of Appropriations

- (1) *In General.* Authorizes annual appropriations to carry out activities under the Act.
- (2) *Availability.* States that amounts appropriated for a fiscal year shall remain available until the end of the second fiscal year following the fiscal year in which such amounts were first appropriated.

Sec. 3 Federal Agency Coordination

(a) Interagency Cooperation

Requires the head of each Federal department or agency whose funding, regulations or other policies impact workers to cooperate with the Secretary of Labor to: maintain up-to-date information on jobs, wages, benefits, skills, and careers of workers impacted by the action of such agency or department; develop and implement policies to improve the jobs and careers of workers impacted by such agency or department; and report the department or agency's job creation and economic development strategies to the Secretary.

(b) Alignment

Requires the Secretary of Labor and the heads of other Federal departments or agencies to work together to align existing education and training programs with the demonstrated needs of industry or sector partnerships. The collaborative efforts include specific activities to be carried out by the Departments of Commerce, Justice, Education and Health and Human Services.