

Will the (Work)Force Be with Us?

A Sweeping Regional Initiative is Underway to See that It Is

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By: Evan Pattak

You don't have to persuade Carlos Borzutzky that our region has a workforce development problem. In April 2000, Borzutzky, an experienced radiologist with impressive credentials, founded Accurate Mobile X-Ray, LLC, a business based in Pittsburgh's Point Breeze neighborhood. Accurate Mobile X-Ray provides portable x-ray services to long-term care facilities.

As the number of such facilities has soared — nursing homes, personal care and assisted living residences — the mobile x-ray business has also grown. Today it's a competitive field, with at least five providers in the region.

Borzutzky thinks Accurate Mobile can grow along with the industry — if he can identify and hire more technologists. He's scoured x-ray technology schools for recent grads and advertised in metropolitan newspapers without success. He called two former x-ray technologists. One had joined an MRN unit and the other has moved into mobile lithotripsy — both more appealing positions because they require no weekend or evening hours.

Borzutzky isn't giving up hope. His next plan is to run "help wanted" ads in smaller newspapers.

"There's definitely a shortage of technologists right now," Borzutzky says. "For that matter, there's a shortage of radiologists."

Multiply Borzutzky's experience by many thousand and you get a picture of a region whose competitiveness may be threatened by a shortage of skilled workers able to meet the demands of employers. The peril is more than theoretical.

"To a frightening extent, if you look at the nation's demographics, the presence of a skilled workforce will be the primary determinant of a region's success," says Cliff Shannon, President of SMC Business Councils. "Success will be dependent on your human capital. If we want to be competitive, we have to get after this."

The region's political, business and economic development leaders have begun to go after it with a far-reaching initiative designed to create a shared vision about workforce development . . . and to fashion concrete programs as well. Called Southwestern Pennsylvania Workforce Summits, the initiative was conceived by Allegheny County Executive Jim Roddey and embellished by the New Idea Factory.

At its center are five industry cluster groups that will kickoff the initiative with summits, assemble and evaluate the input, and design programs that address both sector- specific and common needs. The information technology, healthcare and manufacturing summits already have taken place, with financial services and hospitality and tourism summits set for November and January, respectively.

Chaired by Fred Sargent, CEO of Sargent Electric, the initiative is a massive, multi-year, effort, involving several hundred business and community leaders serving on steering committees, the region's workforce development boards, the Pennsylvania Economy League's Workforce Connections, local foundations and thousands of organizations and executives. And it's a hot area. The healthcare summit alone attracted 700 participants.

Says Chris Brussalis, President and CEO of The Hill Group, Inc., which is serving as coordinator for the initiative: "We know that human capital is a significant, if not the most important, driver in economic development. Companies locate and stay in a region based on the abundance, quality and preparedness of the workforce.

"For the first time in our region, we're getting the demand side of workforce development together with the supply side, to understand the needs of employers and align the workforce development infrastructure with those needs, so we can feed them workers who are ready and prepared. It's one of the first times it's been done on this scale anywhere in the nation."

Rather than working on quick fixes to plug employment holes, the summits are targeting fundamental strategies.

"It's not just dialogue for the sake of dialogue, not just talk about how bad the problem is," says Jeanne B. Berdik, Vice President of Workforce Education for the Pittsburgh Technology Council and the Southwestern Pennsylvania Industrial Resource Center (SPIRC) and a member of the IT summit steering committee. "The idea is to bring the stakeholders together . . . to create some sort of blueprint for action."

Here's a look at the action to date.

Information Technology

Employment figures for the IT sector nationally are mixed. According to the Information Technology Association of America, the sector's leading trade organization, more than 10.4 million people in the U.S. work in IT, a one-year gain of four percent. However, in ITAA's seminal workforce study called *When Can You Start?*, hiring managers told ITAA they expect a shortfall of 425,000 IT workers this year.

For our region, this represents both a challenge and an opportunity.

"Right now we're on the cusp of becoming great," Brussalis says, "of having enough concentration to make our region a destination consideration for firms. Or we can just get by. We need to do the things to put us over the edge to make us great."

The IT summit — co-chaired by Steven Zylstra, President and CEO of the Pittsburgh Technology Council and SPIRC, and David Nelsen, President and CEO of CoManage Corporation — has not finalized its action plan, but recommendations likely will focus on three related areas: growing and retaining a pool of professionals to provide IT companies with the human capital for growth; developing and retaining IT professionals to work for non-IT companies; creating widespread IT literacy among our youth to ensure that the pipeline is full . . . and that our young talent remains in the region.

The latter is a particularly pressing need. A study by the Center for Economic Development at Carnegie Mellon University shows that during the decade of the '90s, the "brain drain" of grads with technical degrees continued. During that period, 67 percent of local graduates with business

degrees stayed local. Of those with computer degrees, only 30 percent remained in the region, while only 21 percent of engineering grads stuck around.

“The primary focus is to make sure we have the long-term human capital investment in IT professionals for IT companies that can grow the sector in this region,” says Berdik. “You can’t attract new companies or grow existing companies if you don’t have the IT professionals to support that growth.

“But very close behind that is the goal of technology literacy. If you don’t have a ready pool of people who can move up the ranks, you won’t grow the economy at all. We’ll try to address all three areas. It’s kind of a matrix: How do you develop that kind of skill base? How do you attract it? How do you retain it?”

The IT action plan likely will recommend leveraging existing programs and resources, but harnessing them in new joint initiatives. Berdik says the Council and SPIRC already are at work on two literacy-building initiatives that could be adopted as part of the overall IT plan. In one program, underwritten in part by the GE Fund, the Council and its partners are working to develop an IT curriculum and teacher training program in the South Side School District in Beaver County.

“What we’re finding is that professional development of the teachers is a big issue,” Berdik says. “They don’t feel comfortable with IT instruction, they don’t know how to teach these things, they don’t know how to integrate IT into the curriculum across the board. So we will be designing professional development intervention for the teachers to address some of the gaps in the curriculum.

“We’re hoping this kind of initiative will be seen as a model for how we need to approach it. Getting agencies, schools, community-based organizations and workforce investment boards to work off the same page is key.”

The second program is designed to provide school districts with the tools and incentives for a more collaborative approach to IT instruction.

Explains Berdik: “The potential is there to have 150 school districts, each one independently running a digital school district project, each one independently going to their employer community around whatever platform they’ve designed. Now how ridiculous is that? It’s an exaggeration, but it does happen.”

To establish an alternative model, the council and SPIRC are partnering with three Westmoreland County high schools to teach manufacturing-based, high-performance skills to 24 students over a 30-hour program. Westmoreland County Community College and the Eastern Westmoreland Career and Technology Center are providing teacher training, 15 participating employers will provide internships for the students, and the Westmoreland-Fayette Investment Board will offer additional support.

It’s that cluster of employers and service providers that Berdik says could function at the epicenter of IT literacy development. She calls it “The Galileo Model.”

Healthcare

At first blush, the prognosis for the region’s healthcare sector appears, well, healthy. Employment in the sector grew by nearly 26 percent between 1993 and 1998; all other industries experienced an average growth rate of 6.6 percent in that period. Healthcare workers accounted for 15.4

percent of the region's work force in 1998; across the United States as a whole, that number was nine percent.

Yet there are worms in the apple. Spot and cyclical shortages have been reported for such occupations as pharmacist. Longer term shortages are prevalent among certain entry-level, direct-care positions, including nursing assistants, home health aides and human service workers.

The statistics for registered nurses are particularly worrisome. The U.S. Department of Health & Human Services reports that in 1996, 63 percent of registered nurses in the Mid-Atlantic region were at least 40 years of age, while only 10 percent were under 30, suggesting that we may well experience a shortage of experienced nurses to step into a retirement-fueled vacuum. Nationally, that shortage already is here and expected to grow to 400,000 unfilled nursing positions in 20 years.

Says Karen Wolk Feinstein, President of the Jewish Healthcare Foundation and Chair of the healthcare summit: "Nurses are leaving healthcare to do a whole variety of things. At the same time, applications to nursing schools are way down. The nursing shortage is now a crisis, but there are other issues in pharmacy, in technician positions, in some institutions it goes so far as housekeeping and security.

"At our nursing homes and hospitals, many employees are required to serve a double shift. Imagine if you have kids at home how this affects your life. Can you imagine how they're dragging on their second shift?"

Some institutions are filling the void with temporary help, but that introduces another set of problems.

"That creates a great deal of issues around safety, quality and morale," Feinstein says. "It's hard to come to work not knowing who the team is going to be."

Part of the problem is the unattractive compensation for many positions. Direct-care workers, for example, earn an average of \$8.13 an hour, with nearly one-quarter earning less than \$7 an hour. The healthcare summit report warns that salaries may remain uncompetitive unless reimbursement for costs is realigned to permit fairer compensation.

Yet compensation is only part of a broader solution that Feinstein believes must encompass all aspects of worker satisfaction.

"Health professionals can't find the kind of satisfaction they anticipated, and often experienced, in their specialties," she says. "People go into nursing because they want to care for people, but in many institutions, they spend at most 30 percent of their time in direct care and 70 percent doing basic secretarial, logistics and management responsibilities. It's very distracting. They can't provide the kind of care that would give them satisfaction.

"Most of the strategies I've seen have focused on recruitment, just get more people to come work here. But if you don't fix the 'here,' people will come in and go out. These problems won't be fixed until the leadership of healthcare institutions realizes that it isn't just about salary or recruitment. A core part of their mission must be looking at ways to retain, promote and support their workforce."

A resource to help healthcare institutions in that task has emerged from the summit. The Health Careers Factory, housed at the Duquesne University Center for Economic Development and funded initially by the Jewish Healthcare Foundation, will be dedicated solely to healthcare

workforce issues. The careers factory will be a source of data and will help in the assessment of industry and worker needs and the creation of employee retention and training/education programs capabilities.

Antonia Scarlata, who founded and later sold a local workers' compensation consulting company called Options, has been named executive director of the careers factory. She says the factory will work on a one-to-one basis with institutions as well as develop models and programs for widespread use throughout the sector.

"It's a pretty broad task," Scarlata says. "Our goal is to increase the number of people in the field as well as their satisfaction with their jobs. We'll build working relationships with hospitals, schools and training programs for nurses. We want to make Pittsburgh one of the best places to come for healthcare workers. Already, one in eight people in this market is employed in healthcare. We'd like to see that grow."

Manufacturing

Of all the clusters, manufacturing has felt the shortage of skilled workers for the longest time, and most acutely. Shannon, chair of the manufacturing summit, cites a survey of the region's manufacturers taken at the nadir of the recent economic slump.

"Even then, there were 8,500 unfilled jobs," Shannon reports. "As painful as the downturn is right now, there is more pain in store of a different type if you have to replace a lot of people let go during the downturn once the economy turns back up."

Manufacturing in the region generally has held its own. According to the Pennsylvania Department of Labor and Industry, during the five years from 1996 through 2000, the number of manufacturing employers in the region grew about 1.8 percent, from 3,902 to 3,974, while the number of manufacturing employees rose about 2.7 percent to 167,980.

At the summit, participants were advised that to sustain even that marginal growth or to increase its magnitude, manufacturing must overcome a persistent image problem. Shannon identifies four misperceptions: manufacturing relies on unskilled labor in unclean environments; manufacturing is petering out in the region; there are no opportunities for advancement; the pay is lousy.

"All of these assumptions about manufacturing — prejudices if you will — are entirely out of step with reality," Shannon says.

He notes that the average manufacturing wage now exceeds \$40,000, highest of any sector, and that local companies have developed distinct career paths.

"Manufacturers in this region," Shannon says, "are reliant on machines and even robots that depend on operators and maintainers with skills that are a lot different than brute strength and the ability to tolerate difficult work conditions.

"Our manufacturers are producing high-end, specialized goods in a competitive fashion. They're producing more goods per hour and having to hire more people to keep up. With all these prejudices, there's a need for manufacturing to market itself more effectively."

Expect marketing thrusts to be at the core of this sector's action plan.

The Next Step

Even before all the summits have been staged, the leaders of the initiative have introduced the next step — a committee of summit chairs that is meeting under the auspices of Workforce Connections. Says Stephen Mitchell, Director of Workforce Connections, who is coordinating this phase:

“It’s nice to have an event, but now what’s the follow-up? What are the expectations that we have around the summits? The expectation is that there will be some common issues.

“For example, data collection. If we intend to do that on an ongoing basis, you don’t want five different labor economists running through the region. If all the clusters want to do pipeline work, create school to career programs, is there a need for a common approach rather than having five organizers trying to get in touch with school districts? Career ladders is a common theme in all clusters. Can we provide some common approach?”

For development of specific programs, Workforce Connections expects to select one coordinating agency for each cluster and to provide funding through local foundations. Local workforce investment boards, which serve as a conduit for federal dollars, also may provide financial support.

Mitchell will suggest to cluster coordinators that they prioritize several programs rather than try to address all workforce issues at once.

“Mother, God and apple pie came out of the summits,” Mitchell says. “You can’t do all that, so we need one or two signature projects within the cluster that we want to work on. We can only do that by working with employers and then establishing broader coalitions.”

There’s no question that the summits initiative has generated broad participation. It already has brought together thousands of key executives around workforce issues; not only is that unprecedented, but it also assures buy-in and support for programs that emerge. Yet it also involves balancing dozens, if not hundreds, of agendas that might not always be harmonious. Can initiative leaders carve out a workforce development strategy that incorporates all those agendas without being fatally diluted? Jeanne Berdik, for one, believes they can.

“I think it is achievable,” Berdik says. “It’s not going to be neat. It’s not like we’ll have the ‘workforce czar’ to make sure everybody knows what everybody else is doing. What it really takes is a willingness to stay the course. For those in leadership positions, it takes an understanding that this is not a short-term, fix-the-crisis type of thing. We need to map out a strategy that involves as many people doing their own thing as possible around a common vision of this region.”