E.D. Message

SEWN

LATTE

Heart-land

Round-tables

Staff & Boards

Front Cover: PA State Treasurer Joseph Torsella; SEWN Client PittMoss paper reuse facility; the 2019 Fellowship Class at Amalgamated Bank
The SVA is a regional jobs authority that was chartered almost 35 years ago to respond to the financial collapse of Pittsburgh and the Mon Valley. Commissioned by six Pennsylvania governors and national investment leaders, the Authority today is nationally-acclaimed for its layoff aversion, sustainable investment, and economic policy initiatives.

Our mission remains the same, and our impacts were felt regionally, statewide and nationally in 2018-19:

- **Saving Jobs**: Through SEWN, the SVA averted or deferred the loss of 1,491 manufacturing jobs from 82 SMEs. The SEWN Team, thanks to our partnership with the PA Department of Labor and Industry (DLI) has historically impacted 30,000 jobs and 1,100 firms, the most robust layoff aversion system nationally;

- **Investing Responsibly**: Our Heartland-Georgetown Summer Fellowship graduated its third class of eleven fellows from eight universities in 2020. This unique fellowship is fostering a new generation of capital stewards. We also released five new mini-books in 2018-19 on responsible investment;

- **Building Sustainable Communities**: The SVA convened a multi-stakeholder Steel Cities Capital Roundtable in 2019, keynoting Pennsylvania State Treasurer Joe Torsella. This year-long effort to identify capital gaps in distressed communities brought together Heartland investors, national sustainable finance houses, and regional project leaders.
Policy Highlights
Through continuing partnerships with the Century Foundation and other policy friends, the SVA helped design a set of bottoms-up, sustainable industrial policies that we are sharing with the US Congress, state legislators, and newly emerging state governors. For its part, the SVA’s Heartland Network moved forward in its role as a thought leader in responsible investment policies that drive innovative investments in the real economy.

These initiatives have opened the door to a conversation about more durable, sustainable economic policies and solutions, including investment in advanced manufacturing and the productive economy: infrastructure, renewable energy and the clean economy. Here’s a few building blocks of that conversation:

**Layoff Aversion:** The SVA’s SEWN Team released, to all fifty states, a new “Layoff Aversion Playbook” that updates our original book for the U.S. Department of Labor (DOL) in 2002. PA Governor Tom Wolf signed the foreword for the Playbook. The new book captures the new federal policies that the SVA helped win: requiring all states to adopt layoff aversion as part of the reauthorization of WIOA.

**Manufacturing Report Card:** The SVA contributed to Century’s “Midwest-Great Lakes Manufacturing Communities Report Card,” which will report on how well Pennsylvania and our heartland neighbor states have enacted “9 Steps to Revitalize America’s Manufacturing Communities.” The SVA authored the layoff aversion and capital strategies steps in the new manual.

**National Legislation:** SVA/Heartland responded to a request from a U.S. Congressman to discuss a national responsible investment bill focused on pension funds. Heartland authors also completed final edits for a new book chapter on U.S. co-determination and the stakeholder economy, a topic that has exploded in debates on Capital Hill.

This 2018-19 Annual Report highlights this important work, aims to describe the difference that we’ve made in people’s lives, and to reflect on our ongoing canon of good works.

**Financial and Organizational Highlights**
SVA has grown steadily and we expect to grow even more in the future. In 2019, the SVA Board approved an annual budget of nearly $1.7 million. We have managed nearly $25 million in revenues since 1985, and channeled millions of dollars to small businesses and our member communities during that time.

The Authority maintained a core staff team of eleven employees and a steady cadre of three SEWN consultants and one Heartland advisor for 2018-19, in addition to as-needed advisors (and two Coro Fellows). Here are the SVA’s financial and organizational highlights:

**Jobs Program:** Two years ago, the SVA won a competitive RFP for the Strategic Early Warning Network (“SEWN”), which provides our primary layoff aversion funding from the Pennsylvania Department of Labor and Industry (“DLI”). For 2019-20, the SVA received a grant of $1.5 million. We also continued a subcontract with the Southern Alleghenies PA Defense Transition Partnership Initiative for $36,000. The SVA is reaching out to states and communities in 2019-20 to provide ongoing training initiatives (LATTE) to stand up layoff aversion systems.

**Capital Program:** The SVA’s responsible investment program, Heartland Capital Strategies (“HCS”), raised $163,000 for 2019, primarily from responsible investment firms and unions. The increase in funding came about due to the second year of a special grant from PNC Bank and the continuation of the new Labor-Capital Fellowship program at Georgetown University.

In closing, I would like to thank the staff, boards, sponsors and “Friends of the SVA” who supported us and made our work possible. We look forward to our exciting 35th year ahead.
$931
Cost to Pennsylvania for each job saved by SEWN in 2018-19

$163K
Sponsor Funding for the Heartland Program in 2019

$47M
Five-Year Cost Savings to Pennsylvania in Unemployment Costs

$1.5M
Funding from PA Department of Labor & Industry for the SEWN Program
SEWN saves Pennsylvania manufacturing jobs and communities by offering layoff aversion services to stabilize, restructure, turn-around or attract buyers for at-risk small to medium sized companies.

SEWN plans to remain the national gold standard of state layoff aversion programs as measured in the number of Pennsylvania jobs saved for dollars spent.

Originally commissioned by the PA Department of Labor and Industry in 1993, SVA’s Strategic Early Warning Network (SEWN) provides layoff aversion services, a critical component to the state Rapid Response program. SVA built this early warning and job retention infrastructure system which relies on a unique public/private information system, quality programming, public awareness, and professional staff and consultants.

With our main office in Pittsburgh and branches in Harrisburg, Bethlehem, Philadelphia and Erie, SEWN provides complimentary turnaround services to small-medium sized manufacturers across our Commonwealth. Regional advisory board members hail from bi-partisan business, labor and community stakeholders as well as former clients to provide guidance for the SEWN field offices.

SVA and the SEWN program work to meet the needs of layoff aversion by:

- Participating in ongoing engagement and relationship building with businesses
- Establishing partnerships with economic development at all government levels
- Partnering or contracting with business-focused organizations
- Engaging in proactive measures to identify needs in growing sectors or expanding businesses
Often described as the “most cost-effective layoff aversion program in the country,” SEWN continues to produce results. The nationally acclaimed model has been recognized by the U.S. Departments of Labor and Commerce, the U.S. Economic Development Administration (EDA), the National Governor’s Association, and numerous other federal and state agencies.

Over the last five (5) years, SEWN has saved jobs at an average of $891 per job saved. More than 7,500 manufacturing jobs were saved during this time, saving the Commonwealth over $47 million in Pennsylvania Unemployment Compensation benefits.

**PY'14 - '18 Positive Economic Impact**

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**PY'14 - '18 Positive Jobs Impact**

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<tr>
<td>Indirect</td>
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<tr>
<td>Induced</td>
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<td>TOTAL:</td>
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During this program year, SEWN program has been involved with several statewide initiatives. The Manufacturing Alliances provide assistance to manufacturers by organizing networking, outreach, and educational sessions. Involvement in Manufacturing Day activities gives us the opportunity to educate the next generation on the benefits of entering the trades.

Our nationally published *Layoff Aversion Playbook*, revised to reflect the most recent changes in WIOA, provides best practices, and examples of other states implementing layoff aversion programs.
Below is just a sample of the more than 1400 jobs saved in Pennsylvania this year by SEWN. Read more on the following pages about our greatest success stories from the 2018-19 program year.

Plastic Injection Molding, Erie PA
SEWN provided market research and a situational analysis to create a customer survey identify new leads. 52 JOBS SAVED

Cement Products, Northeast PA
SEWN worked with management to setup long-term cash controls and streamline their workforce. 114 JOBS SAVED

Plastics Product Manufacturer, Western PA
SEWN assisted the organization with a value stream mapping project resulting in more competitive pricing & higher profitability. 58 JOBS SAVED

Machinery Manufacturer, Southeast PA
SEWN worked with the company to expand their client base, create a revised business plan, and improve production process flow. 66 JOBS SAVED

Concrete Products, Central PA
SEWN successfully helped the company conduct a financial analysis, investigate new product development, and find solid market positioning. 85 JOBS SAVED
This Company Has "One Leg Up" on Its Competition

Lake Erie Rubber & Manufacturing (LERM) started in 1961 as Scully Enterprises, a customer rubber molding and manufacturing company. Jon Meighan took ownership of the company in 2017 with 11 employees and stagnant sales. It was a steep learning curve for Jon not only as a new owner but to fill customers gaps caused by the GE closures.

Jon contacted SEWN in 2018 looking for assistance with sales, marketing, industry analysis, and high-performance workplace strategies. Working with Erie Regional Director Deb Lutz and consultant Deane Patterson, LERM was able to obtain new leads, develop a sales/marketing roadmap, and implement new pathways for retention & recruitment.

Jon's enthusiasm is felt by his employees in a culture of recognition and appreciation. Their new venture, One Leg Up, produces dog toys sold in the Erie area with an online presence for shipping to customer. Working with SEWN, the Lake Erie Rubber & Manufacturing company has been able to retain its employees with a path for future growth.
SEWN was brought in to assist with progress on fund raising and to conduct research and surveys for new market opportunities. Our consultants were able to help PittMoss understand the importance of spending time on educating customers on their product and good gardening practices in general.

The project also helped PittMoss produce new banners, signage, custom price cards, and updates to videos. The company was able to double its sales for 2019 and are looking to continue "growing" nationally.

Started as a "humble kitchen experiment" over 25 years ago, PittMoss has become a lifelong passion for founder Mont Handley. Using recycled fibers, PittMoss replaces typical peat moss for gardening thus improving hydration and absorption of nutrients.

PittMoss receives paper waste from local recycling centers thus reducing what is left in local landfills.

The PittMoss journey went through several phases before ending up on ABC's SharkTank in 2015. These initial investments we allotted for equipment and R&D but left a gap for growing communications and market development.
When the SVA was originally commissioned to write the original **Layoff Aversion Guidebook** by the U.S. Department of Labor, the term layoff aversion was barely a Google blip. Today, we can proudly say that we see our work being shared on a national basis.

Over the years SVA’s Layoff Aversion Technical and Training Expertise (LATTE) has provided consulting and training to North Carolina, Los Angeles, Colorado, New York, and numerous other cities/states. With the 2015 DOL changes strongly advising states to implement layoff aversion (which SVA contributed language to), we updated the manual to a **Layoff Aversion Playbook** in 2018.

The **Playbook** is available for download on our website and has received more than 20 requests since publication. A mini-book was created and marketed to labor departments with several responses from states and communities looking for assistance.

"It was indeed a pleasure to have Tom Croft, of the Steel Valley Authority, provide technical assistance to the Rapid Response Program during Virginia’s Workforce Investment Act (WIA) Programs State Conference in VA Beach, Virginia on September 24, 2012. You exceeded our expectations and provided an excellent overview of the Layoff Aversion and Technical Assistance Expertise (LATTE) that is available. Your detailed description of the program components and advice surrounding ways to implement the Strategic Early Warning Network (SEWN) in Virginia will position us to see improved results in our efforts to expand our Business Retention and Layoff Aversion Programs."

**Felicia McClenny, Lead Rapid Response Coordinator**  
Virginia Community College System/Workforce Development Services
The Heartland Network fosters a Community of Practice for responsible investments (RI). Heartland’s advocates are working in a united front to rebuild our cities, renew our industrial commons, grow the clean economy and make the “boss” more accountable. Established in 1995 by the SVA, Steelworkers, and AFL-CIO to explore and promote capital strategies for labor’s capital, Heartland is, today, a leader in responsible investing. Heartland’s members are, themselves, investment aviators in innovative capital stewardship and corporate governance.

Heartland’s Mission: To mobilize responsible investments by capital stewards in the real economy, achieving competitive financial returns and positive ESG impact. Heartland’s achievements fall into four main categories: thought leadership, education, field work, and communications.

THOUGHT LEADERSHIP

*Suggestions Toward Commonwealth Companies*, a paper commissioned for the 2017 “Many Futures of Work Conference,” has been selected to be part of an upcoming compendium on corporate governance. The paper makes the case that shareholder value and stakeholder rights should be balanced. The U.S. Congress has introduced legislation that make the case for stakeholder governance, and they called for companies to add workers to corporate boards and other proposals to increase workforce participation.

In July 2016, the Heartland Network released its fourth book on capital stewardship, *The Responsible Investor Handbook: Mobilizing Workers’ Capital for a Sustainable World*, published by Routledge/ Greenleaf (UK) and commissioned by the AFL- CIO. This book is an essential read for capital stewards seeking a better understanding of the importance of responsible investment and its impact on capital markets.
HEARTLAND EDUCATIONAL PLATFORM

Heartland and Georgetown's Kalmanovitz Initiative (KI) recently completed the third year of a remarkable new student fellowship program to “pay it forward.” The Summer 2019 Class was the most successful to date, attracting a stunning class of eleven new fellows from GU, Howard, NYU Stern, Fairfield, Charleston, CUNY, Cornell. The fellows were placed at ten responsible investors and unions. The mission of the Fellowship is to educate a new generation of capital stewards and construct a diverse talent pipeline.

HEARTLAND FIELD WORK

In 2019, Heartland hosted, in Pittsburgh, our tenth “capital roundtable.” Our field work events bring together Heartland investors with local, state and federal elected leaders, labor and industry, treasurers and pension funds, banks, and developers. We aim to explore transformational responsible investment partnerships and new training pipelines to create family-sustaining jobs.

In the last two years, Heartland and the Century Foundation convened five economic summits in three Midwest cities and DC, and co-designed new, sustainable industrial policies. This drew 1,000 participants, including a former Vice President, three U.S. Senators, a Congresswoman, union president and state treasurer, and attracted local and national media.

BROADCASTING

In 2019, our popular Thursday Expresso blog and www.heartlandnetwork.org, featured 70 articles on responsible investments across the country and critical investment and policy developments, part of a social media platform designed to promote our books and the workers’ capital POV. In 2017, we kicked off an RI webinar series to break down some common and persistent barriers to the greater integration of responsible investing practices among labor’s pension plans. We also created six free Heartland mini-books, tracking chapters in the Handbook.
Heartland's Labor Capital Strategies (LCS) Fellowship at Georgetown University welcomed their largest group of students in 2019. Hailing from 8 prestigious universities, the Fellows were hosted at responsible investment organizations including AFL-CIO Housing Investment Trust, LiUNA, Ullico, KPS Capital Partners, Segal Marco Advisors, GCM Grosvenor, Change to Win, The Sterling Organization, and the Teamsters with additional support from Amalgamated Bank and Blue Wolf Capital Partners.

Over their 8-week program, they participated in Brown Bag Lunch sessions meeting with national investment and policy leaders. A trip to New York City provided an audience with representatives from Amalgamated Bank (above), New York City Mayor's Office, and Blue Wolf Capital (both below).
In 2018, PNC Bank commissioned the SVA/Heartland Network to launch a Steel Cities Capital Roundtable project. The goal of this effort is to foster impact capital and public partnerships to invest in advanced manufacturing, technology, smart buildings and affordable housing, civic infrastructure, wind and solar energy, and efficient transportation initiatives. The Pittsburgh region including the Mon, Ohio, and River Valleys were targeted.

Throughout the year, staff met with representatives from all levels of government, transportation, development agencies, labor, policymakers, banks, housing, workforce, education, and economic development to educate them on responsible investing and determine their capital gaps. Once those meetings and surveys were complete, investors were invited to participate in the project.

On August 6, 2019, more than 80 representatives from these groups met at the USW Building for a day-long roundtable. Attendees heard presentations from prominent Heartland Network investment managers, economic development, banking, and labor leaders. A keynote luncheon presentation from PA State Treasurer Joe Torsella touched on efforts he is making in the Commonwealth to invest taxpayer dollars responsibly. The afternoon focused on regional investment opportunities located in the targeted regions.
IMPACT REPORT

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Outreach Specialist

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Annie Malhotra, CFA
Donita Rudy, CTP
Joel Steiker, MBA
The staff wishes to thank our Board of Directors and SEWN Advisory Boards for your generous support to our common cause; we express our deepest gratitude to you and the institutions that have sponsored our earnest endeavors. You have all made a difference in this great fight...we are forever indebted!

**SVA Board of Directors/Western PA SEWN Advisory Board**

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<tr>
<th>Chair</th>
<th>Vice Chair</th>
<th>Treasurer</th>
<th>Secretary</th>
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<td>Lori Schmidt</td>
<td>Tom Michlicovic</td>
<td>Chris Casavale</td>
<td>Amy Starrett</td>
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<td>Sen. Lisa Boscola</td>
<td>Jeffrey Box</td>
<td>Nancy Dischinat</td>
<td>Eric Esoda</td>
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<td>Sen. Bob Mensch</td>
<td>Darlene Robbins</td>
<td>Jan Smith</td>
<td>Frank Thompson</td>
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<td>Tom Maglico</td>
<td>David Perla</td>
<td>Tina Smith</td>
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<td>Tyler Gellasch</td>
<td>Jeffrey Schaffer</td>
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<td>Rep. Austin Davis</td>
<td>Robert Witherell</td>
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<td>Wayne Donato</td>
<td>Colleen Wooten</td>
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**Northeast PA SEWN Advisory Board**


**Southeast PA Advisory Board**

We sincerely thank and wish to acknowledge a number of important people and organizations that contribute to our success:

Special appreciation to Governor Tom Wolf and the PA Department of Labor & Industry for their sponsorship of the SEWN program, especially Secretary Jerry Oleksiak; Executive Deputy Secretary Robert O’Brien; Deputy Secretary Eileen Cipriani; BWPO Director Ruben Pachay; BWDA Director Dan Kuba; BWPO Division Chief Steve Wolf; and Rapid Response Coordinator Bev Rapp.

Pittsburgh Mayor Bill Peduto and the Pittsburgh City Council; Allegheny County Executive Rich Fitzgerald and the Allegheny County Council; and the Mayors and Council Members of our eleven municipal towns.

David Mayernik from Eckert Seamans for his outstanding public relations work. Dr. Elizabeth Stork, Robert Morris University, for her professional evaluation services. Dan Telep, Crossroads, for his project consulting. Deane Patterson, Patterson Consulting, for his communications advice. Professor Joe Mistick and the remarkable students from the Duquesne University Urban Law Clinic.

Thanks also to Bob Vernick, Senior Vice President at Farmers National Bank for his continued service and support. Special acknowledgement to our auditing team at Holsinger.

Special thanks to our many PA partners including: DCED and the Governor’s Action Team; DLI Rapid Response group; Chester County EDC; the WIBs; IRCs; and numerous other economic development partners.

Appreciation of support to our friends at PNC Bank: Samuel Su, David Serafini, Kieran Fallon, Thomas Lamb and Cathy Niederberger.

Appreciated support from Mark Zuckerman, President; Jeff Madrick, Fellow & Director of the Bernard L. Schwartz Rediscovering Initiative; and Andrew Stettner, Senior Fellow all with The Century Foundation.

Thanks to Heartland Strategic Researcher Annie Malhotra, CFA & co-author of the Responsible Investor Handbook and our friends at Routledge Publishing.

Sincere thanks to our Heartland Capital Strategies Governing Board Officers: Deborah Nisson, CRE, Consultant, Representing Ullico Investment Advisors; Steve Sleigh, Owner, Sleigh Strategy; Ted Chandler, COO, AFL-CIO HIT; Michael Ibarra, ARA; David Keto, President, Washington Circle Advisors; and David Pollak, Director of Capital Partnering, Reverence Capital Partners. Special thanks to David Blitzstein, Blitzstein Consulting LLC, Special Advisor to the HCS board and member of the Fellowship Advisory Board.

HCS Board Members: Michael Psaros, Managing Principal, KPS Special Situations; Ron Auer, Executive Director, CORPaTH; Tom Conway, International President; USW; Brian Hale, EVP/COO, Ullico; David Wilhelm, Partner, Hecate Energy; Bob Samuel; Dan Pedrotty, Director, Building Trades Unions; Mike Stewart, Managing Partner/Founder, Stellex; Rob Sauerman, Senior Investment Associate, Pegasus Capital Advisors; and Brandon Rees, Assistant Director, AFL-CIO Ofc of Investment. Adjunct Members: Chris Chafe, President, Growth Squared; Tyler Gellasch, SVA Board Member; Bracken Hendrix, CEO, Urban Ingenuity; Monica Parikh, Capital One; Sarah Stettinius, Landon Butler; and Rob Witherell, Representative, USW.

Thank you to our colleagues at the Georgetown University-Kalmanovitz Initiative for Labor and the Working Poor including Dr. Joseph McCartin, Dawn Carpenter, Jessica Chilin, and Juan Belman.
SVA provides SEWN locations to serve all 67 counties across Pennsylvania

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