

## Statement of Work

### **Advancing the Forestry and Wood Products Industry in Pennsylvania: A Roadmap for Economic Growth and Workforce Development.**

*Submitted by Workforce Solutions for North Central PA on behalf of a collaboration of partners including the Alleghany Hardwoods Utilization Group (AHUG), PA Department of Agriculture Hardwoods Development Council (HUG) North Central PA Regional Planning and Development Commission (NCRPDC), the Strategic Early Warning Network (SEWN), Department of Labor and Industry Rapid Response Unit (DL&I RR) and Workforce Solutions for North Central PA*

**Introduction:** As one of our legacy industries, Pennsylvania's agriculture sector, specifically the forest and wood products industry, serves as a cornerstone of economic prosperity and job creation within the state. With 16.62 million acres of forestland, Pennsylvania has the most abundant hardwood forest in the United States and has consistently led the nation in hardwood log and lumber production and exports. The forest products industry employs over 60,000 Pennsylvanians and accounts for 10% of the agricultural workforce in the state, contributing

\$21.8 billion direct and \$39.1 billion total impact to the state's annual economy.<sup>1</sup> This Statement of Work (SOW) outlines a collaborative effort among representatives from (AHUG), (HDC), (SEWN), (NCRPDC), (DL&I RR) and Workforce Solutions for North Central PA to spearhead a comprehensive study aimed at advancing the forest and hardwood products industry in Pennsylvania. The objective of this SOW is to secure funding for the completion of this study, which will serve as a foundational tool to demonstrate the competitive advantage and importance of the forest and wood products industry to all regions of Pennsylvania's economy, and to assist companies in identifying and implementing layoff aversion strategies, new market and workforce development opportunities to sustain a viable and thriving industry.

**Background:** While Pennsylvania's forest products industry continues to lead the nation in hardwood production and exports, it has not been insulated from the sharp decline in demand for traditional hardwood lumber products that has plagued the US hardwood industry in recent decades, driven largely by volatile housing markets and by the growth of low-cost substitute products like luxury vinyl tile (LVT) and composite cabinets.<sup>2</sup> Further, anticipated climate-driven changes in Pennsylvania's forest composition will necessitate development of new markets and associated workforce sectors to facilitate and support sustainable adaptive forest management strategies. Furthermore, it's essential to acknowledge the company's historical employment trends. Prior to the 2008/2009 recession, workforce boasted a robust 90,000 employees. The COVID-19 pandemic presented unprecedented hurdles, leading to a reduction in our workforce to approximately 62,000-63,000 employees. This historical perspective underscores our company's ability to adapt and endure in the face of economic adversity.

As the partnering agencies identified in the Introduction continue to interact with one another, engaging this industry in delivering their various outreach services and programs, it has become apparent that there is need for a comprehensive, collaborative strategy to strengthen and enhance the industry's future in Pennsylvania.

**Deliverables:**

**A. Conduct a Detailed Assessment of the Current Landscape of the Wood Industry in Pennsylvania and its Economic Impact On the state.**

As part of this project, the collaborative effort seeks to assess and document the current economic landscape (primary markets and workforce sectors) of Pennsylvania's forest and wood products industry. The proposed study will highlight the significant impact of this industry on Pennsylvania's economy and to emphasize the importance of supporting and strengthening companies to enhance their operations, workforce, and standing as a global leader in the forest and wood products industry.

The advocacy for funding of market diversification and workforce development underscores the commitment of this collaborative effort in fostering strategic alliances for the benefit of Pennsylvania's forest and wood products industry.

**B. Perform a Regional Assets Analysis** that will address the current/future nuanced challenges facing the wood industry including:

- a. **Differentiating between hardwood and softwood market opportunities**
- b. Production constraints and costs
- c. Necessity of fully understanding the supply chain infrastructure
- d. Explore emerging trends and developing market opportunities for sustainably produced products such as biofuels, mass timber, building materials and biochar
- e. Emerging opportunities in venture capital and associated funding mechanisms as well as the type of data required to compete for these non-traditional investment vehicles

**C. Prepare a Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis** of Pennsylvania's hardwood industry, addressing prevailing challenges and weaknesses and capitalizing on strengths and emerging opportunities.

**D. Prepare A Regional Targeted industry Attraction Strategy**

As detailed in the introduction, the forest products industry in Pennsylvania plays a pivotal role in driving economic growth and job creation with businesses in all 67 counties.

The goal is to craft a comprehensive, focused and implementable 3-5-year economic and workforce development strategy that maximizes the economic potential of the Pennsylvania hardwood industry. Data-driven decision-making will be emphasized, and a unifying document will be developed to streamline strategic initiatives.

## Timeframe

It is anticipated that the deliverables for this project will take no longer than 4 months from the time of award allowing for up to 6 weeks for the procurement of the award following Workforce Solutions for North Central PA's procurement policy. A kickoff meeting between the awarded vendor and project team will take place at the end of the 6-week procurement process.

Following this each deliverable is expected to be completed during a 4 weeks period. Additionally during each 4 weeks period there will be at least 4 meetings between the vendor and project team to discuss the progress made on the project as well as to answer any question that may arise throughout the process. At the end of the project a closeout meeting will be held at which time the vendor will provide the group with the final report as well as a power point presentation that summarize the details of the report.

**Cost:** It is anticipated that this project will cost between \$80K and \$100K.

If more time is needed to complete the project, the vendor must submit a request for an extension to Workforce Solutions for North Central PA. The final report, presentation and all data collected throughout the process is the property of the United State Department of Labor and Industry, the PA Department of Labor and Industry, the North Central Workforce Development Board (dba Workforce Solutions for North Central PA) the Allegheny Hardwoods Utilization Group (AHUG) and other funding partners.

In conclusion, this collaborative endeavor aims to chart a transformative trajectory for Pennsylvania's forest and wood products industry. By securing funding for this study, we intend to provide a foundational document that demonstrates the importance of the forest product industry to Pennsylvania's economy and that assists companies in identifying and implementing layoff aversion, market and workforce development strategies to sustain a viable and thriving industry.

1. The Economic Impact of Agriculture in Pennsylvania: 2021 Update [https://teampa.com/wp-content/uploads/2021/04/TeamPA\\_Agriculture2020EISUpdate\\_FINAL-1.pdf](https://teampa.com/wp-content/uploads/2021/04/TeamPA_Agriculture2020EISUpdate_FINAL-1.pdf)
2. Hardwood Market Report , February 2023

The following graph is from the Hardwood Market Report released in February 2023. The graph highlights decline in U.S. hardwood consumption for traditional products like flooring, millwork, cabinets and furniture, from nearly 6.5 billion board feet in 1999 to less than 2 billion board feet in 2022.

