



Targeting Industries, Training Workers and Improving Opportunities

THE FINAL REPORT FROM THE SECTORAL EMPLOYMENT INITIATIVE

ANNE RODER WITH CAROL CLYMER AND LAURA WYCKOFF

EXECUTIVE SUMMARY



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Public/Private Ventures is a national leader in creating and strengthening programs that

improve lives in low-income communities. We do this in three ways:

INNOVATION

We work with leaders in the field to identify promising existing programs or develop new ones.

RESEARCH

We rigorously evaluate these programs to determine what is effective and what is not.

ACTION

We reproduce model programs in new locations, provide technical assistance where needed and inform policymakers and practitioners about what works.

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The organizations that took part in the Sectoral Employment Initiative were:

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DELAWARE VALLEY INDUSTRIAL RESOURCE CENTER,
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CLEVELAND, OH

Executive Summary

Over the past 30 years, American families have faced daunting challenges, including declines in real wages and dwindling upward mobility.¹ Paths to advance within companies have deteriorated, leaving many low-skilled workers “stuck” indefinitely in low-wage jobs—and swelling the ranks of the “working poor.”

As opportunities for less-educated workers to access well-paying jobs grow scarce, it is clear that our nation requires new approaches to workforce development. Indeed, in a departure from traditional strategies, some workforce organizations have begun to

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implement services and activities that focus on the needs of specific industry sectors. By identifying local sectors that lack workers—which might range from health care to manufacturing to construction—these organizations can help low-income workers acquire the specific skills they need to fill available positions. While many approaches to workforce development have often failed to adequately address employers’ needs or to provide the complementary services

that are crucial to workers’ success, a sectoral approach is different: It focuses on both developing workers’ skills to meet the needs of the sector’s employers and addressing its entrenched practices in hiring, promoting and training workers.

To explore the potential of sectoral approaches, Public/Private Ventures (P/PV) launched the Sectoral Employment Initiative (SEI) in 1998, with support from the Charles Stewart Mott Foundation. Our intention with the project was twofold:

- (1) To test whether low-income participants in sectoral programs experience positive changes; and
- (2) To determine whether programs might be able to foster systemic change within sectors that traditionally pay low wages and offer unfavorable working conditions.

Nine organizations participated in the initiative (see list to the left). Six of them concentrated on skills training for participants (in the health care, manufacturing, paralegal and information technology industries), two operated social enterprises (in health care and day labor), and one created a membership association of workers (in the child care sector).

OUR STUDY

Given that sectoral strategies were relatively new approaches at the time this study began, we did not employ an experimental design (with a comparison group of non-participants against whom the outcomes of participants could be evaluated). Instead, we assessed the organizations' experiences implementing sectoral programs and collected outcomes data to help us understand their potential to benefit low-skilled workers. While we cannot assess the precise impact of the programs on their participants without a comparison group, this research provides an important early appraisal of sectoral strategies and their potential.²

To assess the organizations' experiences, we conducted interviews with staff members at the SEI organizations and with other key players in the sector, including employers, educators, unions, business associations, advocates and public officials. We also observed programmatic activities during site visits and reviewed documentation related to the organizations' efforts in monthly reports.

To understand the potential of the programs to benefit low-income workers, we conducted baseline and follow-up interviews with participants in all nine programs. These interviews gathered extensive information about participants' employment, earnings, education, housing and household income.

We also assessed the extent to which the SEI organizations either engaged in activities to change systems or positioned themselves in the sector in ways that could enable them to effect change in the future. In assessing the organizations' work on systemic change, we focused on their efforts to develop relationships with and to influence key institutions in their sector.³

KEY FINDINGS

Findings from the SEI are highly encouraging. The six skills-training programs were able to recruit the low-income, less-educated and, in many cases, minority individuals who could—and did—benefit from employment in occupations previously unavailable

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to them. Positive changes for participants included higher hourly wages, increased income and better-quality jobs. Both the skills-training programs and the other programs that participated in the SEI made progress in altering government regulations and/or the policies or practices of employers, educational institutions and

public agencies—systemic changes that hold promise to improve working conditions and make training, certification and employment in certain occupations more easily obtainable for low-wage workers. Our key findings, which are explained more fully in Chapter 4, include the following:

- ◆ *Participants in skills-training programs increased their wages and earnings.* Their higher incomes were the result of both working more hours and earning more per hour—participants earned an average of two dollars more per hour than any wage they had earned in the two years prior to training.

- ◆ *Participants in skills-training programs had decreases in poverty*, from 64 percent to 35 percent.
- ◆ *Participants in skills-training programs also accessed higher-quality jobs*. The percentage of participants with health insurance available through their employers increased from 49 percent to 73 percent, while the percentage with paid sick leave increased from 35 percent to 58 percent.
- ◆ Many participants in skills-training programs obtained jobs in targeted sectors. Among advanced skills-training participants, these positions paid more than positions unrelated to training.
- ◆ SEI participants believed the programs helped them achieve success in the labor market. Eighty-three percent of participants agreed that the training prepared them well for work in the targeted sector, and 78 percent said the program had improved their chances of getting a good job.
- ◆ Organizations using sectoral approaches other than or in addition to skills training demonstrated the potential to bring about systemic change. In very different contexts, through organizing and advocacy efforts or using leverage with industry contacts to negotiate with educational institutions, organizations either led or were involved in efforts that brought about significant changes to systems—changes that had the potential to benefit less-educated workers throughout the targeted sector.

CHALLENGING ASPECTS OF SECTORAL EMPLOYMENT

Our findings also reveal real challenges to both training individuals for jobs in specific sectors and extending an organization's influence in ways that produce systemic change. These challenges are explored in Chapter 6. They include:

- ◆ Recruiting sufficient numbers of skills-training participants who met the enrollment qualifications of employers, colleges or the programs themselves.
- ◆ Surmounting participants' negative images of the manufacturing field and its future potential (for the two SEI skills-training organizations targeting that sector).
- ◆ Encountering mixed results in obtaining referrals from public systems that could support participants while in training, such as Temporary Assistance for Needy Families (TANF) or the Workforce Investment Act (WIA).
- ◆ Retaining and graduating participants who needed income to support themselves and their families during training or were dealing with personal issues that make program completion difficult.
- ◆ Securing funding to continue organizing and advocating for systemic changes that could improve low-wage working conditions.

CONCLUSIONS

Despite significant challenges, our findings—and similar ones reported by the Aspen Institute during its Sectoral Employment Development Learning Project—suggest that sectoral approaches are both feasible and important for the workforce development field. Strategies combining employment and training services for individual job seekers with efforts to influence the practices of employers and educators or state policies have the potential to be more far-reaching than traditional workforce development programs. Identifying and securing funding to support these types of nontraditional workforce activities is, of course, a key challenge for all organizations interested in pursuing sectoral programs. The evidence from the Sectoral Employment Initiative suggests that sectoral approaches may indeed bring about positive changes and that greater private and public investment in these efforts (as well as further research) is warranted.

EXECUTIVE SUMMARY ENDNOTES

- 1 Please see full report for a complete list of references.
- 2 In 2002, based on the preliminary findings that were emerging from this study, P/PV launched a more rigorous evaluation of sectoral programs, the Sectoral Employment Impact Study (SEIS), which uses a random assignment design. Results will be published in 2009. P/PV is also working with Project QUEST on a separate but related sectoral employment random assignment study that began in 2006.
- 3 The SEI organizations were not necessarily expected to achieve systemic change during the course of the study. The initiative's three-year time period, combined with the fact that their efforts were new, meant that much of the demonstration period was spent laying the groundwork for future change. In addition, the study was not designed to measure the organizations' impact on all low-income workers in a sector or labor market. Even with the resources to measure such change, linking the experience of workers in an entire sector to the SEI organizations' efforts would have been difficult at best.

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