Sectoral Strategies for Low-Income Workers:
Lessons from the Field

Maureen Conway, Amy Blair,
Steven L. Dawson and Linda Dworak-Muñoz

Summer 2007

wsi
Workforce Strategies Initiative

Work on this project began more than two years ago. Originally, the team was to include our colleague Cindy Marano, who was a respected leader in sectoral workforce development and head of the National Network of Sector Partners until her untimely death in April 2005.
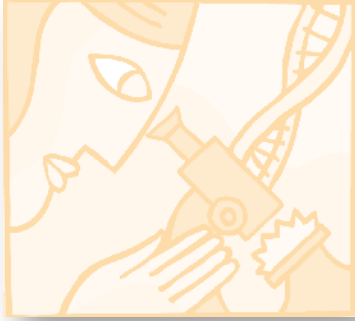
The authors highly valued her vision, clarity and wisdom about the sector field, and hope some of her insightfulness is reflected in the pages that follow. As a way to pay tribute to Cindy's defining contribution to the sector field, we wish to dedicate this publication to her.

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Acknowledgments

T he authors of this publication are deeply indebted to the many leaders of sector initiatives who spent time, either by phone or on site, patiently explaining their work to us. They shared their time and wisdom generously, and we hope we've been able to reflect in this book the richness of what we learned from them. While we were not able to include examples from every program in this publication, the range and depth of work that we found in the field was an inspiration to us.

While it was not possible to include everything we learned, we hope this book conveys the range and diversity of practice in the sector field today.

Foreword

As never before, today's competitive economy requires an adaptable U.S. workforce with skills well-suited to the needs of businesses. But for certain workers, today's workplace is a tough row to hoe. Often they don't have the skills needed for high-paying jobs. They struggle against language and other barriers. They are excluded by race and gender from securing work in certain well-paying industries. And they find themselves, all too often, in jobs without a career ladder or any real opportunity for advancement.

Despite that seemingly bleak picture, there are workforce development strategies in place throughout the country that are successfully tackling these challenges. For more than two decades, the Charles Stewart Mott Foundation has supported the approach detailed in this publication, known as sectoral employment development. Such strategies aim to help low-income workers find, keep and advance in good-paying jobs, while also improving the regional economy by addressing labor market needs in targeted industry sectors.

Indeed, the first major attempt to document the sectoral approach was the Mott-funded, Aspen Institute-produced publication, *Jobs and the Urban Poor: Privately Initiated Sector Strategies*. That 1995 report examined how several workforce organizations across the country were successfully using sector strategies to help low-income clients.

As the concept took hold and spread over time, various research and evaluation efforts were able to identify some clear benefits it provided to both workers and employers. Today, we see a number of federal, state and regional policies and initiatives that support the sector strategy, and we find initiatives operating in a range of institutional settings across a variety of industries throughout the country.

With this publication, we want to share with readers some sterling examples of successful sector strategies, particularly those that are meeting the needs of low-income workers who face daunting challenges in the labor market. In particular, we want to advance the notion that the dual customer approach to workforce development — one that meets the needs of both the worker and the employer — is the optimal approach. Sound sector strategies can enhance the opportunity for the poor to find employment, retain employment and increase income, and make the nation's businesses more globally competitive. Sectoral employment development, as evidenced in this publication, can help business fill the needs of the marketplace and help low-skilled workers gain marketable skills and increase their earnings.

Still, we recognize that the field faces some challenges. More employers must be convinced that their engagement pays dividends. Workforce intermediaries still need to improve their communication with industry employers. Additional funding is needed for regional labor market research and increasing skill enhancement opportunities.

Despite these challenges, we believe the sectoral employment development field holds great promise. This is a strategy that, at its best, works hand-in-glove with businesses and can improve their competitiveness. This is a strategy that is inclusive of workers who too often are left behind. This is a strategy that can play a key role in improving the effectiveness of regional economies by preparing workers to fully participate in the labor force of tomorrow.

Jack A. Litzenberg
Senior Program Officer
Charles Stewart Mott Foundation

About the Authors

To produce this publication, AspenWSI created a research and writing team with deep knowledge about sectoral strategies: **Maureen Conway,** director of AspenWSI, was the lead researcher in 1997 on the Sectoral Employment Development Learning Project (SEDLP). The project tracked long-term outcomes of participants in sector programs and resulted in several reports, including a series of widely consulted program case studies. **Amy Blair**, currently a senior consultant to AspenWSI, was a designer and researcher on SEDLP, as well as other Aspen studies on sectoral strategies. Previously, she served as deputy director of the Economic Opportunities Program at the Aspen Institute. **Steven L. Dawson** is president of the Paraprofessional Healthcare Institute (PHI) in the South Bronx, New York, which is cited in this publication as an innovative national sector program. PHI is the nonprofit affiliate of Cooperative Home Care Associates, and with 45 staff now works on sectoral long-term care workforce initiatives in more than a dozen states. **Linda Dworak-Muñoz** is the former executive director of the Garment Industry Development Corporation, a well-known sector project in New York City. She now serves as a senior consultant to AspenWSI.

Dawson and Blair also were key contributors to the seminal 1995 report about the sector field produced by the Aspen Institute, entitled *Jobs and the Urban Poor: Privately Initiated Sector Strategies*.

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Executive Summary

Throughout the United States, workforce professionals, policy makers and philanthropic funders are seeking new and innovative strategies that will help today's low-income, displaced and unemployed workers find better opportunities for work. During the past decade, the notion of using sector-specific approaches that target specific industries and seek to improve opportunities for workers, while simultaneously working to build stronger regional economies, has taken root. While a decade ago, specific support for sector strategies came largely from philanthropy, today an array of local, state and federal government initiatives also support this approach.

Sector strategies are designed and implemented by a range of institutions and groups working collaboratively to reach shared objectives. These include community- and faith-based organizations, business and industry groups, community and technical colleges, Workforce Investment Boards, worker advocacy groups, labor-management partnerships, and others. Some of these operate initiatives focused on one target industry in a specific geographical region; others work simultaneously in several industry sectors; a few take a cross-regional or multi-site approach.

Given the broad expansion in the numbers of actors applying sector strategies and the range of approaches at work, it is worth asking what the term "sector," in the context of workforce development, means today, and what sorts of concrete strategies are being used to improve opportunities for low-wage workers in local labor markets. This publication provides a fresh examination of what has grown into the sizeable field of *sectoral employment development*, and, through a range of examples, offers insights into the key elements of "sector" practice. To produce this publication, AspenWSI researchers spoke with more than 60 leaders of workforce programs, all of whom use a sectoral approach for at least part of their work, and visited 13 sector initiatives. The publication also was informed by a brief e-mail survey that elicited responses from 227 workforce organizations that reported using an industry-specific approach to their work. In addition, the publication draws upon and is grounded in previous research on sector strategies done by AspenWSI and colleagues in other organizations.

This publication speaks primarily to workforce professionals, telling the stories of innovative sector programs that are among the most exciting, innovative and needed workforce development initiatives in the country, and highlighting the components of their work that illustrate key facets of a sector strategy. Policy makers and funders will also find the content presented here of value as they design and fund programs and develop rules, regulations and guidelines to support these approaches that deal with many of today's most pressing labor market issues.

Labor Market In Transition

This review of the goals and strategies of sector initiatives comes at a time of concern in many local labor markets about the preparedness of the present and future workforce

to meet the needs of key industries. The accelerated pace of scientific, technological and organizational innovation across almost all spheres of the economy means that, for many industries, there is a demand for workers with a higher level of skill than ever before. At the same time, growth in the share of workers with a post-high school education has slowed, while many skilled workers are close to retirement. And so, with increasing frequency, communities across the country are partnering with key businesses to identify and implement solutions to **"skills gaps"** — or shortfalls of skilled workers — particularly at entry- and mid-level career points.

Meanwhile, many studies demonstrate that the earnings of people who work in America have diverged substantially during the past few decades, creating what is referred to as a **"wage gap"** between high- and low-income earners. Furthermore, deep-rooted obstacles that have long prevented equal access to quality jobs for people of color and women persist in many industries.

In this context, sector approaches have been adopted as a means to improving "fit" between worker and employer needs. *On behalf of the low-income worker,* sector strategies address "supply-side" factors as well as the "demand-side" issues of employers, because good jobs depend on strong businesses.

The Sector Strategy: A Fresh Look At the Field

This in-depth look at the state of the sector field begins with a newly refined definition of "sector" that presents it as a *systems approach* to workforce development.

Workforce programs are part of a larger set of actors that influence a region's labor market, and the resulting workforce outcomes are greatly influenced by how these other actors operate. Thus, we define a "sector strategy" as a systems approach to workforce development — typically on behalf of low-income individuals — that:

▸ **Targets a specific industry or cluster of occupations,** developing a deep understanding of the interrelationships between business competitiveness and the workforce needs of the targeted industry;

▸ **Intervenes through a credible organization, or set of organizations,** crafting workforce solutions tailored to that industry and its region;

▸ **Supports workers in improving their range of employment-related skills,** improving their ability to compete for work opportunities of higher quality;

▸ **Meets the needs of employers,** improving their ability to compete within the marketplace; and

▸ **Creates lasting change in the labor market system to the benefit of both workers and employers.**

Some sector strategies are used to seize upon opportunities to promote **access** to jobs by *removing barriers to getting good jobs or to moving up into better jobs*. In situations where **job quality** is poor with respect to wages, benefits and working conditions, sector strategists may focus on *improving the quality of jobs*.

In interviewing sector leaders, it became clear that utilizing a sector strategy does not mandate any one particular approach or tactic. A range of tactics implemented by sector initiatives are presented in the publication. These varying approaches address the particular industry and community context for which each initiative specifically has been designed.

Even within individual programs, sector approaches often change over time to work in tandem with dynamic labor markets.

Systems Change: A Practical Framework

The work of addressing the fundamental labor market issues related to access and job quality in a way that creates greater inclusion of and opportunity for low-income workers requires strategies that go beyond traditional vocational training and job placement programs. While high-quality training programs are, in fact, an important part of almost any sector initiative, they alone are not sufficient to resolve the myriad of personal and systemic obstacles that low-income workers must overcome. As they have engaged in this work, sector professionals have found that long-term, sustainable solutions usually require strategies designed to overcome structural issues that hinder the achievement of their initiative's mission. In the field of sector, these strategies are sometimes referred to as **"systems change."** This publication provides a conceptual framework and specific examples of systems change work in hopes of conveying, in practical and concrete terms, the significance of systems change efforts. Through interviews and a survey of sector program leaders, AspenWSI researchers found that sector initiatives engage in systems change activities in three spheres: **industry practices, education and training systems,** and **public policy**. Sector initiatives use a wide variety of tactics to change the way these systems operate with regard to the **skills-gap, job quality** and **inclusion** of low-income workers. For example, sector programs may work to encourage employers to offer health-care benefits to workers, convince a local community college to integrate basic education into vocational skills courses, or advocate for municipal financing mechanisms that provide additional child-care supports for low-income workers. This publication provides concrete examples of the types of strategies that sector initiatives use to influence these three spheres. These examples demonstrate that systems change is often driven by opportunities and may result from an organization having the necessary assets and resources, in addition to being well positioned to implement strategies that promote the sector initiative's mission as opportunities arise.

Building the Practice: What Workforce Professionals Can Do

Building on the presentation of a framework for discussing systems change, this publication describes how leaders of sector initiatives build relationships with employers and other key actors in their regions and how the interplay of these relationships offers the opportunity to promote change. It then turns to how sector initiatives develop strategies that are tailored to the particular needs of their low-income constituents, bringing about changes that will help them overcome barriers to obtaining and advancing in good jobs. Finally, the publication explores the interaction of sector programs and their public policy context. In so doing, we examine how recent policy changes have created more opportunity for sector work and describe the range of ways that leaders of sector initiatives can promote a policy environment that supports their work.

Working with Business

Across the workforce development field, professionals overwhelmingly recognize the need to actively work with and deepen their relationships with the business community. But exactly how to do that is an ongoing challenge. The "Working with Business" chapter provides examples of the strategies sector initiatives use to learn about and engage with businesses to promote their missions. The chapter begins with a discussion of how program leaders select the industry or occupation they target and the rationale for identifying the employers with whom they will work. It describes a

variety of activities that initiatives pursue in addition to training, including technical services, industry research, human resource services, and convening and networking activities. These services are not only of value to business, but also help sector leaders develop ongoing relationships and information feedback loops that are vital to keeping an initiative's workforce development offerings current. Some sector initiatives are innovating to gather compelling information describing the value that accrues to the businesses they work with, and we describe examples of how documenting this value enhances the credibility of workforce programs with employer customers. Most sector initiatives develop relationships in which businesses are treated as customers, but sometimes advocates for disadvantaged populations find that they need to take a more aggressive approach to improve opportunities for their worker constituency. Thus, the chapter also includes examples of strategies that initiatives have pursued to improve working conditions and job quality in such circumstances. Finally, the chapter examines some of the factors that influence the way in which an initiative may seek to expand into additional industries and new regions.

Making it Work for Workers

Workforce development programs should target disadvantaged populations, work to understand their needs, and develop specific services that enhance their success in training and transitioning to work. This chapter emphasizes the critical importance of balancing sector initiatives' focus on business and industry needs with a deep understanding of the needs and barriers of low-income populations. It argues that because business is more likely to invest its own training dollars in higher-wage, higher-skilled employees, public and philanthropically supported sector initiatives should target lower-wage, lower-skilled workers. Yet, for these workers to succeed, social supports, such as child care, transportation, counseling and other assistance, must often be provided to them. While this is an area where programs struggle, in terms of accessing adequate resources to meet need, we highlight examples of programs that have found creative ways to deliver supportive services. And employment and earnings outcomes show that this work is clearly worth the effort. Longitudinal research on sector initiative graduates shows that they experience extremely positive employment advancement and wage gains. This chapter concludes with a summary of these findings.

Public Policy and Sector Practice

This chapter begins by describing the rapidly expanding uptake of sector strategies by federal, state and municipal agencies. The high profile of sector approaches creates a number of opportunities for leaders of sector programs to engage productively with the policy community. Indeed, in a number of places, policy makers are eager for practical advice on how to design and fund sector approaches that will be effective in advancing workers and meeting the needs of business.

While most policy interest in sector approaches stems from agencies active in workforce development, sector leaders also describe opportunities in policy arenas relating to human services, post-secondary and higher education, and industry regulations and economic development. This chapter highlights examples of sector leaders operating in these environments to promote policies that support their missions. The chapter also provides practical resources and examples illustrating how sector professionals work on policy issues both independently and in coalitions with others.

Conclusion

We conclude this publication by highlighting the field's many accomplishments and identifying some of the challenges that, if addressed, could help strengthen and sustain the field going forward. We hope this publication adequately acknowledges the tremendous progress achieved not only by individual initiatives, but also by the institutions that have made investments in them. Yet, at the same time, it is important to recognize that by addressing some key challenges, stronger sector initiatives can result, thereby achieving positive results for workers and contributing to vibrant regional economies. These challenges are clustered around four main issues:

With respect to **serving low-income workers,** many of whom need help coordinating and obtaining supportive services while training and transitioning to work, sector initiatives should focus on or partner with the social services system to make it easier for clients to access and use benefits that can contribute to success. This is an area of work that also needs coordinated support and attention from a range of public- and private-sector agencies. In addition, to have the greatest impact, skills training must lead to industry-recognized credentials and lay a foundation for participants to continue their education. And finally, sector initiatives that lack experience working with specific low-income groups must make a concerted effort to understand the needs of disadvantaged populations and develop strategies to address them.

In the area of **building organizational capacity,** sector leaders need opportunities both to gain more in-depth knowledge about their target industry and to learn from their peers via ongoing forums where experiences and tools can be exchanged and relationships built. Encouraging such learning opportunities among program leaders can help ensure that programs in turn provide the highest-quality training to their clients.

Monitoring and communicating results is challenging for the sector field partly because initiatives operate in distinct industries, institutional settings and regions with different worker populations, operating strategies and resources. Moreover, programs seeking to create "systems change" aren't likely to be able to demonstrate outcomes that can be tracked in a database. As a result, programs should be encouraged by investors to report on a range of activities and outcomes — both large and small, as well as qualitative and quantitative — as a better gauge of effectiveness. Additionally, investors should encourage program leaders to acquire, and provide them with, technical and financial resources sufficient to develop effective management information systems. Such tools and training will help programs compile and use a variety of data that can guide ongoing work and better report results.

Finally, **financing sector work** is complicated when programs engage educational institutions, human services providers, businesses and others to create the overall package of services that make up their sector strategy. Securing stable financing to provide this array of services, delivered by multiple entities, clearly is a challenge. At the same time, sector initiatives should carefully consider the range of constituencies that derive benefit from their work and seek reasonable contributions from them as part of a sustainability strategy.

Opportunities At Hand

As we look across the workforce development landscape, we see great promise in the sector approach. Already there is ample evidence that:

▶ innovative sector models used in industries throughout the country are helping

disadvantaged job seekers obtain quality employment and low-wage workers advance into better-quality jobs;

▶ sector initiatives are providing solutions to some of the most pressing issues impacting local and regional economies;

▶ informed businesses and industry advocates are joining sectoral employment development partnerships; and

▶ governments at all levels — from the U.S. Department of Labor to states, such as Washington, Michigan, Pennsylvania and Massachusetts, to cities, such as Chicago — are developing policies and/or projects that utilize a sector approach.

In many cases, what has helped bolster this work has been a group of grant-makers — the Charles Stewart Mott Foundation, the Ford Foundation and the Annie E. Casey Foundation, chief among them — that have both grasped the concept early and appreciated the need for flexible funding to conduct systemic change efforts.

And yet, for all the promise this approach holds and progress experienced to date, more still needs to be done in terms of experimentation, adoption and adaptation.

Exactly how the sector approach might evolve remains open. What is clear is that the professionals who can develop and implement quality sector initiatives — and the investors who support their work — are well positioned to play a key role in training workers for tomorrow's economy, helping employers secure the kinds of workers they need, and helping regions re-orient their economy such that workers and employers end up winners.

To the Reader:

"Sector strategies" improve job opportunities for workers while meeting the needs of employers. They do so by improving the "fit" between workers and employers — not only by building the skills of workers, but also by *changing how the employment system itself meets the needs of those workers.*

Bill Duncan, then Executive Director of the Mountain Association for Community Economic Development (MACED), first used the term "sector strategies" in the 1980s to describe efforts to improve the quality of jobs for MACED's low-income constituents within Kentucky's timber industry. Later, in 1995, the Aspen Institute published *Jobs and the Urban Poor: Privately Initiated Sectoral Strategies,* the first review of how several workforce organizations across the country had successfully employed sector strategies on behalf of low-income people.

Since that time, the term "sector" has taken root more broadly: Foundations that fund workforce development accept it as a useful frame; state workforce agencies apply it in creating new funding streams; and the U.S. Department of Labor uses the term, and the concept behind it, particularly in its "High Growth Initiatives" demonstration programs. And, as it has received more widespread acceptance, "sector strategies" have been used to improve the job prospects of not only low-income workers, but also other types of workers.

This publication speaks directly to workforce *professionals* — those who work in nonprofit organizations, workforce investment boards, unions, employer associations and community colleges — that is, anyone whose job it is to improve the capacity of workers to enter into and/or advance in their employment. And, while this publication specifically addresses workforce professionals whose constituents are low-income or facing other employment barriers, these stories of successful sector strategies should also interest a wide range of workforce and economic development professionals and funders.

AspenWSI researchers spoke with more than 60 leaders of workforce programs, all of whom use a sectoral approach for at least part of their work. Many of their stories are recounted here with the hope of showing how they have not only expanded opportunities for low-income workers, but also worked toward a stronger regional economy. We believe that the sector strategists you will read about here are undertaking some of the most exciting, successful and needed workforce development initiatives in the country.

Sector Stories

The Workforce Challenge: At one city's major airport, most of the better jobs require applicants to pass a computerized exam to be eligible for a security badge. Unfortunately, no non-native English speakers applying for these jobs were able to pass the exam.

> **The Sector Solution:** A community-based organization, working to help various immigrant workers find jobs, took on this challenge. The CBO worked with the Airport Authority and an academic specialist to review the exam, as well as to shadow security personnel to better understand the job. Together the CBO and the Airport Authority then designed a course to help individuals develop the specific language and test-taking skills needed to pass the exam.
>
> The director of the CBO was then able to report, "The course is designed to help immigrant populations understand some of the jargon and language issues that have made this exam difficult for them, as well as the specifics of computer-based exams. We've seen our constituents' pass rate go from zero to about 98 percent.

The Workforce Challenge: A community college program leader began work with a local municipality to help the city "grow its own supervisors" by providing occupational training and career ladder opportunities for utility, street maintenance and solid waste employees. However, in meeting with the city managers to design the training program, program leaders discovered the city's regulations stipulated that only employees with a high school diploma qualify for the city's tuition reimbursement benefits.

> **The Sector Solution:** The municipality's maintenance staff joined with the community college program leader to meet with the mayor to discuss the regulations. The mayor agreed to support a change in policy, allowing a wide variety of entry-level city employees to qualify for tuition reimbursement and pursue advancement opportunities. The community college program leader noted, "It's not a controversial change; it just wasn't recognized as a problem before."

The Workforce Challenge: A Workforce Investment Board (WIB), having identified health care careers as a significant and growing employment sector in its local area, recognized that the sector is also one in which low-wage incumbent workers have difficulty advancing, due to requirements for formal credentials and difficulties in obtaining those credentials, while working full time.

> **The Sector Solution:** The WIB spearheaded an initiative to help incumbent health care workers advance. Working collaboratively with an industry consortium made up of the largest local hospital, the union representing health care workers, and the community college, the WIB founded an employer-based, one-stop center focusing on health care careers. Early in the project, responsibility for managing the center was shifted to the local union, as all felt this would facilitate long-term sustainability and success of the work. The project has addressed numerous issues related to access to training, including the time and place at which community college courses can be offered, raising awareness among workers regarding the variety of advancement paths within the hospital system, and systematically linking training to promotions and advancement. The project was eventually extended to include outreach to low-income housing residents to meet the need for new employees at the hospital. The WIB has valued the flexibility that all the project partners have brought to this effort and maintained over time, noting, "Just because something is in writing doesn't mean it can't be changed."

Introduction

Workforce professionals help workers find, keep and advance in jobs. Their constituents are unemployed workers, as well as incumbent workers hoping to climb a career ladder. Workforce professionals also aim to help businesses find or develop the skilled people they need to succeed in an increasingly competitive marketplace. Sector strategies simultaneously address two sides to the employment equation — the **"supply side"** that must produce skilled, employment-ready labor (through training, job coaching, counseling, case management, etc.) and the **"demand side"** that creates and shapes opportunities for workers to use their skills and be compensated for their work. This work takes on critical importance when one considers the workforce challenges this nation faces. (*See sidebar on page 10.*)

Sector programs seek to influence how the two sides of the labor equation interact to affect workers' employment experiences and outcomes. On the "supply side," sector programs employ a range of strategies to prepare workers for employment opportunities. On the "demand side," sector programs seek to ensure opportunities to work are available to their constituency, which means promoting the competitiveness of businesses so that work opportunities are available and addressing issues of how those opportunities can be accessed by low-income, minority or other disadvantaged worker groups.

The work of sector programs often goes beyond working with individual workers and businesses. A range of other institutional players as well as industry, education and policy factors influence how skills-development opportunities for workers become available inside and outside the workplace, and how businesses choose to operate. Thus, sector strategies also address challenges that affect workers' employment opportunities which, while beyond the scope of "supply and demand," are nevertheless a part of an industry's labor market "system." These challenges typically receive much less attention, in part because they are so difficult to identify and address. They are also very difficult to describe and discuss. Organizations rarely describe the goals and outcomes of their work in terms of changes to a system.

This publication describes a wide variety of approaches that sector initiatives have taken toward creating change within a variety of systems that affect employment experiences. It describes how leaders of sector initiatives build relationships with employers and other key actors in their regions, and how the interplay of these relationships offers the opportunity to promote change. In particular, this publication focuses on how these initiatives meet the needs of lower-income workers who face daunting challenges to advancement in today's labor market. The publication also reviews how policy has created more opportunity for sector work, and discusses the range of ways that leaders of sector initiatives can promote a policy environment that supports their work. The publication concludes with a number of challenges the field still faces, but also emphasizes the notable strides that have been made. First, however, we begin with a discussion of a newly refined definition of "sector," which reflects current practices and objectives of the strategy.

Workforce Challenges and the U.S. Economy

Workforce development today plays an ever more critical role for the U.S. economy. In a 2003 report, The Aspen Institute identified significant workforce-related challenges to the nation's ability to grow and prosper. These include:*

A **Skills Gap:** Productivity has been boosted by technology but also has increased demand for skilled workers. During the past 20 years, the share of workers with post high-school education increased by 19 percent; however, during the next 20 years, the increase is projected to be only 4 percent.

A **Wage Gap:** There are many statistics that demonstrate that the earnings of people who work in America have diverged substantially during the past few decades. To pick one, among full-time male workers, those who are in the top 10 percent of the income distribution have seen their earnings rise by about 30 percent since the 1970s, while those who are in the bottom 10 percent of the earnings distribution have experienced a 20 percent decline in their real wages.

The report points out that, unless addressed, these gaps present "problems [that] will threaten our productivity and growth, our international competitiveness, and, potentially, even our very cohesiveness as a nation. And they tend to reinforce each other. Labor and skill shortages both hurt industry and increase the gap between the haves and have-nots. An inadequate, ill-equipped workforce could lead wages to stagnate and make businesses less competitive. If immigrants increasingly occupy the lowest tier of service work, they will become an increasingly isolated segment of society. And firms will increasingly locate abroad to find skilled and unskilled workers they need to compete effectively on the world stage."

The likelihood of future skills shortages, and what this will mean at the national level, is a hotly debated topic. At local and regional levels, however, it is clearer that a skilled workforce is critical to maintaining and improving quality of life. A skilled labor force is considered a primary factor in the location decisions of firms in a wide variety of industries as well as a challenge faced by industries that are by necessity rooted in place (e.g., health care, public safety services). If businesses cannot find the skilled workers they need at their current location, they essentially have three options. They can have high skilled work done by people from outside the region, either by outsourcing the work or recruiting workers from other locations. They can move their operations to locations with an appropriately skilled workforce. Or they can organize their work and workplaces so that fewer skilled workers are needed and rely instead on low-cost labor. None of these choices is good for the overall economic health and quality of life in individual communities.

*Grow Faster Together, or Grow Slowly Apart: How Will America Work in the 21st Century? A report authored by David Ellwood and based on the work and discussions of the Domestic Strategy Group, a bi-partisan group of leaders from the realms of academia, journalism, business, labor and government. The report discusses a third gap — a worker gap — pointing out that during the next 20 years, the U.S. native-born workforce is projected to grow by 0 percent. All net growth in the labor force will come from immigration.

Defining "Sector"

Since the term "sector" first entered the workforce development world approximately 25 years ago, various workforce organizations have struggled to define it, with little widespread acceptance. In 2001, a communications firm working with a set of organizations seeking to

encourage greater adoption of the sector approach recommended that the term be abandoned all together: It seemed to mean too many different things to too many different stakeholders for it to be useful.

Since then, the term "sector" has gained more widespread acceptance, and it seems clear that the concept has value and is worth keeping. But what, exactly, does it mean? When AspenWSI first began researching sector work years ago, particular organizations were sought out that could be classified as "sector" organizations. As the field has grown, however, this approach has not proven useful. Is an agency a "sector organization" if it works deeply in not just one but several sectors, or if it employs a sectoral strategy in some parts of the organization but works more broadly in others?

In researching this publication, it was determined that "sector" is not a particular type of organization at all. Instead, the underlying premise here is that sector is a systems approach to workforce development work that considers how an industry's labor market functions from the perspective of low-income individuals. Taking a "systems approach" can be understood in very practical terms. If a workforce professional's goal is to help constituents get jobs that will improve their economic situation, then the professional will likely need to consider more than just what happens in a training program.

Examining an industry through a workforce lens, a workforce professional can begin to identify other factors that may present barriers to better employment for low-income workers. Some of these might include how freely information about job openings circulates or how a particular industry's hiring process is organized. Perhaps more formal education or a credential is a pre-requisite for advancement, and yet barriers might exist for constituents to access educational institutions. Issues of physical location or timing and predictability of shifts might affect access to both education and jobs. The list will likely include factors both small and large, both the relatively easy to change and the nearly impossible.

Workforce programs are part of a larger set of actors that influence a region's labor market, and the resulting workforce outcomes are greatly influenced by how these other actors operate. Thus, a "sector strategy" is defined as a systems approach to workforce development — typically on behalf of low-income individuals — that:

▸ **Targets a specific industry or cluster of occupations,** developing a deep understanding of the interrelationships between business competitiveness and the workforce needs of the targeted industry;

▸ **Intervenes through a credible organization or set of organizations,** crafting workforce solutions tailored to that industry and its region;

▸ **Supports workers in improving their range of employment-related skills,** improving their ability to compete for work opportunities of higher quality;

▸ **Meets the needs of employers,** improving their ability to compete within the marketplace; and

▸ **Creates lasting change in the labor market system to the benefit of both workers and employers.**

While sectoral strategies can be used to benefit any group of constituents — and thus, hopefully, this publication will be of value to many — sectoral strategies are of particular value to workforce professionals helping low-income workers and other individuals who face employment barriers. Sectoral initiatives are typically funded in large part by foundations and public agencies, and these funders have a special interest in and responsibility for ensuring that sector strategies benefit those individuals most in need of assistance.

How Hard Can "Systems Change" Be?

In attempting to understand a local industry as part of a system and also viewing it through the lens of the workers within a particular industry, it becomes clearer that a wide variety of "moving parts" either benefits or hampers a particular constituency. However, all of the intricacies of an entire industry do not need to be understood in order to change just one part of it. For example:

> A workforce program trains and places low-income individuals to work as tellers in a city's expanding financial district. The banks in that district require a criminal background check, which is reasonable but problematic because all of the banks contract with a single agency to perform the checks, which take four to six weeks to complete. The long delay results in many of the program's best trainees losing interest and dropping out.

> The workforce program does a great job of training its constituents for these jobs, but the "system" is not working well for them. So, the program leader meets with the trade association of the banks and points out the problem. Together they craft a simple solution: identify the services of another agency, one that completes the background checks within five business days. The trade association makes this recommendation to its members, the city's three largest banks agree to change service providers, and others follow suit. The system is changed.

An industry's employment "system" can include the formal education system, organized labor, trade associations, the regulatory environment, the state's workforce development system, and certainly employers themselves. How each acts and how they interact with one another, all impact how low-income individuals are either welcomed or not into a particular labor market. The success of a workforce professional pursuing a sectoral strategy, or partnering with others to pursue a sectoral strategy, depends on the development over time of three factors:

> **Organizational assets,** or how much knowledge and expertise and how many services an organization possesses. The more value a workforce organization can provide to other labor market stakeholders, the more likely it is to be able to leverage change. Of course, for workforce professionals, knowledge of how to train and support workers is likely to be their main value within the system. Yet over time, they should be building other "assets," such as knowledge about industry trends and expertise in securing public training funds for businesses in a sector that will increase the likelihood that other industry stakeholders will want to work with them.

> **Position** within the industry. An employment system is populated by many different stakeholders — the employers and employer associations, the workforce development system, the education system, organized labor, and state and local government agencies, to name a few. The more known and trusted a workforce organization is within that system — that is, the more the organization is in direct *relationship* with other key actors — the more effective it can be in promoting change. Conversely, if a workforce organization is perceived as representing only one part of the system, it is unlikely to gain trust and likely to be less effective at promoting change.

> **Financial resources.** Of course, the more money a workforce organization has, the more it will be able to convert financial resources into organizational assets that will be valued by an industry. These types of assets include knowledgeable staff, lines of service, and strong organizational management infrastructure and capacity, among others. But financial resources include not only the funds an organization has on hand, but also its

capacity to raise or earn an ever stronger and more stable financial base into the future. In a very important way, the strength of an organization's financial resources is an important measure of how much stakeholders and funders value the organization's work.

Compared to What? Other Approaches to Systems Change

It is important to recognize that sector is not the only successful "systems approach" to improving job opportunities for low-income people. For example, the living wage campaigns across America (led primarily by ACORN, a national network of community organizations) represent a very powerful example of a systems approach. Tens of thousands of low-income workers have benefited from this strategy, which requires private businesses contracting to provide goods and services to public agencies to adhere to a minimum "living wage" floor for their workers. While not sectoral, this is still "systems change" — not for a particular industry, but rather for all low-wage workers contracted by a governmental unit.

An important distinction also exists between **sectoral strategies** and **"cluster" strategies.** Since the two are similar, they are often confused with one another, yet they derive from two different fields. "Sector" is an employment concept, while "cluster" is an economic development concept. In a sense, they mirror each other: *sector* is an employment strategy that has economic ramifications; *cluster* is an economic strategy that has employment ramifications. If approached thoughtfully, each can strengthen the other.

One commonly accepted definition of a "cluster" is that it "is a spatially limited critical mass … of companies that have some type of systemic relationships to one another based on complementarities or similarities."[1] That is, there is no inherent *employment* strategy embedded in the cluster concept. Instead, the primary goal of a cluster strategy is to strengthen the "critical mass of companies," which may or may not improve the job opportunities for any particular group of workers.

Therefore, using a workforce lens, a sectoral strategy could be designed to work in tandem with a cluster strategy to both strengthen a region's economy *and* improve job opportunities for low-income workers. For example:

> The biotechnology industry is a growing sector that has attracted the interest of many communities across the U.S. These communities may offer biotechnology companies concessions and preferential treatment in the form of tax abatements, public infrastructure, streamlined permitting, etc., with the goal of encouraging the creation of a biotechnology "cluster" in the region. The intent of public investment in this cluster would be to support development of new jobs, an increased tax base, and enhanced regional prosperity.

> One of the drawbacks to this approach, however, is that without a concomitant plan to prepare existing residents, who may lack the skills needed in this industry, they could miss out on the resulting economic benefit. As the economy expands, the cost of living (especially housing) may rise. Meanwhile the biotechnology companies are likely to recruit nationally and even internationally to fill skilled positions and may even cast a broad net, in geographic terms, when recruiting for less-skilled support or production positions, providing relatively few job opportunities for current residents. Thus, while the new businesses may be successful, the economic circumstances of existing residents could actually deteriorate.

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[1] Stuart A. Rosenfeld, *Just Clusters: Economic development strategies that reach more people and places,* Regional Technology Strategies, Inc., September 2002; available from http://www.aspenwsi.org/publications/04-062.pdf ; Internet.

In comparison, a sector perspective would take the view of the worker and attempt to devise a strategy that would leverage this new growth to benefit existing unemployed and under-employed residents. For example *Skyline Community College* in San Mateo, Calif., collaborated with a number of other agencies and leading biotechnology companies to create a bio-manufacturing certificate program designed to open opportunities to area residents who might otherwise not find a pathway into this growth industry. Within the college, the Center for Workforce Development and the Science Math and Technology Division partner to deliver instruction toward the bio-manufacturing certificate. Other collaborating partners include:

- The San Mateo County Human Services Agency, which provides support services to participants;
- The San Mateo County Workforce Investment Board, which provides screening services and assesses student skills;
- The Opportunities Industrialization Center West (OICW), which provides remediation skills in English and math, as well as employment readiness;
- The San Mateo County Central Labor Council, which coordinates the program.

Established in 2003, the initial target population for this program was displaced baggage handlers who had lost their jobs in a wave of layoffs at nearby San Francisco Airport. The program has since expanded to include a wider range of low-income workers. Candidates must be residents of California and enroll in the Workforce Investment Act (WIA) Program through a San Mateo County Peninsula Works One Stop Career Center. As of October 2006, 160 students had enrolled in the 12-week certificate program. Of the 153 who completed it, 135 took full-time jobs. The average starting wage for certificate holders is $18.89 an hour.

The distinctions here, between employment strategies and economic strategies, are important, even though they are entirely complementary. In particular, employment strategies require a distinct knowledge base about what helps to create skilled workers who are prepared for good jobs. This is the core expertise that sector strategists can bring to the other stakeholders within a region — an expertise that economic development professionals may not have and one that should not be underestimated. It encompasses not only knowledge of a range of teaching and training techniques, but also experience in helping businesses identify the specific types of occupational and "soft" skills they need in their workers.

In addition, sector strategists also understand the life situations of low-income workers and how to help those individuals develop strategies and access supports so that their personal and family lives can be effectively managed while they participate in training and transition to work. This is a very complex set of skills, which benefits not only workers, but also the employers who hire them.

Finally, it is important to emphasize that, without a strong voice representing the interests of low-income workers, the "rising tide" of economic development may not in fact "raise all boats." As previously noted, low-income workers typically have not benefited from the economic growth that this country has enjoyed during the past few decades. And minority Americans, particularly African Americans, continue to face discrimination by employers (see sidebar). At the national level, this has led to a society that is by all accounts more divided. Therefore, a sector strategist who has an eye on how low-income workers can benefit from economic development investments can contribute to strategies that will return maximum *public* benefits. Designing investments such as these, which support the competitiveness of both workers and business, will afford communities the greatest potential to flourish.

The Elephant Still in the Room: Persisting Labor Market Discrimination Based on Race

While issues associated with race and racial discrimination receive far less explicit public attention today than in recent decades, workforce program leaders, many of whom work closely with minority jobseekers and workers, regularly point out that a critical part of their work continues to be helping minority job-seekers get jobs in and adjust to all — or mostly — white workplaces. Research conducted by Marianne Bertrand and Sendhil Mullainathan highlighted how race, specifically being African-American, negatively affected job applicants' chances of being invited by employers to interview for a range of jobs advertised in Chicago and Boston metropolitan area newspapers.[2]

Their report on this work begins with Council of Economic Advisors statistics noting "significant racial inequality in the U.S. labor market." African Americans are twice as likely as whites to be unemployed, and they earn nearly 25 percent less when they are employed. Using a rigorous and carefully documented research protocol, Bertrand and Mullainathan sent nearly 5,000 resumes on behalf of fictitious job-seekers with "African American- or white-sounding" names to more than 1,300 different employers in the Boston and Chicago areas. Resumes were sent in response to ads published for jobs in a range of occupations. The researchers reported that, "white names received 50 percent more call-backs for interviews," and a "White name yields as many more call-backs as an additional eight years of experience on a resume." They also found that higher quality resumes, meaning those listing things like an e-mail address, more work experience, fewer employment gaps, and computer skills, while yielding higher call-back rates for both African Americans and whites, yielded lower returns for African Americans. They concluded that: "Differential treatment by race still appears to be prominent in the U.S. labor market."

In another carefully conducted study, Devah Pager, a sociologist at Northwestern University, sent two teams of 23-year-old college students — one team of two black students and one team of two white students — to apply for a range of jobs in the Milwaukee area. Within each team, one member would randomly be assigned to having a criminal record as part of his resume. After analyzing the results of 350 applications for jobs, Pager finds, "Among blacks without criminal records, only 14 percent received call-backs, relative to 34 percent of white noncriminals ... In fact, even whites *with* criminal records received more favorable treatment (17 percent) than blacks *without* criminal records (14 percent)" and concludes, "race continues to play a dominant role in shaping employment opportunities, equal or greater than the impact of a criminal record."[3]

Building Better Businesses

While the central goal of a sector strategy is improving access to good jobs or improving the quality of jobs for low-income workers, the strategy simply cannot succeed, in a lasting way, unless the businesses that employ those workers are themselves strong, well-managed and profitable. For example:

[2] Marianne Bertrand and Sendhil Mullainathan, "Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination," University of Chicago Graduate School of Business, June 20, 2004.

[3] Devah Pager, "The Mark of a Criminal Record," *American Journal of Sociology* 108, no. 5 (March 2003): 957-958.

A workforce development organization might wish to improve the quality of nursing home jobs across the state. These jobs tend to be low-paying with few benefits, and yet they are a mainstay of income for many low-income women in the region.

One path (not recommended) could be to simply petition the health department to require all nursing homes to provide health insurance to their staff. Unfortunately, most nursing homes are dependent primarily on state and federal funding. They cannot simply raise their prices whenever costs increase. Therefore, while some of the larger nursing home chains might be able to afford health insurance, many other homes would be forced to lay off staff or close entirely — a bad outcome for the nursing homes, the workers and the residents.

Instead, a more thoughtful sectoral strategy would work in concert with the nursing home industry — in addition to consumer groups and organized labor — to help pass legislation to increase reimbursements tied directly to improving staff pay and benefits. Higher pay and benefits have been documented to reduce turnover, a benefit to employers that improves continuity of care for nursing home residents. In this second scenario, workers, consumers and employers would all benefit.

During the past few years, workforce professionals have been challenged to think of their organizations as having two equal (dual) customers: the *workers* they train and the *businesses* who hire their trainees. Some sectoral initiatives, particularly those that are co-led by both business and labor leaders, have found this "dual customer" construct very powerful.

Other sectoral strategists use a "constituent/customer" framework in which their *constituency* is the low-income workers they serve and the *customers* are the employers whose labor and business needs must be met. Similarly, within this framework, the sectoral strategist must absolutely understand and meet the needs of employers, because good jobs depend on strong businesses.

At the same time, for many sector strategists, the "constituent/customer" framework describes well the values that attract them to this work and guides the decision-making, creativity and trade-offs that they must make each day. Maximizing one economic factor while also satisfying an array of other factors is a time-honored tradition in the business world: Microsoft manages many factors, from labor to technology, but the company's core business strategy has been to maximize market share. A local auto mechanic probably has many worries, but ultimately his decisions are likely to be based primarily on maximizing cash-flow.

Similarly, the sector strategist has to manage an array of factors — meeting employers' needs, satisfying program investors, and keeping local political leaders happy — but the "compass" that directs his or her choices will remain, "How can I create more employment opportunities for my constituents?" This does not in the least weaken the "win-win" construct in which businesses (as the prime customers) must be strengthened by any successful sectoral strategy. It does, however, help define the sector strategy as considering both supply and demand factors *on behalf of the low-income worker*.

Shared Goals; Many Paths

Employing a "sector approach" to workforce development does not dictate a particular type of organizational vehicle, strategy, or set of tactics:

▶ **Various organizational settings:** A wide variety of organizations may employ a sectoral strategy — a training-based community organization, a Workforce Investment Board, a workforce advocacy organization, a community college. Each could be a vehicle that initiates a sectoral plan. In some industries, sectoral strategists have even created new enterprises with the express purpose of being a "yardstick corporation," modeling how to create a viable business that provides good jobs. Labor unions also have a longstanding role and many strengths with respect to sector work. Their renewed focus on organizing low-wage workers has resulted in programs designed to improve employment opportunity in the health care, child-care and hospitality industries.

Within a single region, differing types of organizations may play complementary sectoral roles. For example, in Milwaukee, the ***Wisconsin Regional Training Partnership*** (a workforce services provider) is working with the Service Employees International Union (labor union), child-care centers and home-care providers (employers) to create a Professional Employer Association (enterprise) to provide health insurance to child-care and home-care workers.

▶ **Several sectors:** A single organization can pursue opportunities in several sectors simultaneously, offering the benefit of diversifying risk while also providing different employment opportunities for a wider range of their low-income constituents. For example, ***Capital IDEA*** in Austin, Texas, pursues sectoral strategies in health-care, high-technology, education and energy industry occupations. Working with a range of employers and education providers and offering different types of programs, Capital IDEA's approach has led to a variety of careers for its low-income constituents who have varying interests and skills.

Other organizations concentrate their work in a single sector in order to focus their resources on a sizeable industry and/or to become an important actor within an industry's regional labor market. For example, ***Primavera Services*** in Tucson, Ariz., has pursued training, enterprise development, and policy strategies — all focused on improving job quality for workers in the day labor industry.

▶ **Access or reform:** Many industries provide very good careers, yet in some industries, too many barriers exist for low-income people to gain easy access to existing jobs or to be promoted up career ladders. Therefore, some sectoral strategists focus on industries where they *remove barriers to getting good jobs or to moving up into better jobs*. For example, ***WIRE-Net*** in Cleveland, Ohio, works exclusively to remove barriers to high-quality manufacturing occupations. Other industries offer jobs in which low-income people already have access, but in which job quality is typically quite poor. Therefore, other sectoral strategists focus on industries where they attempt to *improve the quality of jobs*. For example, the ***Restaurant Opportunities Center*** works to improve wages, benefits and working conditions in restaurant jobs in New York City.

Some sectors, such as the health care industry, offer opportunities to pursue both "access" and "reform" paths, for example, strategies to remove barriers to high-quality nursing jobs and strategies to improve the quality of low-wage paraprofessional jobs. Sectoral strategists pursue an access or reform approach depending on a range of factors, including employment conditions in a particular industry, the level of preparation of their constituents for employment, and their own resources.

▶ **Geographic choices:** Most sectoral initiatives studied for this publication target a defined region or single state, e.g., *Focus:HOPE* in Detroit, Mich.; *Skyline Community College* in San Mateo, Calif.; and the *Southern Good Faith Fund* in Arkansas. However, others are multi-site, and cross regions; e.g., the *Southwest Center for Economic Integrity* works on initiatives to improve conditions for day laborers in Tucson, Phoenix and Albuquerque, and the *Paraprofessional Healthcare Institute* (PHI) employs strategies at the local, multi-regional and national levels to improve job quality for direct care workers in long-term care, thereby contributing to the provision of high-quality, cost-effective services to long-term care consumers.

▶ **Multiple Tactics:** Perhaps most importantly, a sector strategy does not mandate any one particular approach or tactic. Viewing a sector through a low-income worker lens, multiple challenges and leverage points might appear — and, thus, a variety of tactics might be employed — which is what makes this strategy so endlessly inventive.

For example, if public policy is a constraint to job quality, then a sector strategist might form a coalition with key stakeholders to change the legislative or regulatory framework. If a "race to the bottom" in employment standards is occurring among local employers, other strategists might identify a few "high-road" businesses and with them devise a public education strategy that might both improve jobs *and* help those high-road businesses build market share. In industries where there are no "high-road" employers, some sector strategists have created their own enterprises to prove to the industry that it is possible to compete while also providing good jobs.

Finally, it is important to remember that both the "demand" *and* the "supply" side of the labor market equation are equally important. *High-quality training and other employee supports* will almost always be an essential element of any successful sectoral strategy. The labor market system may indeed need to be changed to better fit the employee, but low-income workers will always require high-quality support in order to be of greater value in the labor market.

This publication describes a range of sectoral strategies pursued by a variety of programs in different industries and economic environments. The next chapter begins, however, by exploring various organizations' experiences effecting changes, including a few examples that are large in scope and many others that are more incremental. These examples show how the leaders of sectoral organizations look through a workforce lens into their chosen industries and promote changes that improve the job prospects of their low-income constituents.

The Sector Approach to Systems Change

"Systems thinking is a discipline for seeing wholes. It is a framework for seeing interrelationships rather than things, for seeing patterns of change rather than static snapshots.

…every change process that I've seen that was sustained and that spread has started small …. In case after case, the change effort begins small, and as it takes hold, networks form that carry change into wider groups."

– Peter Senge

"They say that time changes things, but you actually have to change them yourself."

– Andy Warhol

CHAPTER HIGHLIGHTS: Read this chapter if you want to learn more about …

▸ Systems change as an important part of a sector strategy.

▸ The kinds of "systems" sector initiatives seek to influence.

▸ A framework of system change strategies and how they relate to specific program objectives and opportunities in different systems.

▸ Examples of programs implementing change strategies.

From Abstract to Concrete: Talking About Systems Change

Part of the work of a sector initiative is to change systems. In the abstract, the concept of "systems change" may seem overly complex, but when grounded in work that focuses on a specific industry sector in a specific region and a specific segment of the labor force, the practice of "systems change" takes on a more practical aspect. To create systems change, it is essential to observe obstacles that hinder the achievement of a sector initiative's mission and then identify strategies to lessen or remove those obstacles. Systems change also is driven by opportunities, and may result from an organization being well-positioned to implement strategies that promote the sector initiative's mission as opportunities arise.

In conversations with leaders of sector initiatives, many responded with uncertainty to questions about changing systems and did not see that as the focus of their work. They were more comfortable describing their work with such phrases as:

▸ We help unemployed and under-employed people find jobs.

▸ We help people advance on a career ladder.

▸ We help businesses find the skilled workers they need to compete.

▸ We work to improve the quality of an industry's workforce.

Improving low-income workers' access to good jobs, identifying and improving advancement opportunities for incumbent workers, and improving the quality of existing jobs so that they better support workers are, thus, the fundamental goals of most sector initiatives. Their strategic work with businesses around meeting employment needs is often a practical means to these ends. For most initiatives, the concept of changing systems, as an explicit goal, was not the way they view their work.

However, nearly all program leaders were comfortable talking about obstacles and/or new opportunities related to their work, particularly those external to their programs. For example, program leaders described obstacles that required institutional or other changes to remedy, opportunities for expansion that required new ways of approaching the work, and strategies they used to influence others to change. These efforts varied in complexity. For example, when an issue simply had not been previously noticed, sometimes a strategy involved merely communicating a problem to a receptive listener. In other situations, a much more concerted effort was described, for example, trying to change an entrenched practice or way of doing business. Whether simple or very complicated, creating change can have a high payoff for sector initiatives, in that it makes their work more effective and may positively affect even those individuals who do not directly participate in program activities.

This case example describes a relatively simple change that resulted in opening greater opportunity for a wider group of low-income workers than were directly served by a single initiative:

CASE EXAMPLE   **Central Piedmont Community College (CPCC)**

CPCC has worked with the City of Charlotte, N.C., to develop a training program to support the City's efforts to "grow their own supervisors" and develop career ladders for entry-level staff. CPCC provides basic skills and for-credit training in management, communication, procurement, and computer applications to utility, street maintenance and solid-waste system employees. This training partnership is supported through a combination of sources, including the city's employee tuition reimbursement program. CPCC learned during planning meetings with city managers that tuition reimbursement was allowed only for employees who had completed a high school diploma, making a large number of entry-level employees ineligible. CPCC worked with the Mayor's office to change the tuition reimbursement eligibility policy. In raising this obstacle, program leaders did not encounter resistance. The issue simply had not been previously identified. ▸

The Politics of Claiming Systems Change

In a number of interviews, program leaders expressed reluctance to "claim" a change. Noting that the nature of systems change efforts involves work and action by other agencies, they felt it unfair, impolitic, or inaccurate to represent their organization as a primary change agent. Certainly, who receives "credit" is important to the development of critical institutional relationships. Still, that issue aside, creating systems change is important because it can enhance opportunities for low-income workers.

Systems Change: A Local Response to National Issues

While sector programs generally work in a local or regional context and focus on a specific industry segment, their systems change work relates directly to some of the important national-level challenges highlighted in the previous chapter — the skills gap and the wage gap — as well as to the persistent difficulties that people of color face in the U.S. labor market.

When employers talk about difficulties finding workers, they usually frame their dilemma as a search for a specific type of worker, that is, a person with a specific set of skills. A number of industries struggle with a "skills gap" today, and sector initiatives are often a practical, local response to this issue. For example, there are quite a few sector initiatives that target manufacturing or health care, and their work seeks to address issues associated with widely acknowledged skills gaps in these industries, as well as inadequacies in the training and education pipelines to employment in these industries. The National Association of Manufacturers' 2005 Skills Gap Report[4] noted that 90 percent of the manufacturers who responded to its survey reported a shortage of skilled production workers in a range of occupations. At the same time, three-quarters of these manufacturers reported that a skilled workforce is vital to their ability to compete nationally. In health care, the nurse shortage is similarly well-documented, and the industry also reports scarcities in a range of allied health positions, such as radiologic technician, medical assistant, medical records and health information technician, and surgical technologist, among many others.

Sector programs operating in such industries help workers and employers overcome their skills gaps. Obviously effective training is a part of that work, but effective practice often also requires thoughtful consideration about changing "systems." For example, helping employers fill their "skills gap" may require demonstrating that they can hire successfully from a labor pool with which they are unfamiliar. In doing so, programs may point out the benefits to restructuring how shifts are assigned, so that workers can manage their work schedules and family time or school attendance, and help employers better articulate how employees can qualify for advancement up a career ladder. Programs may also provide relevant comparison data on local wages and benefits, so employers can be more competitive in terms of their own compensation structures and, as a result, recruit and retain more good workers. Similarly, an education provider may be encouraged to refine its offerings such that they are more accessible, streamlined and affordable, or so that they are better aligned with the specific workforce needs of local employers. Critically, resources need to be packaged, deployed and sustained such that effective training with clear links to employment can take place.

CASE EXAMPLE **BioTechnical Institute of Maryland, Inc.**

The BioTechnical Institute of Maryland, Inc., (BTI) was established to help low-income Baltimore residents access jobs in the city's nascent biotechnology sector. The primary offering of BTI is the Laboratory Associates Program, which introduces participants to bio-sciences and trains them in the skills needed to work in a sterile lab environment. BTI, an independent nonprofit organization, contracts with other agencies to provide supportive services for its clients, but also provides counseling directly as needed. The majority of BTI's students are single mothers.

Employers work with BTI staff, providing internships and serving as guest lecturers in the program. BTI's founder is a genetics professor at nearby Johns Hopkins University. The university has been a particularly important employer partner to BTI, hiring an estimated 25 percent of the program's graduates, but also encouraging other area employers to consider graduates of the program. At one point, the president of

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[4] Deloitte Consulting, National Association of Manufacturers and the Manufacturing Institute, *2005 Skills Gap Report — A Survey of the American Manufacturing Workforce;* available from http://www.nam.org/s_nam/bin.asp?CID=202426&DID=235731&DOC=FILE.PDF; Internet.

Johns Hopkins University sent a letter to all of the principal investigators with whom the university has a relationship, encouraging them to hire BTI graduates. While BTI remains a relatively small-scale program placing approximately 40 graduates per year in jobs, the organization is pleased with its success in getting low-income individuals into jobs for which employers had previously required a bachelor's degree in science. BTI also recently introduced a pre-training program designed to help individuals improve basic academic skills and professionalism before starting the Laboratory Associates Program. Both the pre-training and the Laboratory Associates programs are tuition-free.

BTI has also served as a resource to the Maryland Department of Business and Economic Development in an effort to bring more biotechnology firms to the area, for example, by participating in presentations to potential firms considering relocation to the state. As part of a major redevelopment project in one of the most economically blighted areas of East Baltimore, the city is developing up to two million square feet of biotechnology research space and has featured BTI as a way to connect city residents to new jobs. In this way, BTI attempts to influence and balance economic development efforts to expand the city's job base with the workforce development goal of connecting more existing residents to those jobs. In addition to focusing on job placement outcomes, BTI staff also posits that employers benefit by employing their graduates. BTI graduates are expected to stay on the job longer than a typical college graduate would, and employers can pay them somewhat less than they would pay a college graduate. Entry-level biotechnical jobs offer an opportunity to start with a company and move up. Toward this end, BTI has created a customized workshop service to train its business customers' incumbent lab workers in more advanced skills. Employers pay for this service, and BTI uses the profit from this work to help cover core program costs. BTI is located at Baltimore City Community College, with which BTI has negotiated an agreement that results in graduates of its program receiving six credits toward an associate degree in biotechnology. In this way, BTI seeks to create a pipeline of skilled biotechnical workers that can serve Baltimore's growing biotechnology industry, and in the process, open opportunity to Baltimore's low-income residents. ▶

Some sector programs also seek to address the "wage gap" issue, but in general, these programs see the wage issue as part of a broader set of issues related to job quality. In addition to wages, job quality issues may include the number of hours an employee can work, access to employment benefits, the timing of shifts, management quality, staff development opportunities, safe working conditions, and other aspects of the employment experience. The particular issues that are most pertinent vary by industry. For example, in some industries, workers struggle to get full-time hours, while in others, mandatory overtime creates problems in managing family responsibilities. Efforts to improve job quality can pay off not only for workers, but also for employers who can develop a workforce with lower turnover and higher skill levels. Sector programs that are focused primarily on issues related to job quality often operate in low-wage sectors, such as child care, paraprofessional health care, hospitality, temporary services and others. Initiatives working in these industries often explicitly seek to change something about how the industry functions, such that jobs in the industry can provide a better livelihood for workers; that is, "systems change" is often the core of their work. The Paraprofessional Healthcare Institute, described here, is atypical in its geographic scope and breadth of initiatives. The organization has been involved in the long-term care industry for more than 15 years, however, and demonstrates a range of strategies that sector initiatives concerned about job quality might consider.

The nonprofit Paraprofessional Healthcare Institute (PHI) works within the long-term care industry — home care, nursing home and assisted living services — to improve the lives of both people who need long-term care and the workers who care for them. PHI's "Quality Care through Quality Jobs" mission is to ensure caring, stable relationships between long-term care consumers and workers, so that both may live with dignity, respect and independence.

PHI is one of the very few organizations in the country that is pursuing a national sectoral strategy. Established in 1991 in the South Bronx, N.Y., PHI has expanded its geographic scope during the past 15 years, currently working in 16 states with in-state staff capacity in New York, New England, Pennsylvania and Michigan.

The long-term care industry's typical approach to its workforce is characterized by PHI as a "low investment/high turnover" business model. Employers in the industry generally make few investments in their front-line workers and, therefore, experience high turnover and low retention. In contrast, PHI is building a "high investment/low turnover" business model to prove that employer investments in workers can result in a more stable and higher-quality workforce, which in turn results in higher quality care.

To realize its vision, PHI works to become a valued resource to four key stakeholders — employers, service consumers, direct-care workers and public policy makers — building relationships that move those stakeholders toward PHI's "Quality Care through Quality Jobs" school of thought. PHI believes that change within the long-term care system will occur only when these four stakeholders themselves fundamentally change: They must not only understand the essential link between quality care and quality jobs, but also be willing to change their own behavior. PHI recognizes that it can influence these stakeholders toward change only if each views PHI to be of value, that is, that PHI's organizational assets can help meet the needs of each constituency, whether they are workers, consumers, employers or tax-paying voters.

PHI works at both the national and state levels in four ways:

Workplace Practice: PHI provides employers consulting services in training, supervision and management. One prime example is the PHI Center for Coaching Supervision and Leadership, which teaches supervisors of direct-care workers a problem-solving style of supervision that increases job satisfaction and improves retention rates.

Model Building: PHI is the nonprofit "holding company" for several long-term care agencies and organizations that improve care quality by improving job quality. For example, Pathways to Independence, PHI's New York City home-care system, includes Independence Care System (ICS), Cooperative Home Care Associates (CHCA), and the SKILL Center (a new learner-centered program that trains more than 600 home health aides per year for employment at CHCA and other agencies). CHCA, unionized by SEIU Local 1199, models PHI's school of thought by ensuring full-time work, coaching supervision, and the best wages and benefits within New York City's home-care industry. Combined, PHI's Pathways to Independence system employs more than 1,000 direct-care workers, coordinates the services of more than 1,100 individuals living with disabilities, and provides more than $90 million in services per year.

Public Policy/Advocacy: PHI encourages workers, consumers, employers, and state and federal policy makers to develop health care and workplace policies that strengthen the long-term care system. PHI has consulting and programmatic relationships with employer trade associations, consumer advocacy organizations, organized labor, federal health agencies, federal labor agencies, and state and local health care and workforce agencies. In 2005, PHI embarked on a new strategy to focus on a "prime issue" campaign by advocating for Health Care for Health Care Workers. Noting that many direct-care workers themselves do not have health insurance, Health Care for Health Care Workers is building a communications campaign around this salient fact to focus political attention on direct-care workers. ◗

Finally, sector programs promote inclusion. It is not uncommon for the main constituencies of sector programs to be members of minority groups. For example, in the Aspen Institute's Sectoral Employment Development Learning Project, more than 90 percent of the participants, representing the six programs in the study, were racial or ethnic minorities. A number of programs have recounted the struggles that occur when trying to help people of color find employment in places that have majority white workforces. As mentioned in the introduction, the proportion of non-white U.S. citizens is growing rapidly. Strategies for facilitating successful integration in the workplace are an important part of many sector programs' work.

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CASE EXAMPLE **Flint Healthcare Employment Opportunities**

In Flint, Mich., the Greater Flint Health Coalition (GFHC), managing partner of the Flint Healthcare Employment Opportunities (FHEO) sector initiative, regularly sponsors *Undoing Racism Workshops* facilitated by the People's Institute for Survival and Beyond. The FHEO project works with low-income residents of Flint, predominantly women of color, helping them prepare for careers in the health care industry. Several of the hospitals and long-term care facilities with which the project works, however, are located in the suburbs and have a predominantly white workforce. The Undoing Racism Workshops are intended to help health care employers, supervisors and direct-care providers better understand some of the underlying tensions, largely misunderstood differences, and rarely spoken assumptions in experiences that influence the way in which minorities and non-minorities interact in the workplace. ▶

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In sum, the importance and potential of systems change work is two-fold: (1) it can improve the efficiency with which limited resources are used, in that it may open opportunities for whole groups of low-income workers by addressing a common challenge many of them face, rather than helping them overcome the barrier on a case-by-case basis, and (2) the work provides a practical, on-the-ground approach to addressing some local and larger labor force issues — shortages of appropriately skilled workers, job quality as relates to wages and working conditions, and promoting inclusion and diversity in the workforce.

A Systems Change Framework

There are many ways that organizations can position themselves to effect change. Each situation is unique in terms of the characteristics of local firms doing business in the targeted industry, the segment of the labor force being targeted, and the regional economy. Organizations pursuing sector initiatives also have varying institutional competencies and strengths. And local resources for education, training and intra-industry communications all vary substantially. What this means on the ground is that a sector initiative must become very attuned to the variety of players and factors that affect opportunities for employment and advancement in its local target-industry environment. Unfortunately, there is no one-size-fits-all solution for identifying change opportunities. Rather, program leaders must learn for themselves where opportunities and barriers are present that may be amenable to change. The discussion and examples in this chapter are intended to give readers a practical starting point for such exploration.

Three primary systems influence the work of a sector initiative and, in turn, are amenable to being influenced by a sector initiative. These systems are described here, followed by a chart illustrating the objectives and strategies that selected sector programs describe in their work with these systems. Within and following the chart, examples of programs creating change in each of the three systems are described briefly.

One system that sector programs influence in a variety of ways is the set of ***industry practices*** that shape the way individuals are recruited, hired, trained, promoted and compensated within the workplace. Since sector initiatives target and work within a particular industry sector, the business practices of the sector clearly have enormous influence on how the initiative works. But the influence can go the other way as well. As a sector initiative develops deeper relationships within the industry and greater knowledge of how it works, it can use that experience, together with its mission and perspective, to identify opportunities to influence how firms in the industry operate. While this may sound odd at first, it occurs more as a natural part of how the initiative develops its relationships with various actors in the industry and brings its accrued knowledge and perspective to bear in identifying opportunities for new ways of doing things and encouraging their adoption.

A second system that influences the operations of a sector initiative is the ***education and training system.*** A sector initiative is often housed within an organization that is an integral part of this education and training system, such as a Workforce Investment Board, a community-based training provider, a community college, an apprenticeship program, etc. The low-income clients with whom a sector initiative works, however, usually are best served if services and resources from several of these parts of the training system can be aligned. Sector initiative leaders may seek to accomplish such alignment by influencing the larger institutional environment within which they work or by reaching out and engaging others in their region's education and training community around a common objective.

A third system that is of interest to sector programs is the set of rules, regulations and funding streams established by ***public policy.***[5] Clearly, these are critical in that many sector initiatives rely on public funding for a substantial portion of the resources they need to do their work. The method by which those resources are disbursed, the level of resources available, and the reporting requirements and other associated commitments attached to those resources all have great bearing on how a sector initiative works. When sector programs are able to influence that system, in many instances, they not only free up resources for their own use, but also influence the scope of activity that can be pursued by a variety of other actors in the workforce development arena. In this sense, influencing the funding and regulatory system is closely related to influencing the education and training system.

Influencing the funding and regulatory system also can be closely related to influencing business practice. The public sector is responsible for a wide variety of laws, regulations and incentives that influence the ways businesses operate. Licensing requirements, zoning laws, health and safety regulations, wage subsidies, and tax incentives to encourage specific investments are but a few of the ways in which the public sector influences business practice. A number of sector programs identify industry-specific regulations that need to be implemented or changed in order to better meet the needs of workers and industry in their sector. **Table 1** shows a range of objectives a sector initiative may have in mind in seeking to influence one of these systems as well as a variety of strategies that an initiative may employ.

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[5] While "public policy" is primarily of interest because of its effects on "industry practices" or the "education and training system," we have chosen to consider it separately due to the distinct set of actors and institutions that govern public policy, and the different range of strategies and competencies that are employed to effect change in the realm of public policy.

Table 1: System Change Framework

Systems	Objectives	Sample Strategies	Sector Initiative Examples
INDUSTRY PRACTICES	**Hiring practices**	Create pre-employment work experience opportunities (e.g., internships, etc.)	Capital IDEA *Austin, Texas*
		Negotiate competency-based rather than credential-based hiring	BioTechnical Institute *Baltimore, Md.*
		Demonstrate quality of trainees from diverse/disadvantaged backgrounds	Focus: HOPE *Detroit, Mich.*
	Working conditions	Rate job quality among employers and offer higher level of service to those offering better jobs	ManufacturingWorks *Chicago, Ill.* Heartland Works *Topeka, Kan.*
		Model business to demonstrate ability of industry to sustain higher quality jobs	Central Arizona Shelter Services Temporary Employment Services *Phoenix, Ariz.* Paraprofessional Healthcare Institute *Bronx, N.Y.*
	Advancement opportunities	Demonstrate benefits of enhanced training investments to create new pathways to advancement	New Century Careers *Pittsburgh, Pa.*
		Change employer use of certifications and standards	Jane Addams Resource Corporation *Chicago, Ill.*
EDUCATION & TRAINING INFRASTRUCTURE	**Improve access to (for-credit) education**	Community colleges offer courses at accessible times/locations	Jobs and Ladders, *Portland, Ore.* Capital IDEA *Austin, Texas*
		Training curricula integrates industry and ABE/ESL content areas	Central Piedmont Community College *Charlotte, N.C.* South Seattle Community College *Seattle, Wash.*
		Provision of support services to enhance completion of training	Valley Initiative for Development and Advancement (VIDA) *Lower Rio Grande Valley, Texas* Capital IDEA *Austin, Texas* Project QUEST *San Antonio, Texas*
	Create new apprenticeship program	Bring industry and government together to agree on credentialing	Paraprofessional Healthcare Institute *Bronx, N.Y.*
	Preserve and revitalize existing industry-specific programs	Organize business to lobby for preservation of program	Maine Marine Trades Association *Portland, Maine*
		Recruit new participants to program	Central Piedmont Community College *Charlotte, N.C.*
		Educate college/public officials about industry needs	Project QUEST *San Antonio, Texas*
PUBLIC POLICY	**Improve regulatory framework for target industry**	Raise awareness of issues through education forums or media outreach	1199C Training & Upgrading Fund *Philadelphia, Pa.*
		Advocate for specific policy change	Primavera Works, Southwest Center for Economic Integrity *Tucson, Ariz.*
		Work with public agencies to identify infractions and promote policy enforcement	Restaurant Opportunities Center *New York, N.Y.*
		Develop line of work in monitoring performance	Hard Hatted Women *Cleveland, Ohio*
	Increase or alter public funding streams	Conduct and publicize research demonstrating need	Restaurant Opportunities Center *New York, N.Y.*
		Demonstrate effectiveness of new mode of work	Primavera Works *Tucson, Ariz.* Paraprofessional Healthcare Institute *Bronx, N.Y.*
		Organize business, education or other influential leaders to advocate for funding	South Central PA Food Manufacturers' Consortium *Pa.*
		Organize peers to advocate for funding	Industrial Areas Foundation affiliates work on behalf of VIDA, Capital IDEA, Project QUEST, Project ARRIBA and JobPath in the Southwest

Influencing Industry Practice

Sector initiatives often seek to influence employer practices. One of the most common objectives of a sector initiative is to convince an employer or set of employers to change their hiring practices in a way that allows individuals (including new hires and incumbent workers) who previously had not been considered to compete for jobs. For example, a sector initiative may work on encouraging the use of hiring and promotion criteria based on competencies rather than educational attainment. Several initiatives working in the biotechnology sector have used this approach, convincing employers to hire individuals trained to work in a sterile environment and in other critical skills, even though these individuals do not have the bachelor's degree in science usually required. In Baltimore, BTI's work toward changing hiring practices had the goal of creating access to good jobs for individuals who previously were excluded. But it also was a response to employers' problems retaining the more highly educated workers with whom they were familiar and more comfortable hiring, but who also quickly left for better opportunities. On the other hand, some sector programs seek to do the reverse, developing and promoting formal credentials for competencies that have traditionally been gained informally on the job, making them more recognizable and portable within an industry, and ensuring that workers who have the credential are skilled in a way that supports industry competitiveness. Organizations involved in manufacturing often have followed this strategy by encouraging employers to adopt the National Institute for Metalworking Skills (NIMS) standard, which, through standardized employee competency assessment, helps not only manufacturers to ensure they have qualified employees, but also workers to gain credentials that are recognized industry-wide.

There are a wide variety of other ways sector programs have influenced hiring practices, such as working with employers to create internship opportunities, so that candidates can get work experience; negotiating job shadowing roles for candidates, so employers have a chance to see a candidate in the work place; offering various post-placement support services to convince an employer to hire a candidate who is perceived as more risky; etc. Sector programs also often work with incumbent workers on skills-building activities, but a great deal of interesting work has been done recently in a number of other areas as well. For example, sector initiatives working with businesses that have problems retaining workers can be particularly well-positioned to provide thoughtful input on what might be a range of issues related to high turnover. Rather than simply referring more and more candidates to fill vacancies, program staff who have developed in-depth understanding of the workplace environment in a particular industry can challenge employers to consider the range of both worker-related and workplace-related factors that they may be able to improve. Some of these obviously include wages, benefits and scheduling, but others may include such factors as supervisors' skills and whether a company provides opportunities for workers to learn and advance.

CASE EXAMPLE ManufacturingWorks

Instituto del Progreso Latino has been contracted by the City of Chicago to operate ManufacturingWorks (MW), a new sector-oriented workforce service center. In providing services, MW has a tier system by which it rates companies based on worker compensation, bonuses and working conditions. MW sends placements to "better" businesses and is more responsive to their requests for incumbent-worker training or other training and recruitment assistance. At the same time, MW continues to engage with "lower tier" businesses to better understand barriers that may prevent them from improving job quality and to consider strategies for overcoming those barriers. These businesses may benefit from other forms of business assistance, such as human resources consulting and Lean Manufacturing workshops, among other services. As an example, one business that did not offer its employees health insurance approached MW seeking qualified job candidates. MW staff helped the company find an affordable

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employee health insurance option, and the business then joined a group health plan. MW then placed trained people with the company. This strategy helped not only new workers placed, but also the business's other employees who could now receive health insurance. At the same time, it provided the business with greater capacity to attract and retain the skilled workers it needed to compete. ◗

The case of ManufacturingWorks illustrates how sector initiatives can provide the perspective needed to identify and pursue change opportunities. In this case, MW, through its network of affiliates, has experience working with a range of manufacturing firms and understands their labor needs. The organization is providing the well-trained individuals that employers seek. But more than that, it also understands the cost structure firms in the industry face and which firms are most competitive in the labor market. From this informed position, MW could advise the firm to review its benefits strategy in order to attract and retain good workers. MW also understands the needs of workers and maintains a discerning eye with respect to the quality of job opportunity it seeks. Thus, the organization's understanding of pay and benefits in the manufacturing labor market is useful both in advising companies on how to be competitive and in helping workers find the best jobs available. A final point is that MW is sufficiently vested in the industry to be able to investigate and identify a reasonable alternative strategy for a firm, and the initiative has developed the relationships needed to communicate the idea with some credibility. These elements — a deep knowledge of the targeted sector, strong industry relationships and credibility, a mission to advance opportunities for workers, and a goal of strengthening industry and the regional economy — contribute to a sectoral workforce initiative's ability to identify and act on opportunities to improve the working of an industry's labor market, often in ways that provide better outcomes for both workers and employers.

It is important to note here that MW serves workers with a variety of barriers to economic advancement — affordable transportation, child care and other basic work-related necessities, as well as limited education and English-language skills, and extreme poverty. These are often the workers who have not been productively employed or advanced in the private sector. The strength of a sector program is in developing these individuals' productive capacity while shaping an employment opportunity so it is as rewarding for them as possible.

Creating Change in the Education and Training Infrastructure

The case of ManufacturingWorks illustrates an organization's efforts to influence business practice within its targeted sector. Other sector initiatives have tackled issues associated with the education system responsible for providing skills and credentials. Sometimes these initiatives were led by innovators within community colleges, and other times they were sparked through collaborations between the formal education system and other service providers.

A number of local colleges have innovated to make courses more accessible, and to better support non-traditional students' success, often in partnership with or based on input from local community-based organizations and/or public workforce agencies. And some local and state college and workforce systems are finding new ways to provide educational opportunities for low-income workers in industries that greatly need trained workers. Indeed, a number of these innovations are framed around the needs and importance of a particular industry. In each case, the approach taken to work on issues in the educational infrastructure differs. Some are system-wide. Others are more incremental. But large-scale and bit-by-bit, they are being tackled.

The Los Angeles Healthcare Workforce Development Program (LAHWDP), a labor-management partnership involving the Service Employees International Union (SEIU) Local 660 and the Los Angeles County Department of Health Services (DHS), works with the Los Angeles City Community College district to improve educational opportunities for lower-wage workers within DHS's massive hospital system. DHS operates the second largest public health system in the United States, serving as the safety net for three million people in Los Angeles County. The workforce development program, which works to enable lower-wage workers to advance within the hospital system and fill critically needed job openings, serves 5,700 people, 89 percent of whom are people of color.

From the outset, LAHWDP wanted to work with community colleges so that workers could earn college credit for their training. At that time, the colleges' approach to preparing people who were not college-ready was to encourage them to participate in self-directed computer-based learning. LAHWDP recognized, however, that this approach was not working for its constituents, who continued to fail to meet for-credit college entrance requirements. With an understanding of the educational barriers faced by its constituents, many of whom are older adults unaccustomed to academic learning environments and struggling with limited basic skills, LAHWDP advocated for a different model to help prepare workers for college courses and support them along the way. LAHWDP discussed the issue with the colleges and negotiated a new approach in which the colleges set up weekend and evening courses for working students and established classroom-based developmental courses in math, reading and writing that were contextualized for the targeted sectors (Pre-LVN, Pre-RN and Pre-Medical Records). Program participants study in cohort groups, each of which is supported by a coach and a tutor to help individuals manage personal and educational issues as they arise. For example, when individuals have problems finding extended child care so they can take night and weekend classes, the program helps them on a case-by-case basis.

LAHWDP believes that there are several factors that enabled the program to collaborate effectively with the colleges. The initiative had an advantage in that it started out with a sizeable amount of public sector money (beginning with a Medicaid waiver and later obtaining state and local discretionary funds), and this made it a desirable partner. Of particular importance, however, has been the support and leadership offered by the chancellor of the Los Angeles Community College System, who has expressed strong personal interest in working to make the college system better at serving the needs of Los Angeles' urban poor. Early on in the partnership, the LAHWDP reached an agreement with the chancellor that it would provide initial funding for pilot programs, and once successful, the community college district would institutionalize the program. Finding specific colleges with which to partner, however, was not always straightforward, and LAHWDP had to work with several colleges to find those that best matched the initiative's needs. Today LAHWDP is funded primarily through Workforce Investment Act funds and makes a wide variety of educational opportunities available to an estimated 20,000 Los Angeles Department of Health Services workers. ❱

There are examples of changes in educational procedures to meet the needs of underserved students in other locations as well. Historically, sector leaders have stressed the importance of integrating appropriate life skills and basic skills training into the technical content of their training programs. This approach seems to have become much more widespread and rooted in a range of settings. Innovators in college settings speak to the effectiveness of this approach in maintaining student motivation and streamlining offerings, so that course work can be completed more quickly. Leaders of initiatives within colleges are also innovating in a range of other ways

to reduce barriers to occupational training. For example, staff at *Skyline Community College* described using a process in which courses were offered experimentally as they developed their bio-manufacturing certificate program. This approach allowed them to avoid the typical delays involved in getting courses approved for credit, and the college could respond faster to opportunities for its students and better meet employer needs. Once a course is approved, students who took it while it was designated experimental are awarded credit. Leaders at Skyline also worked with the local Workforce Investment Board to reach out to a group of dislocated workers, developing a welcoming one-stop center for them and offering college registration at the center. Central Piedmont Community College has also innovated to open occupational training to low-income adults.

CASE EXAMPLE **Central Piedmont Community College's Pathways Program**

Central Piedmont Community College's Community Development Department initiated Pathways to Employment (Pathways) in 1998. Pathways students, who are recipients of public benefits, learn new technical and employability skills through integrated basic education and for-credit technical college curricula. In 2004, the college added a program, based on the Pathways model, for under-skilled limited English proficient adults who, while not earning self-sufficiency incomes, do not qualify for public benefits.

The college chose its target sectors for the Pathways program through a combination of labor market research and interviews with local employers. The program's primary occupational targets include medical office administrators and medical reimbursement specialists, CNAs, and electrician assistants. Pathways staff has developed working relationships with prominent local employers and several placement agencies to help Pathways students obtain employment upon graduation. Participating businesses provide opportunities for field trips, clinical experiences, job shadowing and guest speakers.

The college strives to make Pathways accessible, regardless of educational history or status. For example, students who do not self-identify as degree-seeking are not required to take the college placement test. Pathways students who later choose to pursue an associate's degree may then be exempt from the college placement test, having demonstrated their aptitude by successfully completing the Pathways coursework. Students who do not have a diploma or GED may enroll in Pathways, if they are assessed to be within six months of obtaining a GED or receive a qualifying admissions score. Pathways utilizes variations of contextualized, integrated basic skills and technical instruction. For example, the basic skills instructor learns technical course content and integrates this material into lessons, reinforcing technical content while building skills such as reading, math, financial literacy, communication and other employability/life skills.

The college and its client businesses have been very satisfied with the results of the Pathways program, which began in the spring of 1998 with one course and grew over five years to include eight program areas. Further, while Pathways began as a program of the Community Development Department, the Pathways approach has filtered over into cooperation with at least four academic curriculum departments. Across the different Pathways programs, 72 percent of graduates find work in their chosen profession within six months of graduation. According to one recent report, 81 percent of 343 participants were employed after six months and 77 percent after one year. Seventy-five percent of graduates no longer receive Temporary Assistance for Needy Families (TANF) benefits, and their average wage is $10.50 an hour. Further, Pathways has become an important source of trained staff for local businesses. For example, Pathways participants now represent 60-70 percent of the administrative staff of participating allied health businesses, the majority of which are small medical offices. ◗

Some colleges collaborate with community agencies to provide social services to students in order to improve student retention. These types of arrangements include: co-locating and sharing staff with public workforce and nonprofit human service agencies; linking students to a local workforce organization to receive social services and job placements; utilizing community foundations and donations to provide scholarships to students; and finding new ways to bundle TANF, WIA and even food stamp funds to provide post-secondary occupational training to low-income individuals. Some colleges also work with other organizations in reaching out to the business community. ***South Seattle Community College*** intentionally relies on partnerships with community organizations to be the intermediary vis-à-vis employers and business in some sectors. For example, Port Jobs helps the community college reach both workers and employers at Seattle's Sea-Tac Airport. These close relationships with community organizations have worked to extend college-level opportunities to a broader range of individuals.

Creating change in the training and education system has not, however, always meant working with local educational institutions. Some organizations have worked on establishing credentials and getting them widely adopted within an industry. ***New Century Career's*** work in helping employers revamp their apprenticeship program to become more competency oriented (described in the chapter on working with business) is another way in which sector programs have tried to make the training pipeline to employment and advancement work more smoothly.

Moving Public Policy

The operations of training and education systems as well as the environment that shapes business decisions are both heavily influenced by public policy. In WSI's conversations with sector initiative leaders, some identified public policies that they worked to influence. Sometimes these policies pertained to the industry, such as licensing regulations, while other times the policies related to how workforce funding was structured or budgeted.

In the case of industry-specific policies, initiatives were often addressing issues of job quality, including compensation and working conditions. For example, in the health care sector, several sector initiatives have become involved with "wage pass-throughs," by which legislative bodies dedicate extra funds specifically to increase the pay of direct-care workers by a certain amount. These efforts have an obvious broad impact on the quality of the long-term care worker's job. Industry segments in which the public sector is a major payer for services are most frequently targeted for these kinds of direct compensation improvements.

However, issues related to safety on the job and other working conditions might also be addressed through policy efforts. ***Primavera Works'*** involvement in the day-labor industry, described in the following chapter, highlights one organization's effort to get laws passed to improve working conditions in a targeted industry. But as staff at Primavera noted, getting a new law passed is only the first step; it must be actively enforced for the regulatory change to make a difference. Restaurant Opportunities Center in New York City (ROC-NY), described below, provides another example of an agency working to ensure that labor laws are more evenly enforced.

CASE EXAMPLE **Restaurant Opportunities Center**

The Restaurant Opportunities Center in New York City serves low-income workers by confronting pervasive inequalities in the restaurant industry. It has adopted a worker-centered approach that involves educating restaurant-goers and policy makers about discriminatory practices in the industry and organizing workers to fight exploitative practices through the use of press, protests and litigation. In one case,

ROC-NY confronted a well-known New York restaurant organization after employees complained about working conditions in the group's up-scale restaurants. Workers said they had been refused over-time pay and were not permitted to take standard lunch breaks. After organizing street protests and helping the workers initiate litigation, ROC-NY won a $164,000 settlement on behalf of 23 workers and a number of provisions to improve work quality, including half-hour lunch breaks and sick and vacation days.

ROC-NY has also brought attention to the issues of low-income restaurant workers by researching and documenting unscrupulous industry practices. In its report entitled "Behind the Kitchen Door," the initiative describes widespread job quality issues, including low wages; minimum-wage and over-time violations; and discriminatory hiring, promotion and disciplinary practices. In conducting this research, ROC-NY also discovered that, in many cases, the same restaurant owners who violate labor laws also violate the city's food service establishment health and safety codes. This revelation has helped the sector initiative gain additional leverage for change through new partnerships with public health advocates. For example, ROC-NY and its allies are now pushing for new legislation that would require consideration of employment law violations when a restaurant owner applies for a new or renewed operating permit.

By targeting lead employers and publishing industry exposés, ROC-NY's strategy is to apply pressure that will force changes in industry practices. The approach has led to the creation of the New York City Restaurant Industry Roundtable, comprised of workers, government agencies and restaurant owners who have an ethical commitment to fair and legal labor practices and an economic interest in ensuring that other restaurants adhere to regulations. At this stage, ROC-NY can now act as partner to a select group of restaurant businesses with whom it shares a mutual vision of an industry that is good for both workers and employers. Together with the Roundtable, the initiative is exploring joint projects such as Restaurant Employer Education and joint health insurance for restaurants. ROC-NY also has a stake in these debates as a direct business actor within the industry through its affiliated restaurant Colors, a cooperative worker-owned establishment that is meant to serve as an alternative model of positive employment practices. ▶

In addition to industry-specific policies, policies related to how the workforce development system is funded and evaluated are critical to the successful operation and sustainability of sector initiatives. Typically, workforce development programming is supported by a variety of sources, including both private (philanthropic and business) funding and federal, state and local public funding. Each of these sources has its own qualifications, allowable activities and reporting requirements. As a result, it can be difficult for a sector initiative to piece together the funds to cover the range of services necessary for the successful operation of a program. As a result, key systems-change strategies have focused on conducting and disseminating research demonstrating the need for increases or diversity in guidelines for funding; demonstrating the effectiveness of a new mode of work; or organizing business, education and other influential leaders or peers to advocate for funding.

CASE EXAMPLE The City of Chicago

In recent years, the City of Chicago has begun a large-scale systems change to take a sectoral approach to its workforce development programming. It has selected a few target sectors, based on the potential economic impact of these sectors overall and the quality of the job opportunity the sectors afford Chicagoans. Policy makers involved in the process articulate a growing belief that if the city does not make a concerted effort to work with and support local businesses and industries, the city could eventually lose them, as occurred in the manufacturing sector during the last recession. The overall plan conceived to promote industry retention and growth includes a wide

range of activities spanning both economic and workforce development, as well as the education system and other infrastructure across the metropolitan region. It has begun with efforts to re-organize the public workforce system to support business and industry in ways that are intended to improve the skills of the Chicago labor force.

The Chicago Workforce Board (CWB) and the Mayor's Office of Workforce Development (MOWD) are focusing initial efforts around operationalizing the concept of new one-stop workforce centers designed to serve business and jobseekers in each of the key industry sectors. The first new industry workforce development centers were begun in 2005 and included ManufacturingWorks (MW), described earlier in this chapter, and ServiceWorks, a workforce center targeting the service industries (retail, restaurant, hospitality and customer service). While recognizing the challenges of poor job quality and career pathways within the service industries, the city has invested in this sector because of its significant role in the city's economy and to engage business in worker training and expanded development of career paths, advancement opportunities, benefits and other needed workforce improvements.

Chicago's sectoral workforce centers do not operate like typical career centers. Rather, each is explicitly organized to focus on one industry with a primary customer base of manufacturing or service industry employers. ManufacturingWorks seeks to help manufacturers address the growing "skills gap" by performing skills assessments for incumbent workforces and brokering lean manufacturing and incumbent worker training and other workforce-related services that help businesses build skilled workforces. This new model for working with the manufacturing sector puts MW at the center but relies on a range of other organizations in the city. For example, career centers, community- and faith-based organizations, and others refer their clients who are interested in manufacturing careers to MW for training and placement assistance. Chicago is rich in organizations that have specific competencies related to manufacturing. MW can refer manufacturers to appropriate organizations for training or other technical needs. MW is designed to both consolidate resources and create a more coherent system for serving manufacturing employers and workers interested in manufacturing careers.

WIA funds are among the funding sources used to create this new model. The city's decision to re-allocate significant WIA funds to create the new industry-based center was not easy. To free up resources, the city closed an existing career center and, as with WIA-funded systems nationwide, is also anticipating reductions in its federal funding allocation for WIA. At the same time, MW has found that manufacturers want more training dollars allocated to retraining for incumbent and displaced manufacturing workers. Combined, these factors created some concerns regarding the center's ability to continue to meet WIA performance measures. Recognizing this risk, stakeholders nonetheless made the strategic decision to focus on getting business to the table, even if this new program focus might result in an initial decline in the city's WIA performance indicators. The hope was that such a dip in performance would be temporary and that long-term benefits would outweigh short-term costs. In fact, the Chicago Mayor's Office of Workforce Development has managed the city's workforce system such that performance measures have not decreased since implementing the business-oriented workforce centers. The city's WIA incentive dollars actually increased during this period. Moreover, it is expected that in the future, operating monies will be augmented by MW's potential to leverage other grants and private sector (employer) funds. ◗

The Chicago case exemplifies the potential risks involved when engaging in innovative or alternative programming that funding streams do not typically cover. In this instance, city stakeholders designed and implemented programming that meets the needs of the local manufacturing industry in an effort to ensure businesses continue to provide employment

opportunities to Chicago residents. Public funding is critical to the maintenance and, ultimately, the success of this programming.

Summary

Sector initiatives seek to address two fundamental goals: *improving access to good jobs* for low-income workers, including improving advancement opportunities for incumbent workers; and *improving the quality of existing jobs* such that they better support workers. As programs work toward these goals, they interact with a range of other actors that influence how the regional labor market functions in their targeted industry sector, such as educational institutions, policy makers, regulators and the businesses themselves. Over time, this interaction affords sector initiatives the knowledge and relationships needed to start to effect what has been described in this chapter as "systems change." As the examples in this chapter demonstrate, programs can approach systems change in a variety of ways and may be pursuing changes both large and small. Their experience in working in the sector and viewing workforce issues from both the "supply" and "demand" sides often provides sector initiatives with the perspective to see opportunities for creating change.

SUMMARY POINTS: Sector Approaches to Systems Change

▸ The majority of sector initiatives frame their work as directly addressing an industry or worker "skills gap." These programs work on "access" strategies, designed to help workers enter and move up within an industry through new worker training and placement and incumbent worker training.

▸ Fewer programs work on "job quality" strategies to address the "wage gap," but there are examples of effective and innovative work in this area.

▸ Few programs address issues of racial discrimination in the workplace explicitly, but those that work primarily with people of color recognize this as an ongoing issue.

▸ Sector change strategies recognize the critical importance of strong and competitive businesses and contribute to building a strong regional economy.

▸ Sector initiatives operate in unique conditions shaped by their target industry, their region, and the population whose work needs are being addressed. Thus, there is a wide variety of specific objectives and change strategies to meet those objectives.

▸ The primary systems that sector programs seek to influence are:
  1) the system of business practices within an industry;
  2) the education and training system that connects individuals to the industry; and
  3) the set of public policies that influence business practice or the scope of education and training opportunities related to the industry.

▸ The observations and experiences of sector initiatives can provide important input into practical changes that promote better practice and outcomes in a range of institutions with differing responsibilities in the workforce and employment systems.

Working with Business: The Sector Approach

"**S**ome regard private enterprise as if it were a predatory tiger to be shot. Others look upon it as a cow that they can milk. Only a handful see it for what it really is — the strong horse that pulls the whole cart."

– Winston Churchill

"If there is any one secret of success, it lies in the ability to get the other person's point of view and see things from that person's angle as well as from your own."

– Henry Ford

CHAPTER HIGHLIGHTS: Read this chapter if you want to learn more about …

▶ How a strong sector focus facilitates developing relationships with business clients.

▶ A range of approaches and rationales sector initiatives have used in selecting their sectors.

▶ A variety of ways sector initiatives have deepened their level of interaction with and understanding of a sector.

▶ Examples of programs providing valued services to business clients.

▶ Examples of programs leveraging their business expertise for the benefit of their worker constituency.

There is virtually no disagreement within the workforce development field about the value of engaging employer customers and fostering a good reputation for developing a qualified workforce for them. Employers have the jobs for which workers need to be appropriately prepared in order to succeed, and they control hiring decisions for those jobs. Supporting business success is essential to sustaining and growing a good base of

jobs in a community. The *why* of working with business is well understood, but the *how* is more elusive. Many, if not most, workforce programs report that they find it challenging to effectively engage with their employer constituents. This chapter discusses approaches that sector initiatives have taken to target the industries in which they work and to actively engage with employers in those industries, as well as a variety of strategies and services they provide to deepen this engagement. In addition, this chapter looks at how employer engagement supports the goal of improving opportunity for low-income people.

The Sector Approach to Working with Business

There are two key elements that are important to a sector program's ability to engage the employer community effectively:

1) **Targeting** a particular industry sector, and
2) **Sustaining** work with the target industry over a substantial period of time.

By targeting a defined industry segment, sector program staff can focus on learning the particular concerns of that industry's businesses. These include very specific human resource needs, such as which skill sets are hard to find, whether turnover is a problem, what advancement opportunities are available, etc. Moreover, when programs take a highly specific approach to an industry and the occupations in it, opportunities often arise to help individual businesses, while also helping workers improve their employment situation. As program staff engages with an industry and deepens industry knowledge, sector initiatives also build expertise and understanding of the sector's human resource needs, coming to see workforce issues in the context of the range of other concerns that may be driving business decisions, such as increasing foreign competition, the need to develop new product lines or the challenges of rising energy costs. Understanding this larger competitive context in which a business operates can contribute to more creative thinking about how an appropriately skilled workforce can be part of the business solution. In sum, by narrowing focus to a particular industry segment, program leaders can achieve the depth of understanding of employer clients' situations that is a pre-requisite for learning where they can add value and for building a working relationship.

A sector initiative's understanding of an industry and the networks of relationships it builds within that industry are not built in a week or a month, but established over time. Indeed, the investments sector programs make that allow staff to develop industry-specific knowledge would not be worthwhile for a short-term effort. By working within and learning about an industry over time, sector initiatives develop credibility with employers, which forms the basis for increasingly substantial relationships. In fact, employers report that the reliability of a sector initiative over time is a key element in their decision to work more closely with an organization, i.e., sharing more information about their business' specific needs, investing time and resources in working with a program, and turning to a program to meet their hiring or training needs.[6]

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[6] See Linda Dworak-Muñoz, *Update* Issue 1*: Building Effective Employer Relationships* for a discussion of some of the key elements that helped a sample of sector projects build strong relationships with their respective employer partners, and Maureen Conway with Ida Rademacher, *Update* Issue 2*: Building Communications Capacity: Sector Programs Share Their Experiences* for a discussion of the experiences of a group of sector program leaders who worked to develop new capabilities to communicate about their work with the business community. Both publications are available at: http://www.aspenwsi.org/pubs-pract.asp.

Selecting a Sector

If one accepts that concentrating some activities on a specific industry would be worthwhile, an obvious next question would be how to choose among industry sectors. In practice, organizations use a variety of criteria for beginning to work in a particular sector. Some organizations are already working in a sector and add workforce development to their set of activities in order to further their mission. Others are dedicated to a particular constituency and choose an industry sector that is important to that group's employment options. Other organizations are not led to an "obvious choice" by their existing work, and thus, they use a research-based approach, analyzing labor market data and investigating local business opportunities to identify a sector in which to work. Even in these cases, however, organizations rely on varied sets of criteria. For example, some identify occupations that pay high wages; others look at occupations that can be accessed after reasonably short training; and still others target industry sectors that have an important or growing role in a region's economy. The following are examples of how programs have used these approaches to select sectors.

Building on Existing Industry Experience and Connections

Some organizations that are active in workforce development have a history of activities that connect them to a particular industry. For example, organizations that work in housing development, and note that their low-income residents also need jobs, have designed programs to connect them to construction jobs. In the South Bronx, Per Scholas provides an example of an organization that designed a workforce development program building on its experience and industry connections developed from work in the information technology field.

> **Per Scholas, in the South Bronx,** was established with a mission to address the "digital divide" by acquiring used computers from corporations, refurbishing them, and providing them at low-cost to low-income neighborhood residents and nonprofit organizations. Thus, when Per Scholas decided to enter the employment training field, computer-related occupations were a natural choice. The program was able to establish a hands-on, applied training, delivered in the organization's manufacturing facilities. And staff members had industry connections that helped them to place graduates in jobs, as well as to understand how employers' needs were changing in this very volatile sector.

> **Jane Addams Resource Corporation (JARC), in the Ravenswood neighborhood of Chicago,** built on its original activities in industrial retention to develop a sectoral approach to workforce development. JARC was founded to assist small neighborhood manufacturers to improve their competitiveness through various technical and marketing assistance, and advocacy efforts. At the same time, JARC was running adult literacy classes to help the area's low-income adult population improve its skills. Expanding activities to include manufacturing vocational training was an extension of JARC's work in these other areas.

Following the Needs of a Specific Constituency

Some sector programs are established by organizations that have a mission to serve very specific constituencies (such as single mothers, ex-offenders, and immigrant groups, among others) with a variety of services. For these programs, the choice of a sector in which to work is influenced by whether a sector presents opportunities that are reasonably accessible to those individuals receiving other services. For example, programs serving non-native English-speaking immigrants seek industry sectors providing employment that does not require a high degree of English-language fluency; programs working with single mothers for whom arranging child care is a significant employment barrier seek industry sectors with occupations providing predictable work schedules; and programs working with ex-offenders seek industry sectors that do not bar workers with a criminal record as a matter of course or

legal requirement. The following example, highlighting the experiences of North Carolina's MDC Latino Pathways program, describes the ways in which this organization has gone about selecting a sector that provides a viable opportunity for its participant constituency.

CASE EXAMPLE **The Latino Pathways Program**

MDC's Latino Pathways Program in Charlotte and Greensboro, N.C., is an example of how a group of stakeholders chose to focus on an industry sector based on the needs and opportunities facing a particular constituency. North Carolina's Spanish-speaking immigrant population has grown dramatically in recent years, and MDC staff report that many Latino workers are segregated into poor quality, low-wage, entry-level jobs. This is due in part to limited basic skills that constrain workers' ability to advance on the job or to take advantage of training and educational opportunities. In seeking ways to assist these workers to move into better quality, higher-paying jobs, MDC and partner organization staff conducted research in Charlotte and Greensboro to identify sectors that might offer Latino workers good quality, accessible jobs with opportunities for advancement. They identified health care and public service as promising sectors to explore further.

Their data analysis revealed that health care was a major growth industry in both cities, but that Latinos were significantly under-represented in health care occupations. In Charlotte, Human Resources staff at two major health care systems reported great need for bilingual health care providers and indicated that they would hire as many qualified bilingual new workers as the program could train. One of MDC's partners, a Latino-based organization in Greensboro, conducted individual and group interviews with Latino constituents and learned that people in this community expressed high interest in health care careers. Having found an obvious match between employers' needs and constituents' goals, Latino Pathways launched health care initiatives in both cities. At one technical college, new curricula and training processes were implemented. These included a work readiness program customized for the immigrant population, a special English for Health Care class, a night/weekend schedule, and, for the first time, a nurse's aide technical skills course taught by a bilingual instructor. During the pilot training cycle in Greensboro, 14 participants enrolled in training, and, at the time of an AspenWSI interview about the program, they were on track to graduate in December 2006. This first group of trainees will greatly increase the number of bilingual nurse's aides in the Greensboro region. ▶

Analyzing the Regional Economy to Select a Sector

When existing organizational skills and relationships, or specific needs of a constituency group, do not lead naturally to work in a particular sector, programs need an analytic framework to guide them in choosing a sector. There are often two types of goals that are considered in concert when choosing a sector. The first has to do with the state of the regional economy and the opportunities presented by the particular industrial mix in the region. For example, a program may decide that its work should support: the region's most competitive sectors, sectors in which the greatest number of employment openings are expected, sectors that are important to the local economy but seen to be "at risk," sectors that are new but offer potential to diversify a region's economic base, etc. The second goal has to do with the needs of people living and working in the region. Organizations make decisions about which groups they can serve and which are priorities. Some organizations work to help people who have been disconnected from the labor market find a productive entry point, while others focus on helping those who are already working find a way to advance. These factors combine as organizations finalize their choice of target sectors, and often the rationale for choosing a sector combines both a perspective on how an initiative might contribute to the regional economy, as well as meet the needs of people working in the region.

The Lancaster WIB in Lancaster, Penn., systematically conducts sector research to identify "high priority" industries that are expected to provide and sustain quality jobs. Utilizing labor-market and industry-cluster data, the WIB has identified seven priority industries[7] based on economic strength and job quality. An industry must pay family-sustaining wages to qualify as a priority. The WIB uses this analysis to help various public and private stakeholders develop a shared vision and redirect public dollars for both workforce and economic development, such that priority industries are strengthened and grow, and individuals are able to enter and advance in those industries. Strategies to address these seven priority industries have been developed and launched in a measured and progressive manner starting with one industry — health care — and gradually, over a period of years, adding initiatives that address critical labor needs in additional industries, such as construction and food processing. The Lancaster WIB also has phased out its work in industries in which it feels other organizations are now positioned to fill the area's workforce needs. For example, it has lessened its intensive involvement in the health care sector, having facilitated sufficient connections between the area one-stops, higher education institutions, and employers to continue the employee development pipeline.

In advocating for a redirection of resources to targeted industry sectors, the WIB asks stakeholders to look carefully at the local economy and, at times, make tough decisions. Lancaster, known for its picturesque family farms and Amish community, is a major tourist destination and, as such, has a large hospitality industry. Despite the industry's size and importance to the local economy, the WIB's analysis revealed that it offers generally poor job quality with low wages, few full-time positions, and meager opportunities for advancement. Thus, the hospitality/tourism industries were not included among the WIB's regional priorities. Because Lancaster enjoys a tight labor market in which employers in all industries compete heavily for workers, the WIB has been able to focus on the growth industries that offer better opportunities for workers. ❯

Choosing Business Clients within the Sector

Like all workforce development organizations, sector initiatives have limited resources. This fact generally means that a sector program cannot work with all employers in a targeted industry sector and, therefore, must choose which employers with whom to work most closely. Early on, when experience and relationships are not well developed, this choice may be very constrained. Initial client customers may come from a variety of ad hoc sources, such as existing professional or personal relationships of staff or board members. Fairly quickly, however, a sector initiative will need to evaluate relationships with employers and determine if they are the best employer customers with whom to work in order to further the organization's goals.

Employers within an industry vary in a number of ways, including their business model and competitive niche, their organizational culture, their wages and benefits packages, and their policies around skills acquisition and advancement. The success of an individual on the job will be directly related to these factors in the workplace, and programs with a mission to link low-income groups to better employment opportunities often find that some employer customers are more likely to be "good" customers for the program than others. For example, some employers may be focused on keeping labor costs low but tolerate high turnover rates, while other employers may pay slightly higher wages and be more willing to invest

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7 The seven "high priority" industries identified by the Lancaster WIB are: Agriculture and Food Processing, Automotive, Biotechnology, Communications, Construction, Health Care, and Metals and Metal Fabrication.

in building the skills of their workers. These two business models can exist side by side in some industries, but one holds obvious advantages over the other for an organization seeking to help people get better jobs and advance in a sector. In general, programs that invest in preparing workers for employment or in improving the skills of the incumbent workforce prefer to work with businesses that are likely to retain workers and reward workers' skill sets.

This example serves to illustrate how a sector program may over time begin to choose which business customers with whom to work more intensively, and how a program might offer a differentiated level of service within an industry depending on the particular characteristics of companies operating in the industry.

Building Industry Expertise

As described previously, sector initiatives remain engaged with a particular industry segment over an extended period of time. Over time, initiative staff develops and deepens its own expertise and relationships related to the industry. The type of competencies that programs build over time depend on both need and opportunity in an industry, as well as choices regarding specific strategies and relationships to pursue. Sector programs have found a variety of ways to deepen their understanding of the industry in which they operate, and to turn this understanding into an asset for their organization. Efforts are often made to develop staff as in-house industry specialists. For example, staff might regularly read the industry's trade publications, attend industry-specific networking events, etc. The initiative might also draw staff from the targeted industry, gaining valuable industry-specific experience and connections. Some sector initiatives have built expertise by conducting and publishing research on trends in a local industry, gaining visibility and credibility with local employers. Others have complemented their training services with other services in areas such as market development or technology applications. Still other programs have created membership structures through which they interact regularly with their business clients on a range of issues. Several sector programs have chosen to operate their own businesses within their target sector. In this way, they become actual members of the industry, gain real-life expertise and credibility, and can foster relationships as peers with leaders of other businesses in the industry.

Having multiple services and strategies that involve an initiative with the target industry helps sector leaders to have a means of continually engaging employers in a meaningful way and enhances the information feedback loop that is vital to keeping an initiative's workforce development offerings current. Sector initiatives provide non-training services designed to add value to the businesses in an industry, including technical services, industry research, human resources services, and convening and networking. The table below illustrates the wide variety of non-training services that sector initiatives provide to industry. An example program is included for each service category. It should be noted, however, that many of the organizations mentioned below offer non-training services in several categories.

Table 2: **Examples of Non-training Approaches to Meeting Business Needs**

Service	Example Program	Link to Sector Strategy
Technical Services		
Technical consulting	Jane Addams Resource Corporation	In the course of incumbent worker training, JARC trainers and Business Support service staff may also offer recommendations to help make overall operations more efficient and support business growth. This service solidifies JARC's credibility and contributes to its mission of supporting employer competitiveness in order to retain businesses and jobs.
Industrial real estate	WIRE-Net	To help retain manufacturers and jobs in Cleveland, WIRE-Net helps local companies find appropriate space within the westside area and advocates for the development and revitalization of properties in industrial corridors.
Market development	Garment Industry Development Corporation	Through its "Made In NY" program, GIDC operates marketing campaigns designed to encourage consumers to purchase clothing produced by New York-based companies. GIDC also facilitates new business-to-business relationships that enable New York companies with responsible human resources practices to sell production services to major retail chains and designer label producers.
Industry Research		
Primary research	Kirkwood Community College	In its work with customer-service call centers, Kirkwood collected and synthesized data from area call centers on the call center technology each used and the pros and cons of the technology from the user's perspective. Kirkwood then provided the results to its members, supporting their operations and enhancing its image as a valued industry resource.
Secondary source research and analysis	Workforce Development, Inc.	WDI, a nonprofit organization that serves as the WIB for 10 counties in Southeastern Minnesota, uses analysis of labor market data to identify high-demand quality job opportunities with career potential in its service area. Through this process WDI designates target industries that are likely to be important to the region's economy and concentrates the allocation of workforce service funds on the sectors that both offer good job opportunities and regional economic benefits. Through its staff and published reports, WDI communicates the findings of research to engage other stakeholders, such as employers and educational providers, in its strategy.
Annual surveys	New Century Careers	New Century Careers conducts an annual survey of manufacturing companies to determine workforce needs and issues. As a result, the organization has become an information center for area companies. Specifically, NCC has been able to encourage companies with relatively high turnover or low wages to improve human resource practices by clearly demonstrating that they are below the area median in performance.

Human Resource Services		
Management consulting services	Paraprofessional Healthcare Institute	PHI's approach involves new ways of doing business that improve the quality of workers' jobs and ultimately the quality of care provided. To support organizations willing to implement this new way of doing business, PHI provides management consulting to help leaders determine how to create change in their businesses.
HR technical assistance	Hard Hatted Women (HHW)	HHW assists employers and unions with outreach and recruitment of minority contractors, sexual harassment workshops, compliance assessments designed to help contractors meet diversity goals, and assistance in setting up diversity task forces that bring industry and community stakeholders together.
Supervisor training	International Institute of Boston (IIB)	IIB places people from a wide variety of ethnic backgrounds into jobs and conducts English as a Second Language training for incumbent workers looking to advance in the hospitality industry. To support these workers' success on the job, IIB offers training to human resources directors at area hotels on cultural competency issues and provides related assistance in the design of staff development plans. Hotel human resources directors report that this work has helped improve retention and advancement among their diverse workforce.
Convening and Networking		
Issue forums	District 1199C Training & Upgrading Fund	The District 1199C Training & Upgrading Fund in Philadelphia provides a range of training opportunities in the health care industry. As a labor-management partnership between one large union and multiple health care employers, its role as a convener and educator allows it to bring these two constituency groups together, as well as public officials and other stakeholders. It serves as a neutral forum on issues of interest, allowing employers and all present to become better educated about the issue and to understand the perspectives of other parties. Examples of topics in these forums range from public policy related to Medicaid and Medicare, to workplace practices, such as the creation of career ladders.
Consortium development	PACE/The Boston Foundation/ SkillWorks	Boston-area auto service firms are active advisors to and members of the Partnership for Automotive Career Education (PACE), implemented to respond to severe shortages of skilled entry-level employees and to successfully employ residents of lower-income communities in family-sustaining, career-opportunity jobs in this sector. PACE initially focused on entry-level training and career coaching to equip employees to meet consortium businesses' hiring needs. While the critical shortage of new workers has eased, the PACE consortium remains active and is currently reviewing incumbent worker skill-development needs, developing and delivering training to improve English language and math skills customized to automotive skills work, and improving communications between technicians and supervisors.

The following discussion of work by New Century Careers (NCC) shows how over time this sector initiative has gained a strong foothold in the Pittsburgh area's advanced manufacturing sector by developing deep knowledge of the industry and providing a range of non-training services that add value to local businesses. The organization reports that its involvement in the local industry also helps it to stay positioned to be more effective with its own job training and placement activities.

New Century Careers in Pittsburgh focuses on Southwest Pennsylvania's manufacturing sector and seeks to improve the lives of individuals through the development of skills that lead to good quality, family-wage jobs and careers. NCC is equally focused on helping manufacturers find and retain skilled workers. The impetus for the organization came out of the skills shortages that the region's manufacturing firms were experiencing in the late 1990s.

In response, NCC's first service was to provide pre-employment training so that employers could find qualified workers. Since then, the organization has worked hard to make sure that staff remains abreast of employer needs. As part of this effort, NCC began conducting employer surveys about training and skill needs. While this helped the organization better understand how to focus its training, it also started to build NCC's reputation as a knowledge center. Having information about trends among all area employers gave NCC expertise that employers did not have themselves. Through its surveys and networking, NCC learned about other area training providers and how satisfied employers were with their services, allowing the organization to avoid duplicating services that were already being effectively provided while, at the same time, developing quality information on training services that could be provided to employers trying to address human resource needs. For example, as part of the Advanced Manufacturing Career Collaborative, NCC explored how to extend the "career pathway" in the region's manufacturing sector and developed a comprehensive database of area secondary and post-secondary public- and private-training providers, detailing information about the type of manufacturing skills training offered. This database is easily accessible via NCC's Web site and provides organizations and individuals with quick referrals.

NCC also created a complete incumbent-worker training service that is based on 15 core modules identified by manufacturers as key aspects of workforce development. Employers pay some or all of the cost of the incumbent-worker training program, depending on a variety of criteria. A current subsidized incumbent-worker training program, the Compete Initiative, covers part of the cost of training for companies in targeted North American Industrial Classification System codes that have been determined as important contributors to the regional economy, and that are willing to commit to a training plan that is tied to enhancing overall competitiveness. This range of incumbent-worker training offerings, and the criteria through which companies qualify, further linked NCC to its business customers and enhanced the organization's institutional knowledge about these companies' competitive positions and needs.

NCC's work with Hamill Manufacturing illustrates the multiple services and avenues for interaction that NCC has developed with its client base. Human Resource Manager Phyllis Miller reports six different efforts on which her company works with NCC. Two are training services; the company has both hired from NCC's new entrant training program and also benefited from NCC's incumbent-worker training. Miller reports that the company valued both of these NCC services, particularly the incumbent-worker training, which she noted was instrumental to the company's ability to implement lean manufacturing processes. She reports that these processes have helped the company to both boost profits and be more competitive for contracts.

Importantly, other services she describes include a range of non-training activities. For example, she cited NCC's lead role in moving employers from an hours-based apprenticeship program to a credential-based system. In this effort, NCC staff took the lead in meeting with each of 13 area employers identified to participate in a National Institute of Metalworking Skills grant and encouraged them to shift their apprenticeship training to a competency-based standard. In the end, 12 of the 13 companies re-wrote their apprenticeship programs. Miller notes that this was valuable for Hamill Manufacturing, because the new standard ensured that the apprentices

the company prepared were more capable. In addition the system provides greater clarity and portability to workers' skill sets, so that the area labor market as a whole is strengthened. Miller also mentioned two efforts in which her company collaborated with NCC to attract the interest of different types of students in manufacturing careers. One of these efforts, BattleBots IQ, is now being expanded to 19 schools, including a school for the deaf. NCC also administers the Pittsburgh National Tooling and Machining Association apprenticeship program, and Miller notes that this is probably the most important service that NCC provides to Hamill Manufacturing. NCC's ability to handle the administrative issues and monitor program quality have been critical to the operation and value of this program. In all of these efforts, NCC provides a range of services and expertise, including administrative help, quality control, relationship development, coordination of events, and other services that companies feel unable to handle on their own. As Miller says, "We couldn't do as much as we do without their [NCC's] involvement."

NCC's philosophy with employer customers is that they should contribute something for services. Employers contribute to NCC's pre-employment training program by paying a fee for each person hired and retained past a 90-day probation period. Employers also contribute some or all of the cost of incumbent-worker training. While the fees often are not high enough to cover NCC's costs, they serve to engender commitment among area employers and cement a professional rather than community service relationship. Keeping fees reasonable, however, permits NCC to quickly reach and engage a broad base of employers, allowing these companies to try NCC's services with little risk and affording NCC the opportunity to learn more about the operations and needs of area firms. ◗

NCC demonstrates that a sector initiative, while starting with a focus on training, may over time develop other strategies for engaging in the industry. This deeper industry engagement in turn brings the organization greater credibility and opportunities for further expansion of the work. For the manufacturing industry, the ability to be competitive in the global production marketplace is imperative, and understanding the larger competitive picture of the manufacturing industry has helped NCC find the opportunities where workforce services will be most valued.

Documenting Outcomes for Business

Because sector programs work to address business needs, it is reasonable to expect that they might document the ways in which businesses benefit from this work. When an initiative can measure the outcomes of its work for business, it gains information that can be critical for developing programs, monitoring performance, building stronger relationships with employers, and enhancing marketing and fundraising efforts. But measuring outcomes for business is often less than straightforward.

A number of issues arise for programs seeking to measure employer outcomes. Many do not know what to measure; they have not defined in concrete, measurable terms the business outcomes that should result from their service. Also, gathering data creates a number of issues both for the employer client and the workforce program. For example, employee confidentiality, the availability of appropriate benchmarks or comparison data, and the ability to look at data that pertains to a small sub-group of employees are among the issues that can challenge an attempt to measure business outcomes. Such issues are best considered before service is provided, to help ensure a credible outcomes assessment. Further, many programs do not provide service on a scale sufficient enough to any one firm to justify tracking outcomes for that firm, and measuring outcomes across firms creates a number of problems in interpreting the data collected. Some initiatives have used other indicators of

employer satisfaction, such as counting repeat customers and general feedback obtained through employer satisfaction surveys. Other programs, which charge fees for services or apply other systems to encourage employer investment, use this "willingness to invest" as evidence of employer satisfaction. Increasingly, the field is recognizing that many sectoral initiatives would benefit from realistic benchmarks and data collection models that can speak to the value of their work to employers. Such information provides much more evidence of whether the program is meeting its intended goals and whether adjustments are needed. When positive, results can also be useful marketing information for a program.[8]

CASE EXAMPLE **New Century Careers**

One of the ways NCC keeps employers engaged is by clarifying goals. Before initiating a service intervention for a business partner, NCC works with that employer to identify the business challenges that will be addressed through the relationship and to agree upon expected outcomes. Specifically, NCC asks the business to complete an on-line self-assessment to identify needs and to participate in face-to-face discussions with NCC staff to determine strategies for achieving specific expected outcomes. By starting here, NCC seeks to tailor its services to real employer needs and sets up appropriate benchmarks against which outcomes can be measured.

For example, through the self-assessment process, one employer identified its core problem as poor on-time delivery performance relating to production scheduling and workers not understanding production flow concepts that could improve efficiency. NCC and the employer determined a plan for cross-functional team training and implementation of an improved scheduling system. It was expected that this would lead to improved scheduling and on-time delivery. After one month, NCC was able to measure related outcomes and found that the business had achieved 100 percent on-time delivery and improved communications between operations and customer service staff. ▶

Sectoral initiatives such as NCC quickly discover that there are many challenges to measuring business value. Because a wide range of factors influence business performance, it is often difficult to demonstrate which changes are truly attributable to the training program or other intervention of the sector program. Furthermore, conducting an assessment of business outcomes requires high-level cooperation from employers, who do not always have the data that programs need for measurement and may not see the assessment as a priority.

But business value assessments can be a powerful tool. NCC uses the results of its business value assessments both internally, to improve and adapt its product/service delivery, and externally, to build credibility, market itself to employers, and price services and charge fees.

Benefiting Low-Income Workers

Developing a range of services through which to engage industry has helped sector initiatives develop a reputation for providing value to the businesses with which they work. At the same time, it has positioned these organizations to connect their worker constituencies to better quality job opportunities. Often sector initiatives do this by providing training that equips workers to qualify for better jobs. In other cases, organizations are able to link workers and employers who have historically had few connections.

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[8] A more complete **discussion of the challenges and opportunities** of measuring employer outcomes can be found in WSI *Update* Issue 3: *How Does Business Benefit from Sectoral Workforce Development Services?* by Amy Blair. Information about a **tool for designing and conducting an assessment of business value,** is available at http://www.aspenwsi.org/BVAToolkit.asp; Internet.

CASE EXAMPLE Heartland Works

Heartland Works in Topeka Kansas is a private, nonprofit company that operates five WIA-funded Workforce Centers. Program staff approached employers in the construction industry in the earliest stages of planning for a workforce development program to serve the industry. Staff knew that the industry was facing an aging skilled labor force and that businesses were having difficulty finding skilled workers to replace them. However, by contacting area employers directly, staff learned that employers did not feel a training program was needed. They indicated that they would be happy to provide training for their employees; their problem was finding individuals who were a "good fit" for the industry, particularly those who really wanted a career in construction. Through ongoing conversations with industry representatives, in which they worked to learn more about the specific skills, interests and other qualifications associated with a "good fit," Heartland Works developed a screening protocol and negotiated with the Kansas Department of Corrections to implement this tool as a pre-release screening for ex-offenders who expressed interest in construction employment. Although this effort is fairly new, it appears to have offered a much-needed employment opportunity for ex-offenders, a group that frequently finds few employment avenues available. Moreover, it has provided a valuable labor pool to employers struggling to find appropriate candidates. ▶

CASE EXAMPLE Flint Healthcare Employment Opportunities

The Flint Healthcare Employment Opportunities (FHEO) Project, in Flint, Mich., is another example of how a sector approach can build new connections among employers and workers. FHEO seeks to open pathways to good employment opportunities for residents of the urban core of Flint and, simultaneously, address skill and labor shortages in the acute and long-term health care industries. FHEO is operated by the Greater Flint Health Coalition (GFHC), a community/institutional partnership and a multifaceted collaboration established by key employers in the region, including the largest and most influential health care employers. Because the chief executive officers of several major health care systems in the area sit on GFHC's Board of Directors and are key proponents of GFHC's work, the placement of the sectoral initiative within GFHC creates an important institutional link to industry leaders. This link provides the project with critical insight into the primary human resources needs of the industry and enhances its ability to engage employers in actively addressing the employment needs of the community.

Flint residents, suffering from chronic levels of unemployment and poverty since the decline of the area's automotive industry, historically have been disconnected from job opportunities with the large health care employers that are located on the city's perimeter. Barriers to accessing good health care jobs have been: a lack of marketable job skills and effective personal employment networks compounded by poor public transportation; unavailability of affordable, quality child care; and perceptions and experiences with racial discrimination. With the support of employer champions, FHEO seeks to address these obstacles for Flint residents through training and placement services and by bridging a relationship between residents and key health care systems. The resulting strategies employed by FHEO are designed to help the local health care industry reduce turnover and meet needs for skilled workers. FHEO conducts recruitment, training and placement for entry-level health care positions; provides career exploration programs; and offers scholarships for advancement into high-demand health care careers. In addition, the program provides training for the supervisors who oversee entry-level employees. In a city in which the unemployment rate has reached well over 10 percent, FHEO reports that it has trained 127 individuals for entry-level positions, including Certified Nursing Assistants (CNAs), and has placed more than half in jobs. Twenty-four graduates of the entry-level training have received scholarships from the program, and 17 currently are enrolled in college to train for mid-skill level health care careers. ▶

Sometimes It's Not About Business Partnership

Although most sectoral projects develop relationships that treat business as customers and, oftentimes, partners and generally look for areas of mutual benefit to workers and employers, sometimes advocates for disadvantaged populations find that they need to take a more aggressive approach to improve opportunities for their worker constituency. For example, a sector initiative may find that no matter how hard it tries to place well-trained graduates, some employers are unwilling to provide equal employment and promotion opportunities to women or people of color. Or, in some industries, sector projects may encounter exploitative and/or illegal industry practices, such as refusing to pay overtime, failing to maintain safe working conditions, or taking illegal paycheck deductions from workers. In these types of business environments, a sector initiative may find that the business partnership strategy is not effective in meeting constituents' needs or in promoting the overall economic health of the region in which it operates. Instead, leadership may pursue other types of strategies and partnerships such as worker organizing, advocating for policy change, litigation or consumer advocacy. For example, the ***Restaurant Opportunity Center*** of New York, described in the previous chapter, found that many labor laws were routinely being violated by restaurants in New York. Therefore, it developed a number of strategies to highlight infractions and work toward a more positive work environment in the restaurant industry. Other initiatives, such as Primavera Works (described below) find they need to advocate for new laws and regulations.

CASE EXAMPLE **Primavera Works**

Primavera Works in Tucson began in response to what it felt were exploitative practices in the day-labor industry. Primavera Works is an initiative of Primavera Services, a social service agency serving homeless men and women through its shelters and a range of supportive services. Primavera Services staff observed that many of their residents were finding work in the day-labor industry. Unlike other temporary staffing services, day-labor agencies hire men and women on a per-day basis and typically provide workers to construction sites or landscaping agencies, where workers perform tasks such as demolition, cleaning, heavy lifting, etc. Shelter staff learned by listening to the reports of residents who worked for day labor companies of situations in which workers' wages had been withheld and working conditions were unsafe, among other problems. These residents returned from their work experiences feeling discouraged and defeated and with little earnings to show for their efforts.

As a way of providing an alternative source of employment and eventually leading change in standard day-labor practices, Primavera Services established Primavera Works as an alternative temporary staffing business. Primavera Works configured its effort to engage directly with key actors in the day-labor industry, namely the business customers of day-labor brokers, when the organization realized that brokers were unreceptive to changing their practices. By offering an alternative brokering service, Primavera Works demonstrated that changing practices benefited workers and also business customers. For example, by allowing workers to receive job assignments a day in advance, workers no longer had to rise as early as 3 a.m. to report at 5 a.m. to request an assignment. The organization also provides free transportation and sack lunches. Therefore, workers are better-rested and more energetic, as well as more motivated, given that none of their hard-earned wages go to broker-imposed fees.

Once business customers realized that these different industry practices offered them a better-performing pool of workers, a number of them became allies for industry change, signing petitions in support of Primavera's proposed public policy measures. Others contacted legislators directly to express support. As importantly, satisfied customers helped to spread the word about Primavera's alternative brokering service and helped it grow to provide enough steady work to keep its workers busy. Many workers are now hired into permanent positions (something not allowed by other day-labor brokers), breaking the cycle that keeps so many day laborers homeless.

While Primavera Works' staff was able to be more successful in providing employment opportunities to its residents, the program had a very small share of the day-labor market in which many workers were not faring well. Primavera staff began quietly organizing and talking to representatives in the state legislature about passing legislation to prevent some of the most egregious practices in the day-labor industry. Although legislation was passed that limits the ability of day-labor companies to withhold various fees and prohibits them from interfering in an offer of permanent employment, Primavera staff realized that running a business did not co-exist easily with a policy advocacy effort.

Therefore, in 2002 *The Southwest Center for Economic Integrity (SCEI)* was established to engage in research, public education and policy advocacy. In its work, the center is actively involved with agencies in the Southwest region that provide services to vulnerable populations. In particular, SCEI has worked actively with Central Arizona Shelter Services (CASS) in Phoenix, which runs on a business model similar to the model used by Primavera Works. In addition, SCEI has worked with other agencies in New Mexico and, helped get legislation passed in 2005 that regulates day-labor companies. Importantly, SCEI worked closely with Primavera and CASS to get Arizona's legislation actively enforced. SCEI's connection to the shelters allowed for numerous interviews with workers that contributed to a well-documented case that, despite the law, abuses were continuing. However, SCEI had to take an aggressive stand to get the attention of officials, persistently contacting the candidate for state attorney general. Ultimately, the attorney general's office brought a suit against one of the day-labor companies and the company settled, paying $300,000 to workers. SCEI staff feels public enforcement has been important to creating the change in the industry that the legislation was designed to bring about.

While Primavera and CASS helped SCEI access information and keep up to date on what was happening in the industry, they kept away from the active advocacy for legal action, avoiding potential alienation of their business customers who may also use the services of these other firms. In addition, both CASS and Primavera Services raise funds through community appeals, and the individuals who contribute to help the homeless might not understand the connection with political activity. By clearly defining their roles and their constituencies, CASS, SCEI and Primavera are able to work together productively to improve practices in the day-labor industry. Ultimately, the partners believe that the adoption of better employer practices in the day-labor industry will have a positive impact that not only benefits workers, but also contributes to the overall economic health of the cities in the region. ◗

Growth: Branching Out to More Sectors or Regions

As sectoral initiatives grow and mature, they develop knowledge, relationships and capacities that can lead them to consider opportunities for growth. Some may maintain a single industry focus and gradually deepen the range of ways in which they engage that industry or extend the geographic reach of their efforts, while others may seek to broaden the range of industries with which they work. Many factors can influence the way in which a program may choose to grow, including the primary mission and core competencies of the lead organization, political and financial considerations, and the development of critical relationships. Two contrasting models for growth are those of the *Paraprofessional Healthcare Institute (PHI),* which over time has expanded its work to improve the quality of care and jobs in the long-term care industry in the Bronx, N.Y., to a variety of sites in multiple states, and *Wisconsin Regional Training Partnership (WRTP),* which has remained deeply connected to it original focus on Wisconsin, but has gradually launched a range of initiatives in different industry sectors. In both cases, core philanthropic funders played an important role in the shape and pace of the organization's growth.

For PHI, regional expansion has been a path to achieving its long-term vision for broad systemic change in the way that the long-term care industry operates. Over time, PHI amassed industry knowledge and expertise through its affiliate businesses by providing consulting services to other businesses and conducting research and policy work. PHI began its geographic expansion when funders proposed the idea of trying to "replicate" Cooperative Home Care Associates (CHCA), a worker-owned home-care agency in the Bronx, N.Y., in other cities. PHI accepted the challenge and, as it branched out geographically, PHI gained greater perspective on how differently health care operates in different regions and learned that the specific model developed in the South Bronx would not necessarily fit other locations. Over time, PHI's strategy has evolved and now involves a network of affiliated initiatives in New York, Pennsylvania and New England, each of which is uniquely designed for the local context but works in tandem with the others to support a collaborative effort to upgrade the quality of long-term care jobs and the quality of patient care at a systems level.

By contrast, WRTP's expansion over time has occurred by adding sectors to its regionally anchored service strategy. This path of growth follows WRTP's original mission of addressing unemployment and poverty in the Milwaukee area. WRTP was created in the 1990s by a group of leaders representing employers, unions and community residents who came together in response to widespread layoffs in the region's manufacturing industry during the 1980s. When the industry began to see some resurgence and higher-skilled manufacturing jobs become available in the 1990s, WRTP brought partners together to devise and implement sectoral employment development strategies for the industry. Through this process, WRTP developed unique competencies for convening multiple stakeholders and building consensus around commonly shared problems, conducting sectoral analysis and strategy formation, facilitating labor-management collaboration, and launching employment-linked training. In 1995, the Annie E. Casey Foundation selected WRTP as a site for its Jobs Initiative program, a $30-million effort targeting six cities over an eight-year period. With significant direction and financial support through the Jobs Initiative, WRTP was able to hone its competencies and utilize them to launch similar initiatives in other sectors that provide employment opportunities in the region, including construction, health care, hospitality, technology, transportation and utilities. With some of these sectors, WRTP has maintained its role of lead implementer, while in others, such as health care, the organization believes that it is best positioned to play a convening role and allow other actors with greater levels of expertise and linkages in the health care industry to carry the initiative forward.

The experiences of PHI and WRTP demonstrate that there are some core competencies, such as industry analysis and employer engagement, that can be transferred from one sectoral initiative to another or from one region to another, despite the uniqueness of each industry and geographic situation. However, it is important to note that, in both these cases, expansion and adaptation has occurred over an extended period of time and has required considerable effort. With each new industry or even each new location within a single industry, significant analysis, relationship building, retooling and remodeling of strategies are necessary to develop a sectoral approach that is effective given differing circumstances and characteristics.

Summary

Sustaining engagement in an industry over time gives an organization positioning to see and use opportunities to create changes that benefit workers. This chapter's examples illustrate how sector operators go about **choosing sectors and businesses** to improve outcomes for workers and how they may build credibility and expertise through a **variety of approaches** that serve industry needs. The sectoral focus of these initiatives sometimes leads them to engage in strategies that challenge the industry sector to change the way it operates. These strategies can work through partnership with business or, at times, through more aggressive measures that compel employers to change.

While industry-specific research and analysis can provide the rationale and strategic direction for sector work, the ever-evolving complexities of personal and organizational relationships with businesses, matters of timing, and plain old serendipity have substantial influence on the opportunities available to programs for implementing a strategy. Multifaceted engagement with businesses in an industry enables sector initiatives to build ongoing feedback loops that regularly inform program direction. As programs grow and seek to utilize skills, relationships and competencies to increase impact across regions or in additional industry sectors, significant adaptation and adjustment of strategy almost certainly will be required.

SUMMARY POINTS: Working with Business

▶ Significant business involvement helps support program sustainability, quality of programming, and achievement of goals.

▶ Significant business involvement can be achieved without losing sight of the needs of low-income groups.

▶ There are a variety of ways to engage businesses and deepen their involvement over time.

▶ There are opportunities in many industries to benefit both employers and workers. It is important to consider how to describe and document these benefits.

▶ Sometimes it is necessary to apply aggressive strategies to encourage business practices that fairly compensate and respect workers.

▶ Over time, given a sufficient level of business engagement, sector initiatives can influence business thinking and practice.

▶ As sector strategies are applied to new regions or new sectors within a region, significant adaptation of the original strategy is necessary.

Making It Work for Workers

"They helped me because they focused on something that had a goal. They told you … you can get this learning experience and you can land a job in the medical profession. And, from that, there is no telling where you can go. And they were right."

– Sector Program Participant

CHAPTER HIGHLIGHTS: Read this chapter if you want to learn more about …

▸ Why designing services for low-income or low-skilled constituencies is important.

▸ Strategies for integrating the needs of low-income groups into sector program strategies.

▸ Programs that have developed an array of services to meet the needs of low-income constituents and help connect them to better jobs.

▸ Research findings on the employment and income outcomes of sector strategies for low-income participants.

While the previous chapter discussed the importance of a clear focus on business needs, our primary interest in sector initiatives rests on their ability to connect low-income individuals, or those with other barriers to economic success, to better opportunities in the labor market. Understanding a target industry and working effectively with business is a cornerstone of effective practice and critical to accomplishing the goal of facilitating worker advancement. However, industry competence is not sufficient. Program designers and leaders must also understand the lives of workers and the specific needs and barriers they face in order for services to be effective. Many of the issues discussed in this chapter are not exclusive to sector initiatives; they apply to any program that works with low-income populations. This chapter is intended to emphasize the critical need to balance the sector initiatives' focus on business and industry needs, with a deep understanding of the needs of low-income populations.

The Importance of Targeting Populations with Barriers to Success in Today's Labor Market

There are three central arguments for why workforce development programs should target disadvantaged populations, work to understand their needs, and develop specific service strategies to facilitate their success in training and transitioning to work. The first is that in many labor markets, disadvantaged populations are a significant portion of the available labor pool. If a program is not specifically designed for the client population that will be coming to its doors, it will not be successful. The second argument is that in working with business, publicly and philanthropically funded programs should be concerned that these resources are used in ways that complement rather than displace business investment. The discussion that follows will explain why this concern should lead to a preference for working with low-wage, low-skilled workers. The third argument concerns equity. In the U.S., a large portion of the working population is poor, even among those individuals working full time. Many of these individuals are supporting families on meager wages, and their needs should be a priority.

The Effectiveness Argument

Because disadvantaged populations are a significant portion of the labor pool available to many industries, most workforce development programs intentionally or unintentionally serve individuals with employment barriers that go beyond a need for vocational skills training. Sector initiatives and other workforce development programs that do not design strategies, programs and special services that address the real-life barriers of the populations they serve often:

▸ Experience high attrition among trainees. This is especially true for programs that last more than a few weeks.

▸ Refer program graduates who have unresolved barriers to employers, resulting in retention issues for business customers and damaging both the program's reputation and, by association, the reputation of other workforce service providers among employers.

For example, a number of program leaders have experienced something like the following scenario: They and their staff work hard to reach out to industry and identify specific competencies and skill sets that employers are seeking in workers. Program staff designs a course and recruits participants through a broad and labor-intensive set of outreach activities. They enroll participants and conduct the training, losing some participants along the way. Then, at graduation and job placement, many graduates do not pass required background checks or drug screenings. Others show up for work the first few days and then stop. What happened? When these program leaders queried employers, they learned that, in addition to having trouble finding workers with the sought-after skill sets, these employers had encountered many of the same problems: applicants who can not pass drug screenings, or new hires who stop showing up because of transportation or child-care problems. These program leaders conclude that they have neither helped the employers meet their workforce needs, nor helped their participants find jobs.

These issues do have solutions. Effective sector programs working with low-income populations are experienced in handling such issues, and examples of some exemplary programs are described later in this chapter. Still, one might wonder, why do they take on this challenge? Would it not be easier to simply recruit people without these issues? In many labor markets, however, this is not a realistic expectation. A major value-added from workforce development — particularly sectoral workforce development — is its ability to address not only skills issues, but also the whole array of issues that keep people from finding and maintaining better employment. The challenge is to uncover these issues and develop creative solutions to address them.

The Leverage Argument

Employers invest far more in workforce training than do either public or philanthropic agencies.[9] While estimates vary, and training expenditures are often difficult to isolate, private employers invest on the order of $60 billion annually in formal workforce training, dwarfing public sector investments. And research generally points to increases in employer training investments in recent decades, likely indicating employers' growing awareness of increasing returns to human capital investments. That is, in today's knowledge-based economy, employers are finding skilled workers ever more critical to their profitability. Employers are making large and growing investments in workforce training, but these investments are generally targeted to their higher-wage and higher-skilled workers. Workers with low earnings and low education levels, who are employed in entry-level or production positions, are less likely to receive employer-provided training. Further, despite well-documented basic skills deficiencies among U.S. adults in the workforce, redressing this situation seems to be a low priority use for most employers' training dollars.

This situation offers an excellent investment opportunity for public and philanthropic funders of workforce development. Creating opportunities for low-skilled and low-wage workers to improve their skill sets enhances their chances of becoming eligible for further investments in training by their employers. Sector programs, by concentrating their training on low earning, less educated and entry-level employees, seem to be addressing an area in which employers are reluctant to invest. Additionally, among firms, smaller establishments tend to offer less training and, indeed, outside of health care, the majority of sector programs tend to work most closely with small- to medium-sized employers. And sector programs often integrate basic academic and workplace skills into their training curricula, addressing pressing needs within today's labor force. Thus, sector programs appear to address gaps in the informal workforce development infrastructure and to operate in a way that is complementary to employers' own training activities.

The Equity Argument

Many program leaders express a clear desire to help people who are struggling in today's labor market. For them, promoting greater economic opportunities for those who have not benefited from the prosperity of the U.S. economy is a primary motivating factor in the work that they do. This is not surprising. Program leaders see firsthand what researchers and policy makers know largely through statistics. Estimates of the proportion of our population working and living in poverty vary. According to the Bureau of Labor Statistics, in 2003, more than 5 percent of workers had incomes below the poverty line. Other researchers, noting the wide gap between the official poverty line and the level of income needed to meet a family's basic needs, use 200 percent of poverty as their benchmark. By this standard, one-quarter of American families are low-income.[10]

Further, the gap in earnings and wealth between the lowest earning and highest earning members of our society has been growing. For example, between 1979 and 2001, average wages for workers in the top tenth of the wage distribution rose by 23 percent, while for those in the bottom tenth, average wages actually fell slightly, declining by four cents per hour.[11]

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[9] This paragraph summarizes a more detailed discussion of this argument; available on-line in *Investigating Demand Side Outcomes: Literature Review and Implications*, http://www.aspenwsi.org/publications; Internet.

[10] See, for example, Tom Waldron and others, *Working Hard Falling Short: America's Working Families and the Pursuit of Economic Security,* or Olivia Golden and others, *Parents and Children Facing a World of Risk "Next Steps toward a Working Families' Agenda," Roundtable Report* (Washington, D.C.: The Urban Institute, February 2006).

[11] Alan B. Kreuger, "Inequality, Too Much of a Good Thing," in James J. Heckman and Alan B. Krueger, *Inequality in America, What Role for Human Capital Policies* (Cambridge, Mass.: MIT Press, 2003), 6.

Divergence in total family income was even more dramatic. According to national household survey data, between 1973 and 2000, families with incomes ranking in the top 20 percent garnered 62 percent of total national income growth. And half of this was accrued by families with incomes ranking in the top 5 percent. Families among the bottom 20 percent garnered only 2 percent of total income growth.[12] Thus, an equity argument would demand that first priority be given to those who have to date benefited least from a vibrant and productive U.S. economy.

A related line of argument regarding the importance of addressing the problem of extreme income inequality has to do with associated "negative externalities." For example, Alan Krueger notes a variety of such externalities, including the negative influence of high rates of inequality on democratic processes; the positive correlation of inequality with crime rates; the greater need for and, hence, costs associated with transfer payments; the likelihood of detrimental effects on the reasonableness and efficiency of public policies; and certain types of market failure, such as potential monopsony in labor markets leading to inefficient distribution of income.[13] That is, while many program leaders express their mission in terms of a moral imperative to help those who are struggling, a very pragmatic argument can also be made for trying to lift up those who are in need.

Strategies for Including Low-Wage Workers

Low-income and otherwise disadvantaged individuals require programs and services designed with their specific needs and barriers in mind. Just as it is critical to develop a deep and practical knowledge of a particular business or industry in order to deliver effective services to them, so it is for workers. A program constructed without thoughtful and informed consideration of what low-income workers and learners need will neither attract nor serve well the people who need help getting training and access to better employment the most.

As more and more programs — public and nonprofit — work with industry to define what business needs in terms of its skilled workforce, new and exciting directions in workforce development are taking root, resulting in greater focus on job- and career-driven training, education and other programming. In many cases, the programs resulting from these collaborations are becoming longer and more intensive, aiming for much more specific skill gains than have been the case for many job training activities in the past. This movement is heartening. It offers evidence that a range of new and vocal industry stakeholders recognize the workforce development system's value in helping them procure highly skilled staff.

Despite a few exceptional models throughout the country, there has not been an observable concomitant trend toward new and innovative approaches to supporting individuals to overcome personal and systemic barriers that hinder their ability to complete training, sustain employment, and advance along career paths. Organizations that do not have a long-standing commitment to a specific low-income community or target population often have not identified a specific population or community that they believe will benefit from participation in a sectoral initiative. And even fewer have put together strategies to address the specific issues that make it difficult for different groups of disadvantaged workers to succeed in training and in jobs. Furthermore, when an organization has not strategized about

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[12] Kreuger, 6. It is worth noting that the estimate based on analysis of tax data is even more dramatic. Krueger states this data implies that "from 1973 to 1998, the growth in income of the top 5 percent of tax filers exceeded the overall growth in income … by 33 percent; that is, although overall average income grew during the period, average income fell for everyone below the top 5 percent. Fully 94 percent of the growth in average income went to the top 1 percent of the population."

[13] Kreuger, 11-20.

who in its community can benefit from a specific opportunity, it often misses the chance to open participation to low-income groups. For example, one program leader stated that if a person cannot get to a training program every day, then it is unlikely that he or she will be able to get to work every day, and therefore, felt it would be unwise to offer transportation supports for trainees. However, this leader failed to note that the training should result in a job placement and sufficient income for the participant to buy a car. Organizations that have a mission to serve low-income groups are more likely to include individuals with barriers in a sector initiative. Nonetheless, even for organizations that do intentionally target disadvantaged groups, the frustrating reality is that in many communities there are few resources available to provide extensive support. In recent years, the investments that have been made by the public sector and by businesses in some industries largely have been used to design new skills- and competency-based training curricula — not to work with the range of public and private social service providers to streamline and make available the variety of supports necessary to ensure that individuals can complete programs and be ready to work.

A number of sectoral initiatives explicitly target their programs and services to disadvantaged workers. Acknowledging what are certainly daunting obstacles, the leaders of these initiatives nonetheless insist that these workers can help solve businesses' labor needs. Such programs look beyond poverty and barriers and see a variety of riches that low-income individuals can bring to the workplace, if offered a realistic opportunity.

CASE EXAMPLE **Capital IDEA Teacher Pipeline Project**

Capital IDEA and its founder, Austin Interfaith, based in Austin, Texas, see potential in a group of workers whom many employers ignore. In collaboration with the Austin Independent School District, Education Austin, Austin Community College, and St. Edwards and Huston-Tillotson universities, one of the sector employment initiatives Capital IDEA manages is a *Teacher Pipeline Project,* designed to create a training path out of low-paying paraprofessional jobs into coursework, teaching credentials, and careers as teachers. Where others may see low-skilled playground monitors and teachers' aides, Capital IDEA and Austin Interfaith have helped its partners to see workers with a range of assets. They see strong loyalties and personal ties to schools in low-income neighborhoods. They see individuals who know and appreciate the range of problems facing students in these schools, because these workers and their children attend them. And they see bilingual workers, experienced in working hands-on with children, in an area with a critical shortage of bilingual teachers. Capital IDEA and its partners also see that these workers have little chance of navigating the education system without programs, services and work supports designed with their special needs in mind. Through the Teacher Pipeline, Capital IDEA and its partners set out to provide them. [See the case example later in this chapter about Capital IDEA's participant support services.] ❿

Reaching Out to Disadvantaged Populations

Programs that report success in serving disadvantaged populations generally have a strategy for reaching and communicating with the individuals they want to serve. Just as an initiative strives to achieve a position of credibility with employers, it must also establish credibility within this community.

Sector initiatives target and reach disadvantaged populations in a variety of ways. For a number of initiatives, achieving this credibility comes naturally. Many initiatives are housed within organizations that work directly in a low-income community and provide a range of other services. For example, Chicago-based ***Instituto del Progreso Latino (Instituto)*** Executive Director Juan Salgado notes, "We have daily interaction with our people, and we have a keen understanding of what they live." Instituto, a multi-service organization

that has served Chicago's Latino immigrant community for more than 30 years, strives for constituents who return for a variety of services and activities that lead to their involvement in issues affecting them and their families.

Some organizations are established to serve a special population and work on a range of issues and barriers affecting them. For example, **Rubicon Programs** in the San Francisco Bay area, which was established in the 1970s by community leaders to deal with the closure of local psychiatric hospitals, developed a special competency in serving adults who are homeless or suffer from mental health disabilities. The organization is known within the region for providing coordinated mental health, housing, employment and legal services designed to help this particular group of constituents overcome a unique set of daunting obstacles. Rubicon's employment initiatives, which now serve individuals with a range of barriers to employment, include vocational skills training in the health care and biotechnology industries, and transitional work opportunities aligned with two Rubicon-operated social enterprises (a bakery and a landscaping business.) In addition to working with very disadvantaged individuals, Rubicon now operates a WIA-funded one-stop career center that serves a universal population.

Other sector initiatives, particularly those closely affiliated with a specific industry, have to make a more conscious effort to understand, recruit and serve the disadvantaged and unemployed in their community. In Flint, Mich., the Greater Flint Health Coalition is dedicated to advocating for better public health in Genesee County and to improving the quality and cost effectiveness of the health care delivery system. GFHC was selected to act as the managing partner of the **Flint Healthcare Employment Opportunities** (FHEO) Project because of its deep relationships with health care system executives and key decisionmakers. Nevertheless, GFHC, acknowledging its distance from, and lack of experience in and capacity for, providing services directly to the low-income community of residents it hoped to reach, established formal working partnerships with community-based Flint STRIVE and faith-based Faith Access to Community Economic Development. These organizations conduct outreach and recruitment for FHEO through their networks in Flint's low-income neighborhoods and provide motivational and practical introductory coursework for individuals as a precursor to enrollment in the FHEO-sponsored community college-based training program.

A number of program leaders, particularly those focused largely on delivering high-skill incumbent-worker training, describe their strategy as one that will encourage internal promotion, with the hope that new entry-level positions will open up and eventually enable their programs and partners to capitalize on tested relationships with employers to place low-income and disadvantaged workers in vacated positions. Based on research and interviews with program leaders, however, it seems that a much more explicit focus on including disadvantaged groups is needed to actually achieve this goal.

CASE EXAMPLE   **Culinary Training Academy and Nevada Partners**

A partnership between two nonprofit organizations in Las Vegas, the Culinary Training Academy and Nevada Partners, provides a range of workforce recruitment and training services to the major casino and resort properties that drive the city's hospitality industry. The Culinary Training Academy is a joint labor-management training trust that involves 24 casino and resort properties and UNITE-HERE union locals 226 and 165. The Culinary Training Academy works closely with employers to ensure that workers are well-prepared to offer high-quality service so that the industry remains competitive and successful. Nevada Partners is a community-based, nonprofit organization with a mission to eliminate poverty and reduce unemployment. Nevada Partners reaches into low-income communities and supports workers in a variety of ways as they seek to enter employment and advance within various industries, including hospitality.

Through a collaborative partnership, the two organizations address the needs of workers for soft skills development, vocational training, support services, and job placement support, and the needs of employers for a high-skilled service sector workforce.

Together, these two organizations partner to help new workers enter the hospitality industry and help incumbent workers advance their careers. Nevada Partners helps with outreach and services to support workers in identifying their career goals and obtaining appropriate training. A variety of skills training courses toward culinary-classified occupations are available through the Culinary Training Academy, including kitchen worker, bus person, utility porter, environmental services porter, food server, gourmet food server, wine server, cook's helper, pantry cook, fry cook, and certified sommelier, among others. The partnership also provides entry-level training to reach into the community and bring people into the industry.

Recognizing some of the particular challenges faced by non-English speaking workers, the two organizations developed the HI-Demand project. As a part of this project, workers participate in Vocational English as a Second Language (VESL) and skills training programs, and are eligible to receive supportive services to help them participate in the program, including support for child-care costs, transportation, classroom and educational materials, and incentive payments. Students who successfully complete the course receive a certificate of completion of Career Ladder Occupational English Skills training. Another Culinary Training Academy program is designed to provide career development and leadership training to minority incumbent workers. This program includes classroom training, mentorship and job coaching.

Nevada Partners starts with an understanding of the dynamics of the industry and the metrics on which the local businesses judge success in order to develop workers who are prepared to contribute to the business and earn superior wages and benefits. Nevada Partners has established an excellent reputation among the major Las Vegas employers, and now accounts for a substantial portion of their hiring and upgrading business. For example, one employer noted that approximately 60 percent of its entry-level workers come from Nevada Partners. This combination of advocacy for workers, together with facilities that prepare workers to be very productive and meet employer needs, has contributed to both businesses and workers succeeding in Las Vegas' casino businesses. ❯

What Types of Issues Affect Program and Employment Outcomes?

The best intentions may not result in good outcomes when a sector initiative does not plan to address individual barriers and determine up-front how to provide for needed support services. Many high-demand occupations require both basic education and skills training to qualify for employment, but a long or even medium-length program may prove difficult for a low-income individual to sustain. Some reasons for this are obvious. Adults seeking skills training likely also have to work full time to earn income. And many have children who need quality care (that they cannot afford) while they are in class. Some learn during training that the work for which they are training does not appeal to them or that they are not well-suited for it. Other reasons for attrition are less apparent and include: inadequate academic preparation; transportation problems; and interpersonal, emotional and health-related issues.[14]

Many adults who come to the workforce development system for help finding a job lack a high school diploma or GED or do not speak English proficiently. Many more lack the basic academic skills in reading, writing and mathematics to enroll in or to succeed in for-credit

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[14] The information presented here is drawn from a range of WSI research on the experiences and outcomes of low-income participants of sector initiatives. Please see SEDLP Research Report No. 3, *Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs* and *Skills to Live By: Participant Reflections on the Value of their Sectoral Training Experience.* Both are available at: http://www.aspenwsi.org/pubs-research.asp.

coursework or even non-credit occupational skills training.[15] Simply put, there are two aspects of adult education and training that impact the ability of disadvantaged adults with low levels of education and deficiencies in basic academic skills to get to the point where they can take advantage of occupational skills training that qualifies them for better jobs. The first factor is the way in which the education system is organized. Typically, students must first complete general education coursework, which usually is not linked to specific for-credit education or skills training, but which can require a lengthy process during which students may not be eligible for federal financial aid, or conversely, may spend down the educational grant supports for which they are eligible. These courses also do not award credit toward degrees or certificates, and there is not ordinarily a clearly articulated path or transition to for-credit programs.

The second aspect of traditional adult education programming that stymies disadvantaged individuals' ability to succeed is the way in which education and skills training are actually delivered. Course scheduling and sequencing, methods used by classroom instructors to deliver instruction, attention to networking needed for peer support, abstract vs. hands-on learning approaches, and whether students are exposed to opportunities to see how material relates to the workplace, among other factors, all have an impact on students' ability to learn and persevere to complete training.

In 2000, Kentucky lagged the national average of high school graduates and college attendance by 15 to 17 percent. Recognizing that lack of education and skills among its adult workforce is a significant impediment to business and economic vitality, Kentucky is working very actively on education and workforce development strategies that focus on working-age adults in addition to students who are currently in the K-12 system. As one strategy, Kentucky has made a statewide commitment to reopen the door to post-secondary education for welfare participants. Concomitantly, the state is examining and working to reform the K-12 and higher education systems to create seamless pathways through and beyond 12th grade and for adults re-entering post-secondary education. Significantly, new state policies stress the urgency of focusing on creating pathways into education and occupational skills training that are useful for workers and businesses in local high-growth sectors.

CASE EXAMPLE **Kentucky Community and Technical College System**

Through its statewide Ready To Work and Work and Learn (RTW-WL) programs, Kentucky state policy authorizes TANF beneficiaries to study at the Kentucky Community and Technical College System (KCTCS), fulfilling a work participation requirement for up to 24 months, and to draw upon different sources of aid with limited reduction in their overall benefits. KCTCS policy permits students to co-enroll in credit-based academic-technical courses and free adult education or developmental reading, math and English. Both academic and developmental courses carry institutional credit, and therefore, students are considered post-secondary students and may be eligible for federal financial aid. Kentucky welfare funding pays for a case manager on-site at colleges to coordinate a full range of financial and logistic supports for benefits-eligible students, to monitor student academic progress in close communication with college faculty and staff, and to coordinate a variety of community resources for students. The RTW-WL programs emphasize study-to-work in which students are assigned to work-study positions in their field of study/career sector supported by the state welfare system and federal work-study funds, many of which lead to permanent employment.

KCTCS, which is a centralized statewide community and technical college system, also awards Career Pathways grants to community colleges to develop and

[15] For an expanded discussion on this subject, please see *Update* Issue 4: *Sector Initiatives and Community Colleges: Working Together to Provide Education for Low-Wage Working Adults,* available at: http://www.aspenwsi.org/publications/07-009.pdf.

implement pathways in local high-growth sectors. KCTCS has made a number of grants to individual colleges, which apply in partnership with local businesses, local Workforce Investment Boards, economic development agencies, and other community partners. Career Pathways grants require that colleges use a sectoral framework to learn about education and labor market opportunities and barriers, and to leverage a comprehensive range of community resources to address them. They explicitly call for colleges to integrate their academic, workforce development and remedial missions; generate employer-driven economic development partnerships; identify clear connections between academic credentials and jobs; develop remedial "bridge" programs into for-credit coursework; and provide a strong supportive services component.[16] For example, Elizabethtown Community and Technical College received a grant to implement the Northstar Health Care Career Pathway, which partners with the Lincoln Trail WIB, a major hospital, and a number of community-based social service resource providers. The project works in a variety of ways to increase knowledge among incumbent workers about advancement opportunities; link them to relevant training; and make appropriate changes in curriculum, instruction methodology and learning supports — all with the goal of increasing internal promotion and advancement in the workforce. ▶

Finding and paying for quality, reliable child care is probably the single most frequently cited barrier to participating in training and the workforce — for both single-parent and two-parent families. Making child-care arrangements is especially difficult for individuals who work non-standard hours. Many low-income workers have to carefully evaluate job promotions or advancement opportunities, because if a new position results in a change of shift or location, it may be impossible to manage. For occupations such as nursing, where 12-hour shifts are common, or manufacturing, where overtime may be unpredictable and mandatory, arranging for child care is especially problematic. In many states, advocacy groups and labor organizations are working to improve the quality and availability of child care for low-wage workers, and a few sector initiatives work to develop additional child-care subsidies or help to connect their constituents to existing services. But limited public funding for child care and insufficient capacity are tremendous problems that remain largely unsolved.

Most communities in the U.S. do not have effective public transportation systems, and many low-income people do not have reliable vehicles. So even individuals who complete training and land a good job, may be unable to commute to work far from home, because of unavailable, unreliable or inflexible transportation. In the short-term, even sizeable increases in income may not be enough to pay for transportation. Lacking a financial cushion of savings, and usually cut off from any benefits soon after taking a job, economically disadvantaged workers may still be unable to retain employment.

CASE EXAMPLE Port Jobs' Working Wheels[17]

In Seattle, Port Jobs has established "Working Wheels," a program to help low-income working adults purchase affordable, reliable used cars, so that they can get to work. Working Wheels provides low-interest loans and money management training and sells cars that cost from $1,000 to $3,000. Three-year loans average $65 per month, and Working Wheels estimates the cost of car ownership, including insurance and

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[16] For further information about barriers to working adult participation in post-secondary education and training, please see WSI *Update* Issue 4: *Sector Initiatives and Community College: Working Together to Provide Education for Low-Income Adults,* available at: http://www.aspenwsi.org/publications/07-009.pdf.

[17] For complete program details, see www.working-wheels.org; Internet.

maintenance, at $170 per month. Because loans are made through a bank, eligibility criteria are fairly stringent. And the program acknowledges that demand for cars outpaces supply. Nevertheless, this model represents a practical approach to resolving transportation barriers for low-income workers. ❯

Interpersonal and emotional issues associated with unemployment and poverty can undermine program participants' efforts to succeed in training and on the job. Some programs acknowledge this by building the staff's counseling capacity. For example, in Cleveland, **Hard Hatted Women** employs a career coach with a mental health background to work with trainees to address personal barriers and solve problems. Programs also encourage participants to form networks with their peers and work together in groups both in and out of class. **Focus: HOPE,** in Detroit, actively encourages students to form small study groups that can work together to master course content and provide mutual support and encouragement. In the Southwest, **Project QUEST** in San Antonio, **Capital IDEA** in Austin, **Project ARRIBA** in El Paso, **JobPath** in Tucson, and **VIDA** in the Lower Rio Grande Valley of Texas, whose students are dispersed across college campuses, have adopted a formal approach to developing peer support. Students in the same education programs meet weekly for required "Vision, Initiative, Perseverance" (VIP) meetings, during which counselors lead discussions of issues, such as work ethics, financial planning, self-esteem, study habits and job interview skills, as well as to generally check in with the group, listening for any personal or academic problems that arise.

Low-income individuals frequently lack health insurance and, therefore, lack access to consistent health care. Lack of stable health insurance among low-wage workers and their families is due, largely, to a lack of affordable employer-sponsored insurance for lower-wage, part-time and contingent workers, as well as to the fragmented nature of public health-care systems that make it hard for workers to retain coverage as their incomes rise. Several programs mentioned earlier, including the **United Child Care Union,** the **Paraprofessional Healthcare Institute,** and **ManufacturingWorks** have acted as advocates for access to better health insurance for their constituents. Both insured and uninsured low-income individuals are more likely than higher-wage individuals, to face health-related barriers that hamper their ability to participate in training or to work.[18] Some individuals struggle with chronic health problems. Others are responsible for caring for chronically or acutely ill family members. Obtaining care for children with behavioral problems or chronic conditions is extremely difficult. The responsibility of caring for dependents — children and adults — is arguably one of the most difficult barriers to overcome in retaining employment and affects in very real ways the opportunities for advancement that are open to individuals in such circumstances.

Some of the issues highlighted here can not be addressed within the workforce system. Beyond making referrals to community-based or public resources, there may be little that an employment program can do to influence participants' job options or support them at work, particularly in cases that are especially problematic. Nevertheless, it is important to understand that these issues are prevalent among all individuals, are disproportionately difficult to manage for low-income individuals, and should figure more prominently in our assessment and understanding of the potential for positive long-term employment outcomes. Indeed, many issues are being tackled as critical components of the work of sector initiatives — programs that we think are exemplary in terms of their thoughtful approaches to working with disadvantaged adults.

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[18] Many studies show that, due to a variety of environmental, nutritional and other factors, incidences of chronic illnesses such as diabetes or childhood asthma, as well as other conditions that weigh negatively on individuals' health, are more prevalent among low-income groups. One related publication is: "Nutrition and Health Characteristics of Low-Income Populations, Volume I, Food Stamp Program Participants and Nonparticipants" by Mary Kay Fox and Nancy Cole of ABT Associates, Inc., published December 2004 and available from http://www.ers.usda.gov/publications/efan04014-1/; Internet.

The following case example highlights the work of Capital IDEA and describes its very intensive, individualized approach to screening, planning and support for participants during what can be long-term education programs.[19]

CASE EXAMPLE Capital IDEA

Capital IDEA (CI) refers to its program as *career-driven education and training.* CI collaborates closely with employers and education providers to ensure that education and training completed by participants leads to a career, which is defined as a position paying at least $12 per hour and providing benefits and opportunity for further career advancement. Participants work with career counselors to create customized education strategies based on assessment of their aptitudes and interests, training availability, and employment opportunity. An individual's education program begins wherever a participant enters the process: GED preparation, English as a Second Language, college entrance exam preparation, or enrollment in college. Almost half of participants begin their studies in the GED, ESL or College Prep Academy programs. This feature distinguishes Capital IDEA in the larger field of adult workforce development. Most programs designed with the goal of matriculating participants into for-credit college programs require a high school diploma or GED prior to acceptance.

Capital IDEA programs are long-term with the majority of individuals expected to complete in three years, but with some taking as long as four or five years, depending on where they start. The program does not provide education directly, but instead works closely with a range of education providers, shepherding students through their education process in close-knit cohorts, providing intensive case management and personal support services and monitoring participants' process through regular meetings with counselors and peers and institutionalized communications with education providers. Capital IDEA arranges for the payment of all costs of their participants' education, including tuition, fees and books. The majority of participants also receive financial assistance to pay for child care and transportation. Many also receive interim employment assistance, emergency financial assistance, health care services, and a range of counseling services.

Capital IDEA's case management and counseling starts with in-depth assessment of each individual's personal situation to identify possible barriers and determine ways to overcome these barriers prior to beginning the education process. Once enrolled, students meet weekly throughout the program with an assigned Career Counselor and with other CI participants enrolled in their occupational track for one-hour "Vision, Initiative, Perseverance" (VIP) peer support sessions, guided by Capital IDEA staff counselors. These meetings are held at locations and at times that are convenient to students, usually where they attend classes. Counselors also work individually with students as needed to help them find interim employment in order to gain experience, earn income, and get internships with employers to be better positioned to secure a job upon graduation. For example, a student in a health care career education program who has only retail employment experience would be encouraged to work as a Certified Nursing Assistant while in school. ❯

Other sector initiatives approach the provision of support services very differently. Many programs, while acknowledging the tremendous need of their participants for a wide variety of resources and services to help overcome barriers and personal issues, also recognize

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[19] Capital IDEA is one of five employment projects stemming from work by the Industrial Areas Foundation in Texas. Project ARRIBA in El Paso, JobPath in Tucson, Project QUEST in San Antonio, and VIDA (Valley Initiative for Development and Advancement) in the Lower Rio Grande of Texas, while in some ways distinct, are also highly focused on identifying participant barriers and providing supports to overcome those barriers as an integral component of their work. For information about VIDA, see the Program Profile posted at: www.aspenwsi.org. For information about Project QUEST, see *Project QUEST: A Case Study of a Sectoral Employment Development Approach,* available from: http://www.aspenwsi.org/publicationdetailsdb.asp?pid=2.

that their capacity to provide such services is limited. The following are two examples of programs that work with other service providers in an attempt to meet participant needs.

The SOURCE

The SOURCE, based in Grand Rapids, Mich., is a community-based organization that works with manufacturing company members who employ large numbers of low-wage, low-skilled workers. Some of these companies experience high turnover, and The SOURCE works with them on incumbent-worker programs to improve retention and help workers get skills that will help them advance. Recognizing the value of the organization's services to their companies' performance, business members support 100 percent of the organization's programming and casework staff. The organization, led by a former human resources director for one of The SOURCE's business members, works with businesses to identify and develop alternatives to workplace practices that negatively affect retention.

The SOURCE recognizes that many issues, both inside and outside the workplace, that affect workers' ability to maintain employment, must be addressed immediately. The SOURCE pays the Michigan Department of Human Services for a case manager to work on-site at member companies helping employees who qualify for public assistance to obtain resources from public sources or from community-based and/or faith-based organizations. The SOURCE also employs a second case manager to work with employees who may have low-incomes but do not qualify for public assistance.

The SOURCE is committed to providing casework services based on strong trusting relationships to ensure that the employee and employer get the most appropriate and efficient service. The SOURCE's case managers are well-versed in the services offered by a large number of community-based and faith-based organizations to which they make very specific referrals for such broad-ranging services as family counseling, food, education, home repairs, etc. The organization reports that it might coordinate with three to five organizations to get an individual the mix of services that he or she needs. With an annual budget of only approximately $300,000, this service brokering strategy represents a practical approach to addressing need. ◗

Seattle Jobs Initiative

Seattle Jobs Initiative (SJI) is an intermediary that plans and designs sector initiatives that are generally conducted by a range of organizations with ties to the initiative's specific industry. Each sector initiative is required to contract with a community-based organization (CBO) to provide case management and supportive services to participants — both during training and for up to one year post-training. SJI requires case managers to provide services on-site at education facilities, meeting with participants at least once per week. Each CBO receives a set fee per participant to cover supportive services, including assistance finding and paying for child care, housing, medical needs, energy and utilities, transportation and counseling. Case managers also help participants obtain financial aid, clothing and books needed for their course of study.

Students attend pre-employment training at South Seattle Community College. Employers support this training not only by advising on curriculum, but also in hands-on ways. For example, they visit classrooms regularly to discuss their expectations of new employees and what it takes to earn promotions in their companies. Classroom practices are designed to prepare students for the specific environment and culture they will encounter on the job. For example, students clock-in at every session, are required to wear clothing appropriate to the work environment for which they are training, participate in regular performance reviews, receive job-specific soft skills training, and must pass pre-training drug screenings, if these will be required as a condition of employment after graduation. ◗

Research Findings Regarding Sector and Outcomes for Low-Income Workers

With an in-depth understanding of the skill requirements specific to a targeted occupation, as well as training content and context that is relevant and accessible to participants, sector programs can prepare individuals not only with the skills to accomplish a specific job, but also for the work environment in a particular industry. In combination with current knowledge about specific employment opportunities, sector programs should be well-positioned to provide the support and connections their participants need to advance in the labor market. And research reveals this assumption is basically correct.

Two organizations have conducted longitudinal surveys of participants in sectoral employment programs to evaluate their employment outcomes: the Aspen Institute's Sectoral Employment Development Learning Project (SEDLP) and Public/Private Ventures' Sectoral Employment Initiative (SEI). The SEDLP examined the experiences of participants from six well-established sectoral programs, while the SEI studied participants of nine initiatives that were newly formed. Six of the nine SEI sites developed training programs, and for these programs, SEI examined participant outcomes. (Four offered advanced-level training; one offered entry-level training; and one program offered both levels.[20]) Both the SEDLP and SEI researchers conducted "baseline" surveys to estimate the pre-training situations of participants, collected program-reported information about initial post-training employment placement, and then implemented one-year and two-year follow-up surveys independently with participants.[21]

Both studies found that individuals who enrolled in sectoral training programs had similar characteristics. They generally had work experience, a high school diploma or GED, low hourly earnings and income, and had experienced multiple periods of unemployment. SEDLP participants' average ages were in the mid-30s across programs, and the average age of SEI participants was 31 in advanced training programs and 28 in entry-level training programs. Participants in both studies were mostly African American or Latino. While both studies included slightly higher proportions of women than men, gender distribution varied considerably by program and appeared to be greatly influenced by a program's target sector.

For SEDLP, 84 percent of program graduates were employed after training, and for the six training sites in the SEI study, 93 percent of graduates were employed in the first year after training. Participants generally obtained jobs with higher wages than those they held prior to training, but there were substantial differences across individual programs in terms of participant wages at placement and the degree to which placement wages exceeded those of pre-training jobs. These differences largely corresponded to length and intensity of training and, importantly, to the quality of jobs in the targeted sector.

Highlights of outcomes two years after training:

▶ **Participants earned higher incomes.** Median personal earnings for working participants increased from $8,580 annually at baseline to $17,732 for SEDLP participants. Median annual earnings for working participants in the six SEI training sites increased from $10,486 to $18,875.

▶ **Participants worked more consistently.** The percentage of respondents who worked year round went from 23 percent prior to training to 66 percent in the second year following

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[20] For further information describing the SEDLP and SEI studies and outcomes, please see SEDLP Research Report No. 3, *Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs* available at http://www.aspenwsi.org/publications/02-010.pdf; Internet, and *The Final Report on the Charles Stewart Mott Sectoral Employment Initiative* (forthcoming from Public/Private Ventures).

[21] Public/Private Ventures is also currently in the process of conducting an impact study. The Sectoral Impact Study will compare participants in selected sectoral employment programs to a randomly assigned control group; data will be collected on issues of employment, job retention, wage levels and earnings potential.

training for SEDLP participants. Among SEI training program participants, 22 percent worked during all 12 months of the year prior to program entry, and this proportion increased to 61 percent two years after training.

▸ **Participants' jobs were higher quality.** Among SEDLP participants, 78 percent of jobs held two years after training provided access to health insurance, as compared to 50 percent of jobs held prior to training. Seventy-seven percent of SEDLP participants reported receiving paid vacation time; 64 percent received paid sick leave; and 59 percent had access to a pension plan other than Social Security. The percentage of SEI training program participants with jobs that provided access to health insurance increased from 49 to 73 percent, while the percentage with paid sick leave increased from 35 to 58 percent.

▸ **Participants were optimistic.** Two years post-training, 82 percent of SEDLP participants said they believed their future job prospects were better due to their participation in the sectoral program. Many expressed an increased desire to further develop their skills and education credentials and an increased sense of confidence that they have the ability to achieve their goals.

Summary

For reasons of efficacy as well as equity, it is important for sector programs to understand and meet the needs of low-income workers. The range of support services a sector program needs to include can vary widely, depending on the challenges faced by the specific target population an organization is working with, as well as the employment goal the organization is striving to help its constituency reach. This chapter's examples illustrate how sector program operators go about packaging support services to improve outcomes for workers, and the various partnerships they engage in to develop a full complement of academic and social supports tailored to the needs of their constituency. Research indicates that a number of sector programs that specifically serve low-income groups have helped their worker-customers improve their earnings and overall work situation.

SUMMARY POINTS: Making it Work for Workers

▸ Understanding the specific worker population, particularly their needs and barriers, is as important to programmatic success as understanding business needs.

▸ Businesses are more likely to invest their training dollars in higher-wage, higher-skilled employees. To get the most out of public and philanthropic supports, these should be targeted toward lower-wage, lower-skilled employees who are not attracting employers' training dollars.

▸ Concerns about both the growing number of "working poor," and increasing income disparity, argue for paying particular attention to the needs of lower-income workers.

▸ For low-wage workers to succeed in training and successfully transition to work, social supports, such as child care, transportation, counseling and other assistance, are often needed. Addressing these needs is critical to retaining participants in training and on the job.

▸ Research to date points to the effectiveness of sector approaches in helping low-income workers get better employment opportunities.

Public Policy and Sector Practice

"**G**overnors in a significant number of states are making sector strategies a central element of their state workforce and economic development policies."

– **National Governors Association, Center for Best Practices**[22]

"Any time any of us is a grantee, we have an opportunity and a responsibility to influence policy. … They [policy makers] want the policy to be successful; it is incumbent upon us as practitioners to tell them what we are learning."

– **Rebekah Lashman, Workforce Partnerships Manager, Boston Private Industry Council**

CHAPTER HIGHLIGHTS: Read this chapter if you want to learn more about …

▸ How policy has created more opportunity for sector work.

▸ The range of policy areas sector programs consider in their work.

▸ Varying approaches sector initiatives have taken to influence policy.

▸ The benefits of policy change to sector work.

▸ Examples of sector initiatives that have contributed to policy change efforts.

The policy environment in which sector programs operate has undergone dramatic change in the last 10 to 15 years. Broad changes in social policy, notably the welfare reform law of 1996 and the expansion of the Earned Income Tax Credit, have created an environment in which strategies for assisting low-income people are inextricably linked to their opportunities to work. With respect to workforce development in particular, the sectoral approach, which at one time seemed esoteric and relevant to only a handful of "boutique" programs, now is being actively pursued at many levels of government. For example, in 2001 the U.S. Department of Labor funded the Sectoral

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[22] National Governors Association, *State Sector Strategies: Regional Solutions to Worker and Employer Needs* (Washington, D.C.: NGA Center for Best Practices, October 13, 2006); available from http://www.nga.org/Files/pdf/06STATESECREG.PDF; Internet.

Employment Demonstration Project, and its subsequent work in the High Growth Job Training Initiative and Community-Based Job Training Initiative — both of which seek to stimulate greater links and synergies between organizations providing workforce development services and specific high-growth industries that need skilled workers — reflects many elements of sector work. A number of state governments also actively have employed sectoral approaches in their workforce policy-making. Indeed, in 2006, the National Governors Association, in partnership with the Corporation for a Skilled Workforce and the National Network of Sector Partners, began working with teams from 11 states as part of a project entitled, "Accelerating State Adoption of Sector Strategies."[23] All teams include a sector initiative leader, as well as representatives of the governor and key state agencies. Of the 11 participating states, six states are in the Learning Network and were chosen because they were judged to already have a significant track record in implementing a state sector strategy. The other five states participate in the Policy Academy, and applied to be included due to their interest in pursuing sector strategies at the state level. As discussed earlier in this publication, the city of Chicago is employing a sector approach as it revamps its workforce development system. This chapter will describe several of the innovative policies put in place by states and localities across the country to support sector work.

CASE EXAMPLE **Michigan**

Michigan created the Michigan Regional Skills Alliances[24] (MiRSAs) to better link the resources of economic development and workforce development. The approach involves a competitive grant program that encourages applicants to form coalitions, including business, education and training providers, and other organizations as appropriate, to define the appropriate geographic area for the targeted industry and to develop a strategy for the industry sector that will support both workers and the industry's competitive position. The approach encourages local actors to take a regional look at industry dynamics and labor force issues, and to develop local solutions that involve collaboration and leveraging existing resources. To date, Michigan has funded 31 MiRSAs in a range of industries, such as health care, manufacturing, construction, hospitality, information security, biotechnology, and forest and timber products.

Central to the MiRSA structure and philosophy is the notion that each initiative must be demand-driven by a group of employers within a target industry who are experiencing similar labor market issues and are prepared to work together to establish mutually beneficial solutions. MiRSAs are facilitated by "conveners" who act as champions and organizers of the partnerships. The existing MiRSAs are based in a variety of institutional homes, including one-stop centers (Michigan Works! sites), community-based organizations, and educational institutions including community colleges and intermediate school districts. Most of the alliances involve a range of additional partners including the public workforce system, economic development groups, training and educational providers, industry and trade associations, community-based organizations, faith-based organizations, organized labor, and/or others. The MiRSA works to coordinate existing capacities and develop new capabilities among these partners to resolve labor problems.

In applying for MiRSA designation, local partnerships must demonstrate a clearly identified workforce-related problem or set of problems, supported by regional data, that affects the target industry. Partnerships must provide plans to address systemic and structural issues they identify. For example, the four-county Thumb Area Employment Builders Alliance-Advanced Manufacturing Training Cooperative was created to respond to the advanced manufacturing industry's need for improved

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[23] The 11 states participating in this project are in two groups: (1) the six states participating in the Learning Network — Arkansas, Illinois, Massachusetts, Michigan, Pennsylvania and Washington; and (2) the five states participating in the Policy Academy — Georgia, Minnesota, North Carolina, Oklahoma and Oregon.

[24] Michigan Regional Skills Alliances and MiRSA are Service Marks of the Department of Labor & Economic Growth/Bureau of Workforce Programs.

recruitment and retention of qualified, skilled employees. Its strategy involves the expansion of local and regional career ladders, public campaigns to attract new entrants to jobs in the sector, and partnership-building among multiple employers for information-sharing and joint problem solving. Since it was first launched, this initiative has expanded to address issues related to careers in additional sectors, including health care, government and agriculture.

Michigan expects that the MiRSAs will produce outcomes that benefit employers, workers and regions. Rather than adhere to prescribed outcomes measures that are imposed by the state, each site is to work with its employer base to develop indicators that are of particular relevance to the industry and region. Sites are required to identify goals related to increasing both economic growth and individual prosperity, and to develop a comprehensive work plan that shows how goals will be achieved over time and demonstrate the key milestones that will be used to measure progress.

MiRSA sites have been created with limited start-up funding from the state's Department of Labor and Economic Growth and support from the Charles Stewart Mott Foundation. MiRSAs are expected to build institutional sustainability for their work after the first year of seed monies. Some of the MiRSAs are experimenting with membership structures whereby employers pay dues. ◗

Michigan provides an example of a state that developed policies to encourage and support sector work in general. In addition to its grant-funding process, Michigan has pursued efforts to align state agencies to support sector initiatives and build the capacity of State and MiRSA staff. Several other states also have developed initiatives that share some of these characteristics, in that they offer competitive grant funds that encourage local workforce actors to target a specific industry, to involve business in a coalition, to develop a workforce strategy that seeks to meet business needs while providing good jobs for workers, and to create new relationships and ways of business that will sustain the coalition and its work over time and, additionally, strengthen state agencies' collaboration to support regional sector initiatives. Many of these initiatives intertwine the employment focus of sector strategies with the broader economic development focus of cluster strategies.

Variations in resources, institutional arrangements, and political cultures within states lead naturally to differences in how states have approached fostering sector initiatives. In Michigan, which uses a very non-prescriptive approach, local areas are allowed to determine their target industry sector, the range of actors to bring together to work on the issues, the segment of workforce on which they will focus, and the approach to meeting the target industry's workforce needs. In other cases, the state takes a more active, decision-making role. Pennsylvania, for example, identified nine industry clusters as important to the state's economic growth and competitiveness, and targeted occupations within those industries that met criteria such as numbers of jobs available, pay scale and other considerations. These industries and occupations serve as the focus for the state's Industry Partnerships. In Washington, the state developed Industry Skill Panels, modeled on the Eastern Washington Agriculture and Food Processing Partnership. They are described as public/private partnerships of business, labor and education that work together to improve the skills of workers in industries vital to Washington's economy. Washington has a strong community and technical college system in which the state plays an active role. Thus, the state's Industry Skill Panels are strongly connected to the resources of the community and technical college system, as well as to the state's WIA-funded workforce investment system. To date, the state has funded more than 40 Skill Panels in approximately 20 industries.

In most cases, a state's sector policy has been driven by workforce and economic development goals; they seek to help citizens find better jobs and support vibrant state

economies. Occasionally, however, a policy that promotes a sector approach may be driven by specific issues within the industry itself, as the Massachusetts example below illustrates.

Massachusetts's Nursing Home Quality Initiative was a legislative response to concerns about the quality of care provided in nursing homes, initially prompted by high vacancy rates of Certified Nursing Assistants (CNAs). The initiative sought to improve the quality of care by, in large measure, improving the recruitment, retention and quality of staff in nursing homes. To this end, the initiative included a wage pass-through for CNAs, a direct-care worker training scholarship program, and the Extended Care Career Ladder Initiative (ECCLI). ECCLI was designed to encourage nursing home operators to partner with local workforce service providers, including community colleges and Workforce Investment Boards, in order to develop skills and advancement opportunities for care givers. ECCLI is administrated by the Commonwealth Corporation, a quasi-public agency charged with managing and evaluating workforce initiatives for vulnerable youth and adults. The State funds much of the cost of training programs, but employers must also make some investment to participate, for example, by paying a minimum of 50 percent paid release time for workers in training.

ECCLI began in 2001, and since then, more than 160 nursing homes and home health agencies have trained more than 7,500 workers through the initiative. The training supported through ECCLI can include not only clinical skills, but also English for Speakers of Other Languages, adult basic education, communications, and other "soft" skills, as well as limited supervisory training. ECCLI has been extensively evaluated, and substantial reductions in staff turnover, increases in staff skill levels, and improvements in key indicators of patient care have been documented.[25] Carolyn Blanks, Vice President for Labor and Workforce Development at the Massachusetts Extended Care Federation, states that, "ECCLI has totally transformed long-term care in Massachusetts and has really changed the mindset of nursing home owners." She cites the positive benefits that nursing homes have experienced, including improved retention and reduced staff turnover, markedly reduced use of temporary staffing agencies — often a significant cost element for health-care facilities — and improvements in measures of patient health and well-being. She estimates that roughly 30 percent of nursing homes in the state have participated in ECCLI to date. She also notes that ECCLI has facilitated ongoing relationships between nursing homes and local workforce service providers, and comments that the policy has provided a springboard for workers to go on to nursing. ❱

States can pursue a wide range of policies that support the goals of sector initiatives. ECCLI demonstrates that state policies that are industry-focused may also provide useful vehicles for addressing workforce issues in an industry. Indeed, the ECCLI policy in many ways exemplifies an approach to creating the kind of change sector initiatives seek. Sector initiatives — operating in different industries, serving different client populations, based in different institutional settings, and operating in different economic and political environments — are likely to hold different policy priorities. There is no one right "sector policy."

The high profile of sector approaches, however, creates a number of opportunities for leaders of sector programs to engage productively with the policy community. Indeed, in a number of places, policy makers are eager for practical advice on how to fund sector

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25 For an interim evaluation of ECCLI, see Randall Wilson, Susan C. Eaton and Amara Kamanu, "Extended Care Career Ladder Initiative (ECCLI) Round 2: Evaluation Report," John F. Kennedy School of Government, Harvard University, Faculty Research Working Paper Series RWP03-006, August 2002; available from http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP03-006/$File/rwp03_006_eaton_rev2.pdf; Internet.

approaches that will be effective in advancing workers and meeting the needs of business. Experienced leaders of sector programs have useful information to share.

To date, most of the policy interest in sector approaches comes from the community of people interested in workforce development policy. This interest presents an active opportunity for leaders of sector programs to communicate their experiences to policy makers, in order to support the creation of sound policies. There are also other policy arenas, however, that may be of interest to sector leaders.

Relevant Areas of Public Policy for Sector Programs

Sector initiatives are unique, in that they are designed to meet the needs of a specific industry and a specific population within a specific region. As a result, the components of the public policy arena that are most relevant for any given initiative will vary. Even for an individual initiative, changes in the industry landscape, political leadership, or other factors will cause some elements of public policy to warrant more attention than others. With that said, in conversations with sector leaders, three broad sets of public policy have been discussed as areas of interest and activity. These are described below. In addition, the growing popularity of the sector approach has in some sense created a fourth area of policy activity for sector leaders — essentially, the stimulation and growth of sector initiatives themselves.

Human Services Policies

One area of policy that some sector programs find needs their attention can be very loosely classified as human services. There are a wide range of policies that influence the ability of low-income or disadvantaged individuals to maintain stable housing, attend to their health needs, care for children, and manage other aspects of their lives. An individual's ability to manage these issues has a direct impact on his or her ability to succeed in an education or training program or to maintain stable employment. Through their work serving low-income people, sector initiatives may interact with a range of social service policies. Housing policy, transportation, health care, and other issues that often become barriers to participation in the labor market for low-income people, may represent areas of public policy with which a sector initiative must engage at some level. Working with policy makers and others to highlight how these policies influence the skill-building and work opportunities available to low-income people can be a critical part of a sector initiative's work.

CASE EXAMPLE **San Francisco Works (SF Works)**

In San Francisco, SF Works has made efforts to influence public policy as a key part of its strategy to build the careers and self-sufficiency of low-income workers. Since its founding a decade ago, SF Works has coordinated sectoral employment initiatives in multiple industries, most recently biotechnology and legal services. Given San Francisco's status as one of the highest cost-of-living cities in the country, SF Works found even its working clients and graduates frequently challenged to make ends meet and support their families. As a result, SF Works began advocating for expansion and better promotion of publicly funded work supports. In 2003, SF Works partnered with a local child advocacy organization to spearhead advocacy for the creation of the San Francisco Working Families Credit, a local match to the Earned Income Tax Credit for working poor families. Created in 2005 by the city's mayor and treasurer, in its first two years, the Working Families Credit helped to boost the incomes of more than 16,000 families and garnered significant interest among policy makers in other high cost-of-living cities. SF Works' commitment to its two stakeholders, employers and low-income workers is evident in both its internal organization and its external leadership roles. SF

Works is a program of the San Francisco Chamber of Commerce Foundation and is co-located with the Chamber of Commerce. In addition, during the past several years, SF Works' executive director has been appointed by the county's Board of Supervisors to a Bioscience Taskforce and by the mayor to the local Workforce Investment Board. By simultaneously operating and building alliances within both the business and nonprofit spheres, SF Works has been able to mobilize business and community interests in advocating for the Working Families Credit and other investments that benefit low-wage workers. ▶

This set of policies may be important to the work of a sector initiative because of the particular population the initiative works with or because of the requirements of the industry in which the initiative works. For example, sector initiatives that work with welfare recipients may be concerned with regulations governing the circumstances under which recipients can maintain their benefits. In some cases, maintaining benefits may be critical to recipients' ability to manage their households while developing the skills they need to acquire a better job. Similarly, programs that work with ex-offender populations, may find that regulations that keep ex-offenders from public housing or from community health clinics make it difficult for this population to find stable housing or to attend to health problems, which, in turn, results in their inability to maintain stable employment. In some cases, the nature of the work in particular occupations elevates the need for some types of social supports. For example, if a sector initiative is working in an industry that requires non-traditional hours — like health care, retail, manufacturing and many others — addressing the availability of extended hours for child care may be a key issue for the initiative's constituency.

CASE EXAMPLE   North Lawndale Employment Network

The North Lawndale Employment Network (NLEN) in Chicago works specifically with ex-offenders who represent a substantial proportion of the population of the North Lawndale community. As mentioned in an earlier chapter, NLEN works in the health care and light manufacturing industries, providing pre-employment training and support services and operating its own production facility. The staff of NLEN see every day how a range of public policies influence the lives of ex-offenders and their ability to successfully find and retain work. For example, ex-offenders are typically barred from living in public housing. Often that means they are unable to move back in with family or friends when they are released from prison and, thus, have no place to legally stay. Public health policies also may not meet the needs of ex-offenders, many of whom have substance abuse issues, mental health problems, or other health concerns. Policies related to corrections and the operations of prisons, of course, have direct bearing on how ex-offenders fare when released into the community. For example, prisoners often are released without any kind of identification card or means of obtaining one and, thus, do not have the documents they need to apply for a job or apartment.

While NLEN's mission and charge relates specifically to expanding employment and income-earning opportunities of North Lawndale residents, NLEN views addressing the types of policy challenges described above as an important part of its portfolio. NLEN relies on the credibility of its programs to help influence the thinking of policy makers on key policy issues. Based on the accomplishments and visibility that NLEN has achieved, its Executive Director Brenda Palms-Barber has been invited to serve on a range of task forces and working groups that have examined prisoner re-entry policies. For example, Palms-Barber was appointed to serve on the executive committee of Governor Rod R. Blagojevich's Community Safety and Re-entry Working Group. She also participated in the mayor's Policy Caucus on Prisoner Re-entry. In this instance, Palms-Barber not only participated herself, but also encouraged one of her key employer partners, Trinity Advocate Hospital, to participate. The caucus addressed a

wide range of policy issues related to education and employment, housing, health services, family supports, and others.

NLEN's funding sources include a variety of foundations, Community Development Block Grant funds provided through the Chicago Mayor's Office of Workforce Development, a city-funded social enterprise venture project for ex-offenders, and the Illinois Department of Corrections. NLEN occasionally has received specific grants for the executive director to spend time on a policy issue when it appears that it will be particularly time-consuming. For example, issues related to professional licensing were relevant to NLEN's work in health care, and staff spent considerable time addressing the licensing requirements and safety issues related to specific occupations in order to open opportunities for trainees. In general, however, the executive director sees participating in policy discussions and bringing the experience of NLEN and its clients into those discussions as an integral part of her work and fundamental to NLEN's mission. ◗

Education and Training Policies

Policies influencing the education and training system are a second area of interest for many sector initiatives. Quite a few sector initiatives are housed within organizations that are part of the education and training system, such as Workforce Investment Boards and community colleges, and many initiatives receive financial resources through the funding streams connected to this system. Thus, this policy arena is particularly important for many initiatives, because it directly influences the level of resources they have available and how those resources may be used.

CASE EXAMPLE San Francisco Works (SF Works)

SF Works partnered with the Committee on Jobs (an association of San Francisco's largest businesses) to develop a customized training policy for the Workforce Investment Board that provides public dollars to subsidize a portion of training costs to businesses that hire or promote low-income workers. SF Works has used this funding stream to support its sectoral work in legal services by reducing the cost to law firms of training their entry-level workers. Customized training funds also have been utilized by other sectoral initiatives, most notably within the hospitality industry. ◗

More broadly, education and training policies may determine whether training is available for certain skill areas and under what conditions it is available. Therefore, there are many issues beyond the funding associated with these policies that are critically important to sector initiatives. For example, programs working to help low-income incumbent workers advance in a particular industry may work to ensure that courses are offered at a variety of locations, at various times of year, in a more manageable sequence, etc. Creating flexibility in how courses leading to a particular certification are offered may be an important policy goal. In other cases, a program may identify a skill area relevant to its target industry that is not supported by existing education programming and may work on activities to address this gap. The education and training environment is often a fundamental driver of a program's ability to equip workers with the skills they need to succeed in the labor market.

CASE EXAMPLE Maine Workforce Alliance and Northstar Alliance Initiative

The marine trades sector is an important source of employment and economic development in the state of Maine. Hundreds of mostly locally owned companies employ thousands of Maine residents to manufacture luxury and wooden boats, composite materials, boat accessories, and other products and services related to the marine trades industry. Like many other industries, Maine marine trades employers

have struggled in recent years to find and retain workers with appropriate skills and competencies. At the same time, many Maine residents are unemployed or underemployed with large numbers dislocated from manufacturing jobs in industries that have largely moved off-shore.

In 2003, the Maine Centers for Women, Work and Community (WWC), a community-based organization housed within and supported by the University of Maine System and other public agencies, collaborated with members of the Maine Workforce Alliance, including the Maine Department of Labor, to help the Maine Marine Trades Association learn more specifically about its member companies' workforce needs. An important part of this learning effort was an employer survey, developed by the Maine labor department and endorsed by the trade association. The survey was conducted by WWC staff (located at 18 college campus and community locations) and state CareerCenter staff, which together were well-positioned to interview employers across the state. Findings from this survey quantified businesses' specific labor shortages in a variety of occupations, as well as employers' perspectives about the high potential for growth and development in the sector. Simultaneous with this employer-based research, the Maine Workforce Alliance (which also includes representatives of the state's community college system) was identifying community college programs that could be enhanced or re-designed to offer training needed by the marine trades industry. Existing occupational skills training programs, such as gas and diesel mechanics, electronics, metal fabrication, and heavy equipment operation, among others, all represent important components in the marine trades. It was not readily apparent how this existing workforce development pipeline connected to specific occupations and employment in marine trades, but it was clear from the information gathered from employers that there was a pressing need to make this connection.

In 2006, the Maine Department of Labor was awarded a $15-million U.S. Department of Labor WIRED grant targeting development in the marine trades sector. The earlier industry needs assessment and the active consortium of actors representing government, industry, education and labor provided a strong platform from which the state competed successfully for the grant and also, importantly, positions the consortium to implement new programming relevant to the industry. The new Northstar Alliance Initiative involves the Maine Department of Economic and Community Development, the Maine Department of Labor, the Maine Marine Trades Association, Maine Built Boats and Maine Composite Alliance industry associations, university and community college systems, and community-based organizations to improve on "four pillars" for development: workforce development, industry-specific research and development, capital investment strategies, and industry-based marketing strategies. The Northstar Alliance Initiative also is aligned with the ongoing Brunswick Naval Air Station Base Realignment and has since leveraged additional U.S. Department of Labor High Growth Initiative resources in the form of community college grants to create a new workforce training program in composite technology. Women, Work and Community remains involved in the Northstar Alliance Initiative as a provider of worker advising services, particularly as regards effective use of Maine's Lifelong Learning Accounts, which are employer-matched savings accounts to finance post-secondary education. WWC also continues its activities designed to attract more women, who are generally under-represented, to the sector. The organization cites its ongoing industry research as important to ensuring that staff has the in-depth knowledge needed to offer informed counseling about marine trades careers and local employment opportunities.

The Northstar Alliance Initiative offers new opportunities and, significantly, new resources for addressing critical skilled labor shortages. It supports ongoing activity involving a wide variety of partners who had already begun working to both align existing, and design new, community college-based and incumbent-worker training

to meet these needs. For example, the community college system has increased the availability of occupational skills training by offering courses at new locations that are proximate to marine trades businesses located in the mid-state coastal region. They are also coordinating off-site classes in a variety of locations that are more convenient for employers and workers. CareerCenters and CBOs such as WWC collaborate to provide individuals with occupational counseling and referrals to new apprenticeship opportunities with marine trades employers. They also work together to develop education plans linked not only with immediate job opportunity, but also with long-term career advancement potential. CareerCenters are also actively recruiting marine trades businesses to participate in the Lifelong Learning Account program. Employees of participating businesses are eligible to establish employer-matched savings accounts for education, and to apply for Northstar Alliance Initiative-sponsored scholarships. In these and other ways, the education and workforce development systems continue to be integrally involved in what has become a much broader state-wide marine trades-based economic development strategy that provides immediate opportunities for Maine residents to prosper and advance, along with the marine trades industry. ▶

Industry Regulation and Stimulation

A third, and admittedly loosely categorized area of policy, relates to the regulation and stimulation of business activity. As discussed in earlier chapters, sector initiatives often find that how an industry is regulated greatly affects both their work and the opportunities available to workers in that industry. As a result, a number of sector initiatives have elected to engage in this realm as well. *ROC-NY* and *Primavera Works,* described in previous chapters, offer examples of organizations that have worked to influence the public policies that shape the practices of businesses in their industry. Others programs, especially in the manufacturing and construction sectors, have advocated for policies that stimulate economic growth in these sectors and provide incentives to hire disadvantaged workers through tools such as land use, tax benefits, and public contracting agreements. *SF Works,* for example, actively supports economic development policies that result in more and better quality jobs for local residents. SF Works and graduates from its biotechnology program testified before the county's Board of Supervisors and are widely credited with tipping the scales in favor of enacted legislation that defers for several years the payroll taxes of bioscience companies, thus, lowering the costs incurred by companies choosing to locate in San Francisco to a level more competitive with surrounding cities.

CASE EXAMPLE Port Jobs

Some sector initiatives also meet worker and industry needs by quickly adapting to changes in policies. In Seattle, Port Jobs responded rapidly to a change in policies affecting their industry that could have had a dramatically negative impact on many of the individuals it had helped to find and keep jobs. Port Jobs is a training and employment agency funded in part by the Port of Seattle, an independent government entity with an elected board of commissioners and separate taxing authority. The Port of Seattle operates both Sea-Tac International Airport and a marine port. As part of its work, Port Jobs runs a one-stop job placement center at the airport — Airport Jobs — which is designed to help entry-level workers find jobs with the wide variety of employers located within Sea-Tac. In fact, Airport Jobs is the primary recruiting mechanism used by many airport employers and the principal source of information for most people seeking employment at Sea-Tac. The airport is a multi-lingual environment that operates 24 hours a day, seven days a week, and comprises more than 100 businesses and 33,000 employees.

Following the Sept. 11 terrorist attacks, the Aviation and Transportation Security Act was passed, resulting in the Transportation Security Administration (TSA) imposing new requirements on baggage screeners, including: a high-school diploma or one year of security-screening experience, English literacy, a background check, and U.S. citizenship. Port Jobs had helped many non-native speakers obtain entry-level jobs as baggage screeners, and while a number of them might meet the other new criteria imposed by TSA, passing the literacy test would be a problem, because they did not have the requisite command of written English. All screeners would have to meet the new requirements almost immediately, because under the new system, all baggage screeners would be employees of the TSA rather than independent contractors. To keep their jobs, baggage screeners would have to meet the TSA's hiring requirements.

Because of their positioning at Sea-Tac, Port Jobs was quickly and keenly aware that a large number of baggage screeners might suddenly be out of work. With the timing for federalizing these positions unclear, Port Jobs worked closely with incumbent baggage screeners to help them meet the additional requirements for completion of their GEDs or application for U.S. citizenship, where possible. A key element of Port Jobs' response was in its partnership with South Seattle Community College. Port Jobs worked with the college to create and offer an English as a Second Language class designed specifically to help applicants with limited English proficiency apply for TSA jobs and pass the TSA English literacy test. Port Jobs staff worked with the local TSA director to monitor results, and found that this collaborative effort helped 400 people — 50 percent of the incumbent screeners assessed by the TSA — to retain their jobs. According to Port Jobs, this experience compares favorably with the 10 to 15 percent retention rates at similar airports across the country.[26] Further, Port Jobs believes this effort was not only beneficial to the workers assisted to retain their jobs, but also to the airport employers, who were able to retain a workforce with valuable airport experience and knowledge. In addition, Port Jobs' partnership with South Seattle Community College has expanded to help jobseekers apply for positions, as well as seek ongoing educational opportunities allowing them to further their careers. ❯

The Port Jobs experience underscores the value of being able to quickly understand the implications of policy changes and respond to them. In particular, it demonstrates that, while it is not always possible to influence policy when it is being formulated, how it is implemented is also extremely important. Having relationships in place at the airport positioned Port Jobs to work with employers and authorities to implement the new policy in ways that benefited both workers and employers.

Expanding Sector Initiatives

The interest of public agencies, particularly at the state level, in sector work has created yet another opportunity for program involvement, and that is to encourage direct funding of sector initiatives. A number of states are blending funding streams to promote sector-oriented workforce development initiatives. These initiatives often have economic development and workforce development goals and may blend funding streams, as well as leverage new money. For example, in Massachusetts, a broad coalition of workforce system stakeholders, including career centers, education providers, employers, labor and community organizations — many of which use a sector approach in their work — worked together to encourage the establishment of a new Workforce Competitiveness Trust Fund, a vehicle explicitly created to fund sector partnerships. The legislature appropriated $11 million for the Fund's first year.

As the Massachusetts example shows, sector initiatives that share their experiences can play a clear role in demonstrating to state legislatures the value of investing in sector work.

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26 Statistics are from Port Jobs 2004 newsletter, *Port Jobs Reports*; available from
   http://www.portjobs.org/articles/pj2004-1-01.htm; Internet.

This kind of policy activity, given that it can lead to increased funding for organizations that house sector initiatives, may be the kind of policy effort that is best approached through membership organizations or coalition work. We describe coalition-building and other approaches to engaging in policy work below.

Engaging in a Policy Discussion

There are a range of ways sector initiatives can engage in policy change efforts. A few have a direct and intentional policy strategy, but many work in partnership with other organizations or in broad coalitions. When queried about activities to influence public policy, quite a few program leaders expressed concern that their funding precludes lobbying of policy makers. While this concern is certainly valid for many organizations, it does not necessarily prohibit an organization from sharing the lessons learned from its experience with policy makers and others, so that policy is informed by the experience of those affected by it. Program leaders need to better understand which activities are "allowable" and can be supported through their existing funding streams so they can share their experiences with those who make or influence policy.

Resources to consult when considering advocacy activities:

Sector programs are often called upon to engage in direct advocacy and lobbying activities. While such activities may, at times, be integral to the efficacy of their work, the means by and extent to which sector programs may engage in the policy-making arena is an area of concern for many workforce professionals. There is a wide range of state and federal laws that govern the advocacy and lobbying activities of nonprofit organizations. And nonprofits often report feeling constrained by or uninformed about IRS guidelines, funding restrictions and procedures for reporting lobbying or campaign-related activities. The following sources provide detailed discussion about the types and amount of advocacy-related activities that a nonprofit organization is legally allowed to undertake:

▸ Funders' guidelines regarding use of funds: http://www.mott.org/toolbox/resources/overview/lobbying.aspx.

▸ Internal Revenue Service guidelines concerning lobbying activities permitted for 501(c)(3) or other tax-exempt organizations: http://www.irs.gov/pub/irs-pdf/p557.pdf, http://www.irs.gov/charities/charitable/article/0,,id=120703,00.html, http://www.irs.gov/charities/charitable/article/0,,id=120703,00.html and/or http://www.irs.gov/pub/irs-tege/eotopicp97.pdf.

▸ Applicable disclosure requirements for lobbying activities, e.g., the federal Lobbying Disclosure Act of 1995 (LDA). For U.S. Senate guidelines, see http://www.senate.gov/legislative/common/briefing/lobby_disc_briefing.hmt. For House of Representatives guidelines, see http://lobbyingdisclosure.house.gov/lda_guide.html.

▸ The Alliance for Justice, a national association for advocacy organizations, provides information on advocacy, lobbying and campaigning for nonprofits through workshops and various publications. For more information, see http://www.allianceforjustice.org.

Note: *The information provided here is general legal information and should not be construed as legal advice to be applied to any specific factual situation. If necessary, please consider consulting an attorney for advice relating to a specific concern or situation.*

Working In Coalitions

A number of organizations noted that they are interested in influencing public policy, but for a number of reasons they do not feel well-positioned to make policy efforts a key part of their work. For example, some programs cited specific restrictions on policy work included in funding agreements; others noted board members' concerns that might prevent them from developing an assertive approach to public policy; and still others felt that they were not knowledgeable enough about the policy process. Many programs are unsure about what they are allowed to do legally in the realm of policy work and, therefore, take a cautious approach. For many of these program leaders, a low-profile approach to policy work was most comfortable. Several sector leaders interviewed had participated in ad hoc coalitions, membership organizations, or other collaborative efforts that communicate with policy makers. These coalitions offered a means by which program leaders could raise awareness of how policies affect their work without requiring sophisticated knowledge of the policy process or investment in programmatic capacity to move a policy agenda.

Membership organizations, whether national or regional, can provide a convenient way to participate in policy discussions. Membership organizations regularly provide program leaders with information about policy actions and trends that may be important to their work. Active participation, in turn, can guide membership organizations regarding the policy issues that are most important to follow. Organizations that feel constrained in sharing their experience with policy makers directly may find that sharing such information with a national, state or local association provides an opportunity to participate in policy discussions that can influence their work.

Choosing a membership organization with which to affiliate, depends largely on the policy issues that are most important to a sector initiative's work. For example, an organization concerned with issues in the nursing home industry may be interested in working with the American Health Care Association or the American Association of Homes and Services for the Aging, both of which are national "trade associations" of long-term care facilities that have invested in workforce solutions. A national group of sector programs working on promoting employment opportunities for women in the trades have joined together to create *Tradeswomen Now and Tomorrow* (TNT), a membership organization that attempts to address federal policy issues that commonly impact their work. TNT, which is housed at Chicago Women in the Trades, provides a unified voice for many small organizations to advocate for public funding for non-traditional jobs programs for women; establish and support enforcement mechanisms that open job opportunities for women in male-dominated careers; and support the development of local programs to provide access and improve job quality for women working in the building and other related trades. In other cases, the type of organization in which a sector initiative is housed might encourage affiliation. For example, the *National Council for Workforce Education,* an affiliate of the American Association of Community Colleges, works with workforce and economic development efforts housed within the community college system and is active in advocating before federal and state legislatures regarding appropriate policies for these institutions.

Two national membership organizations that may be of interest to a wide range of sectoral workforce development professionals are the *National Network of Sector Partners* (NNSP) and *The Workforce Alliance* (TWA). NNSP is a membership organization for sector initiatives and their supporters.[27] Developing funding for sector initiatives, increasing the extent to which public agencies work together to support sector initiatives, and developing other kinds of policy support is a large part of NNSP's work. The organization is particularly active in state policy work and, as previously mentioned, is collaborating with the National Governors Association on a state policy initiative to encourage sector-focused state policies.

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[27] For more information, see http://www.nedlc.org/nnsp; Internet.

NNSP also works with sector initiatives and other stakeholders on developing supportive state policy. In 2006, NNSP helped obtain funding to support state sector initiatives in Louisiana. In Ohio, NNSP worked to catalyze the Ohio Sector Strategies Group, an alliance of sector initiatives that has helped to raise the new governor's awareness of sector initiatives. NNSP also has worked on policy efforts with sector initiatives in other states, including Arkansas, Minnesota, Mississippi and Pennsylvania.

The Workforce Alliance, as its name suggests, focuses largely on workforce policy, bringing together a range of stakeholders mirroring the diversity found in many sectoral initiatives (i.e., CBOs, colleges, business and labor leaders, and workforce system representatives). TWA keeps these local alliances informed about policy issues through e-mail and conference-call updates, and invites them to participate in meetings with members of Congress both in Washington and back in-district to raise federal policy makers' awareness of workforce challenges. TWA also has supported a number of statewide coalitions working not only on state education and training policies, but also on how states think about workforce investment as a component of state economic development. Examples include the Iowa Works Campaign and the California EDGE (Education, Diversity and Growth in the Economy) Campaign, both of which have been led by stakeholders that include sectoral workforce professionals. Recommendations from the campaigns have included expanding state-sponsored sectoral and career pathways efforts and using sectoral approaches as an element in training under-employed people for new jobs created by transportation infrastructure projects.

Joining a formal organization is, of course, not the only option for working in a coalition on a policy agenda. Ad hoc coalitions may form to address a key policy concern. The work of San Francisco Works (described previously), in which a range of actors came together temporarily to address a specific policy issue, is a good example of this kind of effort.

Opening a Conversation

To begin a policy discussion, it is important to find an appropriate channel through which to reach policy makers, regulators or others active on the issue. Sector leaders described a number of ways they make information available to policy makers, including direct outreach, as well as making presentations at state or regional events likely to draw a policy audience. One organization described hosting occasional discussion forums in which a particular policy issue might be the topic of conversation. A broad range of stakeholders are invited to participate, including policy makers, and in this way, the organization is able to raise awareness regarding how particular policies might affect workers. Several organizations noted that, over time, such activities have led to invitations to participate on advisory committees or other groups relevant to key policy issues. That is, their experience and expertise become more recognized, opening opportunities for the sector leader to influence the shape of policies and regulations. All respondents noted, however, that these activities can be very time-consuming, and that they must be very selective in deciding where to spend their time. Several respondents noted that participating in advisory groups or other policy-related efforts was not specifically funded and that, given limited staff resources, such involvement meant working extra hours and sacrificing personal time.

CASE EXAMPLE **Boston Private Industry Council (PIC)**

The Boston Private Industry Council (PIC) was founded in 1979 as a business-led organization that partners with education, labor, government and the community to develop a better workforce. Today the Boston PIC serves as the home of both the Workforce Investment Board and the Boston Compact, a multi-faceted school reform initiative. While not all of their work involves sectoral employment initiatives, the Boston PIC has spearheaded several sectoral initiatives, targeting financial services and

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health care. In talking about its policy work, the Boston PIC described a range of ways in which it both learns from its experience and that of its grantees about how various policies might influence their work, and then communicates relevant information to the state legislature for consideration.

Each year, the PIC creates a concise, easy-to-read piece summarizing the services provided. This piece, developed in partnership with the Mayor's Office of Jobs and Community Services, is circulated to the legislative delegation and serves as the basis for any needed follow-up conversation. In one case, the Boston PIC found this format helpful to demonstrate the struggle it was having with a new policy that resulted in a substantial increase in customers at the career center. Under the policy, individuals collecting unemployment insurance who were defined as permanently separated from their previous job were required to participate in an orientation at one of the career centers to receive their benefits. The policy was designed to encourage the unemployed to actively seek work. However, it caused a significant increase in the demand for services at career centers, without providing funds to cover the additional expenses involved. By documenting the impact, highlighting this issue in the context of the annual legislative brief, and convening other workforce boards and administrative entities around the state to do the same, the Boston PIC and the Mayor's Office of Jobs and Community Services successfully advocated for an increase in funding for the career centers.[28]

The Boston PIC has opportunities to learn about how policies affect service delivery and outcomes for workers not only through its career centers, but also through local service providers, which are largely community-based organizations. The Boston PIC and the Mayor's Office of Jobs and Community Services convene a workforce advisory group made up of adult education, skills training, and youth-serving organizations involved in employment and training, many of whom are or have been Workforce Investment Act vendors. They gather the group periodically to discuss activities at the state or city level with respect to policy, and to learn about the group's experiences. In this way, they can surface issues that local providers would like them to raise. For example, staff notes that, from this group, it learned that most providers felt that criminal background reports on clients contained too much old or extraneous information, resulting in reports that looked alarming to employers, even when only minor infractions were involved. Raising an issue like this is often the first step in spurring corrective action. ❯

Taking the Lead

A number of organizations described their work in shaping public policy as mission-critical. They view the policy arena as a way to create opportunities for their worker constituency on a much broader level than they could ever do on their own. The work of Primavera Services and the Center for Southwest Integrity described in the *Working with Business* chapter is a good example of this philosophy. While Primavera created a business model that provided a better work situation for its employees than a typical day-labor company, that did not change the conditions under which most individuals in the industry worked. Since Primavera's mission is to improve the lives of the homeless — and many of those employed by day-labor companies are homeless — the organization had a strong mission-interest in improving working conditions in the industry more broadly. Other organizations also noted a strong mission-interest in pursuing policy change, and cited a wide range of policies that could be pursued to open opportunity to low-income workers.

Organizations that take the lead on a policy initiative have a specific goal they are trying to achieve. They work to make the case for their goal and to develop allies in a variety of arenas who will join in helping to achieve the goal. This work requires highlighting an issue, articulating a vision for addressing the issue, and persuading other stakeholders to share this vision. Playing this agenda-setting role requires a recognized expertise, as described above,

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[28] To see an example of the summary information sheets of the Boston PIC, see http://www.bostonpic.org/about/FY03CareerCentersReport.pdf; Internet.

but it also is likely to require other competencies, such as coalition-building and persuasion skill, as well as a greater overall organizational investment.

CASE EXAMPLE **Southern Good Faith Fund**

The mission of the Southern Good Faith Fund (SGFF) is to "increase the incomes and assets of low-income and low-skilled residents of the Delta in Arkansas and Mississippi."[29] The organization pursues this mission by offering a range of programs, including sector-focused career pathway programs in nursing and allied health, as well as education. The Fund also operates a Public Policy program which "conducts research and applies the knowledge and experience of other SGFF programs to develop and advocate for public policy change."

The president of the Fund notes that it embarked on policy work to more efficiently pursue its mission. Policy activities help the organization leverage the work of its programs in order to meet the needs of more people. For example, the Fund worked with the Southeast Arkansas College to develop an innovative career pathways program in health care that allowed for greater participation by low-income residents. The Fund worked collaboratively with the college to design the program and appropriate curricula for the targeted students. The Fund then was able to reach out to its constituency to bring them into the new program and provide support in the process. During the early phases of the work, an opportunity arose to expand this approach to career pathways throughout Arkansas. Recognizing that many low-income people in the state needed better opportunities to build skills in order to find better jobs, the Fund's policy staff seized the opportunity. Based on its on-going work, the Fund had credibility with the state legislature and the executive branch to advocate for extending the approach statewide, and its experience helped it propose specific details that would facilitate the participation and success of low-income adults in the program. Importantly, the Fund not only encouraged the state to fund and support career pathways models, but it also provided key experience in how the programs should operate.

The Fund understands the importance of building and maintaining strong working relationships with a number of partners, both in its programmatic work and in its policy work. It has worked with colleges to implement career pathways programs, rather than create new programs it runs alone. This stance not only helped the organization maintain positive working relationships with the colleges, but also positioned it to spread the approach to other colleges. At present, the Fund has a state grant to provide technical assistance to community colleges participating in the state's career pathways program. With this support, the Fund has had the resources to work with colleges to implement the programs in ways that ensure low-income students can access and succeed in school.

While the Fund played an active part in Arkansas' approach to career pathways, in other policy areas, it may choose to play only a supporting role. For example, when approached about participating in a campaign to raise the state's minimum wage, the organization expressed support for the campaign, recognizing that many of its constituents struggle on low wages and that raising the minimum wage would be beneficial. Still, the issue was not core to its programmatic work, and other organizations could take the lead role in advancing such a policy. Nonetheless, the issue met the organization's basic criteria for working on policy issues: that advancing the policy helps advance its mission of increasing the income and assets of low-income Delta residents.

At present, the Fund's policy work is supported primarily by philanthropy, although a state grant to provide technical assistance also supports the policy staff. Staff notes that very little of its policy work involves lobbying. Staff spends extensive time conducting research, developing relationships, engaging other spokespeople, and providing technical assistance. The organization's leadership feels strongly that policy work is critical to leveraging the impact of its programmatic work, and is fundamental to the mission of the organization. ❯

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[29] See http://www.southerngoodfaithfund.org/about/index.html; Internet.

While Southern Good Faith Fund has a dedicated policy department, many other programs have found other ways to engage in policy discussions. Some organizations, such as NLEN, have developed a sufficiently high profile within their region or on specific issues that they are invited to participate in policy task forces and other advisory efforts. Other organizations, such as the Maine Centers for Women, Work and Community, band together with colleagues from other organizations to address specific issues as they arise.

Many program leaders discussed the process of influencing public policy not as a one-time event, but rather as intentionally cultivating relationships and regularly communicating about program experiences and outcomes. Further, program leaders noted that the passage of legislation in itself may not be sufficient to achieve a particular goal. For example, Southern Good Faith Fund found that its technical assistance work with community and technical colleges was important to helping those institutions understand how they were supposed to implement the new policy.

Leaders of sector programs who were active on policy issues repeatedly pointed out in conversations that their program experience adds to their credibility and provides perspective they can share in policy debates. It is important to note, however, that these leaders were able to convey the experience of their programs through a variety of means. They could tell stories about specific individuals who had benefited from their work, and they could present statistics on the outcomes of their work. Being able to bring data as well as stories to the table helped these leaders maintain credibility and be persuasive.

Summary

Creating policy change is an important part of the work of many sector initiatives. First, it is their approach to achieving the systems change goals that is important to their mission. Many of the policy changes outlined here relate to systems change goals described in other chapters, such as changing business practice or changing approaches to education and training. Policy change, as noted throughout this publication, is not the only way to achieve these goals, but it is a distinct approach in that it requires interaction with a range of players beyond the educators or business leaders who are directly involved in a sector initiative. Policy change, however, can be important not only because it influences other systems, but also because it can create new synergies among public funding streams that can positively contribute to the achievement of a sector initiative's mission.

SUMMARY POINTS: Public Policy and Sector Practices

▶ A wide range of policies may be relevant to sector work. Policies specific to a sector initiative's industry, target population, or funding streams are all areas of keen interest. Given limited time and resources, leaders must intentionally decide which policy arena is most important to the goals of their initiative.

▶ Programs work on many aspects of the policy process, including educating legislators to encourage appropriate policies, working with regulators and other administrators to ensure that policies are properly implemented or enforced, and providing technical assistance to other organizations to help them appropriately carry out a new policy.

▶ There are many ways organizations can communicate with policy makers about their work and experience. Organizations need to find the approach that works best for their own institutional setting, funding structure, and goals.

▶ Organizations that are inexperienced with the policy process may find participating in a membership organization to be a useful first step.

Conclusion

A s a practical matter, designing workforce development services in the context of a specific segment of a regional economy makes sense. By targeting an industry sector, initiative leaders can focus on achieving in-depth understanding about employer needs and how to meet them. Importantly, it also can reveal avenues for engaging business as partners in crafting solutions to workforce problems. At the same time, viewing an industry sector from a low-income worker's perspective provides an important lens through which to understand the nature of work in an industry — the quality of economic opportunity it offers, what it requires for success, and whether it needs and/or offers opportunities for improving job quality.

Nationally, a range of policy options must be considered to respond to the economic challenges associated with globalization, technological change, persistent poverty, and widening income inequality. Though designed and implemented from a regional perspective, sector strategies can be an effective part of this mix. Sector strategies work with the resources and challenges present in their targeted industry's labor market area and offer a practical and more immediate approach for helping low-income individuals connect to better opportunities and for promoting strong regional economies. Given skill and wage gaps that exist in almost all communities across the U.S., it is valuable to consider sector workforce development strategies as a complement to economic development investments.

A Decade of Accomplishment

During the past decade, the sector field has grown in terms of: numbers of programs, strength and diversity of practice, and underlying knowledge base. In particular, we have witnessed the following important developments:

Growth and Diversity in the Field

▶ While 10 years ago, sector strategies relied primarily on philanthropic funds, they now receive support from federal, state and local government initiatives specifically designed to support the approach. According to the National Governors Association, 11 states are engaged in work involving sector strategies. At the federal level, a small demonstration designed to support sector work launched by the U.S. DOL in the late 1990s employed principles of the approach that later influenced a wide range of federal funding initiatives.

▶ While 10 years ago, research found a few dozen organizations involved in sector work and targeting a handful of industries, a recent survey of workforce development organizations garnered responses from 227 organizations targeting approximately 20 industries.

▸ While 10 years ago, sector initiatives were most commonly found operating in nonprofit, community-based agencies, today community colleges, Workforce Investment Boards, labor-management partnerships, business associations, and other agencies play important and active roles in implementing the approach.

Demonstrated Outcomes of the Work

Initial interest in the sector strategy among philanthropic sponsors focused on the potential it held for low-income workers to get better jobs, but little evidence was available to support that belief. Today, two independent longitudinal surveys of participants of sector initiatives have documented improved economic outcomes. Findings include:

▸ **Participants earned higher incomes.** Two independent surveys documented increases in median annual earnings of more than $8,300 among working participants in sector programs.

▸ **Participants worked more consistently.** Both surveys also documented substantial increases in the proportion of survey respondents who worked consistently following their participation in a sector initiative.

▸ **Participants' jobs were higher quality.** Both surveys documented marked increases in the access working participants had to benefits through their jobs, including health insurance, paid leave and pension benefits.

Improving the economic fortunes of low-income workers is an important part of the mission and purpose of many sector initiatives, but most initiatives have their eye on other goals as well. As discussed, quite a few are looking to support economic development goals and to help their business customers compete effectively. Others, particularly in human services areas such as health care and child care, are looking to help employers improve the quality of the services they offer to their customers. As such, measuring outcomes of sector initiatives with respect to how they help employers achieve their goals is a growing area of interest. Given the wide range of employers with which sector initiatives work and the unique characteristics and challenges of these employers, aggregating outcomes across a large number of employers is difficult. Nonetheless, a small number of sector initiatives are beginning to document evidence of specific cost savings, productivity enhancement, or other benefits of their services for their employer customers. This area of work, in addition to helping more fully capture the range of outcomes accruing from sector initiatives, also has the potential to both help programs more clearly align their services to industry needs and improve individual program's and the larger field's ability to build a supporting constituency among business communities.

While we know much more now about the outcomes of sector work than we did a decade ago, as discussed below, more work remains in this area.

Growth in Program Knowledge and Capacity

As the sector field rides momentum to its next stage of development, it is clearly important to acknowledge tremendous progress achieved not only by individual initiatives, but also by the investing institutions that have supported them. Important national foundations, such as the Annie E. Casey Foundation, the Charles Stewart Mott Foundation and the Ford Foundation have played critical roles in supporting the development of innovative sector initiatives that have led the way in the development of the field. Program officers from these institutions not only have provided needed resources for implementation, but also actively supported the institutional learning and capacity-building that has been critical to the field's growth. They

have taken risks on new program approaches and broadly shared with the field what they have learned. The Annie E. Casey Foundation's efforts to engage a broad audience through events, publications, electronic communications and other outreach is a good example of how lessons learned have been shared.

Local and regional foundations in many communities also have played important roles in building capacity for sector initiatives. The Boston Foundation, for example, has played a key role in supporting sector work in the Boston area, not only providing initiatives with important support, but also helping link programs with policy makers in order to more fully and strategically engage public sector resources in the work. And as mentioned above, the public sector at federal, state and local levels is also now actively supporting sector work. A number of state initiatives, such as those in Pennsylvania and Michigan, have provided resources not only to plan and implement new sector initiatives, but also to support learning among the leaders of sector initiatives in order to improve program capacity and effectiveness. Clearly, there is currently great opportunity for the field to build on and leverage these accomplishments.

Building on Momentum

The past decade has seen great improvements in the institutional capacity, programmatic leadership, and key competencies among both sector initiatives and the public and private investing agencies that support them. But it is also important to recognize that a few key challenges need to be addressed to ensure that growing momentum results in continuing development of strong initiatives that achieve positive results for workers and contribute to vibrant regional economies.

Serving Low-Income Workers

Sector strategies for low-income workers seek to address the specific challenges that economically disadvantaged groups face today. As we see low-income and unemployed workers being left behind by economic changes and new technologies, it makes sense to develop strategies that are guided by these workers' specific needs and connect them to viable employment opportunities. But the circumstances of all low-income workers are not the same and many face substantial barriers to improving their skills and accessing better jobs.

In some cases, low-income workers need help coordinating and obtaining resources to support them while in training and transitioning to employment. Obtaining publicly funded supportive services can be complicated and often frustrating, but appropriate services can make a substantial difference in the ability of low-income individuals to persevere in training and transition successfully to work. By focusing on or partnering with actors in the public and private social services systems, sector initiatives can help clarify and streamline access and uptake of benefits that support participant success. This is an area of work that will also need the coordinated support and attention of a range of public- and private-sector human service delivery and policy-setting agencies. It may be an area in which philanthropy can play a vital role.

Sector leaders who learn from employers as well as workers about barriers that keep employees from obtaining, retaining and advancing in employment have a solid foundation upon which to design their strategy for helping low-income workers. To succeed, participants need training that is informed by, modeled on, and directly related to workplace skill requirements as well as industry workplace expectations and culture. Education and training services offered by sector initiatives must be credible to and recognized by local employers. To have greatest impact, skills training must lead to industry-recognized credentials and lay a foundation for participants to continue their education.

At the same time, sector initiatives must have credibility with the low-income population they plan to serve. Many sector initiatives are housed within organizations that have traditionally served a specific population, and they build their sector initiative into a wider set of services designed to meet the needs of this constituency. A growing number of sector initiatives, however, are housed within organizations that view business as their primary constituency or have a mandate to provide services to all citizens within their region. Organizations that lack experience working with the specific low-income groups that sector strategies can benefit the most must make a concerted effort to understand the needs of disadvantaged population groups and develop strategies that address them.

Building Organizational Capacity

Sector initiatives are complex. Leaders and staff need knowledge in a diverse range of areas, including industry practices and trends, training designs and pedagogic techniques, and social service systems and resources. Initiatives need strong leaders who can build partnerships and who have creativity and the ability to adapt to changing circumstances. Building capacity in the field often requires encouraging and educating the leaders of public, nonprofit and educational institutions involved in sector initiatives to think differently about their work. And while public and philanthropic investors in sector work have actively supported enhanced programmatic capacity in the field, more remains to be done.

Investors in sector strategies have made much progress in terms of acknowledging, identifying, and working to address and support the learning needs of practitioners. For example, through Workforce3One.org, the U.S. Department of Labor's Employment and Training Administration publishes examples of industry-specific strategies and tools, and frequently conducts Webinars on a wide range of topics that are relevant to sector practitioners. Nonetheless, initiative leaders frequently note that they feel they must "re-invent the wheel" in their work. To ensure high-quality training, sector leaders need opportunities both to gain more in-depth knowledge about their target industry and to learn from their peers via ongoing forums where experiences and tools can be exchanged and relationships built.

Monitoring and Communicating Results

A third challenge for sector initiatives is monitoring and communicating about ongoing activities and results. As mentioned above, progress has been made in this area, particularly with respect to worker outcomes, but value from effective initiatives accrues in other areas as well. For example:

▸ Businesses report reduced costs as a result of hiring new workers from sector programs they have played an active role in designing;

▸ Supervisor training that improves communication between, for example, nurse aides and their managers in a health care facility may improve retention and motivation among aides, positively influencing the quality of patient care;

▸ A pre-apprenticeship training program, for example, that increases participation by low-income and minority workers, can help construction contractors comply with community benefit agreements, and result in progress toward achieving important societal goals;

▸ Improvements to a local education and workforce development system may result in benefits to community residents beyond a sector initiative's participants, for example, by providing new education opportunities for local residents or by increasing the overall quality and size of a region's skilled labor pool.

The custom nature of individual sector initiatives adds to the challenge of naming, measuring and communicating about results. Because sector initiatives operate in distinct industries, institutional settings, and regions and with different worker populations, not only do their resources and operating strategies vary, but also the outcomes toward which they are working can be distinct. This mix of goals within an initiative and the variety of goals across initiatives creates challenges not only for individual programs, but also for public and philanthropic investors seeking to describe the overall results of a sector employment funding initiative.

Adding to that complexity is that programs seeking to create what we describe in this publication as "systems change" are not likely to be able to demonstrate outcomes that can be tracked in a database. Yet, these efforts are often key contributions of a sector initiative, and they should be documented. All of which argues for investors to encourage program reporting that identifies and describes a range of activities and outcomes, both small- and large-scale and including both qualitative and quantitative data that document a program's effectiveness.

Equally important, investors in sector strategies should encourage program leaders and provide them with technical and financial resources sufficient to develop effective management information systems. Performance information is critical to understanding short-term and long-term results, and should be used to inform internal program service design, capacity building, and overall program planning. The challenges that programs face in this area cannot be over-stated. Program leaders and staff need tools and training to help them compile and use a variety of data, both to guide their ongoing work and to report their results.

Financing Sector Work

In the past few years, the financing landscape for sector initiatives has changed dramatically. A large number of states have launched new sector funding initiatives, and the U.S. Department of Labor has funded a number of new and existing initiatives through the High Growth Job Training Initiative, Workforce Innovation in Regional Economic Development Initiative, and Community-Based Job Training Initiative programs. A new National Fund for Workforce Solutions that aims to create regional funding collaboratives will provide matching funds for regionally funded sector initiatives. And there is an on-going effort to provide consistent funding for sector strategies by explicitly including them and identifying a funding stream for them as part of the re-authorization of the Workforce Investment Act.

Investors increasingly recognize that sector initiatives need to develop deep industry knowledge and to cultivate important relationships, which require resources. Indeed, many initiatives rely on partnerships between multiple institutions (e.g., educational institutions, human service providers, businesses and others) to create the overall package of services that make up a sector strategy. Moreover, the resources that each entity brings to an initiative are often critical to overall success. And although flexible money for coalition-building and planning has been provided as a significant part of a number of publicly and privately funded sector funding programs, securing financing for the variety of components that make up most individual initiatives' strategies remains problematic. In addition to ensuring that various vital services are adequately funded, program leaders also must juggle multiple funding sources that may come and go over time. Incumbent-worker training, pre-employment training, case management and supportive services, and technical assistance services to businesses are typically funded by different sources. Program leaders often report that they experience service interruptions or are unable to fulfill commitments to businesses and/or trainees when funding for one program component ends and they are unable to replace it, or when they are unable to obtain funding for some service components. Securing the stable funding necessary to provide the full array of services delivered by multiple entities is clearly a challenge for

the sector field going forward, and an area where current and new funders could make an important contribution.

At the same time, sector initiatives should carefully consider the range of constituencies that derive some benefit from their work and seek reasonable contributions from them as part of a sustainability strategy. For example, a few sector leaders described trying to balance their resource base among employers, philanthropic grants, and public contracts roughly in proportion to their perception of these entities' direct interests in the outcomes of their initiatives' work. Many sector leaders described growing the proportion of funding they receive directly from business through placement fees, technical assistance fees, or other services. Regardless of the particulars, developing a diverse funding structure is a prudent course of action for programs.

Looking Ahead

One need not look far to see clear evidence that the sector concept resonates in today's socio-economic and demographic context. We have seen a marked increase in the adoption of sector strategies during the past decade. We have seen sector projects spring up in a wide range of institutional settings. And we have seen interest, initiatives and supportive policies emanating from federal, state and municipal governments.

While we can point to many past accomplishments, it is important going forward to maintain a clear vision of how this strategy can be utilized, most especially, on behalf of low-income and economically at-risk workers. Certainly sector initiatives can benefit workers at all levels of the income spectrum, as well as business and other interests, but there is a compelling case for giving special attention to economically disadvantaged workers. In today's economy, skills command a premium. Yet, typically when businesses offer employees skill-building opportunities, the least likely workers to benefit are those who earn low wages, hold minimal skills, or occupy entry-level positions. Thus, as the field advances to the next stage of development, we see the need to keep a clear and steady focus on sector initiatives geared toward the development of low-income workers. Moreover, when public and philanthropic entities provide support for sector initiatives focused on these workers, they run little risk of displacing private investment in skills building, but instead fill an important need in the low-wage labor market for learning and advancement opportunities.

As a nation, we face critical and growing shortages of skilled workers across many industry sectors. At the same time, we have a large and growing number of individuals who, if provided with a viable opportunity to build their skills, could fill these gaps. Sector initiatives at their strongest and best can help workers increase the value they bring to employers, encourage the inclusion and advancement of low-income and minority groups in important segments of regional economies, and simultaneously help strengthen the competitiveness of business. Surely such initiatives — which make an important contribution to addressing both business and societal challenges — offer a sound approach to some of our most pressing workforce problems.

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"In communities across the country, there are workforce and economic development strategies focused on specific and important industries that are making a significant difference in the lives of workers, the competitiveness of businesses and the vitality of regional economies. This publication helps readers gain a clear understanding of this 'sector' concept, the various ways it can be implemented and the value it holds for workers and their employers."

– NANCY MILLS, *Executive Director,*
AFL-CIO Working for America Institute

"Those of us whose daily work focuses on ensuring that low-income workers have good opportunities to participate and advance in the workforce, are pleased to see the broad spread of sector practices throughout the country. This publication does a superb job of describing the growth and accomplishments of the sector field, especially the richness and diversity of sector strategies in practice. Practitioners, policy makers and others will find much that is instructive within these pages."

– MARY PEÑA, *Executive Director,*
Project QUEST

By integrating sector strategies into Chicago's workforce development system over the past few years, we've been able to create a workforce that meets the needs of competitive business through opening opportunities to residents who face barriers to employment. This publication is a valuable resource for all of us who are working to use sector strategies to develop more effective workforce systems.

– **David K. Hanson,** *Commissioner,*
City of Chicago Mayor's Office of Workforce
Development