

Policy Points

Good Faith Fund

Volume 17

August 2002

Meeting the Needs of Employers and Workers Through Sectoral Employment Strategies

In a recent report, *The Workforce Investment Act in Arkansas: An Assessment of Performance and a Vision for the Future*, the Good Faith Fund presented an analysis of how well the Workforce Investment Act (WIA) system is meeting the needs of employers and workers and made a series of recommendations for how to better serve those two populations. One of the report's recommendations is to encourage the use of sectoral employment strategies as one way to better link workforce training to the specific workforce skill needs of employers. Creating this link was a major theme of the report because it is key to providing effective workforce training that benefits both employers and workers. The purpose of this report is to provide more information on such strategies including descriptions of and outcomes for existing programs around the country.

Sectoral Employment Strategies

Sectoral employment strategies arose in the mid 1990s as a way to simultaneously meet the needs of both employers and low-skilled, low-income workers through a deep understanding and knowledge of both the demand (employer) and supply (worker) sides of the labor market. On the demand side, sectoral strategies identify specific demand occupations in local industry sectors, the specific skill requirements of those occupations, and the career opportunities connected to those occupations. On the supply side, sectoral strategies identify the specific skill needs of workers and any other barriers they may face in succeeding at employment. In short, sectoral strategies work directly with local employers and workers to understand, meet, and match their particular workforce needs.

There are four key principles found across sectoral strategies:

1. Target a particular occupation or set of occupations within an industry sector—Sectoral strategies target a specific occupation or set of occupations within an industry based on 1) the growth potential of the sector, 2) the demand for labor in rewarding occupations in that sector, and 3) the career ladder potential of such occupations. Some initiatives target low-wage jobs that serve as entry points into the labor market for low-skilled individuals and that can be restructured to become better jobs or to serve as the first step on the career ladder to better jobs. Other initiatives target jobs that pay well and work to increase access to these jobs for low-income individuals. Still other initiatives work to create new jobs within the industry.

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2. Develop deep employer relationships and become a valued participant within the industry sector—In order to be effective, sectoral strategies have to understand the industry within which they are working. Labor market conditions change as the economy changes. Sectoral programs need to be aware of what is happening so they can respond to these changes and be proactive where possible. Successful programs develop strong and deep relationships with local employers that help them stay connected to industry so they can have access to this information. This information helps them to be responsive to employer needs, which helps those employers to improve their outcomes and ultimately their bottom line.

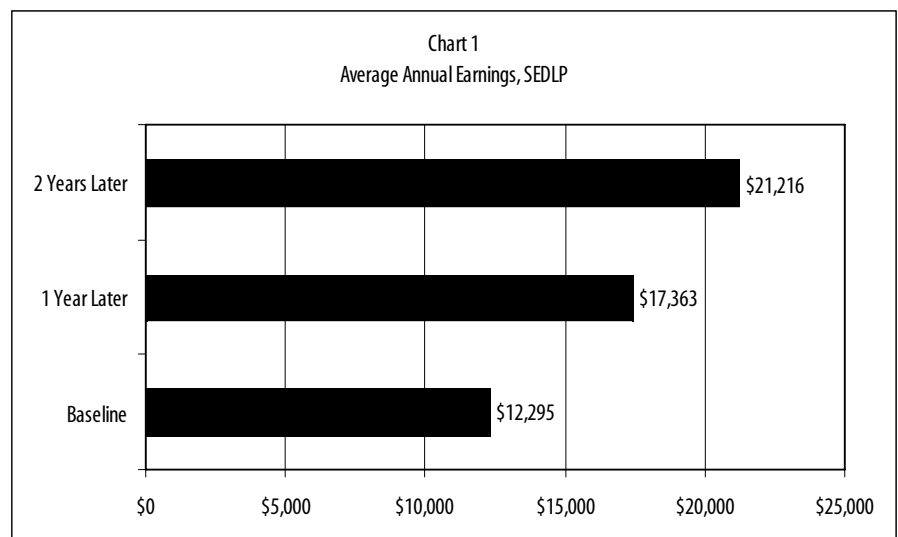
3. Excel at leveraging employment opportunities for low-income individuals—Many training initiatives target industry, set skill standards, or work to help employers solve skill shortages. Sectoral strategies do all of these things, but they also place a priority on connecting low-income, low-skilled individuals with employment opportunities. The programs are designed to meet the specific needs of these individuals, both in terms of the way that the training is designed and in terms of the provision of and/or connections to supportive services such as child care, transportation, and soft-skills training that help the individuals to complete the training and to find and retain employment. The relationships with employers also open up job opportunities to low-income workers that employers traditionally did not make available to them and help the employers to understand and address the barriers that the workers have. Most sectoral strategies have been designed with low-income individuals in mind, but the lessons learned from these strategies can apply across the board to the broader population.

4. Work toward creating systemic changes that benefit employers and low-income job seekers—Sectoral employment strategies collaborate with others, including employers, community organizations, community colleges, state agencies, and legislators to improve the systems that affect training, recruitment, hiring, compensation, job retention, and promotion within an industry. Sectoral strategies are effective at making systemic changes because they take a holistic view of what is needed to get people ready to be successful at employment and to advance their careers. They understand that is not just about job training—that it means addressing needs for supportive services, connecting adult education and job training, and finding other ways to connect the various systems that support workers and employers. Systemic changes can include more effective expenditures of existing funding, implementing best practices, and better linking various programs and funding sources to make them more efficient and effective.¹

Outcomes of Sectoral Employment Strategies

A recently released report shows impressive outcomes for six different sectoral employment strategies: Asian Neighborhood Design in San Francisco, Garment Industry Development Corporation in New York, Focus: HOPE in Detroit, Jane Addams Resource Corporation in Chicago, Paraprofessional Healthcare Institute in Bronx, NY, and Project QUEST in San Antonio, TX.

Average annual earnings for participants in these programs increased 73% over the first two years after graduating from the program. As chart 1 shows, average annual earnings were \$12,295 for those participants who were working the year before entering the program. One year down the road, average annual earnings were \$17,363, and at the two-year point they were \$21,216. The site with the largest increase in earnings was Project QUEST which had a 364% increase from \$5367 in the baseline year to \$24,907 two years later.

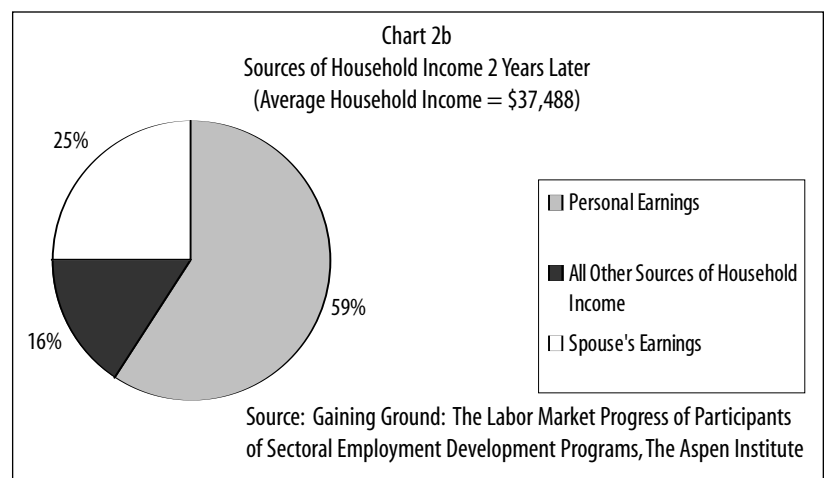
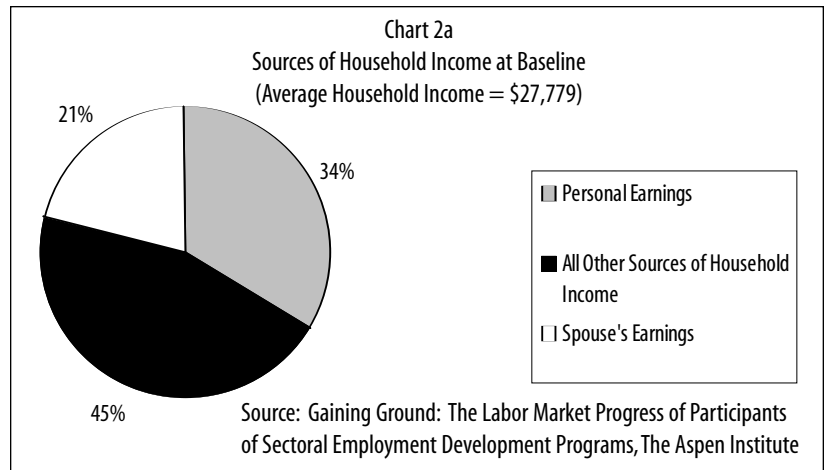


Source: Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs, The Aspen Institute

Hourly earnings also increased considerably, indicating that the increase in earnings was reflective of an actual increase in wages and not just an increase in hours worked. Average hourly earnings across all sites increased from \$8.63 in the baseline year to \$11.32 two years down the road.

The number of hours worked also increased, reflecting an improvement in the quality of the jobs held by participants. During the baseline year, 32% of participants worked year-round at their jobs. At the one-year mark, 59% worked year-round, and 70% did at the two-year mark.

Another indicator of the success of these programs for low-income individuals is the increasing reliance on these earnings, and a decreasing reliance on government assistance, for meeting household needs. As chart 2a shows, in the baseline year, personal earnings made up 34% of household income. At the two-year mark, as chart 2b shows, personal earnings had increased to 59% of household income. At the same time, all other sources of household income, which includes Food Stamps, WIC, TANF, child care subsidies, public housing assistance, unemployment insurance, and child support, decreased over the time period. These other sources made up 45% of household income in the baseline year and 16% of household income two years later.²



Project QUEST

Project QUEST (Quality Employment Through Skills Training) was one of the six sectoral programs covered by the study described above. QUEST was founded in San Antonio, TX in 1992. As the economy of San Antonio began to switch from manufacturing to service and technology-driven industries, QUEST chose to target three industry sectors: 1) health services, 2) business systems/information technology, and 3) maintenance, repair, and overhaul. QUEST provides tuition subsidies and support services to low-income San Antonio residents while they are enrolled in two-year associate's degree and one-year certificate programs at local community colleges. QUEST supports only those degrees that are in demand and that offer family-supporting wages.

QUEST has helped more than 1200 economically disadvantaged individuals to prepare for careers, self-sufficiency, and a better life. To qualify for the program, an individual must have an income of less than 50% of the city's median income. The majority (70%) of participants are Hispanic, 75% are women, 50% receive some sort of public assistance, and almost 80% were unemployed at some point during the year they applied to the program.

QUEST plays a *brokering role between employers, employees, community colleges, and local government*. QUEST works with the Alamo Community College District (ACCD) to provide the training. The relationship began when ACCD was being criticized for not serving the training needs of the local population and for not being responsive to local employers. ACCD needed to improve its performance within the community, and QUEST needed to ensure that its participants received training that prepared them for careers with local employers. The end result is that ACCD is serving students that it otherwise would not have served, and their retention of students has improved because of the supportive services provided by QUEST.

QUEST requires students to have a high school diploma or GED before entering classes at the college. However, they find that many of the students have skills as low as a sixth grade level. Therefore, QUEST has worked with the college and other local education providers to design several different training tiers to help students get their skills up to the 12th grade level and ready to enroll in college. Basic Education Training is an eight-week class for students who test as low as 6th grade, and the Workforce Development Academy is a ten-week class for students whose skills are between 9th and 12th grade levels.

QUEST has also worked with the college to vary the timing of classes so that students had additional opportunities including night and summer classes to finish their degrees on time. And QUEST helped bridge the gap between the college and employers so that the curriculum of the various degree programs could meet the changing needs of the employers.

By proving that they could meet employers' staffing needs, QUEST has built a relationship of trust with local employers that has led to better job opportunities for the low-income individuals served by the program. For example, a major medical institution approached QUEST about providing training for medical records clerks. The wage that the employer proposed for the positions was lower than QUEST's usual standard for family supporting wages. So QUEST worked with the employer to think about ways to add responsibilities to the position so the potential employee could be more productive and therefore earn a higher wage.

In addition to the brokering role, QUEST *also plays a major role in "doing whatever is possible in the way of intervention and support to help participants stay in school and complete training."* Whether the issue relates to school, family, health, housing, transportation, work, domestic violence, or other stumbling blocks, QUEST finds ways to leverage resources and obtain the needed services and support for participants. QUEST covers the cost of tuition, books, and supplies; provides funds to subsidize private or public transportation so participants can get to and from school; and pays for the cost of certification tests for the various occupations once students complete the training. QUEST also pays for or works with students to locate, navigate, and secure all the support services that are available including child care, food stamps, housing, Medicaid, and Pell grants. Students also attend weekly Vision, Initiative, and Perseverance (VIP) sessions with QUEST staff that teach "soft" skills including work performance, work ethics, self-esteem, and study habits.³

Good Faith Fund's Industry Partners

You do not have to cross the state line to find a sectoral employment program. Good Faith Fund's (GFF) Industry Partners Employment Training Center (IPE) operates in south and east Arkansas.

IPE got its start in the health care sector in the mid 1990s, about the time that new welfare reform laws were being passed in Washington and by the Arkansas legislature. GFF anticipated the need to help welfare recipients make the transition from welfare to work and conducted research to identify a sector with plentiful employment, projected growth, and jobs with decent wages and benefits and opportunities for moving up a career ladder.

GFF identified the health care sector as meeting these criteria in south and east Arkansas, and launched the Careers in Health Care (CHC) program to train participants to become Certified Nursing Assistants (CNAs). Over the next few years, GFF identified a second sector, manufacturing, and launched the Careers in Manufacturing (CIM) program.

Currently, GFF operates both CHC and CIM as part of the Industry Partners program in three locations—Helena, Pine Bluff, and Stuttgart—and will soon launch classes at a fourth site in DeWitt. Students' first contact in the program is with a case manager, who works with the student to assess skill needs and vocational interests and to identify potential barriers to employment such as a need for child care or transportation or problems with substance abuse or mental health issues. The case manager works with the student to develop a plan of action that will allow the student to address all of these needs and barriers and to begin a career in a field that is of interest and suited to her.

The next step for the IPE program is the “bubble,” an eight-week series of classes designed to teach students “soft” skills and to help them work on brushing up on their basic education skills or obtaining their GED if needed. Soft skills classes run the gamut and cover such topics as financial literacy, problem solving and conflict resolution, goal setting, stress management, building self esteem, living healthy, communication, workplace safety, applied math, preparing for the workforce, and understanding the stepping stones of career advancement. GED classes are taught by local Adult Education staff. If students cannot obtain their GED within these eight weeks, they can continue to study and prepare for taking the GED exam while enrolled in more specific skills training or before they enroll in such programs, if necessary or required.

Following the “bubble,” students choose to enter either the CHC or CIM training tracks. Both programs have been designed with the input of IPE’s over 60 employer partners. The CHC program runs for eight weeks and includes three weeks of classroom training and five weeks of clinical experience in nursing homes, hospitals, and other health care settings. The CHC program is licensed by the Office of Long Term Care at the Department of Human Services and provides more instruction than any other program in the state. CHC teachers are employed by IPE. At the end of the training, graduates sit for the CNA licensing exam.

The CIM program also lasts for eight weeks and is taught by a combination of IPE employees and instructors from a local community college. At the end of the training, graduates obtain either a certificate of proficiency in industrial productions technology or a certificate of proficiency in manufacturing. IPE has worked closely with both Southeast Arkansas College (SEARK) and Phillips Community College (PCC) to design both the CHC and CIM programs, and now all students receive college credit upon graduation. This is a critical step for helping students to keep moving up the education and career ladder.

In the 6 years, since CHC was launched, IPE has developed an impressive track record:

- Over 500 graduates
- 80% job placement rate
- 58% job retention rate

IPE is in the process of developing future plans for the program, which include potential additional training tracks in various sectors. These tracks and sectors will be chosen using the same criteria that the current programs have used. IPE will consider whether or not there are plentiful jobs with decent wages and benefits, projected growth in the sector, and opportunities for career advancement. And IPE will work closely with its employer and education partners to conduct this research and to design the training tracks.

Supporting Sectoral Employment Strategies in Arkansas

There are several ways that the Workforce Investment Act (WIA) could be mobilized to support sectoral employment strategies in Arkansas. The U.S. Department of Labor has a grant program for sectoral strategies for which local Workforce Investment Boards (WIBs) in Arkansas could apply. The state WIB could also choose to create its own demonstration programs to encourage local WIBs to develop sectoral employment strategies. The state WIB has annual set-aside funds that could be used for such a program. And finally, local WIBs could support such programs through creative use of training services contracts or Individual Training Accounts (ITAs). In particular, WIA allows local WIBs to contract directly with training providers that serve “special participant populations,” typically hard to serve populations.

Endnotes

- ¹ Rademacher, Ida, editor. "Working with Value: Industry -Specific Approaches to Workforce Development," The Aspen Institute, Washington, DC, February 2002.
- ² Zadniapour, Lily, and Maureen Conway, "Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs," The Aspen Institute, Washington, DC, February 2002.
- ³ Rademacher, Ida, Marshall Bear, and Maureen Conway, "Project QUEST: A Case Study of a Sectoral Employment Development Approach," The Aspen Institute, Washington, DC, August 2001.



Planting the Seeds for Success

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