

Issue BRIEF

"... [sector strategies are] gaining national momentum as a proven framework for addressing skill gaps and engaging industry in education and training."

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Sector Strategies: Aligning the Skills of the Workforce with the Needs of Employers

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HIGHLIGHTS FROM THIS BRIEF

Sector strategies can help businesses from a region's highest demand sectors recruit and retain skilled workers, while also helping under-skilled workers gain requisite occupational skills and obtain good jobs in these sectors.

- All 28 Local Workforce Investment Boards (LWIBs) that participated in the Workforce Investment Act Adult and Dislocated Worker Programs Gold Standard Evaluation funded training in targeted demand sectors, which included manufacturing, health care and social assistance, logistics, information technology, and construction.
- More than one-third of study LWIBs participated in meetings to discuss the human resource needs of regional businesses from target sectors.
- About one-quarter of study LWIBs partnered with local employers from target sectors to develop and execute specialized occupational skills training programs.
- Three of the 28 study LWIBs operated American Job Centers that provided employment, training, and education services exclusively to businesses and job seekers from a specific sector.

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WIA Adult and Dislocated Worker Programs | Gold Standard Evaluation

Industries that once required their entry-level workers to have only a high school diploma are increasingly requiring that their workers also have specialized occupational skills.¹ Sector strategies are a workforce development approach that aim to help workers obtain these skills through targeted training programs and other services developed in direct response to employer demand. Research has shown that sector strategies can increase earnings and improve job quality for the under-skilled workforce.² Further, businesses that have participated in sector strategies have credited the initiatives with increasing their productivity and reducing their operating costs.³

Federal support for sector strategies is high. Over the past decade, the U.S. Department of Labor (DOL) has provided hundreds of millions of dollars to workforce

development entities to implement sector-focused approaches through programs such as the High-Growth Job Training Initiative and the Community-Based Job Training Grants.⁴ As of 2010, there were an estimated 1,000 sector initiatives—funded with DOL grants and through other sources—operating around the country.⁵ In February 2014, DOL announced that it would provide another \$150 million to workforce development, education and training, and business-related nonprofits and intermediaries to implement sector strategies as part of its H-1B Ready to Work Partnership.⁶ Further, the Workforce Innovation and Opportunity Act (WIOA), which superseded the Workforce Investment Act of 1998 (WIA), explicitly allows states and local workforce investment boards (LWIBs) to use federal funds to develop and execute sector initiatives. And in July 2014, the White House released the “Ready to Work: Job-Driven Training and American Opportunity” initiative report, which encouraged workforce development entities to engage employers from growth and demand industries in the design and execution of training programs. In addition, in April 2015, DOL announced that it would provide up to \$150 million in Sector Partnerships National Emergency Grants to state and local workforce investment areas to develop plans to provide sector-focused employment and training services to dislocated workers in regional demand occupations through June 2017.⁷

This brief describes how the 28 LWIBs randomly selected to participate in the WIA Adult and Dislocated Worker Programs Gold Standard Evaluation (WIA Gold Standard Evaluation) incorporated a sector focus into their Adult and Dislocated Worker programs. It opens by providing a framework for understanding the overall goals, features, and intended outcomes of sector strategies. It then summarizes how study LWIBs executed or otherwise participated in sector initiatives and provides case-study examples of individual strategies. Data used to describe these activities were collected during in-person interviews with administrative and/or fiscal entity staff (LWIB staff) in 2012 and 2013 and telephone interviews in 2014, and from program documents provided by LWIBs and retrieved from the web. Because the study did not collect data on outcomes or impacts of the initiatives, this brief does not comment on their effectiveness.

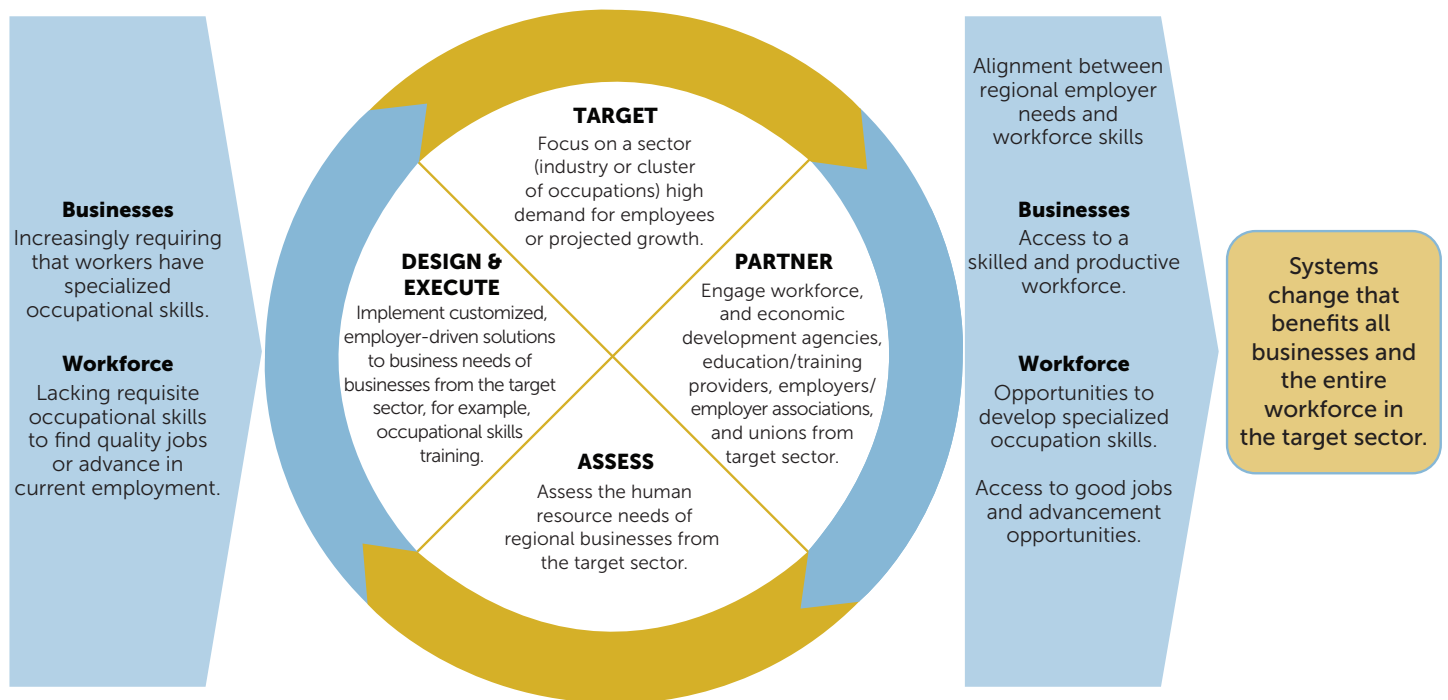
A framework for understanding sector strategies

Sector strategies are an employer-driven workforce development approach that directly aligns occupational skills training and other workforce development services with the needs of businesses. Four primary features—depicted in the circle at the center of the framework shown in Figure 1—define the approach:⁸

1. Sector strategies **target** a particular industry or cluster of occupations with high demand for employees or projected growth.
2. Key stakeholders—such as workforce and economic development agencies, education and training providers, employers, employer associations, and unions—**partner** to develop and execute sector strategies, typically under the leadership of an intermediary agency (such as an LWIB) that facilitates communication between the groups.
3. Together, these partners comprehensively **assess** the human resource needs of regional businesses from the target sector and identify the specific challenges they face in recruiting and retaining a qualified workforce. Such assessments might identify, for example, that businesses from the target sector cannot find workers with requisite industry skills and experience, or that they need to utilize new technologies to compete with other businesses but cannot afford to train their employees accordingly.
4. The partners **design** and **execute** customized, employer-driven solutions to these challenges and ensure that the workforce has the specialized skills necessary to meet identified business needs.

Because sector strategies are developed in response to the human resource needs of regional businesses from a certain sector, the activities implemented as part of specific sector initiatives vary. Most sector strategies, however, focus on providing the under-skilled workforce with sector-focused occupational skills training that is designed and implemented with regional businesses’ input and support. This helps to ensure that training graduates are equipped with the skills required to be productive employees at these businesses on their very first day of employment. Research suggests that the most effective of these trainings incorporate: (1) careful

Figure 1. Framework for understanding the goals, features, and intended outcomes of sector strategies



Sources: This framework draws on Conway et al. (2007); Maguire et al. (2010); Roder et al. (2008); Zandniapour and Conway (2002); and WIA Gold Standard Evaluation qualitative data collection, 2012–2014.

screening of potential participants; (2) comprehensive curricula covering general job readiness preparation, basic skills training, and more technical industry- and employer-driven skill development; and (3) support services for participants to help them complete the program.⁹ Sector strategies can also help businesses recruit and retain a skilled workforce in other ways. For example, some initiatives aim to help businesses improve their recruitment and hiring procedures or develop compensation packages that are competitive with those of other regional employers and industries. Because businesses’ human resource needs are constantly changing and evolving, stakeholders should continuously reassess them and adjust their sector strategies accordingly.

The ultimate goal of sector strategies is to create a win-win situation from which the workforce and businesses both benefit and that extends beyond the life of any one specific initiative (the right side of Figure 1). The under-skilled workforce gains access to training, jobs, and advancement opportunities, and businesses gain access to a skilled and productive workforce. Thus, sector strategies create alignment between the human resource needs of regional businesses and the skills of the workforce that might not have existed

before. They can ultimately affect how regional businesses, the workforce, public workforce agencies, and education and training providers interact and create broader systems change.¹⁰ Changes to the hiring and human resources policies of regional businesses, and changes to education and training courses and curricula, can benefit workers and businesses from across the sector, not only those that participated in a particular initiative. The benefits of such changes can persist long after the initiative has concluded.

Sector-based strategies implemented by the study LWIBs

All WIA Gold Standard Evaluation LWIBs reported targeting demand sectors as part of their WIA Adult and Dislocated Worker programs. Many study LWIBs also reported executing or participating in additional sector-focused initiatives that incorporated one or more of the other key features of sector strategies—*partner*, *assess*, and *design and execute*—highlighted at the center of Figure 1. Some also operated sector-focused American Job Centers (AJCs) that provided employment, training, and education services exclusively to businesses and job seekers from a specific target sector.

Targeted demand sectors

All study LWIBs targeted regional demand sectors as part of their WIA Adult and Dislocated Worker programs with the goal of ensuring that the supply of skilled workers in these sectors kept pace with employer demand for them. Toward achieving this goal, the study LWIBs used program formula funds to provide adults and dislocated workers with training in state and/or regional demand occupations (as was required by WIA) and helped job seekers focus and tailor job search activities toward target sectors. Many study LWIBs also reached out to local education and training providers to ensure that they were offering enough courses in demand occupations, and/or pursued and obtained additional funds to provide training for more people in target sectors than possible with WIA funds alone. See the illustrative example below.

ILLUSTRATIVE EXAMPLE

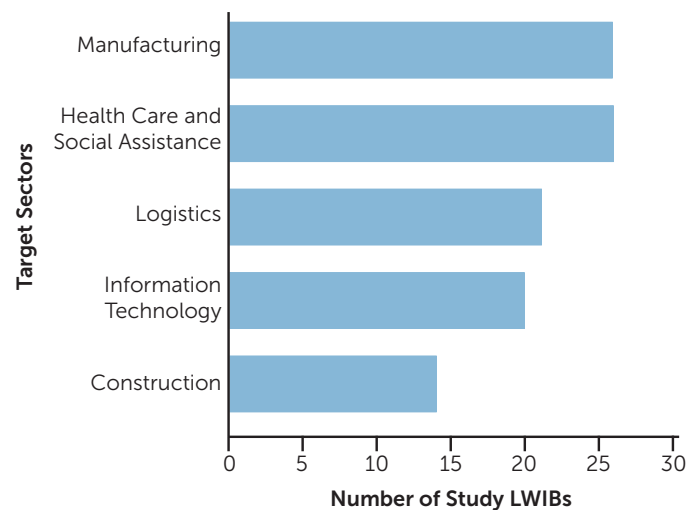
Acquiring funds to train workers to build California's high-speed rail line. By 2029, the California High-Speed Rail Authority plans to connect Los Angeles and San Francisco with the nation's first high-speed rail line. Together with its partners from the Fresno Works Consortium and regional trades unions, the Fresno Regional Workforce Board secured a \$1.5 million governor's grant to implement the Central Valley Infrastructure Employment Project. With the goal of meeting the projected need for a skilled workforce to build the high-speed rail line and other upcoming infrastructure projects, the initiative provided pre-apprenticeship and journeyman upgrade training to about 325 dislocated workers, many of whom had been laid off from the region's declining construction industry.



As is shown in Figure 2, the five sectors most commonly targeted by study LWIBs were: manufacturing, health care and social assistance, logistics (which includes transportation and warehousing), information technology, and construction.

All study LWIBs targeted multiple sectors and many targeted numerous occupations within a sector. On average, study LWIBs each targeted eight sectors. Additional target sectors cited by at least a quarter of LWIBs are listed in the box below.

Figure 2. Five sectors most commonly targeted by study LWIBs for training and additional sector-focused activities



Source: WIA Gold Standard Evaluation qualitative data collection, 2012-2014.

ADDITIONAL SECTORS TARGETED BY AT LEAST ONE-QUARTER OF STUDY LWIBS

- Administrative and support services
- Accounting, tax preparation, bookkeeping, and payroll services
- Other professional and technical services (such as biotechnology)
- Utilities
- Finance and insurance
- Educational services
- Automotive services
- Accommodation and food services
- Retail trade
- Legal services

Source: WIA Gold Standard Evaluation qualitative data collection, 2012-2014.

Facilitated partnerships, assessed sector need, strategized solutions

More than one-third of the study LWIBs led or participated in meetings with businesses, industry representatives, and training and education partners from regional target sectors. The goals of these meetings were to (1) identify the sector's most critical human resource needs,

(2) discuss how to improve training programs to ensure that they equipped graduates with necessary industry and occupational skills, and/or (3) strategize other ways to support the workforce and businesses from the target sector. Although these partnerships primarily focused on making recommendations and providing consultation, some also planned and executed sector-focused activities. See the illustrative examples below.



ILLUSTRATIVE EXAMPLES

Discussing business needs on the Seattle-King County (Washington) skills panels.

Since 2002, the Seattle-King County Workforce Development Council, the local area's LWIB, has hosted skills panels to discuss the needs of businesses from the region's highest priority sectors—health care, green jobs, maritime, and the interactive media industry—as part of the state workforce board's Industry Skills Panels initiative. Panels included representatives from education and training providers, businesses, and industry organizations. Each identified sector-specific concerns, developed a plan to remediate those concerns, and helped obtain funding to execute the plans. The green jobs panel, for example, helped the region clarify its definition of “green jobs,” and conducted a survey of green building employers to identify the industry's most in-demand jobs and their requisite skills. It also helped produce a DVD curriculum titled *Sustainability in the Building Trades* that provided trades apprentices with foundational knowledge about green practices (such as waste diversion and erosion control), and helped the Seattle-King board secure three grants to provide job seekers with green jobs training.

Addressing teacher hiring and retention issues in Gulf Coast, Texas.

Staff at the Gulf Coast Workforce Board in Texas heard concerns from local school districts about finding and retaining qualified math and science teachers. Upon identifying the issue, the Gulf Coast board convened administrators from 15 area school districts to discuss the potential causes of the shortages and how they could work together to alleviate them. During collaborative meetings, district administrators determined that a major factor contributing to the shortage was the gap between teacher training outcomes and districts' expectations. With the Gulf Coast Workforce Board's assistance, the school districts developed shared entry and performance standards for teachers that included more in-classroom experience earlier in the training cycle. This was especially critical for alternative certification programs, which often provided candidates with little to no direct classroom experience prior to their first day as classroom teachers. According to the collaborators, the shared standards helped to close the training gap and to produce teachers that were better prepared for their classrooms.

Convening stakeholders to address supply chain sector worker shortages in North Central, Texas.

Since 2005, the North Central Texas Supply Chain Council—established by the Workforce Solutions for North Central Texas and consisting of business representatives from the logistics and supply chain industry—has been meeting to assess industry challenges and needs. When labor market research indicated that more than two-thirds of regional logistics and supply chain businesses were struggling to find qualified workers to fill entry- and mid-level jobs, the council identified the skills that workers needed to get these jobs and recommended a commensurate training curricula. In response, the Workforce Solutions for North Central Texas Board partnered with a local manufacturing association and several community colleges to develop a training program and certification for logistics and supply chain frontline workers. With the support of two DOL grants, the Board reported certifying more than 1,222 adults and dislocated workers through the program, and some regional employers have started to hire only those job seekers with the certification.

Designed and executed training in partnership with target-sector employers

Sector strategies at about a quarter of study LWIBs aimed to ensure that the workforce had the skills necessary to find jobs with *specific* regional employers in target sectors. In other words, while all of the study LWIBs funded training for adults and dislocated workers in target sectors (as is discussed above), these LWIBs reported partnering with local employers to develop curricula that not only provided job seekers with general industry skills, but that also equipped them with the skills necessary to work at their businesses. See the illustrative examples to the right.

Operated sector-focused AJCs

Three study LWIBs also operated AJCs dedicated to meeting the needs of employers and job seekers from certain targeted industry sectors. Illinois Local Workforce Investment Area #7 (serving Chicago and Cook County, Illinois), the Louisville board, and New York City operated a total of seven sector-based AJCs that targeted five sectors: manufacturing, retail, information technology, logistics, and health care. These AJCs differed from others in two primary ways:

- 1. Placing an exclusive focus on a target sector.** Most AJCs in the study provided education, employment, and training services to all job seekers and businesses, regardless of their employment interests or industry. Sector-focused AJCs, however, provided the same core services but only to job seekers interested in, or businesses from, a particular sector.
- 2. Partnering closely with industry stakeholders who, in some instances, helped operate and provided funding for the centers.** Regional sector stakeholders were active partners in the sector AJCs at all three LWIBs—as advisors, center operators, and providers of leveraged funds. AJC staff worked closely with industry representatives to continuously evaluate sector needs and challenges and to develop and improve services. When selecting agencies to operate the first of its four sector AJCs, the Chicago Workforce Investment Board selected two provider organizations, ManufacturingWorks and ServiceWorks, that had close connections to their respective sectors (manufacturing and retail) and had experience with organizations directly providing occupational skills training and



ILLUSTRATIVE EXAMPLES

Increasing the supply of web developers in New York City. In 2013, New York City launched the NYC Web Development program. In consultation with local technology companies, New York City and its partner—the Flatiron School—created a five-month web development training program based in Brooklyn, New York. The City planned to use WIA funds to pilot this training to two cohorts of 28 people, at a cost of about \$13,000 per trainee. The ultimate goal of this training was to connect participants to technology jobs with annual earnings of at least \$65,000. Although the program had graduated only one cohort of trainees at the time of study interviews, staff expressed satisfaction with the extent of employer involvement in the project and how quickly they were able to connect students to technology jobs after training.

Developing industry-certified moving and storage professionals in Kentucky. Moving and storage businesses voiced concerns to the Greater Louisville Workforce Investment Board about a shortage of skilled moving professionals in the greater Louisville and southern Indiana region. Together with the American Moving & Storage Association and other industry stakeholders, the Greater Louisville board developed the three-week Registered American Moving Professional Program (RAMP). In addition to teaching techniques for moving people's belongings, RAMP taught students problem-solving and customer service skills to effectively interact with families and help them through the many challenges that can arise during a move. Industry representatives cited these as particularly important skills for movers. Participants graduated from the program with an industry-recognized RAMP certification. The certification qualified them for entry-level van operator positions that earned up to \$40,000 per year.¹¹

technical assistance to employers. Beyond providing advice and operating centers, partners also helped fund sector center activities. Industry partners have guided the design and work of the Kentucky Manufacturing Career Center. National partners, including the National Fund for Workforce Solutions, three local foundations, and two major banks, and city resources have augmented the federal funding supporting the center.

A similar but smaller-scale approach to sector-focused AJCs is organizing program staff into groups defined by sector. The Indianapolis (Indiana) local workforce area, for example, organized its Adult and Dislocated Worker programs staff at each AJC into sector-focused work cells. These staff (1) worked exclusively with customers interested in employment and/or training in

a particular sector (health care, information technology, advanced manufacturing, or logistics), and (2) developed and implemented sector-focused job clubs and other job search services that, among other things, helped job seekers learn how to better network in the target industry. Work cells such as these might offer a feasible sector-based alternative in local areas that do not have the funds or capacity to operate more comprehensive sector-focused AJCs.

WIOA's emphasis on sector strategies presents a new opportunity for LWIBs to incorporate a sector focus into their Adult and Dislocated Worker programs. The initiatives executed by the study LWIBs illustrate the types of approaches that LWIBs can consider when planning new sector strategies.

ENDNOTES

¹The U.S. Bureau of Labor Statistics projects that 91 percent of new entry-level jobs from 2012 to 2022 will require at least some occupational skills training. U.S. Bureau of Labor Statistics. “Education and Training Outlook for Occupations, 2012–22.” Washington, DC: U.S. Bureau of Labor Statistics, Division of Occupational Employment Projections.

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⁴For more about HGTJI and CBJT see <http://www.doleta.gov/brg/jobtraininitiative/> and <http://www.doleta.gov/business/community-basedjobtraininggrants.cfm>.

⁵Insight Center for Community and Economic Development. “Sector Snapshot: A Profile of Sector Initiatives, 2010.” Oakland, CA: National Network of Sector Partners, 2010.

⁶U.S. Department of Labor. Notice of Availability of Funds and Solicitation for Grant Applications for H-1B Ready to Work Partnership Grants. Available at http://www.doleta.gov/grants/pdf/SGA_DFA_PY_13_07.pdf. Accessed on August 24, 2014.

⁷http://wdr.doleta.gov/directives/attach/TEGL/TEGL_31-14.pdf.

⁸This section draws on Conway et al. (2007); Maguire et al. (2010); Roder et al. (2008); Zandniapour and Conway (2002).

⁹See Maquire et. al. (2010).

¹⁰Conway, Maureen. “Sector Strategies in Brief.” Washington, DC: The Aspen Institute, Workforce Strategies Initiative, November 2007. See also Conway et al. (2007); Maguire et al. (2010); Roder et al. (2008); Zandniapour and Conway (2002).

¹¹Data provided by LWIB staff supplemented with information available at www.kentuckianaworks.org and the RAMP program recruitment video: <https://www.youtube.com/watch?v=9KcdBeqFOA4>.

ABOUT THIS SERIES

Through the Workforce Investment Act of 1998 (WIA), Congress allocated about \$2 billion annually for employment and training services that states and their Local Workforce Investment Areas (local areas) provided through their Adult and Dislocated Worker programs. WIA mandated that job seekers and employers have access to employment and training resources provided by more than a dozen workforce system partners through American Job Centers. At these centers, job seekers could access core services, such as information on local labor markets and job openings. In addition, eligible adults and dislocated workers could receive intensive services, such as career counseling and skills assessments, and training services. The Workforce Innovation and Opportunity Act (WIOA), which superseded WIA, made important changes to the public workforce systems but largely maintained the services provided through the Adult and Dislocated Worker programs.

This issue brief is one in a series of briefs that presents findings from the WIA Adult and Dislocated Worker Programs Gold Standard Evaluation, which is being conducted for the U.S. Department of Labor (DOL), Employment and Training Administration (ETA). The study examines the implementation, effectiveness, and benefits and costs of the Adult and Dislocated Worker programs using an experimental design. The study occurred in 28 local areas that were randomly selected to participate. For more information about the evaluation, please visit the [project web page](#).

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