

# Measure for Measure: Assessing traditional and sectoral strategies for workforce development

This report summary is the first in a three-part series from The Aspen Institute's Sectoral Employment Development Learning Project (SEDLP) – a multi-year, multi-site evaluation designed to investigate the key characteristics, operational features and effectiveness over time of sectoral workforce development programs. The purpose of this series is to make both the general concept of sector strategy and the particular outcomes of sector programs accessible to policy makers in easy-to-understand terms. To this end, the authors benchmark SEDLP findings against those from well-respected workforce development demonstration projects, particularly the National Job Training and Partnership Act (JTPA) Study. The topical areas of each paper in the series are as follows:

1. Baseline characteristics and preliminary outcomes
2. Intermediary assessment of outcomes 12 months after training
3. Analysis of final outcomes at 24 months and policy implications of the study

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## Introduction

Over the past four years, the federal government has initiated welfare and workforce policy reforms that are designed to get more Americans working. At the macro level, these reforms seem to be producing the intended effect. In January of this year, the U.S. Department of Labor announced that the labor force participation rate in America was at an all-time high. What this rosy picture masks, however, is that many of the people who are counted among America's workforce are employed in jobs that do not pay enough to support their families, and do not offer any opportunity for advancement. In addition, many jobs do not provide the benefits that families depend on in times of crisis.

The increasing emphasis in social policy on work, combined with diminishing assistance options for those who do not work, makes it more important than ever to identify employment and training models that succeed in helping low-income and unemployed people gain and keep jobs that lead to self-sufficiency. To this end, the Sectoral Employment Development Learning Project (SEDLP) was launched to investigate a workforce development model that appears to be enjoying great success in communities around the country.

One component of SEDLP is a Participant Study that looks at the pre-training situation of program participants in the six participating programs (see box on page 3) and follows up on their experiences in the labor market after they have

### What Do Sectoral Employment Programs Do?

- Work exclusively with one occupation, or a set of occupations within an industry
- Work with a range of actors on the demand side of the industry sector concerned and become important actors in it
- Use an array of market-oriented strategies to improve job access, job quality, and wage rates for low-skilled or low-income employment seekers
- Produce effects that reach beyond the program itself, often promoting changes in regional-level industry practice that benefit both workers and employers

completed training. To make this study useful to workforce development policy makers and practitioners, this series presents the study findings alongside research and documentation from the National JTPA Study (NJS). This first paper in the series looks at the baseline characteristics of the population participating in the two studies to assess any differences in level of need. It also examines some preliminary information on outcomes. First, however, some differences between NJS and SEDLP must be noted.

## Key differences between NJS and SEDLP

NJS is the most comprehensive study of U.S. employment and training programs for the disadvantaged. As such, it was chosen as the benchmark against which to assess the results of SEDLP. SEDLP and NJS have a number of differences, however, that need to be understood in order to present an informed assessment of SEDLP results. Differences include purpose, methodology, scale, time frame and site location:

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**Purpose:** The main purpose of NJS was to measure the difference made by JTPA-funded employment and training services in the employment and earnings of disadvantaged adults and out-of-school youths. The study did not address any qualitative aspects of employment and training services provided under JTPA. In contrast, SEDLP is a comprehensive learning evaluation designed to identify both the strengths and weaknesses of a particular approach to workforce development, namely the sectoral strategy.

**Methodology:** NJS used randomized controls (i.e. it compares results between a treatment and a control group) to isolate the employment and earnings impacts attributable solely to the program intervention. SEDLP uses reflexive or self-referenced controls to measure the changes in employment and earnings of the study participants at four discrete points in time. Because of the absence of separate control or comparison groups, SEDLP participant outcomes cannot be attributed entirely to the program intervention. This design difference means that the findings from the two studies are not strictly comparable. However, a great deal of insight still can be gained about the effectiveness of sector programs by looking at program outcomes in terms of the documented impacts of NJS and other workforce development demonstration projects.

**Scale:** NJS involved 16 sites and 20,601 participants who were monitored over a 30-month period. SEDLP involves six sites and 732 participants monitored from the time of program intake until 24 months after program entry.

**Time Frame:** NJS collected data during the late 1980s to early 1990s, while the SEDLP is collecting data from the late 1990s to the early 2000s. This difference changes both the economic and political context in which participants make decisions about training, work and welfare. In today's expansive economy and tight labor market, it would seem that SEDLP participants who complete training would have access to job opportunities unlike those experienced at any time in the United States since World War II. But the flush economic conditions also raise the opportunity cost of enrolling in a training program. Thus SEDLP may have a difficult time attracting candidates, and those who do enroll may be from a "harder to serve" population than those found in other employment and training studies such as NJS.

## SEDLP Participating Programs

**Asian Neighborhood Design (AND)**, San Francisco, California: A community development agency that provides training in carpentry, cabinetry, furniture making and other construction trades and runs a specialty furniture and wood products manufacturing company that provides a work-oriented training environment and transitional employment opportunities for trainees.

**Paraprofessional Healthcare Institute (PHI)**, South Bronx, New York: A sectoral employment advocacy organization that supports the training of low-income women in paraprofessional health care skills and links them with Cooperative Home Care Associates, a worker-owned agency designed to provide full-time employment with benefits for home health aides.

**Garment Industry Development Corporation (GIDC)**, New York, New York: An organization supported through the collaboration of union, industry and government entities. GIDC provides training for employed and unemployed individuals in a range of occupations in the garment industry and provides technical assistance and marketing services to garment industry firms.

**Focus: HOPE**, Detroit, Michigan: A civil and human rights organization that offers precision machining and metalworking training to inner-city youth and young adults, and operates a series of businesses that provide hands-on learning for students and produce parts and services for the automobile and related industries.

**Jane Addams Resource Corporation (JARC)**, Chicago, Illinois: A community development organization established to retain and develop local industry and to provide community residents with educational services and job training in the metalworking industry for both incumbent and unemployed workers.

**Project QUEST**, San Antonio, Texas: An organization developed through a collaborative community effort that engages employers, community colleges and others in coalition to develop training projects that prepare low-income individuals for good jobs in a range of selected industries, most notably health care.

*Location of Study Sites:* NJS included 16 rural and small urban JTPA sites across the United States, while all of the SEDLP programs are situated in large urban areas. This difference affects the demographics and possibly the wage and subsidy rates of the two study populations. There also may be differences between the types of economic opportunities and barriers to employment faced by residents of large metropolitan areas, as compared with those faced by residents of rural or smaller urban areas.

### Sample Characteristics of SEDLP and NJS

Baseline comparisons between the two study samples show that both populations are clearly disadvantaged, although the population characteristics of the SEDLP and NJS survey samples differ in terms of demographic characteristics, personal earnings and barriers to employment.

*Demographic Characteristics:* Only eight percent of the SEDLP sample is white, non-Hispanic, as compared to 54 percent of the NJS sample. In addition, the SEDLP sample contains a higher proportion of women and sample members are, on average, older than those in the NJS group. SEDLP participants also are more likely to have children and their average household size is slightly larger than that of NJS sample members.

*Income and Wage Levels:* As the table below shows, SEDLP participants earned more than twice the amount earned by NJS sample members in the 12 months prior to training. The greater annual earnings among SEDLP participants is due both to their working a greater number of hours and to their receipt of a higher hourly wage than the NJS sample members. This differential decreases when incumbent workers in the SEDLP sample are omitted.<sup>1</sup> For both the SEDLP sample without incumbent workers and the NJS sample, *average individual earnings alone would be insufficient to raise a household of one above the poverty line.*

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Earnings	NJS Sample (1998 \$)	SEDLP Sample	SEDLP Sample minus Incumbent Workers
Annual earnings in past 12 mos.			
Average	\$5,567	\$12,295	\$7,895
Median	n/a	\$8,859	\$5,785
Hourly Wages			
Average	\$6.72	\$8.63	\$7.54
Median	n/a	\$7.50	\$7.00
Weekly Earnings			
Average	\$222	\$318	\$248
Median	n/a	\$263	\$210

<sup>1</sup> SEDLP's incumbent worker training programs target individuals who already are employed full time to help these individuals improve their skills and advance on a particular career path. This population is not one typically served through JTPA Title II-A.

**Barriers to Employment:** The barriers to employment analyzed include weak employment histories, low education levels, poor English language skills and receipt of public assistance. Clearly, both NJS and SEDLP participants face barriers to employment.

- *Education:* On average SEDLP sample members have more years of formal education than NJS sample members. Among SEDLP participants, 28 percent lacked a high school degree or GED, compared with 39 percent of the NJS sample.
- *Language:* SEDLP participants are far more likely to face language barriers in seeking employment. At the time the NJS was conducted, only four percent of JTPA participants nationwide had limited English language abilities. By contrast, 30 percent of SEDLP sample members face this barrier.
- *Public Assistance:* The incidence of public assistance receipt is almost identical in the two groups: 21 percent of both samples reported receiving Aid to Families with Dependent Children (AFDC) or TANF in the 12 months prior to participation, and 30 percent of SEDLP participants reported receiving AFDC or TANF at some point in their lives, as compared with 27 percent of the NJS sample.
- *Work History:* Both SEDLP and NJS sample members experienced some job shifting and periods of unemployment prior to starting a training program, but these issues were somewhat more prevalent among NJS sample members.

## Preliminary Indications of Sectoral Program Outcomes

Two information sources are available that can serve as preliminary indicators of the types of outcomes that sector programs can generate. The first is a 1995 case study of Project QUEST,<sup>2</sup> a sectoral workforce development program in San Antonio Texas (and one of the six programs currently participating in SEDLP). The other indicator comes from SEDLP's own preliminary data collection efforts and reflects the changes in participants' employment and earnings from baseline to the time immediately following completion of their training programs. Findings are summarized below:

### Project QUEST

The authors of the 1995 Project QUEST case study found that after the completion of training:

- Participants' wages increased by 22.7 to 40.4 percent
- participants' annual earnings increased by 105 to 159 percent

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<sup>2</sup> The 1995 Project QUEST case study was conducted by Paul Osterman and Brenda A. Lautsch of the M.I.T. Sloan School of Management. The study preceded and is unaffiliated with The Aspen Institute's SEDLP study.

Outcomes from the 1995 Project QUEST Case Study

	Pre-QUEST	Post-QUEST		
		Blended data	Management Information System data	Participant survey data
Average hourly wages	\$5.99	\$7.35	\$7.82	\$8.41
Average annual earnings	\$4,706	\$9,629	NA	\$12,163
Receipt of AFDC or food stamps	44.5%		33.7%	

Source: 1995 Case Study of Project QUEST by M.I.T. researchers Osterman and Lautsch

Some sectoral programs work with an industry’s employers to find ways of retaining jobs and improving access to good jobs. Other programs focus on improving the quality of jobs available in an industry.

In addition to participant outcomes, the study’s authors found that Project QUEST’s intervention changed relationships between labor market actors in ways that allowed the labor market in San Antonio to function more efficiently. For example, through Project QUEST’s mediation, the human resource managers from San Antonio’s financial institutions began to talk to each other about their needs, and began working with the community college to implement a certificate program that trains people for specific financial occupations.

**SEDLP post-training assessment:**

The data analysis in this section was conducted on a sub-sample of SEDLP participants that excluded incumbent workers and participants from one sector program that had not completed the post-training surveys of its members. The resulting outcomes show a general increase in employment, hours worked, wage rates and receipt of benefits among participants, although these outcomes varied among the study sites.

What becomes clear from examining all of these post-training outcomes is that sector programs use two primary strategies to move participants into good jobs. Some programs work with an industry’s employers to find ways of retaining jobs and improving access to good jobs. Other programs focus on improving the quality of jobs available in an industry. The outcomes that are relevant to measuring the success of a program shift somewhat, depending on the sectoral strategy being pursued.

**Employment:** Of participants who successfully completed training, 84 percent were employed immediately after training. Both training completion rates and employment rates varied across sectoral programs. *In all cases there are higher percentages of participants employed immediately after training than immediately before training.* Looking at all participants, including non-completers, 40 percent were employed prior to training and 64 percent were employed after training.

**Hours Worked:** Average hours worked remained steady at about 35 hours per week for employed participants. Working hours increased for participants at two sites, and decreased at two sites.

**Wages: Programs increased participant wages by an average of 13 percent over pre-training wages.** Given that one of the objectives of sector strategies not only is to increase the quality of jobs within a targeted occupation, but also to improve the opportunity for job advancement, *it will be important to follow wage rates over a longer period to determine the effectiveness of the sectoral strategy.*

**Benefits:** More SEDLP participants are working, and more are working in jobs with benefits, than was the case prior to training. In one program with a sectoral strategy designed to improve the quality of jobs within the home health care industry, benefits have been extended to all participants who complete training.

## Conclusion

Methodological and other differences between the studies limit the comparisons that can be made between the outcomes of the NJS and SEDLP. NJS's findings are more robust in terms of ability to attribute outcomes to program participation. But where NJS uses a "black box" methodology that is unable to offer insight into how and why JTPA programs generated particular outcomes, SEDLP has the advantage of including analysis that identifies some key operational and organizational explanations for certain outcomes. This type of information is critical to state and local level policy makers who are now responsible for implementing the Workforce Investment Act, and who are looking for promising approaches to employment and training for disadvantaged populations.

At this preliminary stage in the SEDLP study, few results-oriented statements can be made about the effectiveness of sectoral strategies as an approach to workforce development for disadvantaged populations. The early indicators, however, show that a large percentage of SEDLP participants improved their economic status after participating in training. These improvements include a 13 percent hourly wage increase over pre-training wages, and a substantial increase in the percentage of participants with jobs offering benefits, such as health care and paid sick leave. An overall improvement in the rate of employment among participants also was noted. It is expected that as the study continues and more data becomes available, it will be possible to see how these initial improvements and other outcome measures change over time.

The next paper in this series will begin to analyze more systematically the interim findings of SEDLP against mid-stream findings from other workforce development evaluation literature. It also will discuss the sector strategy in more detail, to clearly distinguish sectoral initiatives from other types of employment and training programs.

A copy of the full report of “Measure for Measure: Assessing traditional and sectoral strategies for workforce development” is available from the Economic Opportunities Program (EOP) at The Aspen Institute, and from the EOP Web site. Other forthcoming SEDLP and related publications include:

- The Sectoral Studies Series: In-depth case studies of each of the six SEDLP participant programs
- SEDLP Research Series: Participant survey findings at baseline year 1 and year 2
- Jobs and the Urban Poor: Privately Initiated Sectoral Strategies

To be added to the SEDLP mailing list, please contact EOP.

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