
Mid-Project Review

The Department of Labor Sectoral Employment Demonstration:

By

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The National Network of Sector Partners (NNSP) is a project of the National Economic Development and Law Center in Oakland, California. The NNSP mission is to encourage the use and effectiveness of sector initiatives as valuable tools for enhancing employment and economic development opportunities for low-income individuals, families, and communities. To this end, NNSP works to expand the commitment of public and private resources to industry-specific workforce development; to inform and raise awareness about the benefits of sector initiatives; to increase the quality, capacity and number of partners in the field; to achieve the enactment of supportive public policy, and; to provide information and resources to those working in the field. NNSP's activities are guided by a national advisory committee comprised of workforce development partners, national organizations, business and labor leaders, and funders.

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The Aspen Institute Economic Opportunities Program (EOP) is one of 14 policy programs located at the Institute in Washington, D.C. EOP is committed to advancing innovative and promising strategies that connect the poor and underemployed to the mainstream economy. In the area of workforce development, EOP has spearheaded efforts to document the emerging strategy of industry-specific (or sectoral) workforce development. EOP's Sectoral Employment Development Learning Project helped define the industry-specific approach to employment development, and provided the first evaluation evidence of the strategy's potential to generate win-win outcomes for employers and for low-income individuals seeking economic self-sufficiency. EOP uses its research findings to inform workforce policy discussions, and to facilitate dialogue among public and private sector leaders interested and engaged in workforce development issues.

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Introduction

In the summer of 2001, the U.S. Department of Labor funded 39 Workforce Investment Boards to participate in the Sectoral Employment Development Demonstration Project. The demonstration was designed to help local and regional WIBs apply sector-based workforce development strategies to their strategic planning and project implementation work. Participating WIBs received funding from \$50,000 to \$75,000 for planning, and up to \$150,000 for implementing sectoral efforts over one year.

Sector initiatives are industry-specific workforce or economic development initiatives that have the following four characteristics:

- (1) They are **targeted to a specific industry**;
- (2) They involve an organization acting as a **strategic partner with deep knowledge of the targeted industry** and its companies.
- (3) They provide or coordinate **training, supportive services, and other types of assistance to improve career opportunities for a target population of low wage, low income, or unemployed workers** in the industry; and
- (4) They work to **achieve “win-win” benefits for the workers and the industry**, including changes in the industry, education, and workforce systems which improve the outcomes for low wage or unemployed workers in that industry.

The Aspen Institute and National Network of Sector Partners – with the support of the Ford Foundation – conducted a review of the demonstration to ascertain progress being made in the 39 sites. This review is based upon interviews with leaders of 32 sectoral demonstration grants conducted by staff of NNSP and the Aspen Institute in February and March of 2002. These interviews were based upon a standard survey instrument and lasted approximately 40 minutes. Thirty eight demonstration projects were in place at the time of the interviews. Those who were not interviewed were not available during the time of the interviewing process. Their absence from this report does not relate to their progress at the time of the report.

The purposes for the review were: to gain a sense of the progress of the demonstration sites; to learn of the challenges they were facing; to identify the level of engagement of the WIBs in the sector strategy; and to learn about the involvement of business representatives and other stakeholders in the demonstration projects. The review also captured information about the current financing of projects and their statements of need for further federal funding. The review does not stand in the place of a project evaluation, which would capture more in-depth information.

Of the 32 sectoral demonstration projects interviewed, 22 were planning grants; ten were implementation grants. Fifteen projects were focused on the health care sector; three on manufacturing; two on bioscience; two on the entertainment industry; two on the information technology (IT) industry; and one each in the printing, hospitality, retail, marine trades, and finance industries. Three projects remained unsure of the sector focus of their project at the point of the interviews. One project had been terminated by the WIB, in San Antonio, Texas, with monies returned to USDOL. At the time of the interviews, one other WIB – in the District of Columbia – had not received its grant payments from DOL due to contract issues, but had begun its planning work.

This report details the general status of the projects funded; describes the level of employer and WIB involvement; defines the populations being served and the resources raised; identifies the technical assistance needs reported, and makes recommendations about the future of the demonstration.

General Status: An Overview

General Status: Of the 32 projects reviewed, 10 projects appear to have launched very effective sector initiatives that have successfully recruited stakeholders and coordinated their participation in the initiatives, and are working at or ahead of schedule. The projects in this “high achieving” group have also expressed plans to institutionalize their sector projects and the sector approach in their communities. Six projects are struggling – either because they have not selected the industry in which they will work; or because they are finding deep challenges in their program designs. The remaining programs are moving ahead at the expected pace and can be expected to meet their project objectives roughly by the end of the demonstration period. In sum, 26 of the 32 programs interviewed are essentially on target and proceeding well.

Structure: Among the 32 projects interviewed, WIBs have adopted two primary modes of operation to fulfill their grant objectives:

- (1) **The WIB as the strategic intermediary**, coordinating research and stakeholders and facilitating the development or implementation of the sector initiative; We have included in this category instances where the WIB grantee serves as the convener of other WIBs to coordinate a regional industry workforce strategy.
- (2) **The WIB as supporting partner** to an initiative led by another agency or organization in the community, passing federal dollars through to that initiative and monitoring results.

Among the 26 projects functioning well, there are good examples of each of these roles. Among the projects that are struggling, a number of contracting issues have arisen which have interfered with the success of the project, but the most common reason for difficulty has been the lack of progress in choosing a sector and moving ahead with stakeholder development. Of the WIBs that expressed a commitment to work in their targeted industry over the long term, it was common to find that they had either hired directly – or contracted with – individuals who have deep knowledge of the industry, and who function as the strategic planner for work in the field.

Impact of the Recession: Among the 32 projects interviewed, most have not experienced difficulties in launching their projects even though the economy has been challenging. This is particularly true of the health sector projects, which appear to be little affected by the recession. The manufacturing, IT, entertainment and hospitality sector projects did note the impact of the economy on their work. In general, each has found a strategy for adapting to the recession in their program designs. In one community – Tucson, Arizona – where the project was focused on the plastics manufacturing sector, the Pima County WIB slowed down program implementation and changed their project design to account for the changes in the economy. Specifically, they re-oriented the project’s focus to meet the industry’s need to upgrade the skills of their current workforce rather than attracting new people to the industry. The project is progressing well after these adaptations. In Glendale, California, the target population for the project changed with the rise in dislocated workers from the entertainment industry. With dislocation came the need to

help workers from the industry re-train and gain skills that would enable them to become re-employed or self-employed. In that project, the placement results may suffer unless the economy improves within the industry. In both of these cases, however, the grantee organization has responded quickly to the changed economic environment and worked to adapt its program design.

Challenges: Other than the economy, many of the challenges faced by those interviewed were unique to the community, the managing institution, and the industry sector. There were several issues, however, that were mentioned as challenges by multiple sites. These included: getting competing companies in the same sector to work together on a project; putting a career ladder effort in place that creates promotion opportunities at a pace fast enough to motivate clients; coordinating the activities of WIBs within a region and clarifying respective roles and expectations; the availability and accessibility of current industry- and region-specific data; fundraising; working with community college systems, whose structures and timelines can be inflexible, and; securing all of the supportive services that clients need to succeed in a training program and in the workforce.

Relationships with the Business Community

Twenty of the 32 demonstration sites commented that using the sector approach improved their relationships with the business community. Most have been successful in bringing significant employer engagement into their projects via donation of resources and actual participation in the activities of the project. Some sites found that the sector project enabled them to interact with employers who had no prior involvement in public workforce development activities. In addition, sites also reported that their sector work made it possible to draw new employers into the actual work of the WIB, and to deepen relationships with some who had been peripherally involved in past workforce efforts. Some examples include:

- The WSOS Community Action Commission in Lima, Ohio has received significant donations of equipment from local businesses for use in the newly developed marine trades training facility. One large engine company relocated a training site to the new facility, donated over \$500,000 of equipment, and provided scholarships for 6 students to get advanced marine mechanics certifications.
- The Lancaster WIB has received one-third of their \$1.7 million budget from industry partners.
- The Cape May WIB project succeeded in bringing a variety of New Jersey WIBs and other business groups to the table to develop their sector initiative. *“That this is a win-win project has made it easier to sell to business, since too often public sector projects really exclude employers. It brought higher level employers to the table than other projects.”*
- The Seattle Chamber of Commerce (Seattle King County Workforce Development Council) recruited and regularly convenes 15 employers in manufacturing as part of a Manufacturing Advisory Group related to the sector project. *“This project represents the first time that the Council has had significant employer engagement in its activities.”*

- *“The Boston PIC has generated HUGE interest from employers.”* About 30 employers – a number of them senior officials – are actively involved in the planning process.

The projects are also building relationships with other industry players. Eleven have new relationships with business and industry associations. Six noted the involvement of labor unions in their projects.

Where projects are struggling, they often have been unable to engage the industry leadership in the project. Some participants recognized the causes for this problem:

- *“Too many projects in our region are focusing on the same sector. We went to do an employer focus group and learned that the employers had just participated in another one the week before. We haven’t found our niche with the employers in the sector yet.”*
- *“We need help – technical assistance – in this area.”*

Workforce Investment Board Engagement in Sector Initiatives

The review revealed that the sector approach was very useful as a means of organizing work, engaging employer-members of WIBs more productively, and facilitating collaboration between the different public and private sector members of the board.

Involvement of board members: One objective of the review was to determine the extent to which sector projects are able to foster active participation among local WIB members. Among the 32 projects surveyed, interviewers found that WIBs had very different functional roles, and that their board members appeared to have a wide range of expectations about the nature and extent of their participation in the activities of the WIB. Eight out of the 10 projects that have excelled thus far have boards that are interested and engaged in the actual planning process and work of initiating a sector strategy. The primary ways that employers and other members of local boards became involved in sector initiatives included: participation on advisory boards; design and participation in surveys; focus groups; providing space for meetings and training; donating equipment; providing business data relevant to research; curriculum design.

WIB membership is comprised of a range of different community and business stakeholders, but the majority of interviewees primarily discussed the way that their demonstration projects improved the employer-relevance of planning and project activities. In a number of cases, people noted that the sector project introduced the WIB members to a potential new organizing tool for their work:

- The Lane Workforce Development staff noted that this project facilitated *“a changing paradigm in the thinking process of the WIB. The whole planning and design process allows employers greater input. Planning alone is hard to sell. Employers need something tangible (research, data, goal, etc) to keep them engaged.”*
- The Thomas Jefferson Planning District Commission felt that *“getting input about specific workforce needs from employers is a good way of engaging business people. Before this project, employers were really engaged in the overall strategic plan of the WIB, and that is fairly abstract. So it was hard to keep business people interested and feeling like they’re*

plugged into something important. [This sector process] helps energize the relationship with the board because they can see what the WIB does and how business education may help them directly. They can see that their participation in the roundtable may have an impact on the number and quality of employees who will be available in the labor force.”

- Susquehanna Workforce Network noted that *“the industry-based stakeholder model has worked really well for us and we would like to follow this process again in other sectors.”*

In sites that have been less successful at engaging board members more directly in project work, a frequent explanation was that this was not possible given the size, structure or goals of the organization. Some WIBs are still primarily constituted as oversight bodies that convene in order to review and approve operating budgets, and to provide generalized strategic direction. Others explained that the amount of stakeholder coordination – “the number of people you have to bring to the table” – that is necessary to successfully launch a sector project made the process very slow and cumbersome.

- *“Our board, by mandate, is not day-to-day process oriented. They look at outcomes. Given the breadth and depth of our work across the region and the board’s strategic focus, this initiative was really too small to make an impact on the way we do business.”*

Staff involvement: Project leaders at the majority of demonstration sites found considerable value in using the sector approach to organize their work and their outreach to employers and community stakeholders. In the most successful sites, senior level staff are heavily involved in the ongoing work of the projects, or the WIB has contracted with a consultant who has credibility within the targeted industry and community and is able to attract key decision makers into the project. Some examples of way that WIB staff have effectively utilized sector strategies follow:

- The Seattle King County Workforce Development Council staff found that this sector demonstration project was an excellent way for the Council to engage employers. *“The sector approach of working with the industry employers first to identify their needs, come up with solutions, and set outcomes for implementation has been a change from how workforce development programs have been formulated in the past. The Council staff – and the employers – are finding this a refreshing change.”*
- The director of the Metro South Regional Employment Board described how the formation grant was not *“just a project grant...This is learning a new organizing principle. Staff are now fully engaged in sector as a potential overarching organizing principle for our Regional Employment Board.”*
- The North Central Missouri Project staff reported that the work has been invigorating. *“It is the first time I feel that there has been real community input – I think this is what WIA was set up to do. I hope that this is the future direction for workforce development.”*

Relationships with Local Training Providers

Many of the sites also found that the sector approach helped them to engage education and service organizations in their work and connect them with employers in more effective ways,

though this was also noted as a challenge for sites. In the majority of cases, representatives of community colleges were invited – and accepted – invitations to work with the project and provide training. Even when sites felt that they were not particularly on target with meeting their overall objectives, they noted that the project had yielded other types of success such as getting educational institutions to work collaboratively with each other and with other organizations.

- *“It is unique that the 3 community colleges participating in this project have worked so well together and have worked well with the WIB...It gave us an opportunity to further develop community college relationships. We think they will be a key workforce development partner going forward.”*

Leveraging Funds

Some WIBs who were awarded formation grants have found that the planning process enabled them to think strategically about funding, and there have been significant successes with raising funds for implementation phases.

- Lane (Oregon) Workforce Development has secured commitments of \$11 million and training slots for 300 in their health sector initiative.
- The Metro South REB was able to build on the sector formation grant research and their work and the plan is the basis for an application to the state for a grant totaling \$691,500 over 18 months.
- The Northwest Workforce Development Council (Olympia, WA) has contributed funds to the sector formation project (healthcare), and has applied for additional funds totaling \$474,000 from state incumbent worker funds, H1B training funds, and the State Department of Health. In addition, staff of the local board expect that some WIA formula funds will be available to supplement the project, and personnel from the community college system will be detailed to support the implementation phase of the project.

Some organizations that received implementation grants have had difficulty getting the WIB involved in looking for new funds because the projects have not yet yielded outcomes that the board can assess (i.e. placements, wages, etc.).

Reaching Target Populations

Of the 10 sites that were awarded implementation grants, 7 reported that training for their target population is underway. One hundred eleven individuals to date have received training services under the demonstration. An additional 200 were served at a site where the implementation grant was put toward an ongoing sector-specific training project. The populations served in training thus far include incumbent workers, dislocated workers, low-income populations, immigrants and TANF recipients. These are the same populations that planning sites are targeting with their services. Given that this effort is only at its midpoint, it is not possible for sites to report outcomes from training.

Under WIA, the orientation of local workforce development boards has been increasingly focused on serving employer needs. Participants in the sector demonstration responded overwhelmingly that their sector projects gave them a useful framework for understanding and serving the needs of the targeted industry. With the given emphasis on serving employers, the majority of sites were focusing initial planning and training efforts on upgrading the skills of incumbent workers, and on targeting dislocated workers that needed the least amount of job preparation to be work-ready. Project leaders explained that this strategy provided the most direct way of engaging employers in the project and the work of the WIB. Most sites also realized the need to create entry-level training and connect it with other work, and to integrate ESL and other training-related services into the curriculum. Survey responses indicated that sites are looking strategically at target populations and trying to find ways to create continuum of opportunity from entry-level to highly skilled.

Conclusion and Recommendations

Upon completion of this interim assessment of the Department of Labor's Sectoral Employment Demonstration, both NNSP and The Aspen Institute Economic Opportunities Program feel that there is sufficient preliminary evidence to suggest that sector strategies can be valuable planning and organizing tools for local WIBs as they seek to develop stronger relations with the employer community and fulfill their obligations under the Workforce Investment Act. In order to fully capture the value of the demonstration, and convey the lessons learned by grantees to other local WIBs, we recommend engaging in these next steps:

- (1) Document the variety of WIB structures and processes that have been used in the demonstration to launch sector initiatives, with examples and information about the strengths and pitfalls of each, and disseminate these to other WIBs interested in a sector approach;
- (2) Provide technical assistance to the few programs that are struggling to implement their projects – especially those where an industry target has not yet been found, or where program designs have proven especially problematic. Consider brokering connections between the struggling projects and other more successful projects that are working in the same or similar industries. This kind of staff peer exchange was the most commonly mentioned type of TA requested by interviewees.
- (3) Develop a guide based on the experience of the most successful demonstrations on the strategies that have been used to fully engage industry/business partners. Interview employers to document why they have been involved and what they have gained.
- (4) Provide follow-up implementation funds to the demonstration sites that successfully complete their strategic planning work under the current grant.
- (5) Consider evaluating the accomplishments of the implementation sites with regard to training outcomes, employer engagement, and management processes.