Sectoral Workforce Development
Poverty 423 Brotzman

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Introduction

Even after the recent recession, and despite a high unemployment rate, there are labor markets in which employers struggle to fill positions (Coffey 2011). In 2011, the Bureau of Labor Statistics projected that “nearly one half of all job openings in the years to come will be middle skill jobs” (defined as requiring more than a high school degree but less than a bachelors) (Cooney 2011). Yet, traditional workforce development programs do not provide low-skilled low-income workers with the qualifications needed to fill these open positions. Instead, current workforce development programs- defined as programs and polices that promote job-related knowledge and skills, give access to employment opportunities, and help job applicants get real jobs- focus on immediate job placements without much regard to the long-term prospects of the jobs or any emphasis on training job seekers to gain new skills (Coffey 2011). Workforce development has been challenged to find new ways to train and equip the next generation of workers. Yet, a new approach is growing in momentum: sectoral workforce development. For the purposes of this paper, I will use an acronym SWFD to denote Sectoral Workforce Development. Sectoral workforce development programs can make a serious impact in the number of people who remain poor due to low-wage, low-skill, insecure employment with little room for advancement.

Rachel Gragg, the Federal Policy Director for the National Skills Coalition, noted that the current US labor economy “seems to have two problems that should never exist at the same time, We should never have workers who can’t support themselves and their families, and we should never have employers that can’t find
the workers that they need” (National Skills Coalition 2008). SWFD addresses these two problems with one answer - sectoral programs. Sectoral workforce focuses on industries and employers, and aims to find areas in which there is need for skilled positions, and where these skills could be taught and make an unqualified applicant qualified after participation (Rademacher 2002). Thus, SWFD programs provide low-skilled, low-income applicants with the means to grow skills and become more attractive in the current job market. Instead of focusing on all employment possibilities, sectoral programs are localized and focus on providing training to a cluster of employers in one segment of the labor market where there is a relationship between employers and the program. The structure of sectoral workforce programs therefore allows common workforce needs to be addressed across a number of employers, rather than through developing more narrow customized training programs for just one employer (Giloth 2000).

Sectoral workforce development benefits all companies within a selected industry. By utilizing the SWFD programs to train applicants to where employers are confident of their skills, employers feel economies of scale because without a workforce development program companies might have to train more to make sure applicants were qualified. Therefore workforce development programs help make training more affordable and less risky than individual efforts (Holcomb and Martinson 2007). Sectoral workforce programs also strengthen the connections between the demand-side and supply-side systems to promote economic growth and the advancement of low income and low-skilled workers by creating lasting relationships with companies. These relationships can be leveraged beyond a one-
time job placement for low-skilled, low-income workers. Often, sectoral workforce development programs work with employers to find areas in which the sectoral program can better suit their needs through a variety of services such as financial help, consulting etc. Each workforce development program has different criteria for the services they provide employers but most look for ways in which they can cultivate their relationships to best serve the low-income communities they are in. Thus, sectoral programs create a “win-win” situation by focusing on key efficiencies in both the supply and demand side of the specified labor market (Dress and Rogers 1998).

In the summer of 2013, I worked as a Workforce Development Intern at Urban Upbound in Long Island City and saw the difficulty most of my low-skilled low-income clients had finding a job. While the center I worked at tried to connect job applicants with as many possibilities as possible, most employers that worked with the center were only looking for part-time or minimum wage workers. Urban Upbound is a Workforce1 center, a service provided by the NYC Department of Small Business Services, and as part of having that title the program could refer applicants that were better suited for other job programs to other locations and services. Some of these referrals I saw most often at Urban Upbound were for the health care industry, “More than 20,000 health care jobs were created between 2009 and 2011- but hospitals struggle to recruit and train qualified technicians, nurses, and medical assistants” (New York Community Trust 2013). Often the applicants who completed these referred programs were able to land job opportunities that required a higher skill level and compensated with a higher-wage
than most opportunities that came through Urban Upbound. While the majority of the unemployed clients who came into the center were happy to take any job placement, I did talk to a few clients who wished they would be able to move up and apply to these “middle-skill” jobs. When I worked inside the center’s computer lab-to help clients apply for jobs and update resumes- I worked with one client who knew that a minimum wage job wouldn’t get her and her family out of poverty. She actively looked for pathways to financial security and ended up getting referred to a SWFD for the airport/airline industry and getting a job that paid more than typical low-skill jobs. My first-hand experience allowed me to realize the core of the benefits to sectoral workforce development.

Most importantly, sectoral workforce development programs are an important resource for low-income individuals. General workforce development programs help provide job applicants with a placement-based strategy that attempts to address the needs of all people living in a particular neighborhood. While this strategy does and can help many low-income job seekers, general workforce centers do not cultivate the same type of relationships with employers and often do not place workers with many higher-wage job opportunities (Carnevale and Desrochers 1999). “While the changing nature of work and business is challenging for everyone, disadvantaged and marginally skilled individuals have been particularly hit” (Rademacher 2002). New trends, such as outsourcing and subcontracting of functions an organization considers “non-essential” take away the bottom level of jobs and the kinds of jobs disadvantaged workers usually qualify for (Rademacher 2002). For low-income job seekers, these trends “increase the
likelihood that positions they will find will have limited opportunity horizons” and that the jobs that are left will have less apt “to provide stable, steady employment, thus diminishing the odds that workers will acquire the experience, training and personal relationships and networks that have traditionally enabled upward mobility” (Rademacher 2002). SWFD programs help provide low-skilled, low-wage workers with pathways to economic advancement through middle skill jobs in industries that need more laborers (Carnevale and Desrochers 1999).

When trying to help combat poverty, many policy makers and politicians believe that one of the best methods to helping individuals in poverty is to help give the low-income individuals a job. Yet, not all jobs are created equal. The idea behind sectoral workforce development is that there are low-skilled low-income workers who could benefit by landing a “middle skill” (where there is a requirement of high school education but not necessarily a college degree) job that pays more than minimum wage and provides job opportunities down the road (Coffey 2011). Minimum wage jobs do not offer enough money or benefits to help an individual come out of poverty or to combat an individual’s capability poverty from not having control of their individuals. However, without the training, lessons, and assistance of SWFD programs, these low-skilled, low-income workers would not be eligible for these jobs. Therefore the programs help low-income applicants apply to jobs that they could not before, in part due to the skills taught in the sector specific program, and in part due to the relationship these programs have to employers.

Amartya Sen offers a capability approach to poverty that gives a critique of welfare economics. Author Martha Nussbaum expands on Sen’s capability approach
and offers a more full-blooded model. In both capability approaches, poverty is more than just an economic measure; it is a matter of multidimensional deprivations of people. Nussbaum frames this principal in ten capabilities: life, bodily health, bodily integrity, senses, emotions, practical reason, affiliation, other species, play, and control over one’s environment. Nussbaum and Sen both agree that a deprivation of capability is true poverty. Yet Sen sees work as an important means to expand a person’s capability set, whereas Nussbaum does not explicitly talk about work, or lack of, but incorporates it in her central functioning capabilities (Bagusat, Keenan, Sedmak 2010). Without a job the low-skilled workers that are participants in SWFD are in capability poverty. Unemployment limits capability by limiting resources, specifically in capabilities like having control over their environment in a material way—without an income they do not have the same ability to purchase and hold rights as others, affiliation, and even health (Olejniczak 2012). Worse, to be working and to still be poor is a violation of the capability approach. Therefore there is a problem with our current skill gap and to help poverty we must help workers receive middle skill jobs that offer a path out of poverty. Throughout this paper I will discuss the importance of sectoral workforce development in regard to helping people who are low-income and who individuals who lack some of Nussbaum’s central capabilities.

**Importance of Sectoral Workforce Development Programs**

Skills matter. There is a consensus that has developed across economics and policy analysts that workforce skills are important for explaining the labor market
problems of the disadvantaged (Carnevale and Desrochers 1999). Lack of skills and educational credentials among the poor contributes to their low employment and earnings and inhibits their ability to advance in the labor market. Typically, when businesses offer skill-building opportunities they invest in more highly educated workers and are least likely to invest training resources in those who “earn low wages, hold minimal skills, and occupy entry-level positions” (Conway 2007). The President’s Council of Economic Advisors projects many jobs in growing industries over the next five to ten years will require “non-routine skills though they are still expected to pay low wages” (Danziger and Ratner 2010). This leads to scholars like Harry Holzer to propose additional workforce development spending to raise the employment and earnings of low-income workers (Holzer 2008). Additionally, several policymakers have suggested increased public investments in improving education opportunities and improving access to higher education as a way to lessen the gap in educational credentials. Yet post-secondary schooling, like a community college education, takes time and the relationships a school has to employers is not definite (Waits 2000). There is no negotiation and communication between employers and schools when making a curriculum. In his State of the Union address, President Obama proposed making community college tuition free for two years to life people into the middle class. But simply getting a degree does not guarantee that the skills he/she gained while learning in the classroom would be useful to gain a job. The relationships that sectoral focused workforce development programs have with employers help guarantee that program participants will be learning applicable skills since the formation of the curriculum was geared for that
sector (Carnevale and Desrochers 1999). Although investing in education opportunities is one way to lessen the gap in educational credentials it doesn’t help applicants with a very important resource that sectoral workforce programs provide—networking.

Networking has many benefits beyond the initial job placement. Networking can create a community of people who support each other, who help each other learn, and who share information that can help each other in every facet of life (Wanberg, Kanfer, and Banas 2000). Studies have shown that over one third of all recent jobs were found due to networking or talking to friends, family, or coworkers (Hansen 2013). Yet, the quality of available networks might not be the same for low-skilled low-income as the available networks for higher-skilled higher-wage workers. Many low-skilled workers lack affiliation among groups of people who might be able to get them jobs. The low-skill workers are not seen as capable of being in the same “working class” and therefore are deprived of the affiliation and networking capability (Hozler 2008). By creating relationships on both the supply- and demand side of specific labor markets, sectoral workforce development programs are creating their own networks. These networks have the potential to provide job applicants with quality networking that they otherwise would not have found by themselves or with traditional workforce development programs that do not cultivate the employer-side relationship (Coffey 2011).
**Types of Sectoral Programs**

Not all sectoral workforce development programs are created the same. Similar to general workforce development programs, the structure and mission each sectoral workforce development program is localized. Therefore, there is large variance across workforce centers in the programs’ chosen industries, participants, funding, and even mission and goals. These differences challenge this particular research paper because what works for one sectoral workforce program can be detrimental to the next and it is just as hard to navigate what makes a sectoral program sectoral when programs are industry clustered instead of industry specific. Some programs focus more on business needs and others focus more on job-seekers needs. Nevertheless, there are still three larger umbrellas most sectoral workforce development programs fall into: “structured career ladder”, industry-based certifications, and clustered industry specific sectoral workforce programs.

One type of SWFD is the “structured career ladder” program, which is characterized by an emphasis on developing career that lead to higher-paying jobs. This kind of program is based on the scientific evidence that there is no pathway for low-income workers to advance through a progression of better-paying jobs as they gain skills and experience (Holcomb and Martinson 2007). Career ladder programs attempt to address this issue by providing a set of programs and connected courses that allow students to advance to better jobs within a firm or industry through obtaining more training and education-thereby fixing the problem of low-skilled low-income workers not having pathways to better jobs. Without a pathway for improvement, a low-skilled worker is stuck without the means to control their
career—therefore lacking the capability of control over their environment. Therefore the career pathway SWFD structure inherently helps low-skill workers have control over their environment by providing them the means and the opportunity to move up in a career ladder. The programs include a “road map” detailing the requirements to enter programs at each level, a dynamic curriculum that can be molded to individual needs, and often include support services to help participants get the most out of the programs (Holcomb and Martinson 2007). These programs tend to target low-middle wage jobs (ex. Health aide, child care worker) that are key entry points into the labor market for low-skilled workers. These jobs are usually available in every community and accessible to low-income individuals but are rarely the types of jobs that hire from general workforce development centers due to needed higher skilled workers. The idea is to target these jobs because there is a ladder in which a worker can move up and applicants who get them could connect with pathways toward higher wage jobs (Rademacher 2002). Pennsylvania’s career pathway programs, for example provide workplace skills instruction, GED test preparation, academic skills specific to the industry, postsecondary transition preparation, goal setting/case management support, and help provide employability/soft skills instructions. These programs help prepare an applicant to not only succeed in the first job that they get but help them gain the skills (both hard and soft) needed to move up in a “career ladder” (Jenkins 2006). These types of SWFD programs are characterized by a harder scrutiny of what makes an opportunity or job “high quality.” Pennsylvania defines this scrutiny by only
choosing to work with industries that show a clear progression of job advancement and who hire within.

A second type of program structure for SWFD programs is industry-based certifications. Occupational skill certifications provide a way in which job applicants can document that a specific set of job skills that they have mastered. Certificates provide a uniform way for companies to communicate the skills they require for specific jobs and for providers to standardize the training they offer (Holcomb and Martinson 2007). These programs tend to target jobs that pay well (e.g. nurse, computer technician) and seek to increase access to these jobs for low-income populations (Rademacher 2002). Once a certification program is created, there is little change in curriculum for new or different skills that might best fit the employers needs. Most often, state governments are responsible for issuing certifications and the state regulates the certifications to make sure they are a legitimate demonstration of mastery of skills. An example of a industry-based certification is a Commercial Driver’s License (CDL) program where an individual has to pass both a skills and knowledge test to obtain a CDL from their state and the federal government established minimum requirements that must be met when issuing a CDL. The CDL license is a good example of an industry-based certification because an average CDL driver makes $50,000 a year (AllTrucking 2014). In this manner, there is a risk that certain certification programs can become less demanded if there is a mismatch of supply and demand for an industry-based certification. The benefit to these types of certifications is that curriculum is usually set for a larger area and the programs are less localized so a worker can carry a
certification across state (Rademacher 2002). Since this type of SWFD is the least localized (licenses are good for a broader area-like state), the certification structure allows for a low-skilled worker to gain mobility and control over their environment by providing them the tools and capabilities to succeed in their chosen industry in more than just one community.

Lastly, the most general strategy in sectoral workforce programs is to “adopt a broad systemic approach within a narrow occupational focus” (Rademacher 2002). These programs train for multiple occupations but “within that broad focus they take a narrow approach, working only on the labor supply side, with little monitoring of the involvement in the demand-side factors that equally influence job opportunities” (Rademacher 2002). While the industry-specific content of programs is designed to fit the needs of employers, the method of training used by sectoral programs- “and the support services that are offered in conjunction with training (e.g. child care, soft-skills training) are tailored to help a specific population overcome the hurdles that have kept them from succeeding in the past” (Rademacher 2002). An example of a general sectoral strategy is the Jewish Vocational Service program in Boston that is a community-based nonprofit that serves a diverse range of Boston’s disadvantaged population. This broader segment of sectoral programming leaves the most room for innovative programming because it is less defined as the other two structures. On the scale of whether SWFD focus more on businesses or workers, these programs focus more on workers and one specific demographic like the Jewish Vocational Service on Jewish people inside Boston. Therefore these programs can focus on the affiliation aspect of capability
poverty and can try to combat a lack of affiliation for a group of individuals within the labor market by bringing them into the local labor economy.

**Important Workforce Development Laws**

Sectoral workforce development programs can be publically funded or privately funded. Most of the programs looked at for the purposes of this paper were partially funded by the WIA and partially funded by NGOs, grants, and private institutions. Mixed funding is a characteristic of many sectoral program and often programs are underfunded (Hozler 2009). Training and skill-building is something that cant be given in one session- participants must enroll in SWFD courses- therefore making the cost of running SWFD programs higher than programs that give a simple consultation. Therefore it is important to understand what federal funds and policies are in place for sectoral programs.

The 1998 Workforce Investment Act (WIA) sets the framework for the current workforce development system and serves as the primary funding base. The Workforce Investment Act offers a comprehensive range of services and workforce development activities through statewide and local organizations. The Act promotes increases in employment, occupational skills, and earnings by participants and thus aims to improve the quality of the workforce and reduce welfare dependency (State of CA Employment Development Department 2014). Funds for the WIA flows from the United States Department of Labor and are then calculated using a formula “based on the population mix in each locality” (Maryland Division of Workforce Development and Adult Learning 2015). Therefore when the population of a...
community rises or falls, the funding is correlated to that gain or loss. The WIA created boards, called Workforce Development Boards, which are usually organized by groups of counties and are made up of representatives from both the private and public sector, as an effort to give local authorities more influence (Coffey 2011). This is an important feature of the WIA since the purpose of SWFD is not only to help low-skilled workers get middle skill jobs but also to increase the economic wellbeing of a community. Although the WIA has performance standards that do include six-month job retention and earning measures, the focus of the WIA has traditionally been quick placement of workers and immediate market results (Coffey 2011). The WIB’s look for ways to measure success of their local workforce programs and often give little consideration of the long-term for the workers the local programs have placed (Coffey 2011). Additionally, taking funding from the WIA program means that workforce development programs have to adhere to reporting requirements, which are often complicated and time-inefficient (Unruh and Dahlk 2012).

Important subchapters inside the WIA are Job Corps and other National Programs. Job Corps is the nation’s largest vocationally focused training program for disadvantaged youth. It serves youths between 16 and 24 and aims to help youth become more employable among other things (Schochet, Burghardt, and McConnell 2008). The Job Corps program operates under the provision of the WIA and receives funding from the US Department of Labor (DOL). Job Corps attracts low-income youth who meet their criteria and puts its participants in a comprehensive training program that encompasses everything from teaching basic social skills to how to file
taxes—therefore the demographic of Job Corps is different from other traditional sectoral workforce programs. When it comes to workforce development many Job Corps programs find it more cost-effective to have its participants go to a SWFD or WFD centers that specialize in teaching job readiness rather than teach all the skills within its own Job Corps workforce programs (Schochet, Burghardt, and McConnell 2008). By having participants from the Job Corps program attend SWFD programs, the sectoral programs receive more funding from the state. WIA and Job Corps make up some of the most consistent streams of funding for SWFD across the country (Unruh and Dahlk 2012).

**Participants in Sectoral Workforce Development Program**

Sectoral workforce programs differ greatly depending on location, mission, size, and other factors, and of course participants. Most programs have participants from a variety of ages and walks of life (Coffey 2011). Each type of program will have different criteria for who they take on for their program. Some certification type sector programs might take on any applicant who signs up whereas others might have a waiting list of applicants and might have to limit participants through varied measures (Hozler 2008). Since sectoral workforce programs are trying to cultivate relationships with employers, and there is a cost to training individuals, they have interest in making sure their pool of participants is actually qualified enough for the available job opportunities. Therefore some sectoral programs might be stricter in the individuals they allow into their centers. In almost every program, there is a contract made between the center and the participant to outline the
According to a study conducted by the Aspen Institute, most participants in sectoral programs are of prime working age (mid-30s), are economically disadvantaged (low-income), skewed female (possibly due to some programs not allowing applicants with a criminal record), with most participants having had previous work experience (Zandiapour and Conway 2013) (Rademacher 2002). For most of the studies looked at in this paper, low-income was defined as having a family’s total income below the family’s threshold according to the Census Bureau poverty measurement. Participants in most AI studies are mostly African American or Latino. The Aspen Institute found that “many of the individuals who apply to training programs are capable of finding employment, but the quality of the jobs they can access is often poor, with limited opportunity for advancement” (Conway and Rademacher). In 2010, the National Network of Sector Partners, an organization dedicated on promoting the use of sectoral workforce programs, issued a report that was a snapshot of findings from surveying 198 sectoral programs. The study found that the sectoral programs offered in the United States were incredibly diverse, thus reiterating the localization and variance of SWFD (Coffey 2011).

**Case Study of Sectoral Workforce Development Programs**

In 2005, the City of Chicago Mayor’s Office of Workforce Development (MOWD) and Chicago Workforce Board (CWB) established two industry sector-focused workforce programs- one in manufacturing and the other in low-wage
services (hotels, restaurants, etc) (Schrock 2013). Prior to the creation of this program, Chicago was using a sectoral approach to inform and target their training programs but had not used any funds from the city or WIA (had been privately funded) and had not developed any core sector-specific strategies. Chicago's Sectoral Workforce Center Initiative was novel in the way that it was integrated directly into the city's federally funded WIA service infrastructure and in the Center's design to serve employers more than just help candidates land jobs. Chicago's initiative was important in the way that it got supporters and politicians to believe that “programs that were more employer-oriented could actually allow the system to serve disadvantaged jobseekers better” (Schrock 2013).

ManufacturingWorks (MW) was one leg of the Initiative and MW offered more than just job placement for employers. Employers took advantage of MW's consulting services and personal finance workshops (Schrock 2013). Although MW was created to help workers in Chicago, the program ended up matching companies and workers in the suburbs and outside of the Chicago-city area. The second part of the Initiative was ServiceWorks (SW)- a much more job placing focused program. Unlike MW, which stayed focus on the same kinds of employers, the focus of SW's job placement activities shifted considerably over time in terms of which industries and occupations needed its services (Schrock 2013). MW fell into more of a “career pathway” structure where the center looked for long-term relationships in the industry to help individuals get placed and move up in careers whereas SW looked for a specific group of job seekers and potential needs in the local job industry and worked on simply filling the skill gap. Thus this case study reinforce some of the
different structures, and possibly mixed models, SWFD can exist in and still be a successful sectoral program.

After operating the Sectoral Workforce Centers (MW and SW), Chicago polled and interviewed some of the businesses that worked with the programs. Without the program, the majority of the businesses that used these Sector Centers relied on referrals to recruit for entry-level positions but had difficulty finding workers that met their skill requirements for more skilled occupations (Schrock 2013). Out of the two programs, employer satisfaction with SW was more varied, yet only 18% of the job placements for MW were WIA registrants, and nearly half, 48%, of the SW placements were WIA registrants. This outcome shows that the SW program placed more low-skill, low-income workers which could hint at structural problems within the MW program—such as MW “creaming” and only sending in the most qualified (not the lowest low-skill) workers to maintain a relationship with the MW’s employers. Both segments, MW and SW, focused on finding “high job quality” opportunities, as defined as opportunities that had an income higher than minimum wages and had a career path in which the worker can move up within a company. But, this presented different challenges depending on the segment. Since these surveys were completed in 2008, Chicago’s Sector Center Initiative operates under new management (private) (Schrock 2013). This is a good case study of a sectoral program because it chronicled how different industries have different problems. The more general service program, SW, was able to place more low-income workers but the program had much more variance because the companies it was servicing changed every year. In contrast, MW was able to build relationships with bigger
employers that were consistent year-to-year but it placed less workers that were considered disadvantaged with WIA status (Schrock 2013).

**Impact of Workforce Development Programs**

There is a growing body of research that proves that sectoral programs generate substantial earning gains for the poor. These programs are especially effective when they “include career services and are well-tailored to local labor market conditions” which can help an individual with gains that are intangible (Hozler 2013). An example of this is that the career services that many SWFD programs offer can help an individual’s mental state (bodily health, emotional, and affiliation capabilities) by allowing the individual to gain confidence in the local job market (Unruh and Dahlk 2012). While it would be hard to measure these gains in capabilities, there are several interviews and surveys that did record that participants felt satisfied and felt like they were more job-ready after the sectoral programs (Unruh and Dahlk 2012).

Similarly, Aspen Institute, one of the largest researchers for SWFD, found that Industry-specific workforce programs have helped workers advance in the labor market. Median personal earnings of the programs participants rose from $8,580 to $14,040 in the year following training (Zandiapour and Conway 2012). The participants in the survey who went to sectoral programs had already had some work experience but unlike the jobs they got after participating in the program, the jobs they had held before did not provide a high wage to come out of poverty and did not provide a foundation upon which they could advance (Rademacher 2002).
Thus the SWFD programs helped these individuals feel economic security and feel like they had more control over their environment and career path. The Aspen survey followed participants for a second year, after their training was complete, and found that in contrast to earlier patterns of moving/getting fired from jobs, called “churn”, the participants of sectoral programs seemed to have found a place to which to move up (Rademacher 2002).

According to the Aspen Institute study in 2002, among those who worked the median earnings rose from $8,580 at baseline to $14,040 the year after completion of the program, to $17,732 the second year after training (Rademacher 2002). To the blind eye, this number still seems extremely low for income but this average is including individuals who might not have completed the SWFD program and who might have not worked continuously for that year. The number, while low, is still significantly higher than it was before the workers went through the SWFD program. Additionally, the percentage of participants who had worked at some point during the year was 74% before training, 94% after training and the percentage who were working year-round was 23% prior to training, 55% in the year after training and 66% in the second year following training (Rademacher 2002). Although it is hard to quantify, the Aspen Institute also found that employers valued the programs and two years post-training 82% of AI Participants said they believed their future job prospects were better due to participation in the sector program (Zandiapour and Conway 2012) (Conway 2007).

Another important study is the Sectoral Employment Impact Study that followed participants from SWFD programs across the country and compared
results to a control group (Freely, Clymer, Conway, and Schwartz 2010). This study found that participants in sector-focused programs earned significantly more than control group members, about $4,500 more, with most earnings gains occurring in the second year (Freely, Clymer, Conway, and Schwartz 2010). Additionally participants were significantly more likely to work in jobs with higher wages. Over the entire two-year study, participants worked on average 2 months more than control group members and 60% had a job that paid more than $11 an hour (Freely, Clymer, Conway, and Schwartz 2010). Sectoral participants were also more likely to work for a job that offered benefits. Most entry-level jobs do not offer benefits like a health care plan, sick days or even vacation days. Therefore if SWFD programs can help participants land a job with benefits, like the results of this study shows, than the SWFD programs are helping with the capability of bodily health (for health plans and sick days) and even play (for vacation days). The Sectoral Employment Impact Study followed three specific sectoral programs, the Wisconsin Regional Training Partnership, JVS-Boston, and Per Scholas and while all the above impact was consistent throughout the three site there was some variance due to unequal sample sizes in some demographics in some of the sites (Freely, Clymer, Conway, and Schwartz 2010). Overall this study showed that participants at each of these sectoral centers were able to do better than their control groups who were free to attend other employment programs besides the sectoral programs in their area.

It is hard to gauge the impact of workforce development programs because of the variance across the country (Rademacher 2002). The estimated impacts of training programs for disadvantaged workers vary by demographic group, with
more positive impacts generally observed for adult women than men (Hozler 2009). “Impacts also vary by the following: whether program participation has been voluntary or mandatory, whether participants are “hard to employ” with more severe disabilities or barriers to work (such as criminal records, substance abuse, or very poor skills), duration or intensity of program, the nature and content- i.e. whether it focused on classroom training, on-the-job training, work experience, the scale of the program, or whether the evaluation uses survey or administrative data. (Hozler 2009).” These different factors will be discussed in the next section of the paper dealing with criteria of a successful SWFD program.

**Criteria for Success**

The “critical success factors” in designing sectoral programs are to understand what skills and credentials employers’ value and to determine which industry and jobs have the strongest demand for workers. Yet to be successful, the sectoral program must do more than just focus on the needs of the businesses. A successful SWFD program must also focus on the low-income, low-skilled workers and must care about bringing together stakeholders that have stakes in the community and come up with a plan on how they will meet the needs of both the industries and workers in their community. The larger goal of SWFD programs should be economic wellbeing in local communities. Although I do not want to generalize for all sectoral programs, after studying SWFD comprehensibly, I do believe that there are several important programmatic characteristics that all sectoral programs should strive to embody.
A good leader can shape a sectoral workforce program. Because most of these programs are relatively new, compared to traditional workforce development programs that have existed for decades, organizational capacity is important to succeed in operating “at the nexus between disadvantaged workers, local employers and the public and private agencies that have resources to invest” (Freely, Clymer, Conway, and Schwartz 2010). The leadership in a SWFD program has to be both visionary and a salesperson-like to grow relationships in a community and secure funding. Additionally, the program has to be open to adapt and pivot in case the local labor market shifts, like it did in the Chicago case for SW. The adaptive capacity of the organization - the ability to ask, listen, reflect, and change - underlies its success because in most programs the relationship between the demand and supply side of a labor market can change rapidly. Similarly, the leadership of sectoral workforce development programs are incredibly important to make sure that the leadership is cultivating strong links to employers that result in understanding of the target industry and connections to jobs (Freely, Clymer, Conway, and Schwartz 2010).

Second, a sectoral program must keep a balance between having a narrow scope of help and providing enough services for its low-skilled low-income workers to gain the skills needed for the middle skill jobs. Most sectoral programs’ participants come into the programs with a wide range of current and needed skills. Therefore programs must teach effective adult education, job readiness, basic and technical skills. Yet, the Sectoral Employment Impact Study found that most programs it studied with positive results taught hard and soft skills through the
“lens of a specific occupation or sector” to get the most relevant information to the participants in the most efficient way possible (Freely, Clymer, Conway, and Schwartz 2010). To be successful, a SWFD program must be able to build a curricula that is specific to the industry, and thus time effective, but also general enough where participants can gain some general job readiness skills.

Third, to be successful, a sectoral program must be able to continually attract participants and employers. This goes back to the idea that top leadership is the biggest factor for determining the success of a SWFD program. To be successful, the program needs to do more than just place a static group of participants; they have to develop a participant pool of strong candidate whom the industry employer’s will want to hire. They should not “crème” participants to ensure this: rather the programs should be able to successfully recruit and train workers to become great matches (in terms of interest, ability, and qualifications) to the industry and the employers at hand (Freely, Clymer, Conway, and Schwartz 2010). If SWFD programs do not target the right individuals, they risk losing credibility among businesses and hindering their ability to build strong ties inside an industry. The ability to cultivate both a relationship with employers and supply-side as well as providing care to the unemployed or demand-side of the program is what is key to the success of a SWFD.

Challenges

There are several challenges in the current workforce development system and for the application of successful sectoral workforce programs. These include
problems within the: fragmentation of the workforce development system, the relationships between employers and the community with the sectoral program, the participants’ barriers to work, and the resources needed to become a successful sectoral program.

First, the current workforce development system in the United States is heavily fragmented based on State, which can create both good and challenges for the success of SWFD. This is because the funding designated to WIA is distributed to the states who then chose how they will send funding depending on WIB board decisions. The fragmented workforce development system allows a community to have more control over the needs of their specific locality. Yet, this local control can also cause challenges for sectoral programs. These WIBs are largely fragmented and are “quasi-political” entities, which unfortunately lead to a disincentive for cooperation and encourages “turf wars” in some communities (Coffey 2011). The local control can also invite political interference, which creates short-term goals and often low-cost solutions. The challenge is that success in current sectoral programs depends on the community it is in and the relationships and support it gets from employers and other organizations that are already in the community.

A second challenge is that the success of sectoral programs depends on the cooperation from local employers and organizations. Yet, there is difficulty in getting companies to give up time and or resources to work with sectoral programs. This challenge is only deepened with new sectoral programs. Employer relationships are built on history and past successes; new programs have to find a way to prove themselves (Edelman 2011). A “common pitfall for sectoral programs”
is in developing curricula where the program doesn’t yet have relationships with employers. Sectoral initiatives require the participation of multiple systems, including community colleges, local businesses, and community involvement. It can be hard to organize and gain the cooperation of the local community to enact the type of change required to be successful at sectoral workforce development (Holcomb and Martinson 2007). In an ideal world employers would want to help sectoral programs by contributing staff time and financial resources but participation in sectoral programs is voluntary and therefore depending on the neighborhood and program some centers might struggle to find enough financial resources (Holcomb and Martinson 2007). Another problem within employer relationships is the concern of employer bias and the assumption that what one employer finds important will be the same as the opinion of the targeted industry (Hozler 2013). Although the localized nature of sectoral programs should reflect the needs of the targeted industry, it is possible that without cooperation or with dominant cooperation from one employer in the industry that the lens in which the program sees the industry as a whole can be skewed in favor or against these employers.

Third, a challenge for sectoral workforce programs is in the creation of its curriculum and structure for participants. If a program develops a curriculum that doesn’t teach participants the skills which are in the “skill gap” between the employers and job applicants than the program will not be successful. Author Rheagan Coffey, who has written many pieces about workforce development, points out that there is a common- and faulted- approach that when a sectoral program is
under pressure to produce results it is likely the sectoral program will try to “sell” itself to a specific industry, before conducting employer analysis and outreach” (Coffey 2011). The problem is that when sectoral programs do not get employers involved before completing a curriculum, employers do not have the opportunity to identify the skills they consider necessary or important for their industry (Coffey 2011).

A fourth problem is that sectoral programs may have participants with significant educational challenges that might pose a problem to the success of the sectoral program. A lack of math or reading skills might cause a participant to struggle with the sectoral training curriculum. Clients might have barriers to employment such as a lack of soft skills, family challenges, immigrant documentation status, or even criminal history (Fernandez 2010) (Coffey 2011). Even after completing the sectoral program clients who have these barriers to entry might not be able to be placed or get a job in the targeted industry (Fernandez 2010). Of all the sectoral programs surveyed in the 2010 Snapshot, 21% of participants had less than 12th grade education, and 22% of participants were non-native English speakers (Coffey 2011).

Lastly, sectoral training programs often lack the resources to reach their potential. Sectoral programs rarely provide enough time for a job seeker to gain skills because the program cuts time and lessons in order to save resources. Training a low-skilled individual for a job that requires skills learned in postsecondary education takes a substantial amount of time and money (Coffey 2011). Time is costly so most programs try to cut down programs into a period that
is not sufficient enough for the job seekers to gain the needed skills. Additionally some time is spent with administrative tasks rather than in the training programs, which cut down the amount of time spent by job seekers to gain skills. Likewise, most sectoral training problems have a problem in funding (Rademacher 2002). “Most [sectoral] programs receive a combination of public and private funding” (Coffey 2011). Most public funding comes with requirements so often SWFD programs seek private donors and businesses to secure funding in addition to public funding.

**Criticisms of Sectoral Programs**

There is a concern that workforce development programs are not cost-effective at raising future earnings of participants. Why might publicly funded training for disadvantaged adults not be effective? One reason might be that basic cognitive skills of disadvantaged adults are too weak for limited occupational training to effectively raise (Coffey 2011). Another might be that the motivation of disadvantaged adults to participate in training is low, especially if the programs are time-consuming (Holzer 2009).

There is a substantial concern that employers are not impressed by any government-sponsored training and that having a job applicant labeled as a government trained worker will not help them get a job (Fernandez 2010). This idea is only exacerbated if other educational and work experiences of the applicants are weak- that the training will do nothing to prove to employers that an applicant is qualified for these “middle skills” job (Holcomb and Martinson 2007). WIA-
sponsored training does not always offer recognizable occupational credentials that are valued in the job market. Harry J. Holzer, a professor at Georgetown University, believes that there are some “natural tensions [that] might exist between “economic development and antipoverty efforts that need to be addressed” (Holzer 2008). He believes employers are reluctant to become involved with antipoverty programs, which may stigmatize the workers they are designed to help. The critique is that if employers do not think highly of these programs, it is a waste of scare resources to train people for the sake of training (Coffey 2011).

Additionally there is a criticism that sector specific programs “crème” the application pool. Not all jobseekers match up with sectoral strategies because of “entry requirements (implicit and explicit) related to basic skills, job readiness, aptitudes, aspirations and work experience” (Giloth 2000). Therefore, these sectoral programs draw recruits that are weeded out by various assessments and training hurdles. Indeed, sectoral initiatives might reinforce exclusions that low-income workers already face and may be unrealistic for many jobseekers (Heinrich 2011). To expand on this idea author Greg Schrock believes that sectoral workforce development programs also “crème” “the most talented workers from within-and often outside- the existing pool of jobseekers within the WIA system” (Schrock 2013).

Finally, because industry-based programs are highly targeted to the industry the success of the programs will be correlated with the health of the industry. If the targeted industry falters or fails, sector programs will have a hard time to pivot if the program is finely correlated with the needs of the failing industry (Rademacher
While this is a valid criticism for the success of sector specific programs—that the programs only work when the market is good—this is true for many anti-poverty strategies. In the end, the strong correlation between an industries success and the success of a sectoral program leads to these programs having “a high level of motivation” and fosters a “pragmatic, results-driven orientation” (Rademacher 2002).

**Suggestions**

After reviewing the criteria for success and the challenges of current sectoral workforce development programs, I would suggest that the WIA adopt a sectoral “code of ethics” to go along with funding. Since most SWFD programs are hoping to achieve funding from the WIA, performing to a code of ethics would incentivize a community and a specific program to conform to a general code that would strengthen programs for the better by riding them of bad practices. This code of ethics would be provide the “do’s and don’ts” of running a sectoral program and provide advice for how a sectoral program could approach WIB boards and local employers. The idea behind this code is that the SWFD would no longer “crème” applicants or “sell-out” its program to new employers in order to gain credibility. If the WIA’s “code of ethics” contained a script or suggested way in which sectoral programs were to talk to businesses, the newer programs would have a more streamlined and less risky approach to grow relationships, which would be advantageous. Since many SWFD programs are funded by both public and private
streams of funding, it would be easiest to get this suggestion in action if it were attached to the greatest source of funding- the WIA funding.

After researching many different sectoral programs I learned that most programs that accept any applicants- without any testing or consultation with potential participants- had trouble curating strong relationships with employers. By not having a recruitment system, the SWFD programs were accepting extremely low-skill workers that were unable to get to the skill level needed to land a middle-skill job. Thus the resources used to get a very low-skilled worker to a medium low-skill worker was not the most efficient use of time of money. An example of this was with CareerAdvance- a sectoral training program that noticed that its clients had deficiencies in math and reading skills that made it difficult for participants to complete its program. Sectoral programs should identify basic academic skills necessary to completing the course prior to recruitment. If possible, the curriculum of the program should be tailored to the local learners rather than the traditional college student approach. To avoid a program from inadvertently setting up locals for failure, sectoral programs should consider setting minimum academic standards (Coffey 2011). This second suggestion is a bit more controversial. If the idea is to get more low-skilled, low-income, and low-capability individuals skills than we should not set a minimum standard for enrollment in a sectoral workforce program. However, I feel after research that there is a large demand and only limited resources for SWFD and that the resources should be focused on the individuals who have a chance at getting out of poverty by gaining skills. I am not suggestion we throw these other unqualified low-income workers out of the workforce.
development system but rather suggest other general workforce development programs that might better suit their needs.

Conclusion

Sectoral workforce programs are critically important, “when you consider that roughly half of the people who will be in the labor market in 20 years are already in the labor market today” (Conway 2004). As a country we will need to think about not only getting people into the labor market, but also giving our workers the skills and means to help them be successful in the economy. Sectoral programs can be an incredibly effective tool for closing the skill gap and getting low-skilled, disadvantaged (in terms of income and capabilities) workers into middle skill jobs. While the programs are incredibly localized, and diverse, several studies have proved that positive impacts from sectoral programs are substantial. However, SWFD programs alone will not provide all the resources needed to bring every low-income individual in a community out of poverty. There will always be unemployed workers with barriers (e.g. criminal records, disabilities, old age) for whom sectoral programs will not be the best fit for their needs. Yet for the people that can be helped through these programs, SWFD can improve wages and prospects for economic security and help increase capabilities. In the end, sectoral workforce development programs provides a mean to solve a structural inefficiency, by helping low-skilled workers gain the skills needed to be hired in middle skill jobs, thereby helping create economic wellbeing in local communities.
Citations


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