

EVALUATION OF THE SECTORAL EMPLOYMENT DEMONSTRATION PROGRAM

FINAL REPORT

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Executive Summary

In Program Year 2000, the Employment and Training Administration (ETA) of the U.S. Department of Labor (DOL) funded 39 local Workforce Investment Boards (WIBs) to participate in the sectoral employment demonstration (SED).¹ The demonstration was conducted to help DOL determine whether sector-based strategies could be adopted and used effectively by local WIBs. In the context of this demonstration, *sectoral initiatives* primarily seek to identify workforce needs and opportunities within a local or regional industry or cross-industry occupational group while also focusing on economic performance and competitiveness. These efforts target a specific population—such as low-income workers, dislocated workers, or new entrants to the job market—to meet both industry needs for a competitive workforce and the needs of those targeted for improved job opportunities. Sectoral initiatives are typically long-term efforts that, over time, attempt to improve the functioning of their regional labor markets, benefiting both workers and employers.

DOL was particularly interested in examining the potential for successful involvement in sectoral initiatives by local WIBs, chiefly because the goals of these activities paralleled the role envisioned for the boards under the Workforce Investment Act of 1998 (WIA). These roles include developing employer linkages, coordinating with economic development, promoting private sector involvement in the workforce investment system, and developing workforce investment plans as part of a comprehensive workforce investment system focusing on individual employment goals and the needs of firms for skilled workers.

This report documents the range of projects undertaken and the outcomes achieved by the 38 WIBs that participated in the demonstration. The demonstration included 26 formation grantees that received one-year grants (some with three-month extensions) to form stakeholder groups, collect and analyze labor market data, analyze industry opportunities and training capacity, and develop a strategic plan for the selected industry sector. Twelve organizations were awarded 15-month implementation grants (some with 3- or 6-month extensions) to undertake specific sectoral interventions, such as outreach, recruitment, curriculum development, training, and designing career paths for the benefit of individual participants within the context of specific industry/occupational sector needs.

The evaluation ran from September 2002 through December 2003, taking place toward the end of the grant period. Evaluation activities consisted of (1) a review of grant files, (2) telephone discussions with all grantees, (3) site visits to 12 grantees (6 formation and 6 implementation), and (4) cross-site analysis across qualitative variables associated with project organization and process, as well as outcome indicators, where available.

¹ The evaluation includes 38 grantees. One grantee withdrew from the demonstration.

Key Findings

Sectoral Grantees Focused on Business Goals

- Over 80 percent of the grantees chose a target industry that was experiencing a labor shortage.
- Over half of the grantees stated that encouraging growth in the targeted sector was one of the reasons for their choice of industry.
- Other reasons reported for choosing a sector were to improve industry competitiveness, to retain the industry as an employer in the community, and to prepare an industry for demographic or technological changes.

Meeting the Needs of the Labor Force

- Most grantees defined their target population broadly and included more than one group, such as incumbent workers and displaced/unemployed workers.
- Recruiting participants was a challenge for forty percent of the grantees. Outreach techniques included direct advertising; working with social service agencies, community-based organizations, and other stakeholders; and using workplace resources.
- A number of grantees changed or expanded their target populations over the course of their projects. Three major reasons given for target population changes were (1) an overall expansion of the target group to compensate for lower than anticipated participation, (2) a decision to include groups with fewer barriers to employment, and (3) an increased focus on incumbent workers in order to create entry-level openings as these workers advance.
- Because of the limited time frames and funding associated with the sectoral employment grants, many grantee organizations focused primarily on business and industry needs and then defaulted to working with a target population that could most easily be prepared to meet those needs. While these projects may have been quite useful to the workers involved, they were less likely to involve hard-to-serve populations. Such strategies are in contrast to those that initially focus equally on industry and selected target populations.

Meeting the Needs of the Sector

- Goals associated with improving industry competitiveness were reported by 11 of the demonstration grantees. Specific issues addressed included improving the image of the industry to attract workers and facilitating relationships between employers and public training providers, such as community colleges.

- Some sectoral grantees worked with industries that were having difficulty meeting a higher skill need. Grantees designed incumbent worker training programs to develop more advanced skills needed by the industry to remain competitive.
- Most grantees (31 of 38, or 80 percent) chose a target industry that was experiencing a labor shortage. Although a downturn in the labor market during the grant period reduced workforce needs, shortages remained in the health care field. Many grantees cited labor shortages as an important reason for their choice of sector.

Employer/Industry Involvement

- Three distinct approaches were used to designate a target industry and set of occupations: (1) targeting the firms of an identified industry, (2) targeting a specific occupational area that crosses a range of industries, and (3) working with a single large employer. The first of these was the most common approach, taken by 29 of the grantees.
- Most of the grantees said they built on previous efforts undertaken in the selected sector.
- Grantees used labor market data, employer surveys, and focus groups, and worked with industry associations to gain an understanding of employer needs.
- Challenges faced by sectoral grantees in working with employers included the WIB's limited knowledge about the industry sector, employer mistrust or negative impressions about government workforce development initiatives, and employer reluctance to share information with other employers. These challenges were successfully addressed by many grantees.
- Nine of the 38 grantees attracted direct employer financial contributions, while 13 received in-kind contributions from employers.

Sector Programs and the WIB System

- WIBs in a variety of institutional settings were able to engage in sector work. Effective WIB roles ranged from a high level of WIB member involvement in attracting support from the business community, to day-to-day involvement of One-Stop staff in recruiting and orienting participants, to primarily conducting contract monitoring activities and overseeing implementation by another community organization. Different organizational settings can offer varying sets of resources—there was clearly no one “best” organizational structure for initiating and operating a sector project.
- For about one-third of the WIBs, the project was particularly energizing and led to such outcomes as rethinking strategic plans or reshaping operations around sector-based work.
- Conversely, another one-third of the WIBs noted that board involvement in the project was relatively low. Reasons for this low level of interest included the small size of the grant relative to the overall WIB budget and no perceived need for the WIB to take on more than an oversight role with respect to the project.

- Implementing agencies combined the resources of in-house staff with the expertise of consultants and outside agencies in various ways. No particular staffing pattern or patterns emerged as the best way to staff a sector project.
- Respondents from 21 sites stated that the sector initiative helped improve the WIB's relationship with employers. The same number stated that they plan to continue with sector work and expand the approach to other sectors.
- By the end of 2002, 11 grantees had obtained additional WIA funding for their sector initiatives, and 8 grantees had received additional grants from state agencies, foundations, or DOL to continue their initiatives. In response to a follow-up request in March 2004, one additional grantee reported receiving WIA funds and two additional grantees reported receiving grants from other sources.

Outcomes/Accomplishments: Formation Grantees

- Grantees formed broad stakeholder groups that included employers, community colleges, unions, and industry associations.
- Almost 70 percent of the formation grantees found that the stakeholder groups encouraged employers to work together.
- In addition to the required strategic plan, more than three-quarters of the formation grantees established ongoing coalitions that will continue to meet. Almost half of the formation grantees (12) responded to a follow-up request almost two years after their grants expired, and all indicated that they are continuing or planning to do sector work.
- Sixty-five percent of the formation grantees leveraged additional resources to continue their planning efforts and stakeholder meetings, and/or to begin implementing their plans.

Outcomes/Accomplishments: Implementation Grantees

- Ten of the 12 implementation grantees increased training options available in their community/region.
- Seven of the 12 implementation grantees facilitated career ladders/advancement opportunities, and the same number established new pipelines for workers in an industry, most often targeting youth.
- All but one of the implementation grantees undertook projects that enrolled students in training, serving from 24 to 578 individuals. Eight of the 12 implementation grantees reported successful job placements for trainees, and 2 grantees reported average wage gains of 18 percent or more.

Lessons for Program Operators

- WIBs can play many roles in sector projects, depending on their interest in and knowledge of the sector, staff capacity, and ability to serve the target populations. Successful WIBs used their assessment of these factors to inform decisions about the roles and responsibilities that would be appropriate to take on directly and those that would be best to delegate.
- Sector projects need to recruit and maintain the right mix of stakeholders. This is a dynamic process, since the roles and responsibilities and relative importance of the various stakeholders can change over time. For example, some grantees found that it was important to have the buy-in of chief executive officers (CEOs) of target businesses early in the project and that supervisory or human resources staff involvement was critical at later stages of a project.
- Successful sector projects build in frequent opportunities to solicit feedback from employers and program participants, and they are willing and able to make midcourse corrections as needed.
- Among the sectoral employment demonstration grantees, promising practices were identified in stakeholder collaboration; leveraging training resources and building training capacity; coordinating resources to address target population needs; employer involvement for continuous improvement; and developing and supporting career ladders, retention, and advancement.

Implications for Policy

The following factors that pertain to the sectoral employment demonstration grants have broader implications for policy and future DOL demonstration grant initiatives.

- **Balancing employer and worker needs.** The sectoral employment demonstration reflects a policy focus of the WIA to develop a stronger link between the public workforce system and employer needs in the business/workplace environment. However, the reality of balancing employer and workforce needs can present challenges to serving those most in need. In the economic downturn of 2001 in which many sector projects found themselves, a reduced demand for workers resulted in some projects refocusing their target populations to those who could gain skills quickly, usually better educated or incumbent workers.
- **Time frame.** Demonstration grants are, by definition, time-limited, but the time frames depend on the goals of the grant. For the formation grants, whether or not a one-year grant period was reasonable depended on the extent to which a core stakeholder group

existed for the targeted industry.² Although most of the grantees were able to prepare a strategic plan in the allotted time and most coalitions intended to continue to meet after their grants ended, grantees said that a longer grant period (such as 18 months) would have been better for developing collaborative relationships and planning. Implementation grantees faced different challenges with their 15-month grants.³ Start-up activities took longer than anticipated for some grantees. These activities included developing curricula, identifying training providers, recruiting training participants, and making improvements to the physical site. Finally, the short time frames of the grants limit the ability to report outcomes. Some implementation grantees established or supported training programs and enrolled participants, but the grant ended before participants completed training. For other grantees, participants completed training, but it was too soon to report employment outcomes or, for incumbent workers, job advancement or wage gains. Still other grantees addressed career ladders and long-term human resources practices in an industry, such as benefits, employer-supported training, and advancement. It is too soon to determine whether these sector projects will have a lasting influence on employer practices. Effecting such changes will require that the grantees, or their partners, stay with the initiatives for the long haul.

- **Accountability.** All sectoral employment demonstration grantees (formation and implementation) were required to identify specific measured outcomes pertaining to their project activities. Since grantees pursued a wide range of activities, outcome measures and the methods for documenting outcomes varied considerably. It is important to consider both readily quantifiable outcomes (such as number completing a training program) and more qualitative outcomes (such as whether the project promoted collaboration between employers and training providers). Since most of the sectoral demonstration grants were formation grants aimed at convening stakeholder groups and planning, the more qualitative outcomes are critical to understanding the accomplishments of the grantees. Such outcomes include bringing new partners together, creating stakeholder groups that cross traditional divides of professions and disciplines, and crossing geographic boundaries. These activities, while difficult to quantify, help build the infrastructure needed to maintain sector projects.
- **Resources.** The sectoral employment demonstration grants were small and generally comprised a very small portion of a WIB's budget. Nevertheless, WIBs found that the grants provided resources that would otherwise not be available for collaborative activities and that the award of the grant helped to engage partners and staff. Grantees had discretion to use grant funds in ways that best supported the objectives of the grant, including staff, contracted services, and purchase of curriculum materials. This flexibility was welcomed by grantees. Grantee strategies and accomplishments were necessarily tailored to the small size and short-term nature of the grants. While grantees responded positively to the flexible funding, formation grantees were disappointed in the lack of follow-on implementation funding and had varied success in sustaining their projects.

² Half of the formation grantees requested and received extensions of one to three months, with one receiving a five-month extension.

³ Eight of the 12 implementation grantees requested and received extensions of three months; 2 other grantees received extensions of six months.

- **Capacity building.** The sectoral employment demonstration grant program included some efforts to bring grantees together to share ideas and experiences. Several grantees noted that this was a particularly helpful benefit of participating in the demonstration. Some grantees are well integrated in the existing and growing network of groups involved in sectoral initiatives, while others are very new to this field and seek more information and guidance. Continued interaction among the grantees and other organizations involved in sectoral initiatives will build capacity as they share best practices and establish a network of peers for ongoing consultations. Organizations involved in sector projects can then use this information to benchmark their own progress, identify effective strategies, and build support (both public and private) for their activities. This support is especially important because sectoral projects must continue beyond the grant period if they are to achieve success.

I. Introduction

In Program Year 2000, the Employment and Training Administration (ETA) of the U.S. Department of Labor (DOL) funded 39 local Workforce Investment Boards (WIBs) to participate in the sectoral employment demonstration (SED).⁴ The demonstration was conducted to help DOL determine whether sector-based strategies could be adopted and used effectively by local WIBs to improve employment opportunities and industry performance in their regions. DOL was particularly interested in examining the potential for successful involvement in sectoral initiatives by local WIBs, mainly because the goals of these activities paralleled the role envisioned for the boards under the Workforce Investment Act of 1998 (WIA). These roles include developing employer linkages, coordinating with economic development, promoting private sector involvement in the workforce investment system, and developing workforce investment plans as part of a comprehensive workforce investment system focusing on individual employment goals and the needs of firms for skilled workers.

DOL contracted with the Urban Institute and the Aspen Institute to collaborate on an evaluation of the SED. This report documents the range of projects that were undertaken and the outcomes achieved by the 38 WIBs that participated in the demonstration. In addition, the report discusses the ways the demonstration findings confirm and qualify the utility of the sector approach in a WIB context. It is hoped that the information in this report will be helpful to both federal policymakers and local WIBs as they continue to work toward becoming more demand-driven and effective in their mission of improving employment opportunities and business prosperity.

Background: What Is Sector-Based Development?

Sector-based employment development is part of a general category of activities called *targeted industry approaches*. Since the early 1990s, *targeted industry strategies* have emerged as a framework for a number of workforce development and economic development efforts, including several major foundation-funded employment initiatives that have incorporated this strategy.

Sectoral initiatives primarily seek to directly improve the matching of low-income or other targeted job seekers to employment opportunities in local and regional economies. A central focus is to restructure training, recruitment, and hiring patterns in selected industries to improve the access of specific populations in regional labor markets. In addition to increasing access to existing jobs, sectoral initiatives may also seek opportunities to increase the quantity and quality of jobs available within an industry sector. These efforts also may focus on improving industry performance and economic competitiveness. Over the past 15 years, sectoral employment has developed from a few isolated projects around the country to an emerging and

⁴ The evaluation includes 38 grantees. One grantee withdrew from the demonstration.

vibrant subfield in the broader workforce and economic development arena. A 2003 survey found that the field is growing, with 77 percent of the respondents reporting their sector programs were started within the previous five years. In addition, it was noted that the range of institutional settings in which sector programs are housed has broadened. Today, sector initiatives can be found in nonprofit organizations, community colleges, workforce investment boards, business associations, labor-management partnerships, and other entities. Sector programs also work in a variety of industries—more than 23, according to one count (Tarr 2003).

To achieve their goals, sector projects must do more than simply deliver good workforce development training and services to individuals. Indeed, a central objective of sector projects is systemic and institutional change. Sector projects seek to change the way an industry's labor market and the workforce development system serve job seekers and firms. By working to make positive changes to workforce recruitment, preparation, placement, utilization, and retention within the context of the human resource needs of an industry, sector projects seek good and expanded job opportunities for targeted populations. In turn, the attention given to systemic and institutional change also permits the consideration of workforce development as an important component of business strategy, affecting business performance, innovation, and competitiveness. The final result of all these activities should be a more efficiently functioning labor market that serves the needs of both business and workers.

How this broad agenda is translated into action depends on which type of industry the sector initiative has targeted. Effective sector projects are constantly balancing the tension among their multiple goals. The key question is when are these multiple goals complementary and when do they compete? How do effective organizations manage these goals? Which resources and relationships are crucial in helping sector projects balance the tension between the needs of workers and the needs of firms, the direct delivery of services and systemic reform, and increasing access to employment and improving the quality of employment?

Some note that industry targeting also has advantages for the delivery of workforce training in general. The focus on a specific sector, rather than on all locally available sources of jobs, puts clearer parameters and a greater degree of specificity around the employer set. "Employers" are a very heterogeneous group. By working with employers in the same industry, the workforce development program has the opportunity to dig deep in terms of understanding not only the needed worker skill sets but also the overall competitive pressures of the industry, the drivers of the dominant business models, the relationships among industry players, and so on. In sum, an industry-specific approach is thought to engender a greater depth of understanding of the employer situation and a fuller picture of current and projected workplace needs, facilitating better working relationships with employers.

What Do We Know about the Effectiveness of Sector-Based Approaches?

To a large extent, the jury is still out on whether targeted industry approaches such as sectoral employment initiatives can achieve their expressed goals. However, there is a developing literature on the operations and effectiveness of targeted industry approaches, including sector employment, industry clusters, and sector economic development. Several evaluation studies released in recent years have included nonexperimental evidence that sectoral

employment development initiatives have the potential to improve employment and earnings outcomes for low-income individuals across a range of sectors.

A recent study examined six sector projects in depth. Using a pretest and posttest research model, the evaluators conducted a three-year longitudinal study of program participants and documented substantial and sustained improvements in employment and earnings for individuals in all programs. Evaluators found that 94 percent of respondents were employed for some period in both follow-up years of the study, compared with only 67 percent in the baseline year, and that the percentage employed full time increased each year. The median personal earnings of program participants rose from \$8,580 at baseline to \$14,040 in the year following training and to \$17,732 in the second year after training as the result of an average 31 percent increase in wage rates as well as increases in hours worked⁵ (Conway and Rademacher 2003). In addition, over 78 percent of jobs provided access to benefits such as health insurance, paid vacation, and paid sick leave (Zandiapour and Conway 2002). Employers who were interviewed as part of this study valued the programs, citing, among other things, the programs' success in finding new sources of talent for hard-to-fill positions. Many programs also provide various industry-specific services that employers valued, such as advocating for the industry in public arenas, providing information, and brokering services that help employers access new markets.

Similar results were found in a separate study of 10 sector projects. The median hourly wage for program participants who worked full time during the two years before entering the sector programs was \$7.00 an hour, and the mean hourly wage of the most recent full-time job before training was \$8.15 an hour. Among participants who completed the program, the median wage at placement was reported to be \$8.50 an hour, and the mean wage at placement was \$9.73 per hour (Elliott et al. 2001).⁶

A key concern in assessing the impact of sector projects on workers is whether job quality for job seekers and incumbent workers improved as a result of the project's operation. A national survey of sector practitioners indicates that 44 percent of program participants were placed in jobs paying from \$7.50 to \$9.49 per hour—well above the minimum wage. When these practitioners' responses were controlled for high- or low-wage industry, 43 percent of program participants in high-wage industries were placed in jobs paying \$9.50 to \$10.99 per hour, while 24 percent were placed in jobs paying \$11.00 to \$14.99 per hour. For low-wage industries, placement wages for 45 percent of workers were between \$7.50 and \$9.49 per hour, while 28 percent of workers earned \$9.50 to \$10.99 per hour (Kellner 2000).

An underlying assumption of sector programs is that, all other things being equal, some industries are capable of providing greater labor market opportunities than other industries for low-income workers. This suggests a question: Is the potential genius of sector interventions their capacity to improve the quality of employment opportunities in a target industry or to identify industries that offer the opportunity for superior wages and job quality for low-income workers? One study focused on whether—after controlling for differences in human capital, family characteristics, demographics, and economic conditions—certain industries provide better quality jobs than other industries. The target group for the study was employed single mothers

⁵ Zero earners are excluded from this calculation.

⁶ This study is ongoing, and further evaluation results are expected to be released later in 2004.

with children under 18 years old. Preliminary findings from that study suggested that certain industries produce better than average wages for single mothers—including mothers leaving welfare. Interestingly, some of these industries are the same ones most heavily targeted by sector programs: manufacturing, health care, and construction. (See Foster-Bey and Rawlings 2002.) These results suggest that one thing sector programs may do well is identify the industries in a local economic region that provide above-average job quality for disadvantaged workers.

Finally, one of the central goals of sector interventions is systemic change. There is limited research on whether these programs have been able to effect systemic reforms. Some evidence has been gathered indicating that several of these programs have contributed to effecting change in their targeted industry, while other studies suggest more limited effects were achieved or could occur in the future (Conway 1999, Inserra et al. 2002, Elliot et al. 2002).

DOL's Sectoral Employment Demonstration Program

The sectoral employment demonstration (SED) program was designed to “test the feasibility of the workforce development system to plan and undertake local/regional initiatives involving a particular industry sector in order to increase access to employment for designated target groups and to strengthen the economic competitiveness and performance of the sector’s firms.”⁷ The program sought to build on the experience of previous sectoral activities such as those cited above. In its broadest terms, the SED program sought to determine whether the sectoral approach could become a viable option for local WIBs, as it had been for other workforce institutions.

Local WIBs were to determine how they might go about developing capacity to pursue these demonstration objectives. The types of activities that DOL encouraged grantees to take on centered on improving human resource strategies in a sector by working with employers on issues such as recruitment, career ladders, training, and mentoring. Grantees were also expected to identify and target specific groups in the community in need of employment assistance and gear their sector initiatives toward helping these groups improve their employment outcomes.

Under the SED, two types of grants were made. Sectoral initiative formation grants were given to 26 WIBs. The purpose of a formation grant was to help a WIB plan and design a sector intervention project for implementation. Sectoral initiative implementation grants were given to 13 WIBs, with 12 completing the demonstration. The implementation grants were intended to support the application of a sector strategy to a target industry.

Applicants for both types of grants were selected on the basis of the goals and methods they proposed for engaging a broad range of local stakeholders; gathering industry, training, and labor force information; fostering collaboration between the employer community and the local WIB; and affirming a serious commitment to strategic planning. The grantees are listed in exhibits I-1 and I-2.⁸ Profiles of the grantees are provided in a separate appendix.

⁷ Solicitation for Grant Applications (SGA) as announced in the *Federal Register*, Vol. 66, No. 72, Friday, April 13, 2001, p. 19225.

⁸ Because some grantees commonly use names other than their organization’s title and some have similar names, the charts indicate how each grantee is referred to throughout this report.

Formation Grants

Formation grants were given to help support the initial development and planning of a local sectoral initiative. Formation grants ranged from just over \$50,000 to \$75,000. The performance period was 12 months, with 3-month extensions given to some. Activities under the demonstration could include the following:

- Establishing a coalition of stakeholders in a local labor market area to select an industry sector, identify target groups(s) to be served, provide ongoing community support, identify programs/policies needed to improve employment access to the sector, identify industry and employer needs, and oversee the development of demonstration activities.
- Analyzing labor market data for the selected industry sector and analyzing data on target population groups.
- Analyzing impediments and opportunities for improved human resources utilization in the targeted industry sectors.
- Analyzing local area training capacity and providers.
- Establishing contacts with ongoing projects in the target industry or similar sectors.
- Developing a strategic plan for implementing a specific sectoral intervention.

Exhibit I-1: Formation Grantees
(Bold type indicates grantees that were visited for the SED evaluation)

Grantee	Location	Industry Sector	Referred to in this report as
Alaska High-Tech Business Council/Anchorage Mat-Su WIB	Anchorage, AK	Multisector	Alaska High-Tech
Aroostook/Washington County WIB	Caribou, ME	Health Care	Aroostook
Mayor's Office of Employment Development	Baltimore, MD	Biosciences	Baltimore
Boston Private Industry Council	Boston, MA	Health Care	Boston PIC
Capital Region Workforce Development Board	Raleigh, NC	Health Care	Raleigh
Capital Area Workforce Development Board	Austin, TX	Financial Services	Austin
County of Atlantic/Atlantic Cape May WIB	Atlantic City, NJ	Hospitality	Atlantic Cape May
County of Union	Elizabeth, NJ	Printing and Graphics	Union County
Cuyahoga County Workforce Development	Cleveland, OH	Health Care	Cleveland
Delaware County Office of Employment and Training/WIB	Upper Darby, PA	Health Care	Delaware County
D.C. Workforce Investment Council	Washington, DC	Health Care	Washington, DC
Metro South/West Employment and Training Administration	Norwood, MA	Health Care	Metro South/West
Jefferson Parish WIB	Jefferson, LA	Automotive Technology	Jefferson Parish
City of Los Angeles WIB	Los Angeles, CA	Entertainment	Los Angeles
North Central Missouri College/Northwest Missouri WIB	Trenton, MO	Allied Health	North Central Missouri
Northern Virginia WIB	Fairfax, VA	Information Technology	Northern Virginia WIB
Northwest Workforce Development Council	Bellingham, WA	Health Care	Bellingham
Polk Works/Polk County Workforce Development Board	Bartow, FL	Health Care	Polk County
Workforce Solution/Ramsey County Workforce Service Area 15	St. Paul, MN	Hospitality	Ramsey County
Workforce Development Council of Seattle-King County	Seattle, WA	Manufacturing	Seattle-King County
Lane Workforce Partnership	Eugene, OR	Health Care	Lane County
Susquehanna Workforce Network, Inc./Chesapeake Workforce Alliance	Havre de Grace, MD	Health Care	Chesapeake Workforce Alliance
Workforce Development Council/Thomas Jefferson Planning District Commission	Charlottesville, VA	Health Care	Thomas Jefferson
Three Rivers Workforce Investment Board	Pittsburgh, PA	Health Care	Three Rivers
Region 2000 WIB	Lynchburg, VA	Manufacturing	Lynchburg
Workforce Resources, Inc.	Menomonee, WI	Health Care	West-Central Wisconsin

Implementation Grants

Implementation grants were designed to support the implementation of an initiative that had already been developed and was either ready to begin or already under way. Grantees in this category were expected to have identified the targeted individuals, firms, activities, and outcomes for the project. Implementation grants were \$150,000. The performance period was 15 months, with some 3- and 6-month extensions. Acceptable activities under the implementation grants included the following:

- Additional planning and enhancement of existing stakeholder work.
- Outreach and recruitment of individuals from the target population(s).
- Providing or arranging for training to meet industry sector needs and upgrade skills of the target population.
- Providing or arranging for supportive services needed by the target population.
- Identifying outcomes related to improved economic performance of the targeted sector and improved economic opportunities for the designated target population.

Exhibit I-2: Implementation Grantees
(**Bold type indicates grantees that were visited for the SED evaluation**)

Grantee	Location	Industry Sector	Referred to in this report as
Verdugo WIB, City of Glendale	Glendale, CA	Entertainment	Verdugo
Iowa Workforce Development Region 10 WIB/Kirkwood Community College	Marion, IA	Customer Service Call Centers	Kirkwood
Lancaster County WIB	Lancaster, PA	Health Care	Lancaster County
Pima County WIB	Tucson, AZ	Plastics Manufacturing	Pima County
Prince George's Workforce Services Corporation	Landover, MD	Sales and Service	Prince George's County
Regional Workforce Development Board of Greater New Haven	New Haven, CT	Health Care	New Haven
Spokane Area Workforce Development Council	Spokane, WA	Biopharmaceuticals	Spokane
Workforce Central Florida	Winter Park, FL	Information Technology	Central Florida
Workforce Development, Inc.	Rochester, MN	Health Care	Rochester, MN
Workforce Opportunity Council	Concord, NH	Health Care	Southern New Hampshire
Worksystems, Inc.	Portland, OR	Health Care	Worksystems
WSOS Community Action Commission, Inc.	Fremont, OH	Marine Mechanics	WSOS

Overview of Grantee Characteristics

Almost half of the grantee sites were in the East. Seventeen sites (13 formation, 4 implementation) were in the East; 9 sites (5 formation, 4 implementation) were in the West; 7 sites (4 formation, 3 implementation) were in the Midwest; and 5 sites (4 formation, 1 implementation) were in the South. Thirteen sites (8 formation, 5 implementation) include at least some rural areas; the others are in urban areas or serve a mix of urban and suburban regions.

More than half of the grantees selected the health care industry as the sector of interest; 20 grantees (15 formation, 5 implementation) chose health care for their sector initiative. Other industry sectors chosen were manufacturing (2 formation, 1 implementation); hospitality (2 formation); entertainment (1 formation, 1 implementation); sales/customer service (2 implementation); information technology (1 formation, 1 implementation); finance (1 formation); biotechnology (1 formation); biopharmaceutical manufacturing (1 implementation); printing/graphics (1 formation); automotive technology (1 formation); and marine mechanic trades (1 implementation). One formation site selected multiple industry sectors. Most of the grantees selected a broad range of dislocated workers, low-income populations, and entry-level workers as their target population.

Evaluation Objectives and Design

This evaluation was designed to capture information that would indicate how well the SED grantees carried out the grant activities and met the goals and objectives specified in their proposals to DOL/ETA, with the overall purpose of addressing the following key questions:

- What worked or facilitated achievement of objectives (best practices), and what challenges or barriers did grantees face?
- How does the approach relate to the overall role of Workforce Investment Boards?
 - How did the sectoral employment demonstration influence WIBs' relationships with local employers?
 - Can the WIB system provide an appropriate institutional setting for planning and implementing a sectoral initiative?
 - Is the sector approach helpful for getting both WIB members and staff more fully and substantively engaged in the organization's work?
- Did the project improve the grantees' relationship with and capacity to respond to the needs of local/regional employers?
- Did the project increase the grantees' understanding of the needs and problems of the local labor force?
- Did the project provide the grantees with a framework to more effectively design a workforce development system that can link to economic development activities?

- Did the sector initiative provide grantees with important insights into managing the tension between serving the needs of employers and serving the needs of the target population?
- What are the strengths and limitations of sector interventions as a tool to improve the performance of the workforce development system and improve industry competitiveness?

Data collection activities included the following:

- Review of all materials grantees provided to DOL for project monitoring, including applications, interim and final reports, and other information relevant to understanding the regional and labor market context for the projects.
- Telephone discussions with informants from key partner organizations and with WIB staff and board members at each of the 38 projects. We spoke with an average of two informants per site. Telephone discussions were conducted between November 2002 and January 2003.
- Visits to 12 sites (6 formation and 6 implementation) to gather additional details and context to complement and illuminate the findings of the telephone discussions. Site visits were conducted between February 2003 and June 2003.

Sites were selected for visits on the basis of their ability to give a picture of the variety of local experiences across the country and reflect at least some of the diversity in status and strategies that characterize the SED grantees. Included were sites that seemed particularly successful and those that faced challenges and that collectively offered lessons to others. Sites also were selected to provide variation across a range of dimensions.⁹ Four sites are in the East, four in the Midwest, one in the South, and three in the West. Five sites include rural areas, and seven are urban or mixed urban/suburban. The sites reported a range of WIB involvement, from low (another agency has the lead role and the WIB's role is minimal) to high (the WIB and/or staff has the lead role in the project). Industry sectors represented include health (7), biotechnology (1), customer services/call centers (1), electromechanical/technical (1), manufacturing (1), and marine trades/mechanics (1). The sites visited included programs targeting dislocated and unemployed workers, incumbent workers, and immigrants, and both local and regional efforts.

Organization of This Report

The remainder of this report presents the findings of the SED evaluation. Chapter II describes employer/industry involvement in the SED projects, and chapter III discusses how the projects addressed target population/workforce needs. Chapter IV describes WIB and staff involvement in the projects under the various grantee organizational settings and staffing arrangements. Chapters V and VI summarize lessons learned and policy implications. Throughout the report, examples are provided from interviews and site visits with grantees.

⁹ Implementation grantees are overrepresented in our sample because, on the basis of the telephone interviews, they offered more to observe on a site visit.

II. Sector Programs and Employer/Industry Involvement

Chapter Highlights

- Twenty grantees (53 percent) stated that encouraging growth in the targeted sector was one of the reasons for their choice of industry
- Most grantees (31, or 80 percent) chose a target industry that was experiencing a labor shortage.
- Three distinct approaches were used to designate a target industry and set of occupations: (1) working with a coalition of employers in an identified industry, (2) targeting a specific occupation area that crosses a range of industries, and (3) working with a single large employer. The first approach is the most common, taken by 29 of the grantees.
- Most of the grantees (26, or 68 percent) indicated that they coordinated with previous initiatives in the selected sector.
- Grantees used labor market data, employer surveys, and focus groups, and worked with industry associations to gain an understanding of employer needs.
- Challenges faced by sectoral grantees in working with employers included the WIB's limited knowledge about the sector, employer mistrust or negative impressions about government workforce development initiatives, and employer reluctance to share information with other employers.
- Nine of the 38 grantees (24 percent) attracted direct employer financial contributions, while 13 received in-kind contributions from employers.

Choosing and Defining the Target Industry

Sector programs are designed to match a particular target population with a set of industry-specific or occupation-specific employment opportunities; thus, a key step in the formation of a sector initiative is the selection of the target industry.¹⁰ The implementation grantees, naturally, had largely completed this phase of work before the application process; for the formation grants, investigating and defining a target industry was a substantial portion of the work. Most of the formation grantees identified the industry they wanted to target—such as health or information technology—in their proposals. However, in many cases, further investigation of the local industry was required to better understand workforce needs and specific areas of opportunity in the industry. Some grantees listed more than one possible choice of industry, but all chose a sector that was included in their original application.

¹⁰ The exception is Alaska, which chose not to target a specific industry and, thus, did not really create a “sector” project as this term is commonly understood.

- In *Polk County, FL*, the Polk Works Workforce Development Board's state-mandated High Skills/High Wage Committee did some preliminary work to identify occupations with high wages, high skills, projected growth, and large labor shortages, and narrowed the focus to health care, information technology, and insurance before settling on health care, chiefly because of the critical shortage of workers, availability of training programs, and willingness of business and training partners to participate. The board's research and work with local employers eventually led it to narrow the focus within health care to nursing occupations.
- *Three Rivers WIB* in Pittsburgh, PA, selected the health care sector and, over time, decided to concentrate on nursing career ladders and related training for incumbent workers.

Three distinct approaches were used to designate a target industry and set of occupations: (1) targeting the firms of an identified industry, (2) targeting a specific occupation area that crosses a range of industries, and (3) working with a single large employer. The first approach was most common, taken by 29 of the grantees. Six grantees chose the second approach, defining their target by occupation and a common set of job competencies rather than by industry. The third approach is to work with one very large employer and tailor offerings to specifically meet the skill needs of that workplace. Only *Worksystems* took this approach, working with the largest employer in Portland—Oregon Health Sciences University (OHSU). The approach allowed Worksystems to leverage resources from the employer and from the union serving OHSU workers so the initiative could be sustained at the end of the grant period. Worksystems has other initiatives in the health arena and has been able to take the lessons from the OHSU experience and apply them to serving health care workforce needs in Portland more generally.

Business Goals

For a number of the grantees, business development goals were a strong factor in their choice of a target sector. Some grantees explicitly linked their projects to regional business development strategies, while others addressed concerns expressed by employers about future business challenges. Below is a description of the types of business goals that grantees sought to address, with some specific examples that illustrate how grantees thought a sector initiative might facilitate progress toward the goal.

Foster Business Growth

Twenty grantees stated that encouraging growth in the targeted sector was one of the reasons for their choice of industry. Often these organizations linked their choice of an industry sector to an economic development strategy that had been put forth for the region.

- *Baltimore* chose to target the biotechnology industry largely because of its prominence in the city's economic development strategy. The mayor was an active supporter of the nascent biotechnology industry, and the economic development agency was very focused on efforts to attract, retain, and grow this industry in Baltimore. For example, the city is

developing an industrial park for biotechnology. The industrial park is slated to be near a low-income residential area; thus, an examination of how the city's residents might be appropriately linked to this source of jobs seemed in order. In this case, however, the findings from the formation grant convinced the WIB to go slowly in developing an initiative to bring low-income residents into the biotech industry.

- The *Prince George's County* grantee targeted the retail sales and service sector. The decision to focus on this sector was driven by a strategic choice encouraged by the former county executive. Retail recruitment was and is a major goal of the county's economic development strategy, and the county executive wanted the economic development agency and the WIB to work in concert.
- *Spokane's* Biopharmaceutical Manufacturing Education Demonstration project, an outgrowth of the county's goals as outlined in its strategic plan, was intended to increase the economic competitiveness of and foster growth of biopharmaceutical manufacturing firms in the Spokane area and increase access to employment for dislocated workers. This project built on previous state-funded sectoral work conducted by the same group of industry stakeholders, which determined that this industry was growing rapidly in the region, with two major employers, plans for a third, and a projected 6,800 new jobs. Among its other goals, the project was to provide services to help retain biopharmaceutical manufacturing employees in the area and help the businesses grow.

Improve Business Competitiveness

Another business goal addressed the concerns of existing employers about recruitment and retention or the need to upgrade worker skills to take advantage of technological advancements. Some programs worked with industries that were having difficulty meeting a higher skill need; they designed incumbent worker training programs to help low-wage, entry-level workers advance while at the same time allowing employers to build the more advanced skills they need in their workforce to be competitive. Goals associated with improving industry competitiveness were reported by 11 of the demonstration grantees.

- The *Lynchburg* grantee focused on electromechanical technicians, an industrial maintenance position that cuts across manufacturing subsectors, because the industry was increasingly relying on advanced technology. While many of the incumbent workers had substantial experience in the industry, they had been trained years ago, primarily through apprenticeships and on-the-job training. Employers faced a continuing need for new skilled workers and needed new training options to help incumbent workers adapt more quickly to the advanced technologies their jobs now required.
- The *Los Angeles* project looked at the impact of technology on existing areas of the entertainment industry—effects on current and future jobs—to target the growth and emerging sectors. The grantee found that a lack of appropriate data was a significant challenge. The jobs are so new that Standard Industrial Codes specific to these sectors do not exist, and there are no standard job descriptions for most of the emerging jobs. The

grantee used a wide range of information for projections, including surveys of trends in home entertainment purchases and other industry studies of consumer demand. They identified demand in digital distribution, web development, DVD authoring, game development, interactive entertainment, and web-based entertainment. This is a rapidly changing industry, and the partners are continually studying and reassessing the labor market.

- **Central Florida's** program addressed the needs of employers across high-technology industry sectors that were becoming increasingly dependent on skilled information technology (IT) workers. This project provided employers with the opportunity to train workers currently earning less than the average entry-level wage (\$14.50/hour). Participants selected for training included workers who had some IT background and experience but lacked the higher level skills needed for advancement, as well as those who were willing to take training that would lead to some type of industry certification.
- In **Atlantic Cape May**, the WIB led efforts to bring together major employers in the hospitality industry to address labor shortages and workforce development needs for the Atlantic City casino-hotel expansion. Atlantic City Partners, a collaborative group composed of the key industry stakeholders, developed an action plan to address labor shortage issues. The shortages were caused by increased competition from other local industries pursuing the same potential employees for similar low-wage, low-skill jobs and by employers outside the immediate Atlantic City area for workers who would have to commute to jobs in the city's resorts and casinos.

Ease Skills Shortages

Most grantees (31 of 38, or 80 percent) chose a target industry that was experiencing a labor shortage. It should be noted that the grant proposals were written when labor markets were fairly tight (proposals were due to DOL in early 2001), but implementation occurred during a weaker labor market. However, in the health care field, the dominant industry sector in this grant initiative, labor shortages continued to exist, and many of the grantees cited these shortages as an important reason for their choice of sector.

- **Lancaster** was facing a very low unemployment rate combined with a serious impending shortage of health care workers, particularly nurses and allied health professionals. Further, Lancaster saw that the health care field offered opportunities for family-wage jobs, unlike some of the hospitality and other tourism-related jobs that are plentiful in the area. In addition, the area is seeking to support the movement of retirees into local assisted living communities, and having adequately staffed health care facilities is critical to this goal. Finally, the availability of quality health care services is important to the overall quality of life in Lancaster and is seen as a critical part of the infrastructure needed to support economic development in general. Thus, the Lancaster WIB had a variety of motivations for addressing the shortage of health care workers. Lancaster's approach involved a communications campaign to interest workers (who may have been part time or underemployed in other industries) in careers in health care. The campaign was backed by various services available at the One-Stop Centers to help connect people

to training opportunities in health care. While there may have been other contributing factors, the individuals we spoke with agreed that the Lancaster WIB's efforts played a substantial role in the dramatic increase in nursing school enrollments during the initiative.

- ***West-Central Wisconsin*** also addressed labor shortages in the health care industry. This nine-county, primarily rural region involved a broad group of employers and educators and held county-level forums to develop a plan that addressed recruitment, promotion, retention, and communication issues. The project worked with high school School-to-Work coordinators, teachers, students, and parents to interest new labor market entrants in health careers. The project also developed a plan for distance learning to provide skill development opportunities in rural areas.

Address Demographic Transitions

In some areas, demographic changes or impending changes created new challenges for businesses. An influx of immigrants with limited English skills, a growing retiree community, the outmigration of educated youth, and an aging population are some of the concerns addressed in the sector projects.

- In ***Rochester, MN***, much of the growth in the local labor force came from the growth in immigrant communities, but these individuals faced both linguistic and cultural barriers to success in the workplace. Thus, a goal of the health care project was to help immigrant members of the community access the language training and skill development opportunities they needed to be successful in a health care setting. This initiative was designed to address the needs of health care employers to find new workers and hire workers who can serve the diverse members of the community, as well as to help immigrants in the community find better jobs.
- ***Atlantic Cape May*** contracted for an environmental scan to identify available sources of labor within commuting distance of Atlantic City. One of the four labor groups targeted for potentially filling shortages in the hospitality industry was seniors and retirees. Focus groups were conducted to learn more about the level of interest and the barriers perceived by older workers and retirees regarding industry jobs in Atlantic City.
- The ***Alaska High-Tech*** project was designed to target recent and rising high school and college graduates to encourage them to remain in the state for employment. The grantee was concerned that Alaska is facing a brain drain because young workers are leaving the state to pursue employment opportunities. The grant looked broadly at major employers/industries in the state to identify opportunities that would attract and retain young workers.

Engaging Employers/Employer Roles

Employers were key partners in almost all the SED projects. The involvement and role of employers differs at each stage of a project, from defining the project and participating in data collection, to articulating specific skill requirements and training needs, to ongoing collaboration and contributions toward sustaining the project.

Outreach Techniques

In the early stages of a project, employers were involved in defining the issues to be addressed and providing background information and industry data. In some cases, getting employers to participate in the projects was a natural outgrowth of previous initiatives; in other cases, the grantees made specific outreach efforts. Some key techniques for reaching out to employers are discussed in this section.

Working with previously established employer coalitions. Most of the grantees (26 of 38, or 68 percent) indicated that they coordinated with previous initiatives in the selected sector. In some cases, employer coalitions were already established as a result of earlier projects. For example:

- Under a state grant, the ***Bellingham*** grantee convened the Northwest Alliance for Health Care Skills. This group continued to participate in the sectoral grant and to encourage the participation of other health care employers in the region.
- The ***Delaware County*** grantee had a sectoral employment project in 1999 that established the Healthcare Provider Consortium. The consortium provided a forum for employer collaboration and a group of employers that were ready to participate in the new sectoral grant.
- The ***Three Rivers*** WIB identified five industry sectors for possible sectoral work, then sponsored workforce summits in each sector. The health care summit held in February 2001 brought together industry leaders who ultimately formed the stakeholder coalition needed for this project.
- The strategic plan for the ***Thomas Jefferson*** Planning District's WIB called for the creation of Business Education Round Tables (BERTs) in each local planning district as "forums for communication" to bring together relevant regional stakeholders in workforce development and education. Each BERT included sector groups, such as health services sector groups, composed of employers, labor organizations, employer/industry associations, training institutions, and WIB members. The sector groups were responsible for determining strategies and actions required in that sector in the local communities.

Working with an industry or business association to reach out to employers. Over half of the grantees worked with established industry associations on their sectoral initiatives. Collaborating with an industry association enabled the grantee to quickly identify key employers and, with the endorsement of the industry association, establish credibility for the initiative. This was especially helpful for grantees that had not previously worked with employers in the targeted industry. For example:

- The *Seattle-King County* Workforce Development Council worked with the Kent County Chamber of Commerce to recruit employers in the manufacturing sector.
- The *Washington, DC*, Workforce Investment Council tapped into the network that was part of the Chamber of Commerce's Career Ladders project to recruit employers.
- The *Los Angeles* project was contracted out to the nonprofit Entertainment Industry Development Corporation (EDIC). EDIC recruited employers using contacts it had from previous work in the industry.
- *Spokane* contracted most of the work for its sector project to the Inland Northwest Technology Center (INTEC). INTEC's membership, which formed the primary stakeholder coalition for this sector project, included representatives from 27 regional biotechnology companies, an industry group, and education and training personnel.

Leveraging WIB member relationships. Some grantees had WIB members who represented the targeted industry, and these individuals helped recruit others in the sector. In both examples below, the level of WIB involvement made the sectoral initiative highly visible in the employer community, facilitating the recruitment of additional employers.

- Board members of the Northwest Workforce Development Council in *Bellingham* included representatives of most of the major health care employers and training providers in the region.
- In *Lane County*, the chair of the WIB also chaired the grant's stakeholder group, the Health Care Career Alliance.

Strategic hires or consultants. Project staff or consultants who are well connected to the target industry can quickly identify and recruit employers.

- This was the strategy adopted by *Southern New Hampshire*, which contracted with the New Hampshire Community Loan Fund (NHCLF) to administer its sectoral demonstration project focusing on long-term care. In 1999, NHCLF participated in a national sectoral employment project in the same industry, funded by the Mott Foundation, and this experience proved very helpful in bringing stakeholders together.
- *Delaware County* contracted with the Women's Association for Women's Alternatives (WAWA), a community-based organization, to carry out project activities. WAWA had been involved in a previous sectoral employment project with the same partners.
- *Bellingham* hired an independent consultant to coordinate the project because of his extensive background in the health care industry in the state of Washington. (The grantee originally tried to hire a staff person to fill this role, but the consultant's qualifications turned out to be an important asset to the project.)

Understanding Employer Needs

Grantees used both quantitative and qualitative data to gain an understanding of employer needs. Quantitative data generally provided information on the size and trends in the selected industry, such as number of employers and employees, growth trends, and earnings. Qualitative information addressed skill requirements, career ladders, and employer concerns with respect to employee training, recruitment, and retention. Most grantees used a combination of the methods, as described below, to obtain information about an industry and employer needs.

Use of labor market data and local or state research resources. Most grantees used available labor market data to identify high-growth industries and focus on jobs and skills that are in demand by employers. Although national data were used to compare local and regional experience with national trends, several grantees commented that the national data were not specific enough, and most grantees sought state, regional, and local data as well. Employers were an important source of local labor market information. Nine grantees had conducted community audits under a previous DOL grant initiative or with other funding sources. These projects involved collecting and analyzing labor market data to identify high-growth industries and the skills needed by employers. Many grantees were adept at obtaining information and assistance in data analysis from state labor departments, economic development agencies, and colleges and universities, and area health education agencies were useful resources for several of the health care initiatives. For example:

- The ***Chesapeake Workforce Alliance***, encompassing a 10-county area in Maryland, used data on Maryland health care workforce trends to identify the health care occupations most in demand.
- The ***Los Angeles*** project used a consulting group to examine the impact of technology on the entertainment industry and project the effects on current and future jobs. This information was used to select specific emerging growth areas for the project, such as game development and interactive entertainment.
- ***Polk County*** used state and local labor market information and collaborated with three other partners to expand the ERISS database (a commercially available database of local businesses in specific size and industry categories) to 18 counties in Florida. This information will be used to continue to identify health care occupation needs throughout the region.

Use of surveys and focus groups. The research process often included surveys of employers as well as interviews and focus groups with employer representatives. Half (19) of the grantees conducted employer surveys and just under half (17) conducted employer focus groups. Employer input was sought by planning grantees for identifying target industries, occupations, and training needs. Implementation grantees obtained employer input on skill requirements and training needs, design of training programs, and retention and advancement strategies.

- The ***Washington, DC***, grantee conducted focus groups with employers, training providers, and low-income residents to confirm labor market data that suggested entry-level positions in health care as a project focus. Members of the local WIB helped facilitate the focus groups.

- **Kirkwood** based its choice of the call center industry on the findings of a seven-county survey of employers conducted by the WIB under an earlier grant. During the period of the SED grant, focus groups were held with employers to identify training needs and other priorities. The project also conducted a Best Practice Retention Survey of call center industry employers to learn about the factors that affect the retention of call center employees.
- **Cleveland** hired two consultants to collect data on the needs of the health care sector from different perspectives. The first consultant conducted a series of one-on-one interviews with employers to gain their perspectives on workforce and training issues in the industry. The second conducted a series of focus groups, speaking with more than 300 potential employees, including displaced workers, students, and unemployed individuals. As a result of these efforts, the grantee identified key employers and was able to use these initial contacts to reach out to other employers and encourage their participation in the grant.
- The **Rochester, MN**, grantee reviewed available labor market data and conducted surveys with about 50 local employers to verify the need for employees in the health care industry and gather information about specific issues related to recruitment, training, certification, and retention.

Use of local business/trade associations. Industry and trade associations were used by many grantees (21 grantees indicated that they worked with such groups) to obtain a better understanding of employer needs and help shape the sectoral employment demonstration.

- The **Baltimore** Biosciences Coalition, a group of community and business leaders, worked with the Mayor's Office of Employment Development to identify employer skill needs and assess local training capacity.
- The Plastics Industry Cluster, a group of local employers, worked closely with the **Pima County** grantee to identify skill shortages and support training for incumbent workers.
- The **Seattle-King County** grantee built on the ongoing efforts of several local industry groups in its manufacturing sector initiative, including the Kent Chamber of Commerce Manufacturing Panel, the Puget Sound Consortium for Manufacturing Excellence, and Seattle Jobs Initiative Manufacturing Training Program.
- Several of the grantees that focused on health care worked with their state hospital associations. For example, the Connecticut Hospital Association worked with the Regional Workforce Board of Greater **New Haven**. The hospital association provided technical information and worked with employers to identify needs and select an appropriate assessment tool for potential workers.

Developing/Maintaining a Collaboration with Employers

Challenges faced by sectoral grantees in working with employers included the WIB's limited knowledge about the sector, employer mistrust or negative impressions of government

workforce development initiatives, and employer reluctance to share information with other employers. Grantees developed a number of strategies to overcome these challenges and collaborate with employers, including establishing credibility, providing something of value to employers, overcoming competition among employers, and helping employers network for business opportunities.

Establishing credibility. Particularly for grantees that had limited experience working with employers in the target industry, it was important to establish credibility early in the project. For a number of grantees, their ability to pull partners together to prepare the grant proposal and the subsequent award of a grant provided the legitimacy needed to engage employers on an ongoing basis. About one-third of grantees indicated that early accomplishments helped to establish credibility. For example:

- The *Lane County* grantee obtained employer input in the proposal development and planning phase of its formation grant. Local health care employers, including two large hospitals, were invited to help define the sector and design the project.
- *Washington, DC*, used the reputation and connections of its consultant, Wider Opportunities for Women (WOW), to gain credibility with employers.

Providing Value. Grantees were able to sustain and sometimes increase employer involvement by providing something of value, such as access to a new pool of potential workers, assessment and screening of potential workers, customized training, or improving the image of the industry among job seekers.

- The staff of the *Lancaster County* project developed a set of television advertisements highlighting health care careers and instructing workers to contact the One-Stop Center.
- The *New Haven* grantee subsidized educational costs for incumbent workers selected by employers and held a career fair for each partner hospital at the One-Stop Center.
- *Kirkwood* conducted a study of the types of technology companies use in their call centers and created an online database for companies to access this information.

Overcoming competition among employers. Bringing together employers in the same industry presented challenges for some grantees, because the employers viewed each other as competitors and, therefore, were reluctant to cooperate or share information.

- Skilled facilitation of partner meetings and identification of common ground helped to overcome this challenge for several grantees, including *Chesapeake Workforce Alliance* and *Bellingham*.
- The *Aroostook* grantee found that a project design clearly focused on the needs of employers helped to bring employers together. The rural nature of the area also may have reduced employer competition issues for this grantee, because participating institutions were geographically dispersed and therefore not in direct competition.

- Grantees that focused on a set of skills or occupations that crossed industries faced fewer barriers with respect to employer competition. For example, *Kirkwood's* employer partners operate customer service call centers in a range of industries, and the *Lynchburg* grantee focused on an occupation that is common to a range of manufacturing industries in the region.

Helping employers network for business opportunities. Some grantees offered networking opportunities for employers that kept them engaged in the project and helped them see the value in collaborating with each other. For example:

- The *Seattle-King County* grantee sponsored a breakfast for the community, focusing on manufacturing leaders, to showcase research and recommendations from the manufacturing panel.
- The lead hospital involved in the *North Central Missouri* grant held a luncheon for the smaller community hospitals in the region (10 hospitals attended) to share the information that had been gathered and the lessons learned from the SED project.

Employer Contributions to Projects

Employer contributions to the sectoral projects included monetary as well as in-kind resources and a variety of advisory services. Most grantees (24 of 38) said that employers reviewed project materials. Employers advised formation grantees on industry needs, skill requirements, and assessment criteria. Employers provided more direct services to implementation grantees, including giving recruitment advice, designing and reviewing training curricula, lecturing at class sessions, and offering workplace experience through field trips, clinical placements, and internships.

Monetary contributions. Nine grantees (four formation and five implementation) reported financial contributions from employers for their projects. Employer funds went toward coalition activities (e.g., meeting expenses, staff) as well as training programs, tuition assistance and scholarships, and paid leave for participants. Two of the largest employer financial commitments were reported by the following grantees:

- *Polk County* (\$990,000). The Polk County Workforce Development Board partnered with the Community College's Allied Health Council to gain a commitment from the four local hospitals for a nursing recruiter and 30 nursing scholarships annually for three years.
- *Lancaster County* (\$560,000). In Lancaster County, 34 local health care employers committed financial support to the project from the start. The employers paid for airtime for a set of television advertisements highlighting health care careers.

In-kind contributions. Thirteen grantees (6 formation and 7 implementation) reported in-kind contributions from employers, including hosting meetings at employer sites, providing

space for training, and donating staff time to coordinate project activities, such as distributing surveys.

- In the *WSOS* project, the county had unused space in a recently completed facility. Grantee staff were able to convince a key industry leader to establish a training site in the county's new building. In exchange, this industry leader provided its older training equipment for use by program participants.
- *Worksystems* received substantial in-kind support from Oregon Health Sciences University in the establishment of a career center on the campus of this large employer. OHSU provided the space, office furniture, office equipment, and computers for the center. OHSU human resources staff and managers worked with the union that represents more than 4,000 OHSU employees to identify job classifications and link them with skill sets, training requirements, and training providers. OHSU also worked with the union and with Worksystems to create a web-based application for using the job skills information.

Advisory services. Grantees solicited insight and expertise from employers to ensure that their projects reflected an understanding of the sector and met the needs of employers. In at least two implementation projects, employers played a critical role in shaping the training that was provided.

- In *Prince George's County*, employers who sat on the WIB's Sales and Service Advisory Committee helped develop the training curriculum and trainee orientation. Employers also taught some class sessions. Their participation in the orientation—describing career ladders in the industry cluster—helped dispel misconceptions about sales and service jobs being limited to low-wage, dead-end work.
- Employers have ongoing involvement in the customer service call center training provided by *Kirkwood*. In addition to advising on the initial design for the training, employers provide feedback to the training contractor based on their experiences with graduates they have hired. For example, on the basis of this feedback, the training contractor has increased training on preemployment issues such as professional dress and demeanor and interviewing skills and has introduced computer skills work earlier in the curriculum.

Hiring commitments/projections. Only 2 of the 12 implementation grantees received commitments from employers to hire workers trained or referred from the sector project, and in both cases the employers had to retreat from these commitments because of the economic downturn. Employers cannot predict shifts in the market, and such commitments would be inconsistent with standard business practices.

- In *Pima County*, employers initially made commitments to hire workers. Although they could not keep those commitments when the economy softened, the businesses continued to work with the project, and the companies whose incumbent workers were being trained assumed most of the training costs for those workers.
- *Spokane* reported that it had "implied commitments" from key area biopharmaceutical employers, indicating that they believed that the skills training programs were valuable

and they would hire newly trained workers. However, the economic downturn greatly curtailed the projected number of new hires, and those who were hired for entry-level positions were hired through placement agencies as part-time employees with no benefits.

Several other grantees were able to obtain commitments from employers to interview and give serious consideration to applicants referred by the sector project, and many grantees, both before and after implementation, reported that employers provided projections of the number of workers they might need.

- The *Kirkwood* project was able to get a commitment from employers to consider completion of the call center training course to be equivalent to the same amount of time (12 weeks) of employment experience in the call center industry. This provided opportunities to participants who would otherwise not have been granted interviews, as most employers require some previous call center experience.

Responding to Industry Downturns

Although the sectoral demonstration grants began during a period of economic growth and most were responding to tight local labor markets or skill shortages, the sectoral approach can be applied effectively during periods of downturn as well. Of the 38 grantees, 15 (39 percent) reported that a downturn in the targeted industry presented challenges for the project. For example, *Spokane's* project was based on projections of worker demand collected from surveys of area biotechnology companies and interviews conducted as part of the SKILLS grant almost two years before implementation of the training programs. By the time the program participants had graduated, the economic downturn was a reality. A major employer that had planned to break ground for a new facility scrapped its plan, and the demand for new workers had decreased dramatically. While the downturn clearly posed a challenge for these grantees, some adapted by focusing on incumbent workers and others were able to turn the situation into a strategy for weathering the downturn.

- The *Ramsey County* grantee, with its focus on the hospitality industry, found that the economy created a situation outside the control of project stakeholders. The project came about in response to worker shortages in the hospitality industry throughout the 1990s and into 2000 and had originally targeted immigrants as a source of new entrants into the labor market. The events of 9/11 created a severe crisis in the hospitality industry, moving training to a much lower priority for managers and altering the level of commitment and participation in this project. For example, general managers no longer attended steering committee meetings, and the individuals who did attend (generally from human resources departments) had less authority to commit their organizations. The project adapted to the downturn by focusing on incumbent workers.
- *Central Florida* reported that the project's overlap with the post-9/11 economic downturn resulted in a need to reassess strategies and potential participants in the program. Employers either had begun to downsize or were considering it and were interested in opportunities to upgrade or supplement the skills of existing employees.

- The *Kirkwood* call center training project found that having a diverse group of employers provided some advantages during an economic downturn. Financial services call centers that provided information about annuities were very busy when interest rates were high, but they have since had layoffs and are not hiring training graduates. However, other employers that are partners in the call center training programs, such as those that handle collections, have seen an increase in business, so program graduates are still able to find jobs.
- The *Chesapeake Workforce Alliance* found that interest in health care jobs increased as a result of the downturn in the economy. Employment in one of the counties in this project was heavily concentrated in manufacturing. As layoffs and plant closings increased, the health care sector project provided opportunities for short-term training and new careers that the workforce agency could offer to jobless workers.

Summary

While employer roles vary, the experiences of the projects demonstrate that the sector approach is a viable path for engaging employers. Over half of the 38 grantees agreed that the sectoral grant improved relationships with employers, and over half indicated that the stakeholder group encouraged employers to work together. Employer participation helped define the target industry, clarify employer needs, and leverage resources.

III. Sector Programs and Meeting the Needs of the Labor Force

Chapter Highlights

- Most grantees defined their target population broadly and included more than one target group, such as incumbent workers and displaced/unemployed workers.
- Recruiting participants was a challenge for forty percent of the grantees. Outreach techniques included direct advertising; working with social service agencies, community-based organizations, and other stakeholders; and using workplace resources.
- The degree to which sites identified and addressed barriers to employment varied greatly. Seventeen of the sites did not specifically note a barrier to employment that they were addressing in their project.
- A number of grantees changed or expanded their target populations over the course of their projects. The three general reasons for changes in target population were (1) overall expansion of the target group to compensate for lower than anticipated participation, (2) a decision to include groups with fewer barriers to employment, and (3) an increased focus on incumbent workers in order to create entry-level openings as these workers advance.
- Partially in response to the limited time frames and funding associated with the SED grants, many grantee organizations focused primarily on business and industry needs and worked with the target population that could most easily be prepared to meet those needs.
- All but one of the implementation grantees undertook projects that enrolled students in training, serving from 24 to 578 individuals. Eight of the 12 implementation grantees reported successful job placements for trainees, and 2 grantees reported average wage gains of 18 percent or more.

Categories of Target Population

The DOL sectoral employment demonstration grants called for identification of specific groups in the community in need of employment assistance. Many local agencies were accustomed to thinking about workforce needs and had a long-standing set of issues they were trying to address for various target populations. For these agencies, almost any industry might help them meet a workforce goal; thus, they began by identifying an industry with a clear need, then tried to see how meeting that need might also address the needs of one of their target population groups.

Most grantees defined their target population broadly and included more than one target group. This lack of specificity was especially common in rural areas, where small populations can make specific targeting too limiting. About 70 percent of grantees were targeting incumbent

workers (28 grantees) and displaced/unemployed workers (25), with 20 targeting both groups. Over 80 percent of grantees (31) indicated that one goal of their project was to connect a population to the workforce. Most often they focused on connecting new entrants, especially youth, to the labor market in a particular sector, but some programs targeted welfare recipients and other low-income populations.

The target groups most frequently identified by grantees are listed and described below. The categories are not mutually exclusive (e.g., an individual might be a low-income worker and an incumbent worker).

- **Dislocated workers.** Some grantees were able to identify specific groups that had been recently laid off or had received a notice of layoff as a result of plant closings. More often, the focus on dislocated workers included all unemployed workers.
- **New entrants to the labor force.** New entrants to the labor market include students, recent high school graduates, and others who may not have recent work experience, such as Temporary Assistance for Needy Families (TANF) recipients and returning workers (e.g., homemakers or retired workers). Among the sectoral employment demonstration grantees, youth were the most commonly targeted group of new entrants.
- **Underemployed workers.** A few grantees specifically targeted people employed in part-time or intermittent jobs. For example, *Lancaster County* targeted individuals employed in retail and hospitality occupations, in the belief that they would find the potential for full-time work and advancement in health care occupations attractive.
- **Low-income workers.** A few grantees used a set income or wage level to define their target population, and almost all grantees included low-income workers in their target population by virtue of the focus on entry-level workers or the advancement of incumbent workers from low-paying to higher wage jobs. *Kirkwood* defined its target population as individuals whose income is at or below 80 percent of the median income, which included TANF/Welfare-to-Work participants. The *Washington, DC*, grantee originally targeted welfare leavers but later expanded its target population to all low-income residents of the city.
- **Incumbent workers.** Currently employed workers, particularly those employed in the sector selected by the grantee, were the most common target population. Over 60 percent of grantees said they were working on the issue of career ladders or career advancement. For example, *Central Florida* chose to target incumbent workers in the IT sector. Under this initiative, employers were offered the opportunity to secure training for entry-level employees, individuals with some IT background/experience but lacking higher level skills needed for advancement, or employees willing to take training that would lead to industry certification.
- **Special needs populations.** A few grantees targeted groups with particular barriers to employment, such as immigrants with limited English skills and persons with disabilities. The *Rochester, MN*, grantee targeted workers with limited English proficiency. The

Baltimore grantee targeted residents of the city's federal empowerment zone, an area of concentrated high poverty and limited access to jobs.

Reaching the Target Population¹¹

The grantees used a range of strategies to reach their target populations and tailored their approaches to local needs and community resources. Forty percent the grantees reported participant recruitment difficulties. Strategies used to reach target populations included direct advertising, working with social service agencies and other providers, and working with workplace resources. Examples of the use of direct advertising include the following:

- The *Lancaster County* grantee used a regional television advertising campaign to highlight health careers and direct workers to the One-Stop Center. This initiative resulted in thousands of inquiries, and hundreds of participants signed on for health care training programs. Web sites were also used to advertise programs.
- *Kirkwood* used classified ads in the newspaper to advertise its programs and found this to be among the best outreach techniques. In addition, Kirkwood distributed flyers in the places its target population was likely to live or shop.

Human services providers, such as TANF agencies, were a source of some referrals to the *Kirkwood* and *Prince George's County* projects (although respondents in Kirkwood indicated that this source provided very few referrals).

- *Prince George's County* also recruited participants through a network of community partners, primarily community-based organizations (CBOs) such as homeless shelters, community ministries, and Even Start Family Literacy.
- The *Lane County* grantee received assistance from CBOs and community colleges in sharing information about health careers with target populations.

To reach incumbent workers, grantees obtained assistance from employers and unions.

- Under the *Worksystems* project, Oregon Health Sciences University disseminated information about the career center to employees by distributing flyers and brochures. The American Federation of State, County, and Municipal Employees (AFSCME), the union that represents the workers targeted by the career center, included information about the center in its newsletter.
- Implementation grantees that provided training to incumbent workers, such as *New Haven* and *Southern New Hampshire*, served workers who were referred by their employers.

¹¹ While both formation and implementation grantees described challenges and solutions in meeting the needs of their target populations, this issue was addressed primarily by the 12 implementation grantees. Some formation

Identifying and Meeting Worker Needs¹²

The degree to which sites identified and addressed barriers to employment varied greatly. Seventeen of the sites did not specifically note a barrier to employment that they were addressing in their project, 11 sites identified one barrier that their target population faces, and 9 identified more than one barrier that presented a challenge for connecting targeted groups with employment. Barriers encountered by the projects included lack of work experience, long-term unemployment, limited English proficiency, educational deficits, inadequate transportation, lack of child care, and physical or mental disabilities. To serve the needs of participants and provide the qualified workers sought by employers, grantees and their stakeholders developed a range of strategies described in this section.

Case management/counseling. Grantees addressed issues from career counseling to supporting workers in the transition from welfare to work. Case management and counseling services were generally contracted out to service providers or coordinated with existing support services in the community. For example:

- In *Prince George's County*, community partners such as homeless shelters and community ministries that worked with the target population continued to provide case management.
- The *Verdugo* grantee used independent contractors to provide career counseling and skills assessment to contingent workers in the entertainment industry.

Strategies for addressing limited English proficiency (LEP). Seven grantees cited LEP as a barrier faced by program participants.

- The *Rochester, MN*, grantee worked with a large LEP population. Project staff recognized that English literacy was a barrier for entry-level workers and that LEPs faced both language and cultural barriers in passing certification tests. The grantee offers "The Promise of Language" literacy program, which includes voice recognition software to improve communication and test-taking skills of LEPs. Several types of training sessions were conducted, including workforce literacy classes for TANF-eligible workers with limited English. These sessions provided job readiness activities as well as preparation for certified nurse assistant (CNA) training or work in entry-level jobs in environmental or dietary services. In addition, software modules focusing on health care concepts were developed to prepare current entry-level health care workers to pass the CNA exam and to support the CNA skills training curriculum.
- The career center established at Oregon Health Sciences University under the *Worksystems* sectoral grant purchased software for self-guided instruction for nonnative English speakers.

grantees were still refining their defined target population and planning strategies for reaching their target populations.

¹² While some formation grantees did implement strategies to address target population needs, services to the target population were beyond the scope of the formation grants.

- The ***Bellingham*** grantee supported a customized licensed practical nurse (LPN) training program for bilingual populations.

Addressing child care and transportation needs. Nine grantees reported that participants faced transportation barriers, and seven grantees mentioned child care as a barrier for participants. Grantee involvement in addressing these barriers most often took the form of arranging or coordinating subsidies to mitigate the cost of transportation or child care. For example:

- In the ***Kirkwood*** project, eligible low-income participants were able to use TANF and/or WIA funds to pay for child care and transportation.
- WAWA, the community-based organization that operated the sectoral project for the ***Delaware County*** grantee, worked with the Delaware Valley Child Care Coalition to prepare a map that included the location of health care employers, day care centers, and home child care providers to help workers in their search for employment and child care.

Assisting with other work supports and special needs. A few projects assisted workers with other special needs, usually on a case-by-case basis.

- The vocational rehabilitation agency and Kirkwood Community College's Educational Development Office helped students with disabilities who enrolled in the call center training program established under ***Kirkwood's*** grant.
- The ***WSOS*** sector program included the services of a WSOS career counselor who arranged for various supportive services for participants in the marine mechanics training program, such as transportation assistance (e.g., gas vouchers), help with rent payments, food vouchers, referrals to the local food bank, and access to the weatherization project. While many of these supportive services were provided directly by WSOS, the grantee's links with other community agencies (e.g., United Way, the Salvation Army) enabled it to refer participants to other resources in the community. In addition, the local workforce development agency and the Department of Job and Family Services were co-located at the county training center.

Educational remediation. Six grantees specifically mentioned low education levels as a barrier faced by participants. To address this issue, grantees added remedial components to their training programs or used community partners to provide supplemental education services.

- ***Prince George's County's*** sales and service training curriculum incorporates literacy training using the Equipped for the Future (EFF) standards developed by the National Council for Literacy.
- Pima County Community College offered remedial as well as college-level coursework for participants in the plastics manufacturing training offered under the ***Pima County*** sectoral project.
- The local public school systems provided basic and remedial education for participants in the ***Lancaster County*** health care training initiative. The Lancaster County area literacy

council also worked with the LPN program to assist trainees. Lancaster County identified a “content gap” that prevented individuals with sufficient reading and math skills to begin advanced study for health care occupations. The school system designed a course that taught candidates the basics of such subjects as biology and physiology, to prepare them to successfully pursue nursing or other allied health degrees.

Assisting with the costs of education. The cost of education was mentioned by six grantees as a barrier to participants. In addition to employer assistance, WIBs were able to leverage funds to help participants with training costs.

- The *Kirkwood* project used WIA training funds for eligible participants.
- The *Polk County* grantee awarded 15 scholarships (totaling \$42,000) to high school seniors interested in entering a health occupation. The grantee has also increased the individual training account (ITA) limits for health care training and education from \$5,000 to \$7,000 per student.
- The *Lancaster County* grantee has coordinated various funding streams to fund workforce development activities in the health care sector, including Pell grants, ITAs, low-interest state education loans, and H-1B funds.
- The *New Haven* grantee used grant funds to support training for incumbent workers selected by their employers, and TANF and WIA funds to support training for entry-level health care workers.

Matching the Target Population to the Industry

Grantees played a pivotal role in linking potential workers to an industry. Successfully matching workers and employers requires an understanding of the industry and the target population to customize recruitment and training and create realistic expectations for both participants and employers.¹³ Grantees addressed this issue through three main types of activities: understanding industry culture, screening potential participants/workers, and introducing candidates to the industry.

Understanding industry culture. Grantees and their stakeholders, such as training providers, tried to understand an industry and its culture in order to portray information accurately to potential workers and design appropriate training curricula.

- The *Austin* grantee focused on the banking and financial services industry, and used an innovative approach to ensure its understanding of the industry. The local school system, a partner on the project, sent teachers to banks and credit unions for job shadowing with tellers in order to create a training program that fit the needs of employers.

¹³ For example, one of the projects, *Baltimore*, found that the target industry selected was not well enough established to serve the target population. Baltimore targeted residents of the city’s empowerment zone, and they had low education levels and limited work experience. The industry sector selected was biosciences, where most jobs require at least a bachelor’s degree. A need for lower skilled positions was expected to develop as the industry grew and became established. As a result, the project is not proceeding beyond the planning stage.

- In the *Kirkwood* call center training program, the classrooms were set up to simulate a call center environment, and time at employer locations was structured into the curriculum to ensure that participants understood the work environment and culture for which they were preparing.

Screening. Several grantees screened potential participants for readiness (for employment or training) as well as industry interest and aptitude.

- In the *New Haven* sectoral project, stakeholders, including the Connecticut Hospital Association, worked with employers to identify needs and select an appropriate assessment tool for potential health care workers. The community college then administered the assessment tool on a monthly basis to interested One-Stop customers.
- The *Rochester, MN*, grantee added an assessment for LEP clients to its standard orientation procedures in an effort to determine whether clients had the appropriate English language, reading, writing, listening, and speaking skills required to obtain employment. Assessments included the Computer Adult Student Assessment System (CASAS) and the Basic English Standards Test (BEST).

Introducing candidates to the industry. In providing information about careers in the selected industry, grantees had dual objectives: to interest new workers in the industry and to accurately describe what potential workers could expect in the industry/jobs being promoted. The second objective is important to the success of the initiative because it reduces the likelihood of individuals dropping out of the training program or leaving their jobs because the skill level, working conditions, or pay do not meet their expectations.

- In *New Haven*, the Area Health Education Center worked with other project stakeholders to produce a Health Occupations and Technology Guide that has been distributed to community colleges, high school and middle school guidance offices, and One-Stops. In addition, One-Stops in New Haven conducted informational workshops on health care careers.
- The sectoral project in *Delaware County* produced a Healthcare Career Matrix that depicts paths of career advancement, as well as detailed training requirements for several occupations on the matrix.

Changes in Target Population

A number of grantees changed or expanded their target populations over the course of their projects. Three general reasons for target population changes were offered.

Overall expansion of the target group to compensate for recruitment difficulties or lower than anticipated participation. A number of grantees were concerned about meeting their commitments to employers or meeting the goals set in their grant applications. Expanding the target population was one way to address shortfalls due to recruitment or attrition.

- For example, the *Union County* grantee began with a focus on incumbent workers but widened its effort to include the general population, in part because the number of students in the initial classes was lower than hoped.

A decision to include groups with fewer barriers to employment. Some grantees found that their target populations required more preparation than they had expected to qualify for the available jobs or more services to overcome barriers to employment. Lacking the time or resources to successfully carry out their projects with hard-to-serve populations, some grantees decided to change their target populations.

- The *Raleigh* grantee originally focused on dislocated manufacturing and technology workers and underrepresented minority groups. However, the focus shifted to secondary school students who would be entering the workforce in the coming years. Dislocated workers were originally targeted because of increased layoffs in the area, but project research indicated that these workers and minority adults faced higher barriers to entering the health care workforce. The area's youth were seen as having lower barriers and a better long-term chance of advancing up health care career ladders.
- The *Pima County* grantee made a similar change. The project initially focused on incumbent, dislocated, and new workers but found that dislocated workers were harder to reach because they were not seeking jobs in the target industry (plastics). The dislocated workers tended to have higher technical skills and demanded higher wages than most jobs targeted in the sectoral project, so the staff targeted older youth (recent high school graduates). Youth were steered toward entry-level employment, and incumbent worker training was designed to help them advance to mid-level positions.

Adoption of a pipeline approach. As the job market tightened, staff at some sectoral projects realized that incumbent workers would need to advance to create entry-level job openings. Several grantees called this strategy “backfilling.”

- The *Lynchburg* grantee initially planned to target secondary school students and incumbent workers but found that it would be necessary to upgrade the skills of the existing workforce to open up opportunities for new entrants. Therefore, the project focused on incumbent workers in local firms during the grant period.
- The *Worksystems* grantee planned to train administrative and other workers to move up to IT jobs at OHSU. As a result of the downturn in the IT market in Oregon, fewer jobs than predicted opened up, because IT workers were not leaving OHSU for jobs in the private sector. To accommodate this situation, the grantee trained entry-level workers (e.g., food service, sanitation, and transportation workers) in basic computer and office skills so they could move into administrative jobs, as well as moving administrative workers to entry-level IT jobs.

Participant Outcomes

Of the 12 implementation grantees, 11 included training initiatives that lend themselves to standard measures such as number enrolled, number completing training, number attaining certification, and number employed. The one exception was *Southern New Hampshire*, an implementation grantee that focused on creating employer-designed training using a career ladder approach. This grantee did not fund a training program but did use a train-the-trainer approach to provide soft skills training to 20 direct care workers and agency training staff to assist in future problem solving and career ladder development. All but one of the implementation grantees that did include training were able to provide some participant outcome data (see exhibit III-1). The *Lancaster* grantee did not provide training directly but coordinated with One-Stop partners—such as a career and technology center, a community college campus, a school of nursing, and the local public school system—to arrange for training. Because the grantee had to rely on many organizations for reporting, it was not able to provide data on the number of students enrolled.

Summary

These examples illustrate the balance sectoral projects must strike between meeting the needs of the target population and those of the employer. Recruitment, successful completion of training, initial employment, retention, and advancement all depend on understanding and assessing these needs and communicating realistic expectations to prospective workers and employers. Many grantee organizations focused primarily on business and industry needs, then worked with the target population that could most easily be prepared to meet those needs. These projects may have been quite useful to the workers involved, but they were less likely to involve hard-to-serve populations—such as women transitioning from welfare or disabled persons—because they were not designed with an eye toward the type of work supports that would be needed by very low income groups.

With respect to meeting target population needs, the accomplishments of formation grantees included disseminating information to promote careers in the selected industry, influencing employer practices with regard to training (such as leave time and developing career ladders), and promoting policies that improve employment and training opportunities and access to these opportunities for low-income individuals. Implementation grantees were able to increase training options in their communities and build career ladders and advancement opportunities. Several grantees engaged new pools of workers in an industry, and several others broadened their target populations to meet employer needs within the time and resource constraints of their projects.

Exhibit III-1: Summary of Participant Outcomes Reported by Implementation Grantees¹⁴

Grantee	Enrollment	Completion	Certification	Job Placement	Advancement/ Wage Gain
Verdugo	24	24	NA	14 of 16	Contract worker rates ranged from \$15/hour to \$96/hour.
Marion, IA	105	80		65.5% within 3 weeks of graduation	
Pima County	30			3	
Prince George's County	42	41		33	
New Haven	42 incumbent workers 95 new entrants 76 assessments	41 incumbent workers 95 new entrants		68 new entrants	41 incumbent workers. Average 18% wage gain for all participants. Average wage was \$19/ hour.
Spokane	34 attended orientations. 18 enrolled	11	NA	7	
Central Florida	34	34	5	NA	NA
Rochester, MN	33 certified nurse assistant (CNA) 19 personal care 21 health awareness	73	33 CNA 19 First Aid/CPR	31 CNA 15 personal care/environmental service	12 personal care workers retained 12 months or more.
Worksystems	578 enrolled in at least one course 200 workers accessed resources as walk-ins.		28 Microsoft or A+	NA	89; average wage gain of 18.9%
WSOS	57	32 last classes 9 current class 41 total	44 work ethic 48 boat safety 41 marine training	33	25 have achieved a wage gain. Average gain .50/hour. (Does not include current class).

¹⁴ In March 2004, implementation grantees were contacted for updates to their participant outcome information. Eight of the 12 implementation grantees responded, and 3 (Verdugo, Worksystems, and WSOS) provided updated information reflected in this table.

IV. Sector Programs and the WIB System

Chapter Highlights

- WIBs in various institutional settings were able to engage in sector work. Different organizational settings can offer varying sets of resources; there was no one “best” organizational structure for initiating and operating a sector project.
- The involvement and interest of WIB members in the project varied within WIBs. In general, the employer members whose industries were the target of the sector project were among the most engaged members of the board.
- For some WIBs (12 of the 38), the project was particularly “energizing” and led to such outcomes as rethinking strategic plans or reshaping operations around sector-based work.
- Conversely, 13 of the WIBs noted that board involvement in the project was relatively low. Reasons for this low level of interest included the small size of the grant relative to the overall WIB budget and no perceived need for the WIB to take on more than an oversight role with respect to the project.
- Implementing agencies combined the resources of in-house staff with the expertise of consultants and outside agencies in a wide variety of ways. No particular staffing pattern or patterns emerged as the best way to staff a sector project.
- Respondents from 21 sites stated that the sector initiative helped improve the WIB’s relationship with employers
- Twenty-two of the grantees stated that they plan to continue with sector work and expand the approach to other sectors.

Variations in the Institutional Structures and Roles of Grantee Organizations

One of the hypotheses of the evaluation was that the WIB system can provide an appropriate institutional structure for planning and implementing a sectoral initiative. Eligibility for the SED grants was limited to local WIBs, but in examining the operations of the grantees, it is apparent that the WIB system encompasses a wide variety of institutional settings. To understand the variety of approaches the WIBs took to engaging in sector work and to evaluate the fit of sector work within the WIB system, it is necessary to consider three aspects of grantee operations: (1) the organizational structure of the local WIB and the disposition of grant funds, (2) the involvement of local WIB members in the SED project, and (3) staff support for the project. In this chapter we provide some background on the establishment of local WIBs and the variety of organizational contexts. We also describe how board members and staff were involved in the sectoral projects.

Under WIA, local workforce investment areas are designated by the governor, and a WIB is established for each area. Local WIBs are appointed by the chief local elected official, using criteria established by the governor and the State Workforce Board. The chair of each local WIB must be a representative of the private sector/business community. Boards include representatives from business (which must be the majority), local education entities, labor organizations, CBOs, economic development agencies, all One-Stop partners, and other entities. Local WIBs develop plans, provide oversight, select local One-Stop operators, and coordinate activities with economic development agencies and employers.

In order to facilitate reform of the workforce system under WIA, workforce investment areas are strongly encouraged to create local WIBs and separate board staff functions from program operation activities; they are prohibited from direct service provision and operation of One-Stop Career Centers. However, recognizing that many states and localities were already reforming their workforce systems before WIA, Congress included a number of provisions that encourage local flexibility. The law provides an option to use an existing entity to carry out the required functions of the local WIB; the governor may waive the prohibition against direct provision of training services by local WIBs; and local WIBs may directly provide nontraining services with the agreement of the chief local elected official and the governor. The local WIB itself may serve as a One-Stop operator only with the consent of the chief elected official and the governor. As a result of these options, the landscape of local WIB organizations is varied.

Local WIB Organizational Structures

The organizational structures for the WIBs observed in this evaluation are independent workforce development agencies, nonprofit organizations operating as workforce development agencies, local government agencies, and multi-WIB projects.

Independent workforce development agencies. The most common organizational structure that we observed in this demonstration was one in which the WIB operations were carried out by an independently incorporated nonprofit agency formed to address local and regional workforce issues. In some cases, this was a new organization formed since WIA; in others, the state designated a preexisting entity whose main focus is workforce development. Nineteen¹⁵ of the sites in this demonstration reported operating through this type of structure. These organizations generally seek to brand their services under their incorporated name and are often comfortable combining funding streams from a variety of public, private, and philanthropic sources to support project implementation.

- One of the stronger examples of this structure is the ***Boston PIC***, a 501(c)(3) organization formed in 1979 with a mission “to strengthen Boston’s communities and its workforce by connecting youth and adults with education and employment opportunities that prepare them to meet the skill demands of employers in a changing economy.” As an independent nonprofit agency, the Boston PIC has established a distinct identity with its employer

¹⁵ Two of the local WIBs included in this category are actually operated by public institutions of higher education: Kirkwood Community College and North Central Missouri College. In both cases, operations of the workforce development agency had been contracted to the colleges, and they were operating as independent workforce development agencies.

constituents and with the workforce development community in the Boston area. The WIB sets the vision for the organization's workforce development efforts and elects a board that plays a more direct role in overseeing the operations of the organization. As a private organization with a public-sector mandate, the Boston PIC has been able to play a large role in workforce development efforts in Boston. The organization taps a variety of local, state, federal, and philanthropic funds and can combine those to support projects. This funding base has provided some stability and given the Boston PIC a greater ability to maintain its work in the health sector, its chosen target industry, than some of the other grantees in the demonstration.

Nonprofits operating as workforce development agencies. Some local WIBs, especially those that operate through preexisting organizations, are housed in nonprofit agencies that are not exclusively devoted to workforce development, such as economic development agencies and community action agencies. In this demonstration, two grantees (*Alaska High-Tech* and *Lynchburg*) were economic development agencies. One grantee, **WSOS**, is a community action agency that partnered with an economic development organization that is also the lead workforce development agency.

- In *Lynchburg*, the WIB is housed in the Region 2000 Regional Commission, an economic development organization. The project brought together a variety of partners across a large geographic region working with several municipal governments. Economic development entities and trade associations were well represented on the project advisory committee. The organization was sensitive to the fact that manufacturing is the largest industry in the area and chose to focus on a set of skills that applies to a range of manufacturing subsectors.
- **WSOS** worked in partnership with the Ottawa County Community Improvement Corporation, the lead economic development and workforce development organization for the county. Together, these two organizations had the resources needed to implement the project in terms of understanding the workforce development needs of a target population and being able to partner and coordinate with employers, education and training providers, and local social service agencies. Their close connections with and understanding of the needs of marine dealers on nearby Lake Erie alerted them to the shortage of qualified marine mechanics, the difficulties faced in retaining them, and the need for training.

Local government agencies. A number of WIBs—including five of the grantees in this demonstration (*Aroostook*, *Baltimore*, *Atlantic Cape May*, *Union County*, and *Northern Virginia WIB*)—are located in the offices of elected officials (e.g., mayor or county commissioner) or local government agencies. For example, a large city government, a small city government, and a rural county government were grantees. For most of these entities, the location in a government office provided at least a minimum amount of staff support that could be reliably drawn upon (see the discussion of project staffing later in this chapter).

- One of the *Baltimore* respondents, in particular, felt that it was an advantage to be part of the city's office because of the staff and other resources that could be drawn upon in support of the project. On the other hand, some of the respondents from the Baltimore

site felt that locating responsibility for the project in the office of the mayor gave the project an explicitly political tone and sometimes diverted attention from achieving the project goals.

- In *Union County*, the WIB is administratively located within the county government. WIB activities related to this grant were managed and conducted by staff in the county's Office of the Director of Human Services.

Multi-WIB projects. A somewhat different organizational approach was collaboration with other WIBs. Some of the grants were explicitly made to a consortia of WIBs, and some grantees chose to work with WIBs in their region to ensure that the initiative matched up well with the regional labor market. Respondents noted that collaboration also offered the opportunity to pool resources and leverage the research and planning work over a broader area for implementation. As with any collaboration, however, additional staff time needs to be devoted to ensuring that the partners understand their relative roles and responsibilities and can function well as a team. Some respondents from regional collaborations noted that some control must be given up and that ensuring a consistent level of quality of operations across the various WIBs can be a challenge.

- An example of this type of collaboration is the *Chesapeake Workforce Alliance*, a collaboration of three Maryland WIBs located along the Chesapeake Bay and the Delaware WIB. The targeted industry sector was health care, and the grantee believed that the region encompassed through this collaboration would form a more appropriate basis for an analysis of the issues associated with the health care workforce than the area of any one of the WIBs. For example, staff noted that it was a more appropriate region over which to think about training capacity, as well as shortages in specialty areas. Moreover, it was a region across which health care workers might commute and could consider employment and training choices. In addition, staff felt that they could better leverage their limited resources by working together rather than designing approaches on their own.
- In *Cleveland*, Cuyahoga County's Northeast Ohio Health Care Coalition sector initiative adopted a regional approach designed to address the shortage of health care workers in an eight-county area that includes the cities of Cleveland and Akron. The Cleveland area is served by two WIBs—the Cuyahoga County WIB (which was responsible for the sectoral grant) and the City of Cleveland WIB (which was not involved in the project). In April 2003, at the time of the site visit, the sector team was preparing to approach the city WIB to try to gain its support for and commitment to this initiative. The WIBs serving the other counties in the coalition were not engaged in the project but were “part of the long-term plan,” according to the sector team. Staff expressed regret that they hadn't done a better job of involving staff from other WIBs in this region in the planning process, because the skills shortage in health care is a regional issue not limited to Cleveland and Cuyahoga County.

Disposition of Grant Funds

The preceding section described types of organizations represented among the sectoral demonstration grantees. However, there is a distinction between the grantee organization and the organization that was most involved in grant activities. Under WIA, the chief local elected official is the grant recipient and is liable for the use of funds, but this official may designate an entity to serve as the local grant subrecipient or fiscal agent. Some WIBs leverage the effectiveness of existing institutions in their area to implement grant initiatives and essentially pass through funding to these organizations to implement projects. In this demonstration, two WIBs operated primarily as pass-throughs for funds to go to other organizations to operate the sector projects. *Alaska High-Tech* worked through the Alaska High-Tech Business Council, and the *Los Angeles* WIB subcontracted to the Entertainment Industry Development Corporation, a public-private partnership focused on the economic health of the entertainment industry in the region. Other grantees used a combination of WIB member and staff involvement and subcontracts to carry out grant activities.

The following sections describe the sectoral grant activities, addressing first the activities of WIB members, then staff support of the projects.

Involvement of WIB Members

Implicit in the demonstration was the hypothesis that a sectoral initiative can provide an opportunity to engage WIB members in substantive ways. In a number of instances, this hypothesis appeared to be supported—WIB members were very helpful in working toward the achievement of project goals. Nine of the grantees reported a high level of involvement of WIB members in the project compared with involvement in other projects they have run. Employer members actively engaged in the work and leveraged their contacts in the local business community in support of project goals. WIB members reaching out to other project constituents, such as training providers or community-based organizations, was less commonly reported. The amount of attention the projects received from members of the local WIB varied across projects and within projects, with some grantees reporting that only certain WIB members were highly interested in the work. Twelve grantees reported that the sector project “energized” the WIB, inspiring new strategic thinking and in some cases a reorganization of activities around a sector-based approach.

Several grantees noted that the grants provided resources that would otherwise not be available for collaborative activities and that the award of the grant helped to engage partners and staff. In some cases, the grant activities, despite the limited resources directly associated with the grant, were the spark that caught the attention of WIB members. On the other hand, 13 grantees reported a relatively low level of WIB involvement, perhaps because of the small size of the grant relative to the overall WIB budget or the perception that there was no need for the WIB to take on more than an oversight role with respect to the project. In some cases, the fit of the grant with ongoing work was such that the sector project was not noticed as something new. The following are examples of how WIB members were involved in sectoral projects:

- In *Lancaster*, one WIB member was the vice president for human resources at the region’s major hospital. This high-level hospital executive provided insight into the labor needs of the target area’s health care institutions and helped the staff understand the

relative importance of a workforce effort to the growth of the industry. He capitalized on the hospital's role as a major regional employer and recognized industry leader to lend credibility to the staff as they pursued other industry employers and training providers. The support and participation of a major regional institution helped the staff convey the importance of the sectoral initiative to a broader community.

- In *Jefferson Parish*, which focused on automotive technology, one WIB member was the owner of several automobile dealerships and the vice president of the Greater New Orleans Dealership Association. He had a long history of spearheading efforts to improve and increase training opportunities in this industry for high school youth and was crucial to this project in terms of recruiting employers and securing their participation in the stakeholders group.
- One of the members of the *Washington, DC*, Workforce Investment Council board was chairing a related health care sector project. Consequently, she was able to offer links to the health care employer network already established as part of that project, as well as insights and expertise on industry issues. She assisted in both the recruitment and facilitation of employer focus groups. Also on the board was a representative from an organization that owned several area hospitals and was, at the same time, involved in a joint initiative with the Department of Employment Services to provide recruitment, training, mentoring, and placement for trainees in the organizations. He was instrumental in identifying and recruiting employers.

WIB Staff Roles in Sector Projects

In addition to providing opportunities for WIB members to engage, a sectoral initiative can provide an opportunity to engage WIB staff in substantive ways. All local WIBs need staff support to implement their programs. Some WIBs distinguish between staff assigned to the board and the program operations staff, while other WIBs do not. WIB staff (those that directly support the board and those that work in program operations) are employed by various public and nonprofit agencies that offer different kinds of expertise and resources. Many of the WIBs had preexisting relationships with a variety of local organizations and consultants; thus, each WIB had a different set of external resources upon which to draw. Finally, the fit of the project with ongoing work and the familiarity of staff with the targeted industry often influenced the degree to which they felt the need to contract with external consultants or organizations. Thus, our observation of a wide variety of staffing patterns for the projects is not surprising. Examples described in this section include WIB staff located in One-Stop Career Centers, staff employed by economic development agencies, and contractors serving as partners in sectoral projects.

In this demonstration, 4 of the 38 grantees (*Bellingham, Pima County, Kirkwood, and Verdugo*) were also One-Stop operators, and some grantees drew upon One-Stop staff to implement their sector projects.

- In *Pima County*, staff from the One-Stop wrote the original proposal and were responsible for implementing and managing the work of project partners, including facilitating interaction among such partners as employers and training providers. Pima County also used its One-Stop capabilities to recruit trainees and to provide or broker training services.

- In **Bellingham**, the One-Stop staff included experienced facilitators who convened meetings and workforce development professionals who were familiar with the training resources in the region.
- Experience and contacts as a One-Stop operator enabled **Kirkwood** staff to recruit participants, provide orientation sessions for prospective students, and direct students and employers to support services to enhance student success and job retention.

Other sites—such as **Lancaster**, **Verdugo**, and **New Haven**—leveraged the outreach and service-provision capabilities of their local One-Stop systems but housed the fiscal agency and strategic management of the project in another organizational entity.

Some projects were staffed by employees of local or regional economic development organizations, either because the WIB was housed in an organization whose mission focused on economic development or because the sectoral grant involved partnerships with economic development agencies. These organizations often brought existing relationships with the employer community to the project, facilitating the process of researching workforce needs of employers and generally involving employers in the project. However, economic development organizations may not have the understanding or experience needed to consider and address the employment or advancement barriers faced by a particular target population. The **Aroostook** grantee worked in partnership with a community-based human services agency to bring an understanding of how to address barriers to employment to the project. **WSOS** was a collaboration between a community-based project and an economic development organization.

Among the demonstration projects, 28 of the 38 reported working with outside contractors or consultants. The most common role for consultants (14 of 28) was carrying out some portion of the project research. Several WIBs hired outside professionals to assist with group facilitation (12 of 28), project management (8 of 28), or curriculum development (8 of 28). Many of the projects used a combination of in-house and partner or contractor staff. The following is just a sample of the range of approaches WIBs took to staffing their sector projects:

- In **Aroostook**, the WIB worked closely with a local economic development agency and a community action agency. Staff from those two outside organizations took the lead in putting together the project proposal, with help and direction from the WIB director. Upon funding, staff from the two organizations directed the planning research (which involved additional external organizations), facilitated meetings of project stakeholders, and wrote the final planning document, again with the help and support of the WIB director. Relatively little of the project work was done by WIB staff (of which there are only two), but all the interviewees commented that their organizations are accustomed to collaborating with each other and that this is an effective way to maximize local resources.
- In **Rochester, MN**, WIB staff did virtually all the project work. They wrote the proposal, handled the day-to-day project management, surveyed employers to gain needed input, and developed and marketed the software that was the focus of this project. The project fit well with existing work and the staff had developed internal capacity to carry out the specific tasks associated with the sector project.

- In *Verdugo*, WIB staff took responsibility for overall project design and management and, together with One-Stop staff, did much of the outreach, recruitment, and screening of project participants. They also developed employer relationships and support for the project. A range of consultants and outside agencies—some of which had worked with the WIB before—were hired to provide very specific aspects of training or career counseling. Thus, Verdugo worked with a blend of staff and external resources.
- In *Baltimore*, staff kept responsibility for oversight of the project but worked primarily through two consultants who brought industry expertise and connections. Originally, the project managers at the Baltimore WIB had hoped to hire a staff person to run the project, but when they were unable to hire their selected candidate, they turned to consultants. Interviewees commented that they thought the use of consultants, in the end, helped them start in a better place, as the consultants understood the industry, had contacts, and could conduct the project with a high degree of credibility. The grant money would not have been enough to hire a staff person with this level of expertise. In addition, the results of the planning phase indicated that it was not the appropriate time to begin a large initiative in the biotech industry. Thus, the WIB avoided the mistake of investing staff resources to develop a level of expertise in this industry that it did not need.
- In *Seattle-King County*, WIB staff partnered with the Kent Chamber of Commerce and the Northwest Policy Center of the University of Washington. WIB staff were responsible for project management, strategic planning, participating in meetings, and disseminating information. The Kent Chamber of Commerce used its industry contacts to recruit employers and facilitated meetings of the Industry Action Team. The Northwest Policy Center conducted the labor market research.

The grant solicitation directed grantees to dedicate a certain amount of money to paying staff (as opposed to consultants or outside vendors) to encourage them to develop staff resources that would make it more likely that the project would continue at the end of the grant period. In particular, sector projects often require a degree of industry knowledge that many WIBs do not possess at the beginning of a project. In some cases, staff resources were combined with consultant resources in ways that helped transfer knowledge from consultants to staff members, much as the grants were designed to do. However, the review of the various staffing structures and the comments of interviewees suggest that staff resources may not need to be built up within the entity that houses the WIB per se but rather should be developed within the community. In fact, some grantees commented that by partnering with organizations that already had the skills needed for the project, the WIB did not recreate existing capacity in its service area and more efficiently used the limited resources available. Many WIBs have several organizations that they frequently collaborate with on a range of projects. In some sense, the capacities of these organizations are part of the infrastructure the WIB relies on for continuity in its work, even though the organizations are not explicitly housed in the WIB. Given the fluid relationships that were observed among WIBs and their local partners, it is hard to identify a single staffing pattern, based on agency of employment, that seems to be an important contributor to project success.

Summary

In general, we have observed positive beginnings of a sector project among a majority of the grantees. These projects are housed in a variety of institutions and are supported by a variety of staffing patterns. This variation is appropriate in light of the unique set of local resources available to each grantee, the varying needs of the targeted industry and the local workforce, and the wide range of existing capacity to implement sector work across the grantee sites. It should be noted, however, that what we have seen is a beginning—sector strategies are long-term approaches and generally develop over time in terms of their chosen mix of services, connection with the targeted industry, and ability to operate effectively within that industry.

V. Lessons for Program Operators

A number of lessons and insights gathered over the course of the evaluation could be useful to other local Workforce Investment Boards that are considering adopting sector-based strategies in their own activities.

Factors That Facilitate Success

The sector approach can be a useful framework for WIBs that are interested in contributing to local or regional efforts to align education and training resources with market needs. The demonstration gave WIBs an opportunity to build or expand their capacity to work strategically with employers and other stakeholders on shared workforce challenges. Such an effort requires collaboration among stakeholders to successfully conceptualize, design, implement, and monitor a sector initiative. The time investment is typically at least 18 months to two years to develop a viable plan or achieve full-scale implementation, and ongoing operations to fully address the goals of a plan are an even longer term proposition.

Because so many variables can influence the design and implementation of a sector project, there is no single path for WIBs to follow to ensure a successful outcome. However, effective grantees tend to share several core characteristics, even though the projects themselves look quite different. The following factors appeared to be most important in determining success:

- The ability of the WIB to strategically determine its role in the sector project. WIBs can play many roles in sector projects, depending on their interest in and knowledge of the sector, staff capacity, and ability to serve the target population. Successful WIBs assessed these factors to decide which roles and responsibilities to take on directly and which to delegate.
- The recruitment and retention of the right mix of stakeholders. This is a dynamic process, as the roles, responsibilities, and relative importance of the various stakeholders may change over time.
- The habit of frequently soliciting feedback from employers and program participants and making midcourse corrections as needed.

Successful sector projects displayed these core characteristics in different ways. Among the SED grantees, we identified promising practices in stakeholder collaboration; leveraging training resources and building training capacity; coordinating resources to address target population needs; soliciting employer feedback; and developing and supporting career ladders, retention, and advancement. Creating and sustaining a successful sector project is a process, and the grants were generally part of a larger effort. Because successful sector projects combined a range of resources and collaborative elements, we provide a few examples of how sites fit the pieces together.

Stakeholder Collaboration

As has been noted throughout this report, WIBs played a variety of roles effectively in their sector projects. Some managed and led the process themselves, some hired consultants with industry expertise, some outsourced the project entirely to another organization, and some pooled resources across multiple WIBs. The key to success was not the role, it was the *fit* of that role with the resource and skill base of the organization. In successful projects, the WIB used a process of self-assessment to inform its decisions about which roles and responsibilities to take on directly and which to delegate.

Because sector projects are collaborative, they start by focusing on “who needs to be at the table.” But, in trying to assure that all project stakeholders will be on board with the initiative, some projects may cast the net too widely. Sites that did a good job of self-assessing (“knowing what they didn’t know”) tended to be better positioned to structure projects with the right mix of partners, staff, and external assistance to accomplish the objective.

Stakeholder involvement and input are essential for a sector initiative to succeed, but stakeholder participation is not a straightforward or easy process to manage. The roles, responsibilities, and relative importance of various stakeholders change over time as a project moves from design to implementation, or as the economy shifts or technology changes. Successfully managing the dynamic process of identifying, recruiting, and maintaining the right mix of partners to keep an initiative moving forward is a major factor in long-term success.

For planning grantees, the challenge in forming a stakeholder group was twofold: (1) to identify and reach out to all the stakeholder groups that might be important to the initiative’s success and (2) to choose among potential stakeholders so the number was not overwhelming. Potential stakeholders could include employers who need qualified employees and can explain the skill sets and behaviors that are required, training and education providers who can design and deliver course content that will enable students to fill those jobs, community-based organizations and government agencies that can help residents overcome barriers to employment, and union leaders who can maintain job security and job quality for their members. **Bellingham** was one grantee that did an exemplary job of convening key stakeholders, defining roles, and moving forward with its plans.

**Northwest Workforce Development Council, Bellingham, WA:
A Systemwide, Action-Oriented Approach to Stakeholder Collaboration**

Convened in April 2001 by the Northwest Workforce Development Council (NWDC), the Northwest Alliance for Health Care Skills addresses skilled health care employment needs in a four-county semirural area between Seattle, Washington, and Vancouver, British Columbia. Participating organizations from the four-county area include the five hospitals in the region, skilled nursing and long-term care facilities, a physician's clinic, labor representatives (Washington State Nurses Association), and the three postsecondary health career training institutions in the region (Bellingham Technical College, Whatcom Community College, and Skagit Valley College).

This formation grantee's SED project built on previous work, strategically identified key stakeholders, and opened up communications between employers and training providers. Its plan outlined specific action items, many of which were successfully addressed during the grant period. The selection of a consultant to serve as project coordinator who had credibility with employers and legislators and significant experience in the health care industry was another factor that contributed to the project's success.

The Northwest Alliance was initially formed under a state-funded SKILLS project grant. This grant was used to collect and analyze labor market data. In addition, staff at the largest hospital in the area (St. Joseph Hospital) had prepared a workforce plan that also identified the health care skills shortage issues in the area. Part of the success of the alliance was attributed to the fact that this hospital was represented on the board of NWDC and took the lead in recruiting other employers.

About 20 employers were identified, and 10–12 were active partners. While the employers hadn't had working relationships with each other in the past, their recognition of the problems they faced because of high staff turnover and skills shortages made them willing to come together to find solutions. The larger employers were sensitive to the fact that the region has a "delicate ecosystem" of workers. Rather than steal workers from each other, employers realized that all would gain by collaborating to develop career ladder opportunities and retain workers in an organization. With skilled facilitation by the staff of NWDC, the employers and the training providers learned how to work together cooperatively.

For example, training institutions assumed that employers would not be willing to provide additional training sites or to supplement teachers' salaries, but both of these assumptions were false. The project successfully addressed challenges related to competition between community and technical colleges in the region and incompatibilities between the schedules and policies of educational institutions and the needs of employers.

The Northwest Alliance and NWDC are addressing shortfalls in nursing, imaging technology, and allied health services by implementing strategic actions in four areas: (1) increase interest in health and allied careers, (2) increase the available labor pool, (3) expand local training capacity, and (4) develop resources. To address the first area, alliance members partner with high school career counselors, health teachers, and career and technical education directors to introduce health and allied occupations to high school students.

To increase the labor pool, the NWDC has supported a community and technical college WorkFirst preemployment program that targets nurse assistant preparation and provides life and work skills training, as well as a customized LPN program for bilingual minority populations. An Introduction to Health Careers class is conducted for multilingual, multicultural individuals. The alliance markets employer tuition reimbursement opportunities and NWDC tuition advance funds to potential and incumbent workers.

To address training capacity, employers and training providers worked cooperatively to gain approval for the start-up of a new radiologic technologist program at the local technical college. The alliance continues to focus on ways to increase training capacity for RNs by considering a number of options, including holding additional classes during the evening hours, expanding summer programs, and using skilled nursing facilities for clinical placements. In the area of retention, the focus is on specialty training for nurses. Four hospitals have formed a critical care consortium that has developed an online orientation class supplemented by a weekly seminar. Because the NWDC met with some early successes (e.g., creation of a strong and enthusiastic stakeholder coalition), it has been able to leverage other resources and maintain support for its program.

In general, planning grantees were more apt to cast the net widely, at least for initial input. In translating a project plan into an effective on-the-ground program, implementation sites showed the importance of engaged partners, clear partner roles and responsibilities, and the maintenance of effective working relationships, particularly with training providers. *Polk County* is an example of a grantee that worked collaboratively with training providers and other stakeholders to leverage resources for training.

**Polk County Workforce Development Board:
Building on Research and Collaboration to Support Training Needs**

The Polk County Workforce Development Board (PWDB) of Polk County, Florida, used its sectoral grant to design and implement a communitywide effort to address the workforce needs of the health care industry and to leverage nearly \$2 million in resources to address these issues.

PWDB's state-mandated High Skills/High Wage Committee, which was responsible for oversight of all sectoral grant activities, conducted research to identify occupations with high wages, high skills, projected growth, and large labor shortages, and narrowed its focus to health care, information technology, and insurance. The committee selected the health care industry for its sectoral initiative, chiefly because of the critical shortage of workers, the availability of training programs, and the willingness of business and training partners to participate. PWDB also reviewed state and local labor market data (becoming the first workforce development board in Florida to use the ERISS database) to understand industry and employer needs.

PWDB was extremely successful in bringing together the relevant stakeholders, including all the major hospitals, several long-term care facilities, Polk Community College, the Polk County School Board Technical Centers, the Polk County Health Department, the Polk County Medical Association, the Tampa Bay Partnership, the High Tech Corridor Council, Workforce Florida, Inc., and the Florida Association of Homes for the Aging. Representatives from each of the stakeholders were among the 200 community leaders and health care professionals who attended two health care summits in 2002 to discuss promising workforce practices in the health care industry. The first summit focused on the needs of acute-care facilities; the second focused on the needs of long-term care facilities in the county. Workforce 2020, the PWDB outreach organization, funded these meetings and will continue to provide resources to sponsor similar community meetings to address health care issues.

Employers were initially reluctant to become involved with this project; historically, there was ill will among the top hospitals, in part because of a lack of trust and

the competition for workers. PWDB efforts to take on a leadership role paid off, and it was eventually able to convince the employers to come to the table together. Employers participated in focus groups, shared best practices, and provided feedback on training needs and related issues to the community college.

Staff reported that this project improved the relationship between the employers and the WIB because the employers saw the benefits of the project to their businesses. Findings from the labor market research, focus groups, and summits, as well as other feedback from the stakeholders, resulted in the recognition that local capacity for training was underutilized. This pointed to the need for additional resources to pay for training for nursing and allied health care programs, efforts to increase awareness of employment opportunities in the health care profession, and recruitment of needed employees.

As a result of the sectoral grant, PWDB was able to leverage nearly \$2 million in cash and in-kind resources to expand its community health care initiative, particularly in terms of resources for training. The U.S. Department of Education provided \$500,000 for a Collegiate High School Allied Health and Medical Academy, which enables high school students to earn a diploma while working toward an associate's degree in one of several health-related areas. Polk Community College committed \$212,000 in in-kind support. PWDB also partnered with the college's Allied Health Care Council to gain a commitment from local hospitals to provide funding (\$994,000) for a nursing recruiter and 30 nursing scholarships annually for three years, which is expected to double the number of nursing graduates. In addition, PWDB will award 15 scholarships (totaling \$42,000) to high school seniors interested in entering a health care occupation. PWDB also provided funds (\$26,000) for the development of a CD-ROM containing health care career information that will be distributed to all high school students in Polk County. Finally, PWDB has increased the individual training account (ITA) limits for health care training and education from \$5,000 to \$7,500 per student.

Coordinating Resources to Address Target Population Needs

One area in which self-assessment is critical concerns the grantee's ability to address target population needs. As pointed out in chapter III, many grantees did not design their programs with work supports in place for those with serious or multiple barriers to employment. Workforce Development in *Rochester, MN*, is an example of how a grantee addressed the needs of a target population by building on its own organization's strengths and experience as well as collaborating with partners in the community.

Workforce Development, Inc., Rochester, MN: Addressing Needs of the Target Population to Develop Qualified Candidates for Employers

Workforce Development, Inc. (WDI), used its sectoral grant to develop an innovative program to address two significant workforce development issues facing its service area in Southeastern Minnesota: a shortage of workers for health care jobs and a huge increase in the region's immigrant population, particularly Somalis, Sudanese, and Hispanics.

The Mayo Clinic and several other local health care providers (nursing homes, hospitals, etc.) approached WDI for assistance in addressing the shortage of workers to fill health care positions. WDI staff also reviewed available labor market data and conducted surveys with about 50 local employers to verify the need for employees in the health care industry and gather information about specific issues related to recruitment, training, certification, and retention.

WDI recognized that a large supply of potential workers existed among individuals with limited English proficiency (LEP); however, administrators also recognized that these workers faced significant language barriers that necessitated various literacy services to help them obtain the required certifications for health care jobs and then get and retain the jobs. Staff at local colleges acknowledged the need for tutors and other resources to help LEPs pass the exams.

Because of WDI's extensive experience with ESL and literacy programs, in 2002 it was awarded a grant through IBM's Community Services Program to work with an interactive voice recognition instructional software program (Reading Partners) that helps LEPs improve their English comprehension and speaking

ability. The innovative software is tailored to teach words and concepts that are specifically associated with an occupation such as certified nurse assistant (CNA). WDI used the resources provided by this grant to support work on additional modules for this program. New Reading Partner modules focusing on health care concepts were developed to prepare entry-level health care workers to pass the CNA exam and to support the CNA skills training curriculum. CNA training sessions were held in several different formats for specific populations at WDI offices, at community colleges, and onsite at employer locations. For example, seven workforce literacy classes for TANF-eligible workers with limited English skills were conducted at two WDI locations. These classes provided job readiness activities as well as preparation for CNA training or work in entry-level jobs in environmental or dietary services.

WDI has developed a unique set of services (referred to collectively as "The Promise of Language") specifically designed to prepare LEPs for jobs in the health care industry. These services help LEPs identify career ladders and develop the language skills necessary to obtain and retain jobs, help employers understand the special cultural and language needs of these potential employees, and provide the occupational vocabulary, training tools, and comprehensive curricula that can help LEPs develop the communication skills required for success in the health care field.

WDI staff also identified cultural and language biases in many of the state health care certification exams and have led efforts at the state level to have these tests revised.

Ongoing Reassessment and Changing Circumstances

One of the reasons sector programs in other contexts have generated strong employment outcomes and become known for their ability to serve the needs of employers is that they build in frequent opportunities to solicit feedback from both types of customers—businesses and program participants. That feedback enables program managers to make rapid changes to the programs when necessary. Midcourse corrections are usually made for one of two reasons: to keep training content in step with the changing skill needs of employers in the industry or to restructure a program when it becomes clear that participants are not successfully completing the program or acquiring the skills, attitudes, and behaviors that employers want and need. The sectoral demonstration projects included some excellent examples of how this feedback process works. *WSOS* used employer and participant input to improve both the structure and content of its training program. *Kirkwood* worked with employers on an ongoing basis to improve training and address other needs of employers.

**WSOS Community Action Commission:
Retooling Training to Respond to Employer Needs**

WSOS Community Action Commission and the Ottawa County Improvement Corporation received an SED grant that was used to implement a training curriculum in marine mechanics for incumbent workers, dislocated workers, and new entrants. The area is on Lake Erie in Ottawa County, Ohio, and the partner organizations identified the marine trades as a critical industry to target because so much of the region's economic activity is linked to tourism and recreational boating activities.

Before the grant, the partners surveyed 150 local boat sales and service-related businesses in the region and indexed more than 480 marine-related services that these businesses provide. They were in the process of forming a Marine Trades Advisory Board to address shortages in qualified marine mechanics and retention issues related to the seasonal nature of the business. With the completion of a state-of-the-art facility (the Ottawa County Community Resource Center), the partners were able to persuade a major marine engine manufacturer (Volvo Penta) to relocate its training site from Chicago to this new facility, bringing over \$500,000 in materials and equipment for use by the trainees. Together with employers and the local Adult Career Center, the partners developed a curriculum and career ladder program leading to the Skills for Life Marine Trades Certification.

The 300-hour occupational skills curriculum would have been sufficient to give participants the certificate in marine mechanics to take to employers. However, the partners were encouraged by the employers and the community members who helped design the project to consider other factors in addition to job-specific skills that help individuals succeed and advance in the workplace. As a result, an intake and assessment phase was added to determine job readiness and educational levels and to identify any family needs that might lead to employment barriers and affect job readiness (e.g., dependency issues, transportation and child care needs).

Those in need of supportive services were referred to appropriate area service providers before proceeding with the training program. The skills training coursework was preceded by training in work ethic and U.S. Coast Guard Auxiliary boat safety. Red Cross CPR and First Aid training were also added to the program in response to feedback from employers.

Under the SED grant, 33 individuals enrolled in the program and 21 received a marine trades certification. All the graduates received scholarships from Volvo Penta to enroll in a weeklong specialty training course. More than half were still employed at six months, and 60 percent had received a wage increase. (These six-month figures do not include data for the third class.) Staff and employers felt that the program design was essentially sound and working well for the target population. Even so, the partners felt that ongoing feedback about what worked and what didn't would help them improve the program in the future. Staff followed up with participants, including those who dropped out.

Lessons learned through feedback from employers and participants were critical and led to changes in the program design as it has continued to serve new groups of students. For example, staff learned that training modules must be timed to coincide with the off-season for the marine industry. The first class started in late fall, when employees typically work overtime to prepare boats for winter storage; consequently, participants often found it difficult to make it to class on time. Because employers were reluctant to deal with employees' personal issues, a WSOS career counselor joined the team and worked with employees to address supportive service needs. The curriculum for the program was modified and updated throughout the life of the program in response to input from both participants and employers.

**Kirkwood Community College, Marion, IA:
Employer Involvement in Continuous Improvement**

Kirkwood Community College in Marion, Iowa is the workforce agency for Iowa Workforce Development Region 10, a seven-county region including Cedar Rapids and Iowa City, as well as rural areas.

Under the SED grant, Kirkwood implemented a 12-week training course for call center customer service operators that runs from 9:30 to 1:30, Monday through Friday. The curriculum covers information about the call center industry, basic work skills (punctuality, goal setting, etc.), specific skills needed for customer service/tele-sales, and a job simulation/practicum. Participants also receive training on resume writing, interview skills, and job placement.

Six initial employer partners were actively involved in the design of the training. The training contractor worked with operations or human resources staff representing these employers to develop the preemployment curriculum. The results of each training are presented to the employer group, which meets quarterly. Employers give feedback to the training contractor about improvements to the training based on experiences with graduates hired. A number of changes and additions have been made in response to employer needs. For example, at first the trainers underestimated the need to prepare participants for the work environment, so these portions of the curriculum were expanded. To address the wide diversity in computer skills among the participants, they introduced hands-on computer activities earlier in the class.

Kirkwood runs 2-3 class sessions per year, depending on employer demand. Kirkwood calls employers regularly to see what they anticipate their hiring needs will be, and schedules classes accordingly. As the SED grant was ending, Kirkwood staff, WIB members, and the training contractor launched an improvement plan. They met one-on-one with five of the industry partners to see what

they thought of the program and how to improve the training. Some of the suggestions discussed included certifying that graduates have attained a certain typing/data entry speed and expanding the student visits to short-term internships. Kirkwood will use this information to make changes, to recruit additional employers, and to solicit contributions from employers to continue the program.

Kirkwood also initiated a leadership training course for program graduates who are employed in the call center industry. Employers wanted to keep a low profile and did not want to offer paid time off to workers attending the course because they did not want workers to think that the course would lead to a promotion. Again, Kirkwood responded to employer feedback by offering the course in the evening and emphasizing that the course is voluntary.

Employers also identified priorities for some related activities, including a retention study and an initiative to share information on call center technology. Responding to these suggestions, Kirkwood conducted a survey of retention rates of its graduates and compared it the general experience of companies. They found that retention of program graduates was the same as for employees hired from other channels. Differences in retention were associated very strongly with where a graduate was working rather than how well the graduate did in the training. This finding highlighted the need for companies to focus on their own practices in order to address retention issues. Kirkwood also conducted a study of the types of technology companies use in their call centers. They created an online database for companies to use in order to access this information. This has given the companies an understanding of who in the area is using what technology, and has been a reason for them to network and share information.

Developing and Supporting Career Ladders, Retention, and Advancement

A number of grantees mentioned the importance of career ladders to attract workers to an industry, retain workers, and create a supply of new jobs at the entry level in periods of limited growth. However, addressing these structural aspects of industry employment requires a longer term vision and the ability to stick with an initiative over time, often by piecing together several grants and maintaining ongoing relationships with stakeholders. *Worksystems* was able to

develop an innovative tool for promoting career ladders and advancement because of its experience in the health care sector, its ongoing work with the same employer, and the delegation of tasks among the key partners.

Worksystems, Inc.:
Developing and Supporting Career Ladders, Retention, and Advancement

Worksystems, Inc. (WSI), is the regional WIB serving the Portland, Oregon, area, including Multnomah, Washington, and Tillamook counties and the city of Portland. WSI serves as a convener, intermediary, and facilitator for new approaches and partnerships among employers, industry associations, and training providers. The SED grant—conducted in partnership with Oregon Health Sciences University (OHSU), Portland’s largest employer, and the American Federation of State, County, and Municipal Employees (AFSCME), which represents more than 4,000 workers at OHSU—was one of several WSI projects in the health care sector. Before receiving the SED grant, the same partners, supported by a grant from the Oregon Department of Community Colleges and Workforce Development, implemented an onsite training program at OHSU for certified nurse assistants, certified medical assistants, and radiologic technologists.

WSI’s experience in the health care sector and its close working relationship with OHSU and AFSCME meant that the partners “hit the ground running.” Working with one large employer made it possible to be very specific in documenting skills needed for particular jobs and to tailor training curricula accordingly. The project targeted AFSCME-represented incumbent workers, especially entry-level workers in facilities, office, and IT job classifications at OHSU. Because of the slowdown in private-sector IT employment, experienced IT workers at OHSU were not leaving their jobs, and this limited advancement opportunities for entry-level workers. In response to this situation, the project focused more on training service workers for entry-level administrative positions and those in administrative positions for advancement in the administrative/office manager career tracks.

JobLink, an interactive web-based application, is a key component of the OHSU Career Center. Human resources representatives and managers from most departments at OHSU (including Administration, Facilities, Food and Nutrition, IT, and Patient Care) worked with AFSCME on career mapping (identifying job classifications within career tracks and linking them to skill sets, training requirements, and training providers). OHSU worked with AFSCME and with WSI’s web team to create JobLink. Job classifications within career tracks were identified, and each job was linked to skill sets, training requirements, and training providers.

Using JobLink’s Skills Explorer, workers answer a series of questions about their skills and interests, and JobLink matches their responses with positions at OHSU. JobLink indicates which jobs the person is 75 percent or 50 percent qualified for and the skills or further training the individual needs for the specific jobs. JobLink’s Jobs Explorer displays a career path in a selected job family. For example, for jobs in the administrative family, Jobs Explorer lists the job description, wage classification, and number of currently open positions at OHSU, as well as education, experience, and skill requirements for all jobs in the job family or for specific jobs selected by the worker. The Jobs Comparisons feature allows the worker to investigate the differences in required skills, education, and wages between his or her current job and other positions at OHSU.

The career center offers both classroom and online training courses. Many of the courses were custom designed for OHSU positions.

VI. Implications for Policy

Introduction

With the completion of this study, the Department of Labor has documented the experiences, accomplishments, and lessons from three employment demonstration grant programs: the skills shortages demonstration (Padden and Hewat 2003), the incumbent worker demonstration (Teegarden et al. 2003), and now the sectoral employment demonstration. While each of these programs has a different focus and scope,¹⁶ common threads run through them, and some of the policy implications we identify here are supported by the two previous studies. In this chapter, we discuss the role of WIBs, balancing multiple goals, time frames, accountability, grant funding, and capacity building and related policy implications.

Role of the WIB/Workforce Development System

The SED program was based on an underlying hypothesis about the role of WIBs in sectoral interventions; specifically, that the WIB system can provide an appropriate institutional setting for planning and implementing sectoral initiatives and that a sectoral initiative can provide an opportunity to engage WIB members and staff in substantive ways. Chapter IV provides examples that support this hypothesis, although WIBs varied in the roles they played and in their level of involvement in the grants. While active WIB leadership can be valuable, WIB involvement that finds effective ways to help leverage and support sector efforts that are already under way or to be a catalyst for new ones is also beneficial.

Balancing Employer and Workforce Needs

The sectoral employment demonstration, like the skills shortages and incumbent worker demonstrations, reflects a policy focus of the Workforce Investment Act of 1998 to develop a stronger link between the public workforce system and employer needs in the business/workplace environment. This demand-driven approach is considered “win-win” for workers with the requisite skills and for employers who need these skills to maintain economic competitiveness. The effort to balance employer and workforce needs presents challenges, however, and may threaten services to those most in need. In the economic downturn in which many of the sector projects found themselves, a reduced demand for workers resulted in either searching for the most qualified employees or training employers’ incumbent workers. In this situation, the public workforce system was especially challenged in its effort to serve the less skilled and disadvantaged.

¹⁶ Skills shortages demonstration grants ranged from \$500,000 to \$2 million. Under the sectoral employment demonstration, formation grantees received a maximum of \$75,000 and implementation grantees were awarded up to \$150,000. Incumbent worker demonstration grants averaged \$879,000 each over a two-year period, and state system-building demonstration grants (also part of the skills shortages grant program) were \$50,000.

Time Frame

Demonstration grants are, by definition, time-limited, but the appropriate time frames depend on the goals of the grant. For the formation grants, the reasonableness of a one-year grant period depended on the extent to which a core stakeholder group existed for the targeted industry. Thirteen (50 percent) of the formation grantees requested and received extensions of one to three months, and one grantee received a five-month extension. Although most of the grantees were able to prepare a strategic plan in the allotted time and most coalitions intended to continue to meet after their grants ended, grantees indicated that a longer grant period (such as 18 months) would have been better for developing collaborative relationships and planning.

Implementation grantees faced different challenges with their 15-month grants. (Eight, or 67 percent, of the implementation grantees requested and received extensions of three months, and two grantees received six-month extensions.) Start-up activities took longer than anticipated for some grantees. These activities included developing curricula, identifying training providers, recruiting training participants, and making physical site improvements. Some implementation grantees found that participants needed preemployment or remedial training before they could move on to the training classes developed under the demonstration grant.

Finally, the short time frames of the grants limit the ability to report outcomes. Some implementation grantees established or supported training programs and enrolled participants, but the grant ended before the participants completed training. For other grantees, participants completed training, but it was too soon to report employment outcomes or, for incumbent workers, job advancement or wage gains. Still other grantees addressed career ladders and long-term human resources practices in an industry, such as benefits, employer-sponsored training, and advancement. It was too soon to determine whether the sector projects will have a lasting influence on employer practices. Effecting such changes will require that the grantees, or their partners, stay with the initiatives for the long haul.

Accountability

All SED grantees (formation and implementation) were required to identify specific measured outcomes pertaining to their project activities. Since grantees pursued a wide range of activities, outcome measures and the methods for documenting outcomes varied considerably. It is important to consider both readily quantifiable outcomes (such as number completing a training program) and more qualitative outcomes (such as whether the project promoted collaboration between employers and training providers). Since most of the grants were formation grants aimed at convening stakeholder groups and planning, these more qualitative outcomes are critical to understanding the accomplishments of the grantees. Project objectives addressed three key groups: participants; employers, and the broader stakeholder community.

Outcomes for Participants

Some formation grantees focused on forming coalitions, collecting and analyzing labor market data, and identifying employer needs. Beyond defining and identifying a target

population, providing participant services were beyond the scope of these projects. Some grantees, including both formation and implementation grantees, did conduct activities that addressed broad participant outcomes. For example, they designed print and media materials to introduce participants to an industry, produced directories to inform participants about training opportunities and training requirements, and developed training models that provide career ladders and/or advancement opportunities. While relevant grantee activities can be measured (e.g., informational materials produced, career fairs conducted), participant outcomes associated with these activities are much harder to define or measure and are not tracked by existing information systems. Thus, the participant outcomes that were identified are mostly anecdotal in nature. A few grantees were able to quantify outcomes such as the number of incumbent workers identified by employers for training, the number of training scholarships funded, the number of individuals who attended career fairs, expansion of training capacity (e.g., approval of new training programs at a community college), and the number of inquiries and number of participants who signed up for training.

As we discussed in chapter III, most of the implementation grantees included training initiatives and were able to provide some participant outcome data (see exhibit III-1). These data have some limitations, however. First, the extent to which such data can be accurately and fully reported varies by organizational setting and capacity. In collaborative grants like most of the SED grants, the grantee organization may have to rely on others to provide outcome data. Often participating organizations have different enrollment procedures, schedules, and data collection systems, which creates a problem in collecting complete and consistent information. One grantee (*Worksystems*) served a single employer, and all employer records were on a single data system, enabling the grantee to track training participation, job changes, and wage gains. The second limitation to participant outcome data is that the information is a “snapshot” for each grantee at a certain time. For some grantees, the snapshot was very early in implementation, so the number of participants may be small and it may be too soon to report graduates or job placements. While it is important to track and document participant outcomes as completely and consistently as possible and for as long as possible, we caution against relying on outcome statistics alone, because the SED grantees were involved in many other substantive activities that cannot be measured as readily.

Outcomes for Employers

Outcomes for employers included an increase in the supply of qualified workers, improved skill levels of workers, and improved access to customized training for their workers. Ultimately, employers sought improved productivity and reduced costs associated with turnover and training. Evidence of most of these outcomes is anecdotal; quantitative measures of improved retention and cost savings require a longer demonstration period. For formation grantees, simply involving employers in a stakeholder group that provided a forum for discussing employer needs with workforce development professionals, training providers, and others—such as economic development specialists, union representatives, and social service providers—was an important outcome for employers. In our assessment, all but one of the 26 formation grantees accomplished this goal. As demonstrated by many of the projects in this study, sector projects often build on previous efforts, so even those formation grantees that are not currently continuing

may have created a foundation for future work. Over 80 percent (10 of 12) of the implementation grantees increased the training options available in their community/region, a positive outcome for both employers and participants. Almost 60 percent (7 of 12) indicated that the project established new pipelines for workers in the industry, another benefit for employers.

Several grantees reported difficulty engaging employers in identifying and measuring outcomes. In some cases, the individuals involved in the stakeholder coalition were not directly involved in training or performance measurement for their companies. Sometimes employer outcomes had to be adjusted over the course of a project because of changing industry or local labor market conditions. For example, *Kirkwood* found that the number of workers needed by the participating employers changed. Also, after some experience with graduates of the training program, employers suggested improvements and modifications to the training. This constant feedback loop kept employers engaged and ensured that the training was responding to employer needs.

Outcomes for Other Stakeholders

The SED grants clearly included collaboration and systems change as part of their goals, and the grantees did report some outcomes for other stakeholders. Examples of such outcomes include bringing new partners together (16 of 38), creating stakeholder groups that crossed traditional divides of professions and disciplines (10 of 38), and crossing geographic boundaries (7 of 38). These outcomes are not readily measured, but the fact that 20 of 26 formation grantees said their coalitions will continue to meet after the grant ends is one indication of success. Almost half of the formation grantees (12 grantees) responded to a follow-up request almost two years after their grants expired, and all indicated that they are continuing or planning to do sector work. On a longer term basis, it might be possible to document outcomes such as the number of participants referred by the welfare agency, the extent to which training providers made changes or additions to their course offerings (and the scheduling of courses) in response to employer needs, and the development of solutions to geographic barriers to training or recruitment, such as transportation options and distance learning programs. As noted in the evaluation of the skills shortages demonstration, “The workforce system tends to look to job placement and wage replacement as key outcome measures for participants. For projects that attempt to build infrastructure, such as regional skills consortia, those outcomes are not likely to be realized during a one- or two-year project. It is possible to measure progress on creating the infrastructure that DOL hopes will lead to those outcomes.” (Padden and Hewat 2003, p. 4)

Resource Issues

The SED grants were small and generally comprised less than 10 percent of a WIB’s budget. Nevertheless, WIBs found that the grants provided resources that would otherwise not be available for collaborative activities and that the award of a grant helped engage partners and staff. Grantee strategies and accomplishments were necessarily tailored to the small size and short-term nature of the grants.

Flexibility of Funding

Grantees found that the grant mechanism provided a flexible source of funding for activities such as meetings, collaboration, and information dissemination. Grantees had discretion to use grant funds in ways that best supported the objectives of the grant, including staff, contracted services, and purchase of curriculum materials.¹⁷ Were it not for grant funds, many of these activities would have had to compete with ongoing program operations for limited administrative funds.

Implementation Funding

Grantees varied in their success in sustaining their projects: 20 of the 26 formation grantees are continuing their activities at some level, and 6 of these grantees have moved forward with implementation activities. Seven of the formation grantees reported receiving other grants, from state agencies, private foundations, or DOL. Formation grantees were disappointed by the lack of follow-on implementation funding under the sectoral employment initiative. Although an assurance of additional funding for implementation is desirable, it may not be possible. Technical assistance for implementation and sustainability planning, such as that provided by DOL, could continue to be helpful in this regard.

Capacity of Small Grants to Leverage Change

It is important to recognize the limitations of small grants and to set expectations accordingly. Effective sites focused on accomplishing specific pieces of a project. Most grantees (26 of 38) indicated that their activities built on or coordinated with previous efforts in the selected sector. This is a good strategy for making the most of a small grant, but it is hard to evaluate the outcomes of the sectoral grants because they are so intertwined with other WIB, employer, and community efforts. From a policy perspective, it is reasonable to view small grants as seed money to promote new collaborations; support effective ways to open lines of communication among employers, community colleges, and other stakeholders; and include WIBs in the mix of broader community initiatives. As noted in the evaluation of the incumbent worker demonstration projects, “Projects that used the demonstration grant to expand and deepen a strategic path already in place seemed best positioned to address start-up issues, effectively engage stakeholders—especially employers—and sustain the work of the project after the life of the grant.”(Teegarden et al. 2003, p. 4.)

Capacity Building

The sectoral employment demonstration grant program did include some efforts to bring grantees together to share ideas and experiences. Several grantees noted that the August 2001 meeting (shortly after the grants were awarded) was a particularly helpful benefit of participating

¹⁷ Implementation grantees that included participant training were required to allocate 30 percent to 40 percent of their grants to training and necessary supportive services costs. Sectoral demonstration grant funds could not be used to pay stipends or salaries to participants, acquire production equipment, or purchase real estate or buildings.

in the demonstration. It was noted, however, that more opportunities to meet and share experiences and ideas would have been useful. Some grantees are well integrated in the existing and growing network of groups involved in sectoral initiatives, while others are very new to this field and seek more information and guidance.

Fostering continued interaction among the grantees and other organizations involved in sectoral initiatives will build capacity by encouraging them to share best practices and establish a network of peers for ongoing consultations. Organizations involved in sector projects can then use this information to benchmark their own progress, identify effective strategies, and build support (both public and private) for their activities. This support is especially important because sectoral projects must continue beyond the grant period if they are to truly achieve success.

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Technical Appendix: Methodology

The study methodology was a process evaluation. Process or implementation evaluation focuses on how a program was implemented and operates. It identifies the procedures undertaken and the decisions made in developing the program. It describes how the program operates, the services it delivers, and the functions it carries out. Process evaluation addresses whether the program was implemented and is providing services as intended. However, by additionally documenting the program's development and operation, process evaluation assesses reasons for successful or unsuccessful performance and provides information for potential replication. (See www.bja.evaluationwebsite.org)

1. Understanding the demonstration design. The project team reviewed the explicit and implicit goals and objectives of the sectoral employment demonstration (SED) and how these goals and objectives were translated into the SED's activities. This task included a review of documents related to the design of the demonstration and discussions with the Employment and Training Administration/Department of Labor (ETA/DOL) project officer for the sectoral demonstration grants.

2. Review grantee files. The project team reviewed grantee profiles, grantee plans and other documents posted on ETA's Sectoral Workspace on the Internet, and paper files available at ETA.

3. Telephone discussions. Telephone discussions were conducted with representatives of all 38 grantees during the period November 2002 through January 2003. Respondents were first identified through ETA's grantee contact list and updated information provided by the ETA project officer. Generally, discussions were held with the key staff person involved in the project, but additional discussions were held with WIB members, other stakeholders, and consultants, depending on the project. We spoke with an average of two respondents per project. Each telephone discussion lasted 45 minutes to an hour. Discussion guides were prepared that addressed the following topics:

- General/organizational background
- Target industry—selection process, description of industry
- Target population—selection process, recruitment, addressing needs
- Level of employer participation
- Training providers
- Stakeholder participation
- Role of the Workforce Investment Board (WIB)
- Role and type of staffing
- Goals/objectives
- Funding
- Future plans

4. Site selection. The purpose of the site visits was to provide additional detail and context to complement and illuminate the findings from the telephone discussions. For example, site visits typically include more interviews, with a broader range of respondents, than telephone

discussions. Furthermore, site visits provide an opportunity to observe interactions among key stakeholders, the physical setting of grant-related activities, and the role of the WIB and key industries in the community.

In selecting sites, our objective was to identify a sample that gave a picture of the variety of local experiences across the country, reflecting at least some of the diversity in status and strategies that characterize the SED grantees. The visits included some sites that seem to have been particularly successful, as well as some that have faced challenges and can offer lessons to others. Sites were selected to provide variation across the following key dimensions:

- Whether the site is an implementation or a formation grantee
- Geographic location (region of the country—eastern, southern, midwestern, western)
- Geographic area covered (single county, multicounty, state)
- Service area demographic characteristics
- Local economic conditions
- Setting—primarily urban, suburban, rural (to the extent such characterization is possible—most WIBs cover mixed settings)
- Industry targeted
- Level of WIB involvement
- Population(s) targeted

Site selection involved a three-step process: refining site selection criteria, arraying sites and relevant characteristics on a matrix, and selecting sites. After completing most of the telephone interviews, the project team met to discuss emerging themes and their implications for site selection. On the basis of this discussion, refinements were made to the site selection criteria. For example, target population was found to be of limited use in distinguishing among grantees, as most grantees targeted a broad range of dislocated workers, low-income populations, and entry-level workers. As an alternative, project team members were asked to note any sites that were unique with respect to target population. Unemployment rates were used as an indicator of the local economic climate during the grant period; both 2001 and 2002 rates were included, as some grantees reported significant changes over the grant period. One emerging theme was the variation in the sectoral approach among grantees. For example, some focused on an occupation rather than an industry; some focused on a range of skills; some addressed career ladder issues within an industry; some worked with a single employer; and some had broad industry representation. Another emerging theme was the influence of the WIB configuration and the level of WIB involvement—both members and staff. The sociodemographic and political contexts were deemed to be important for further exploration during site visits.

In addition to grantee characteristics, we made a particular effort to identify sites where a visit would “add value” to the project. Thus, for example, sites that were in hiatus because the grant had ended and additional funding was being sought were not deemed suitable candidates for a visit, especially if we had completed telephone interviews with the two or three remaining key staff of the project. On the other hand, grantees that had faced challenges but indicated that they had given some careful thought to their experiences and could be articulate in sharing their lessons with others were considered viable candidates for a site visit. A detailed site selection matrix was prepared that included grantee characteristics as well as interviewer comments for all 38 SED grantees. All project team members reviewed this matrix and made site visit recommendations. Exhibit A-1 shows the sites visited for the study.

While implementation grantees are overrepresented in the sample, they offer more to observe on a site visit. The sites offered diversity across the relevant characteristics identified in the study design and site selection process. Four sites are in the east, four are in the midwest, one is in the south, and three are in the west. Five sites include rural areas, and the others are urban or mixed urban/suburban. Sites reported a range of WIB involvement, from low (another agency has the lead role and the WIB’s role is minimal) to high (WIB members and staff have the lead role in the project). Industry sectors represented include health (7), biotech (1), customer services/call centers (1), electromechanical/technical (1), manufacturing (1), and marine trades/mechanics (1). The selected sites include programs targeting youth and immigrants, and they include regional as well as county-level efforts.

Exhibit A-1: Sites Visited for the SED Evaluation

Formation Grantees	Implementation Grantees
Mayor’s Office of Employment Development Baltimore, MD	Iowa Workforce Development Region 10 WIB/Kirkwood Community College Marion, IA
Cuyahoga County Workforce Development Cleveland, OH	Lancaster County WIB Lancaster County, PA
District of Columbia Workforce Investment Council Washington, DC	Pima County WIB Tucson, AZ
Northwest Workforce Development Council Bellingham, Washington	Workforce Development, Inc. Rochester, MN
Susquehanna Workforce Network, Inc./Chesapeake Workforce Alliance Havre de Grace, MD	Worksystems, Inc. Portland, OR
Region 2000 WIB Lynchburg, VA	WSOS Community Action Commission, Inc. Fremont, OH

5. Conduct site visits. Each site visit was conducted by an experienced field researcher who spent one to two days onsite. About one-third of the visits (particularly those within local travel distance from Washington, D.C.) were conducted by two researchers. The researchers used a modified version of the telephone discussion guide and conducted semistructured interviews with a wide range of respondents, such as One-Stop administrators, grantee staff, WIB members, employers, training providers (including community colleges), community organizations, business/trade organizations, unions, and corporate human resources representatives. The respondents varied from site to site, and interview questions were tailored accordingly.

6. Analysis. Data analysis was descriptive in nature, making use of primarily qualitative data. Initial categories for tabulating information were derived from the discussion guides and from our understanding of likely sources of variation in One-Stop partners, collaborative efforts, implementation barriers encountered, and other variables. The research team debriefed periodically to review preliminary findings and refine analysis categories. Using these categories, a series of spreadsheets was completed for cross-site analysis, documenting information on all 38 grantees.