Gearing Up

An Interim Report on the Sectoral Employment Initiative

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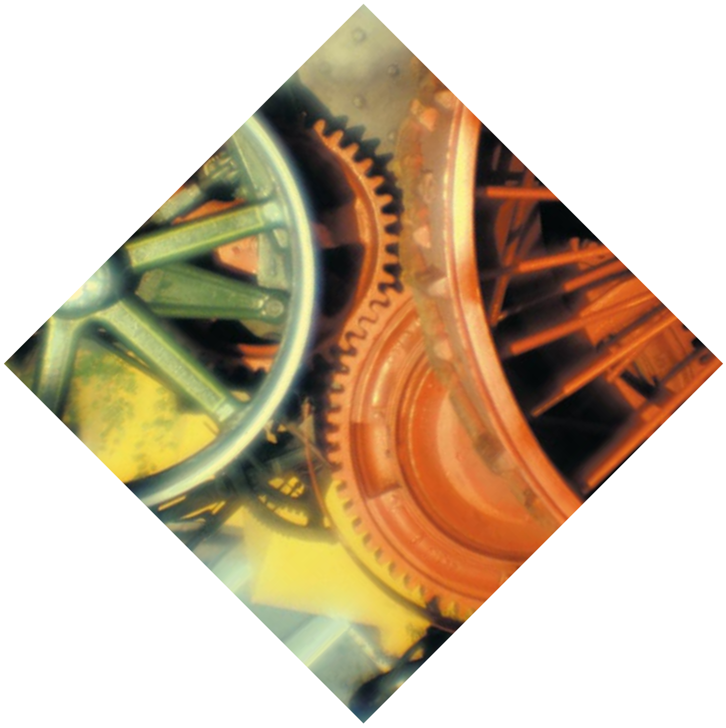
P/PV

A Publication of Public/Private Ventures



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Acknowledgments

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Workforce development practitioners face a fundamental dilemma in their day-to-day work: they seek to help low-skilled individuals earn a decent living in an economy that has been paying low-skilled workers less and less for nearly 30 years. Helping low-skilled workers advance in an economy with declining real wages is akin to walking up the down escalator—what otherwise would merely be hard work becomes a daunting challenge. Most practitioners and their participants have little choice, of course, and simply make the best of it, adapting to labor market conditions as best they can.

Over the past few years, however, a number of organizations have developed strategies that seek to address both issues at once, seeking to help individuals scale the escalator by gaining skills *and* to change the pace of the escalator itself, making it easier for everyone on it to move up. This two-pronged approach—helping individuals and creating "systemic" change in a targeted industry or occupation—has been coined "sectoral employment."

Although it appears simple enough on paper, putting sectoral employment strategies into action quickly brings organizations face to face with the ambiguity, complexity and contradictions that are the reality of the labor market. Though, from a distance, labor markets may appear to be neat intersecting curves of supply and demand, at ground level at any given point in time, markets are chaotic—even within a single sector. The labor market characteristics of one sector in a single metropolis, for example, health care, are defined by overall economic conditions; demographic trends; the policies and regulations of public agencies at the local, state and national levels; the decisions of hundreds of large and small employers; the capacity and quality of education and training providers; the characteristics of the current work force; and the activities of organized labor, to name just the obvious.

Learning about a single local economic sector takes considerable work since there is no one source of information. And, like the well-known story about the different "visions" of three blind men grasping an elephant, each actor's description of the sector varies considerably since each sees it from his or her own vantage point and none has the ability to understand it entirely. Even more perplexing from the practitioner's perspective is that key actors often respond differently to similar market conditions. One employer may decide to reduce reliance on workers in a particular occupation, for example, while another may decide to add the very same kind of workers in the same occupation. Delving deeply enough into a sector to understand it is challenging enough. Devising strategies that will effect changes that benefit workers at the bottom of the earnings ladder may seem unrealistic. Yet this is precisely the aim of sectoral employment practitioners.

In meeting this challenge, sectoral employment initiatives typically narrow their target to one or two key occupations. Depending on their organizational strengths as well as the nature of the occupations in question, they may use a variety of strategies to effect change, such as skills training, organizing, advocacy and business development. Despite their variation, sectoral strategies share common characteristics and goals. In our report, *Labor Market Leverage*, we noted that sectoral strategies:

- Target an occupation or cluster of occupations within an industry or sector;
- Seek to become influential actors in that sector; and
- Intervene in the sector to benefit low-income workers by connecting individuals to better jobs *and* by achieving systemic changes in the labor market that more broadly benefit workers.

Though the nature, aims and achievements of sectoral employment strategies are remarkably diverse, they tend to fall into one of two categories: they seek to alter occupations that offer workers low pay and benefits, or they seek to expand the abilities of low-skilled workers to qualify for good jobs that ordinarily are out of their reach.

The Sectoral Employment Initiative

The term *sectoral employment* has been used for several years to describe the activities of a relatively small group of organizations. In 1998, the Charles Stewart Mott Foundation launched a major philanthropic effort to test the potential of extending this strategy among a group of 10 organizations, most of which were new to the sectoral employment field.

Gearing Up is an assessment of the first two years of a three-year initiative. After briefly summarizing participating organizations' strategies, the report is organized as follows:

- "Who are the Sectoral Initiative Participants?" describes participants' demographic characteristics, educational levels, labor market experience, income and assets as they entered the sectoral programs.

- "Working with Participants" describes the sites' recruitment efforts and their ability to provide participants with training, employment opportunities and other services.

- "Progress on Strategies for Systemic Change" examines sites' ability to mount efforts that offer benefits to low-income workers in addition to those served directly in their programs.

- "Observations on Progress to Date" provides an early assessment of the critical factors that have supported or inhibited the success of the overall initiative thus far.

We are not yet in a position to provide definitive conclusions about the potential of sectoral employment, the merits of the overall initiative or the effectiveness of individual organizations; the initiative is still very much a work in progress as organizations' programs and strategies continue to be refined. Once the third year ends and subsequent interviews of program participants are completed, we will be better able to address these issues.

In early 1998, 10 organizations—selected from over 200 respondents to a widely disseminated request for proposals—began work on the initiative. All shared the common characteristics noted above: each targeted a sector, sought to be (or was already) an influential actor in that sector and pursued the dual goals noted above. In many other ways, the organizations were strikingly different from each other.

The grantees and their allies came to the initiative with a wide range of experience and expertise, including skills training and job placement, education, housing and community development, economic development, union organizing, business operation, community organizing and advocacy, social services, and research and policy development. Some had years of experience in workforce development, while others had never done it before; some had worked for years in their target sectors and were well-known as organizations to be reckoned with, while others were just laying the groundwork for entry into the sector.

Grantees' Sectoral Goals and Strategies: Summary Descriptions

While each participating organization's target sector and sectoral strategy are distinct in many ways, all adopt one of two basic approaches: to increase low-income workers' access to good but inaccessible jobs, or to improve the low-wage, low-quality jobs that are already held by low-income workers. The following brief summaries of the 10 organizations' goals and strategies are grouped within those two categories.

Increasing Access to Good Jobs

ARCH seeks to create a new model of paralegal education in the District of Columbia (D.C.), with the aim of increasing the number of low-income, African-American women and men employed as paralegals in D.C. law firms. ARCH has worked with the Washington Bar Association to design a year-long curriculum for local high school graduates. It also aims to use this partnership to encourage employers to hire minorities who have completed the course and obtained certifiable skills, arguing that they will offer a stable, mature workforce.

PhAME aims to reduce the labor shortages in precision manufacturing experienced by firms in the Greater Philadelphia region by training members of low-income, inner-city minority groups for these jobs. It also seeks to attract local residents and build a broader training infrastructure by overcoming manufacturing's poor image. Working closely with its employer partners and local educators, PhAME has developed its own training program in machining, which is offered in four phases over 61 weeks.

Training, Inc.'s goal is to bridge the gap between low-income minority residents of Newark, New Jersey, and the computer industry's need for skilled, trained workers. By working closely with industry representatives and Essex County College (its parent institution), Training, Inc. seeks to build on its existing training for personal computer (PC) technicians, creating options for further training as network administrators and other more senior positions in information technology. Training, Inc. seeks to help local residents overcome barriers to training and work by addressing their academic remediation and transportation needs, as well as preparing them for work in a business environment.

WIRE-Net aims to provide metalworking careers for low-income residents of Cleveland's west side and to address local industry's shortages of entry-level and more advanced machinists. This dual strategy involves working with local educational institutions and metalworking employers to build training programs that meet industry needs and to attract low-income resident participation by convincing them that skilled jobs in manufacturing offer strong, long-term careers. WIRE-Net has been urging the metalworking industry and local training providers to adopt the skills standards of the National Institute of Metalworking Skills (NIMS) and to reflect these standards in their hiring practices and training curricula; it is also urging state government agencies to offer stipends for metalworking training, thus ensuring that low-income residents are able to enroll in and complete the training.

Project QUEST serves as a labor market broker, connecting San Antonio's low-income residents with access to higher-paying health care jobs through job training, job placement and support services. QUEST partners with its two founding organizations, the community-based Communities Organized for Public Services (COPS) and Metro Alliance, to recruit residents in need of jobs with good wages. QUEST recruits, supports and finds jobs for its participants while enabling them to acquire skills through accredited programs provided by the Alamo Community College District. QUEST has been working closely with the community college system to develop fast-track remediation programs and seeks to ensure high completion and graduation rates by providing trainees with weekly counseling and other supports.

Making Low-Earning, Low-Benefit, Low-Opportunity Jobs Better

DARE spearheaded the creation of the **Day Care Justice Cooperative** (Co-op) of Providence, Rhode Island, a membership organization that seeks to increase the resources and services available to family day care providers in Rhode Island and to improve the quality of care delivered by providers. The Co-op advocates with the state legislature and Rhode Island's Department of Human Services to improve compensation and recognition for home child care providers by developing a different economic relationship between providers and the state. It also works with its members to provide training and mentoring programs, support for those having difficulty with state licensing and payroll issues, and such programs as a toy lending library and a bulk purchasing program.

Working throughout the rural Arkansas delta region, the **Good Faith Fund** (GFF) has launched the **Careers in Health Care** (CHC) program to improve the quality and reliability of health care services delivered by certified nursing assistants (CNAs) and reduce employers' costs associated with training, turnover and quality control. It seeks to achieve this by enrolling low-income, minority women leaving welfare in a high-quality, industry-driven training program for 12 weeks (about three times the state's current minimum requirement) and by overcoming their significant barriers to training completion and job retention. GFF aims to convince employers that offering higher compensation packages for GFF graduates is cost effective, given the higher quality of service provided.

New Hampshire Community Loan Fund has facilitated the creation of **Quality Care Partners** (QCP), a worker-owned company that specializes in providing reliable, high-quality CNA services. QCP provides low-income job seekers with training that far exceeds the state's 100-hour minimum, and then the organization employs its graduates. It seeks to provide employees with a minimum of 30 hours of work per week, higher-than-average compensation and health benefits after six months. The company aims to change industry practices, forcing other providers to compete against QCP's quality and high rates of retention, resulting in systemic change in the way low-income women are recruited, trained, supervised and upgraded throughout the region's health care industry. In addition, through its Paraprofessional Health Care Initiative, the Loan Fund is seeking to raise the visibility of compensation and workforce development issues for direct-care workers in New Hampshire.

Primavera Services, Inc., has established a day labor firm, **Primavera Works**, in Tucson, Arizona, which provides day laborers with support to improve job performance and achieve quicker job advancement. It also seeks to compete with existing for-profit labor halls and improve day labor services to employers. Over several years, it aims to ensure that day labor halls will pay better than minimum wages, provide steady hours, no longer charge for rides and worker-related tools or safety equipment, and remove barriers for employers who want to hire workers permanently.

The **Temporary Worker Employment Project** at **Working Partnerships USA** (WPUSA) seeks to transform the temporary-help industry in California's Silicon Valley. The project has multiple components and strategies, including establishing and operating a nonprofit temp agency for low-skill clerical work, developing a membership organization for temporary workers through which members can access portable benefits and training, and mounting an advocacy campaign that attempts to set minimum fair employment standards and practices for the temporary-help industry in general.

Who Are the Sectoral Initiative Participants?

In many ways, the sectoral initiative participants are as diverse as the programs themselves. The programs' participants differ in terms of age, race, living arrangements, education and labor market experience. Part of this diversity reflects the nature of the programs—in terms of what population the programs target and what they require of potential participants, and in terms of who is attracted to the program's services and targeted sector. The primary characteristic participants have in common is that they were living in low-income households when they enrolled in the initiative. Further, despite the fact that many participants have some, and even significant, work experience, for the most part, their work during the two years prior to starting a sectoral program was either unsteady or in low-wage jobs, or both. The data that follow are based on interviews with 900 participants who enrolled during the first two years of the initiative. The interviews were completed shortly after participants started the sectoral programs.

Though there were considerable differences by program, on the whole, participants in the sectoral employment initiative were in their mid-30s and were likely to be either African American or Latino. About three of every five were women, though the proportion of women and men varied substantially depending on the sector. Overall, nearly half of all participants lived with their own children, and about two-thirds lived in households with at least one other adult who could contribute financial and other means of support (typically a spouse or partner, and less frequently, a parent or sibling).

Most Participants Have at Least a High School Diploma or GED

Overall, 87 percent of participants had at least a high school diploma or general equivalency diploma (GED) at program entry. This relatively high percentage reflects the requirements of many of the sectoral programs, which seek to increase access to good jobs by enrolling participants in college courses or other advanced training programs. Larger percentages of participants at the Co-op (40%), Good Faith Fund (35%) and Primavera Works (20%)—all programs that seek to improve low-quality jobs—did not have a high school diploma or GED. Few participants had college degrees: 5 percent had an Associate's Degree, and 3 percent had either a Bachelor's or Master's Degree.

Many Participants Had Steady Full-Time Employment in the Past…

Many participants had a significant amount of work experience before entering the sectoral initiative: 96 percent of all participants had worked in a full-time job during their careers. About one-third had worked in the same full-time job for five years or more at some point in their lives; two-thirds had done so for two years or more. Despite this demonstrated ability to hold a steady job, participants had experienced difficulty finding and retaining employment in the two years prior to entering the sectoral programs.

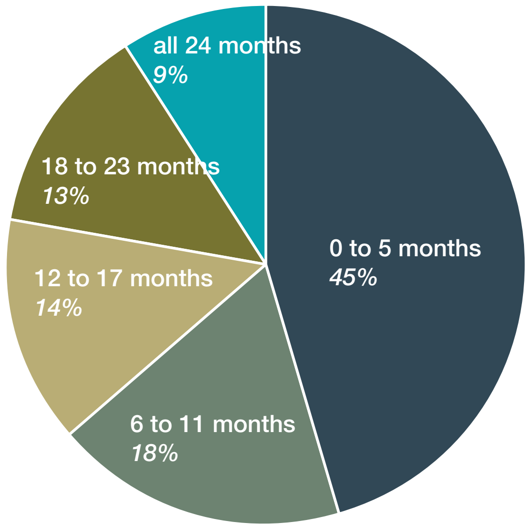
…Yet Most Had Been Unemployed at Some Point during the Prior Two Years

The majority of participants (80%) had been unemployed at some time during the two years before starting the program, and, on average, participants had been unemployed during nine of the previous 24 months—almost 40 percent of the time. Nine percent had not worked at all, and 13 percent had worked only part time. Overall, 68 percent of participants were either working when they started the program or had left a job in the three months prior to starting the program. The rest had not worked for some time; 11 percent had been unemployed for more than 12 months when they came to the program.

Even those participants who reported that they had worked recently had not necessarily worked steadily. As illustrated in Figure 1, 55 percent of participants had been unemployed for six months or more during the previous two years.

Figure 1

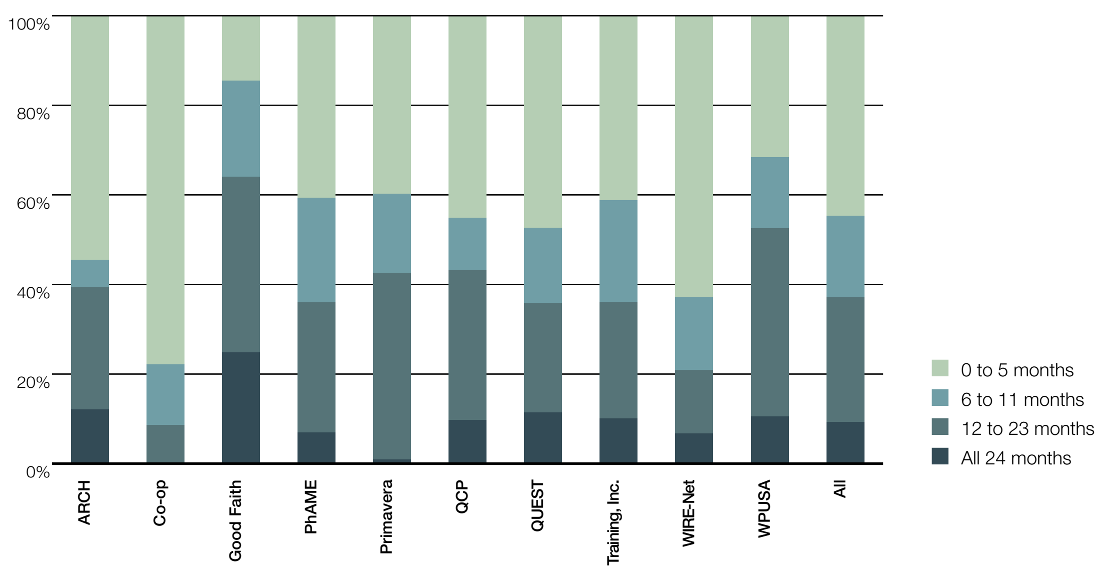
Number of Months During Which Participants Were Unemployed Out of the Previous 24 Months



As illustrated in Figure 2, participants' recent work experience varied by program. Participants at the Good Faith Fund had the least amount of work experience: 23 percent had not worked during the two years prior to program entry; 40 percent had been unemployed for 19 or more of the previous 24 months. On the other hand, all of the Day Care Justice Co-op members had been working as family child care providers. Seventy-two percent of the Co-op members had been operating their businesses for at least one year; 23 percent had done so for at least five years. On average, Co-op members reported spending 48 hours per week caring for children and an additional 13 hours per week on other tasks, such as paperwork and buying supplies for their child care businesses.

Figure 2

Number of Months During Which Participants Were Unemployed Out of the Previous 24 Months, by Program



More Than Half of Participants Changed Jobs or Held Multiple Jobs at the Same Time

Another indicator of participants' recent instability in the labor market is the number of jobs they had in the two years prior to starting the program. More than half (54%) of the participants had moved from job to job or worked in more than one job at the same time to increase their earnings; 28 percent of all participants had three or more jobs during the two-year period. Among those who had multiple jobs in the previous two years, 62 percent moved from one job to another, 20 percent worked in multiple jobs at the same time, and 18 percent did both.

Participants' Median Hourly Wage at Their Most Recent Full-Time Job Was $7.00

Among participants who had worked full time in the previous two years, the average hourly wage at their current or most recent full-time job was $8.15, and the median wage was $7.00 per hour. Figure 3 shows the distribution of wages for participants' current or most recent full-time job during the two years prior to program entry. Overall, 58 percent of participants had earned less than $7.50 per hour at their most recent full-time job, and 19 percent earned $10.00 per hour or more. The amount of time participants had worked in their current or most recent full-time job varied greatly: 40 percent had worked in this job for more than 12 months, while 33 percent had worked in the job for three months or less. As illustrated in Figure 4, participants' median hourly wages in their current or most recent full-time jobs varied significantly by program.

Figure 3

Hourly Wage at Most Recent Full-Time Job During the Previous Two Years

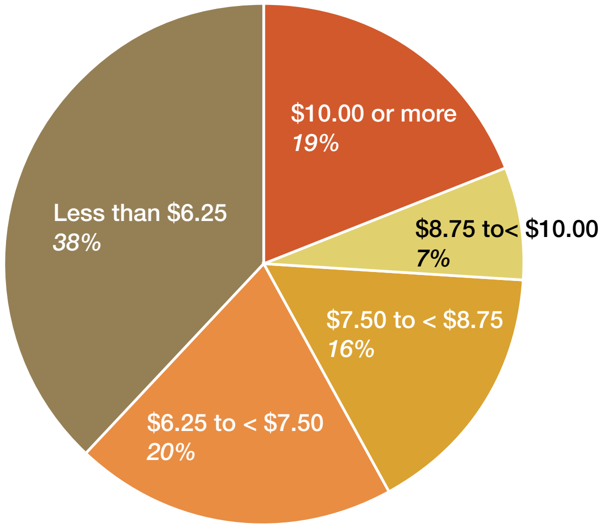
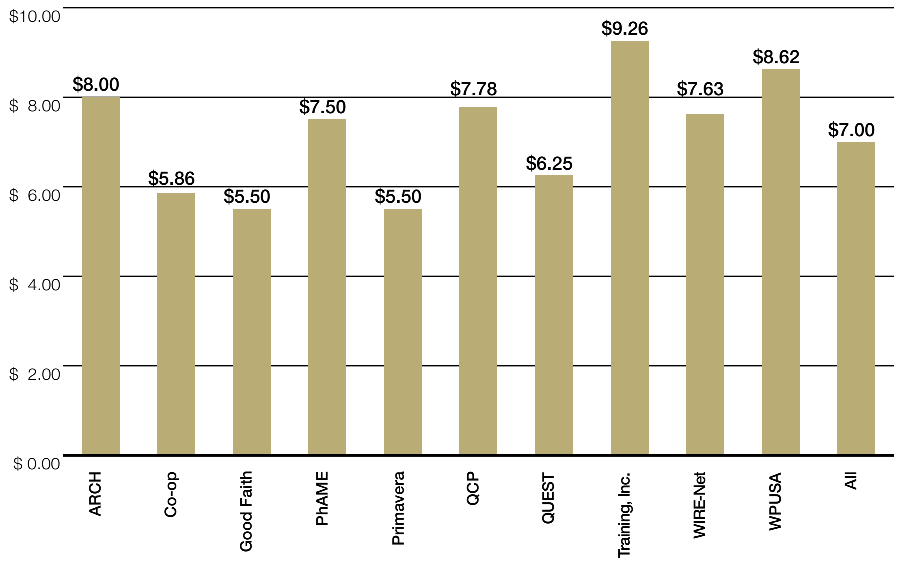


Figure 4

Median Hourly Wage in the Most Recent Full-Time Job During the Previous Two Years, by Program[a]



[a] Hourly wages are based on income before the deduction of taxes and expenses. Preliminary data indicate that as much as 40 percent of Co-op members' income was used to cover expenses from their family day care businesses.

Many Participants See a Lack of Skills and Education as Barriers to Getting Better Jobs

Participants were asked about their own perceptions of barriers to getting the job they wanted. The highest percentage of participants said that a lack of skills was either a very important (55%) or somewhat important (22%) barrier. More than three out of five participants at QUEST, Training, Inc., WIRE-Net and PhAME—programs that provide intensive training—said a lack of skills was very important. A similar percentage of participants said a lack of education was important. These findings suggest that many participants felt that they needed a postsecondary education to get the job they wanted since most already had a high school diploma or GED. Transportation was the most often cited barrier after a lack of skills or education, with 51 percent of participants saying it was very or somewhat important.

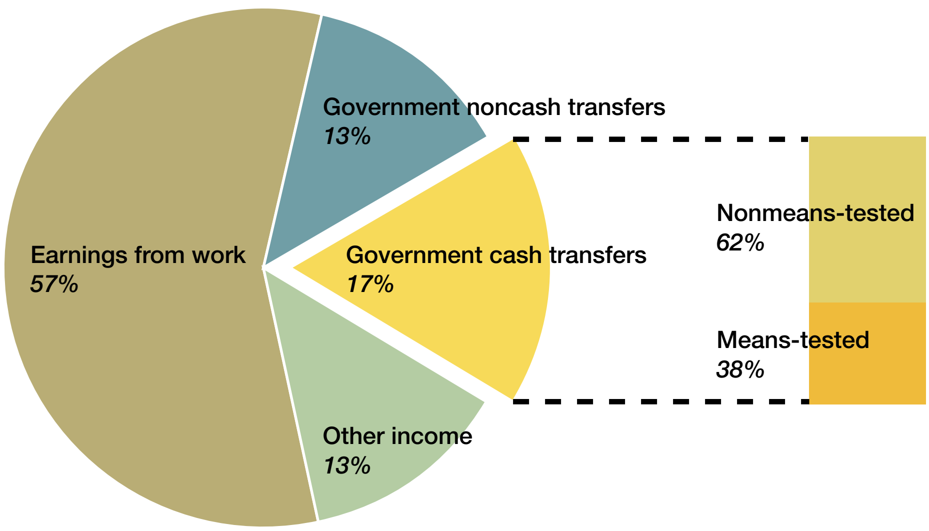
Almost Half of Participants Had Income from Work in the Past Month, but Earnings Were Low

Participants' average income from all sources in the month prior to program entry was $785. The median income was lower, at $560, and 64 percent of all participants had an income of less than $800. As illustrated in Figure 5, earnings from work made up 57 percent of participants' total income in the month prior to starting the program; government transfers[1] accounted for 30 percent of participants' income.

In the month prior to program entry, 47 percent of participants had earnings from work. Average earnings among those that worked were $905 for that month. Many participants received some form of public assistance in the month prior to starting the program. Thirty-two percent of participants received Food Stamps or other food assistance, the primary source of noncash assistance. These participants received an average of $215 in

Figure 5

Percent of Participants' Total Income from Each Source in the Month Prior to Program Entry



food assistance for that month. Fourteen percent of all participants, and 21 percent of female participants, received welfare or Temporary Assistance for Needy Families (TANF), the primary source of means-tested cash assistance. On average, these participants received $285 from TANF in the month prior to program entry.

In the year before starting the program, 22 percent of the participants, who had worked at some point in the past two years, received income from the Earned Income Tax Credit (EITC). Of the participants who had worked during the past two years and who lived with children under age 18 for whom they were primarily responsible (those most likely to be eligible for EITC), 33 percent had received EITC in the past year. Although a few participants may have earned too much money to be eligible for EITC, these figures suggest that many participants who were eligible did not receive the tax credit.

Most Participants Live in Low-Income Households

The sectoral initiative participants generally lived in low-income households at program entry. Using the U.S. Census Bureau's definition of income,[2] the median monthly household income for all participants at program entry was $1,000; and 56 percent lived below the federal poverty line. According to the U.S. Department of Housing and Urban Development's (HUD) definition of a very low-income household,[3] which is adjusted for family size and geographic location, 77 percent of all participants lived in such households. This lack of income could be a substantial barrier to participants' completion of the training programs, particularly for the 45 percent of participants who were the only income earners in their households. Table 1 shows the median monthly household income, the percentage of households below the poverty line and the percentage of very low-income households by program.

Table 1

Household Income in the Month Prior to Program Entry

Program	Median Monthly Household Income	Percentage of Households Below Poverty	Percentage of Very Low-Income Households
ARCH	$ 626	79%	96%
Co-op	$ 2,200	24%	46%
Good Faith Fund	$ 335	83%	84%
PhAME	$ 1,000	58%	83%
Primavera Works	$ 360	80%	90%
QCP	$ 1,520	31%	67%
QUEST	$ 1,195	56%	76%
Training, Inc.	$ 1,024	56%	87%
WIRE-Net	$ 1,446	43%	70%
WPUSA	$ 3,301	18%	65%
All	$ 1,000	56%	77%

Participants' Net Worth is Typically Zero

Overall, the sectoral initiative participants' median net worth—the difference between the value of their assets and their debts—at program entry was $0.[4] For 39 percent of all participants, the total amount of their debts exceeded the value of their assets, resulting in a negative net worth. At only four programs (WIRE-Net, QCP, WPUSA and the Co-op) was participants' median net worth greater than $0, ranging from $301 to $3,910. Figure 6 shows the distribution of net worth for all participants. To put these figures into perspective, according to the 1998 Survey of Consumer Finances, the median net worth for all U.S. families was $71,600 (Kennickell et al., 2000).[5]

The percentage of participants who held any assets at program entry was 66 percent. Table 2 provides a summary of the assets held by participants and the median values of those assets. The most common asset participants held was a vehicle, with 41 percent of all participants reporting that they owned an automobile or motorcycle. Automobile ownership varied significantly by program, from 11 percent at Primavera Works to 87 percent at QCP, where participants are required to have transportation for their work. Only 16 percent of all participants owned a home; the home ownership rate was highest (55%) among Co-op members.

Figure 6

Distribution of Net Worth for All Participants

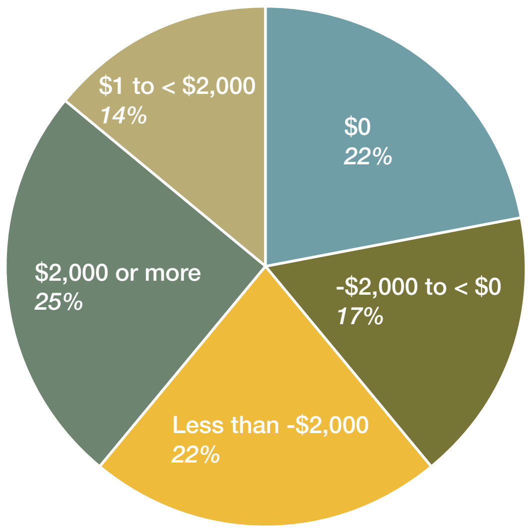


Table 2

Assets of the Sectoral Initiative Participants

Asset	Percentage of Participants Holding Asset	Median Value for Participants Holding Asset
Any asset	*66%*	*$ 3,000*
Automobile	41%	$ 3,150
House	16%	$ 65,000
Other real estate	3%	$ 1,800
Business assets	1%	$ 1,300
Checking account	38%	$ 200
Savings account	31%	$ 295
Cash not kept in a bank account	14%	$ 200
IRA or other retirement fund	6%	$ 2,000
Stocks or bonds	5%	$ 575
Other assets	9%	$ 2,500

The percentage of participants with any debt at program entry was 68 percent. Programs in which more participants held assets also tended to be the ones where more participants had debts. Credit card balances were the most common type of debt. Twenty-one percent of all participants had educational loans, with the largest percentages at ARCH and QUEST. Although 41 percent of participants owned an automobile, only 15 percent had an automobile loan. This, along with the fact that the median value of participants' vehicles was $3,150, suggests that many participants had older vehicles that may not have been reliable for getting to work. Thirteen percent of male participants reported having outstanding child support or alimony payments. Table 3 provides a summary of participants' debts and the median value of those debts.

Table 3

Debts of the Sectoral Initiative Participants

Debt	Percentage of Participants Holding Debt	Median Value of Participants' Debt
Any debt	*68%*	*$ 3,900*
Credit card balance	36%	$ 1,280
Educational loan	21%	$ 3,500
Automobile loan	15%	$ 5,000
Home mortgage	12%	$ 50,000
Outstanding child support or alimony	6%	$ 4,000
Business debt	1%	$ 1,200
Other debt, such as medical bills or overdue utility bills	34%	$ 700

Conclusion

Participants entering the Sectoral Employment Initiative were in some ways considerably better off than other groups, such as long-term welfare recipients or ex-offenders, who are often the focus of public sector workforce development programs. Initiative participants had, by and large, played by the rules: nearly all had a high school degree or its equivalent and had held a full-time job. In fact, two-thirds had held the same full-time job for at least two years at some point in their careers. And only one out of seven participants was on TANF when entering the program.

Yet their work lives unfolded very much on the periphery of the labor market. Although a substantial majority had been able to find full-time employment during the two years before program entry, more than half had been unemployed for at least six months during that time. And their employment tended to be sporadic: among the participants who had worked, nearly three out of five had moved from job to job (and often to a third job) during their recent labor market history. While many participants had been able to find full-time employment, the majority earned less than $7.50 an hour and nearly 40 percent earned below $6.25 an hour.

Given their erratic employment and low wages, it is not surprising that participants' incomes were also very low. Since nearly half were the principal wage earners in their households, the lack of income put their entire family at considerable risk. Participants had little to fall back on when they entered the program: low wages and unsteady work had prevented them from accumulating much in the way of financial assets; in fact, their median net worth was precisely zero.

In sum, this is a group of workers that appears to be both in need of employment assistance and well positioned to benefit from it. They have basic educational credentials and a demonstrated ability to find employment. They have had considerable trouble staying employed and moving up. Most recognize they need additional education and skills in order to achieve greater success in the labor market, implying that they are well suited for the services offered by several of the participating organizations.

Working with Participants

This section examines the programs' work with their participants. The sites spent much of their time in the first two years of the initiative developing their programs to serve individual participants. Evolving public policy, the strength of the national economy and changes in the sectors in which they work all affected the sites' ability to enroll, retain and place participants. In addition, the challenges of developing, staffing and managing programs weighed heavily on their capacity to serve clients successfully.

In this portion of the report, we have grouped the 10 organizations by programmatic approach. First, we examine the work of the seven organizations whose principal program intervention is based on training: ARCH, PhAME, WIRE-Net, Training, Inc., Project QUEST, the Good Faith Fund (GFF), and Quality Care Partners (QCP). We then examine the achievements of Primavera Works, Working Partnerships USA (WPUSA) and the Day Care Justice Cooperative (Co-op), whose main strategies are business development, membership services and advocacy. The data in this section are based on reports submitted by the programs.

The Training Sites

Program Enrollment

Total enrollment across the seven training sites during the first two years of the initiative was 788. As shown in Table 4, enrollment varied considerably across the sites. Project QUEST, Training, Inc.[6] and PhAME each enrolled over 140 participants. GFF enrolled just over 100 participants, and WIRE-Net enrolled 86. QCP and ARCH enrolled fewer participants than anticipated, 46 and 44, respectively.

A number of challenges affected recruitment and enrollment at many sites during Year One. Sites struggled to deal with external factors that were often beyond their control. In New Hampshire, QCP faced a tight labor market for health care professionals. In Arkansas and Washington, D.C., GFF and ARCH faced welfare policies that inhibited the women targeted from participating in training programs. To varying success, sites looked internally at ways to redesign their recruitment and intake strategies to increase enrollment. Sites' ability to improve enrollment depended on the ingenuity of staff as well as on the strength of the programs as perceived by would-be participants. GFF more than doubled enrollment between the first and second years, largely because of improvements in marketing the programs, and in providing supportive services to help participants attend training.

ARCH continued to struggle with recruitment, and PhAME's enrollment numbers dropped significantly in the second year. Both programs require a significant investment of time—12 months or more of full-day training—and had difficulty recruiting people who were both willing and able to make the investment. Both were relatively new programs that could not rely on past success stories to convince people in the communities they serve that the investment was worthwhile.

Table 4

Program Participation and Outcomes for Participants Enrolled During Program Years One and Two as of November 2000

	Enrolled	Percentage Still in Training	Percentage Who Graduated	Percentage of Graduates Placed[a]	Mean Starting Wage	Median Starting Wage
ARCH	44	0%	32%	64%	$ 10.12	$ 9.00
Good Faith Fund	107	0%	55%	97%	$ 5.84	$ 5.75
PhAME	211	0.4%	12%	85%	$ 11.12	$ 11.00
QCP[b]	46	0%	93%	86%	$ 8.50	$ 8.50
QUEST	152	53%	17%	85%	$ 11.89	$ 11.50
Training, Inc.	142	0%	77%	83%	$ 12.38	$ 11.00
WIRE-Net Intro[c]	23	0%	78%	72%	$ 7.58	$ 7.00
WIRE-Net Advanced[c]	63	0%	68%	77%	$ 9.76	$ 9.00
All	**788**	**10%**	**43%**	**84%**	**$ 9.73**	**$ 8.50**

[a] Job placement figures were reported by the programs and do not include employment of participants who dropped out. The follow-up survey will provide more complete postprogram employment data.

[b] QCP's job placements include only participants who worked for QCP after completing training.

[c] WIRE-Net Intro refers to the program's eight-week training programs. WIRE-Net Advanced refers to the program's six- to nine-month training programs sponsored by NASA, Polaris, Cuyahoga Community College and Cleveland's Adult Education Program at Max Hayes High School.

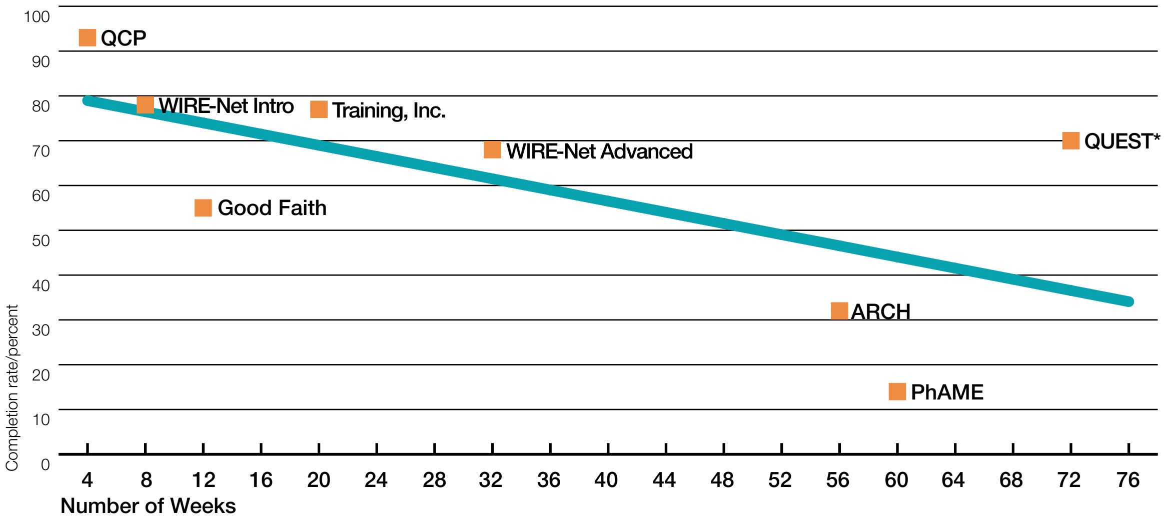
Program Completion

By November 2000, 419 participants, or 53 percent of all people who enrolled during the first two years, had either graduated or were still in training; 47 percent had either dropped out or been terminated before training completion. Data provided by the sites suggest that 44 percent of participants who left the sectoral training programs were terminated by the program owing to a lack of attendance or some other cause. The other 56 percent of noncompleters dropped out for a variety of reasons, including personal and family crises, the need to obtain a job to support themselves and their families, and the realization that the type of work they were training for was not suited to them. As sites improved their screening processes and the services they provide to support participants during the training, the overall completion and in-program retention rate improved from 42 percent in Year One to 65 percent in Year Two.

Figure 7 shows the relationship between program completion rates and the length of training across the seven training sites in the first two program years. The length of time required to complete training varied substantially among the seven sites—from approximately four weeks at QCP to an average of 18 months at Project QUEST. One would intuitively expect that longer programs, in general, would have lower graduation rates. In Figure 7, we ran a simple linear regression to fit a line to the data to show the relationship between the completion rate and length of training. The regression line shows that expected program completion rates decrease as the length of training increases. However, less than half of the variation in the completion rate can be explained by differences in the length of training. As described in the following paragraphs, many other programmatic factors influenced whether participants completed training.

Figure 7

Program Completion Rate by Length of Training,
Program Years One and Two



* Figures for QUEST include many participants (53%) who were still in training at the time of this report.

Project QUEST offers the longest training program, ranging from one to two years, and it had a much higher program retention and graduation rate than did the other year-long training programs. By November 2000, 51 percent of the participants enrolled in QUEST in Year One and 84 percent of those enrolled in Year Two had either graduated or were still in training. QUEST attributes its low attrition to careful pre-enrollment screening and good case management, which includes assistance with securing financial aid. QUEST helps its participants obtain Pell grants, an essential source of financial support. QUEST participants are thoroughly integrated into the community college student body, and, thanks to weekly group case management sessions, there is a strong sense of loyalty and mutual support among them.

The GFF staff focused considerable attention on reducing attrition during both the first and second years. After a thorough analysis of program data, staff concluded that attrition was the result of such factors as acceptance of candidates whose remediation needs were beyond the program's capacity to address the length and scope of the certified nursing assistant (CNA) training curriculum, and a lack of support services for participants and their families. From Year One to Two, GFF implemented a more rigid screening process, changed the CNA curriculum to make it more hands-on, and worked with the state human service agency to provide 24-hour transportation assistance for individuals in training as well as those starting to work. Finally, GFF succeeded in persuading the Department of Human Services to have child care in place for TANF recipients before program enrollment. The changes appear to have contributed to significant improvements. GFF's program completion rate increased from 41 percent in Year One to 62 percent in Year Two, even as the number of people enrolled doubled. Going into the third year, GFF was considering shortening the CNA training from 12 to 8 weeks.

Only 53 percent of the 15 participants in WIRE-Net's advanced training programs graduated in Year One. At the beginning of the second program year, WIRE-Net modified its recruitment strategy and hired new staff to provide support to participants while they were in training. In Year Two, WIRE-Net enrolled three times as many people in its advanced training programs, and the completion rate increased to 73 percent.

PhAME and ARCH were significantly challenged by attrition. At ARCH, only 32 percent of its 44 participants completed the program. ARCH staff attribute the attrition to the difficulty participants had in supporting themselves and their families while attending the training. During a pilot program, ARCH enrolled welfare recipients who continued to receive their cash assistance while attending the year-long training. However, by the time the sectoral initiative began, welfare policies had changed, and welfare recipients were told that they could not attend training and continue to receive assistance. Even after the District of Columbia allowed the ARCH training to count as a work activity, few people were referred to the program. Many of those who did enroll soon realized that the $35 weekly stipend was not enough.

At PhAME, only 15 percent of the 155 participants enrolled in Year One completed the full 61 weeks of training. Two months into the initiative, PhAME lost funding for stipends for its program participants, and, with no alternative in place, attrition increased precipitously. In Year Two, staff made several adjustments to strengthen support services, but attrition continued to be a problem: by November 2000, only 5 percent of the 56 Year Two enrollees had graduated or were still in training. At the end of Year Two, PhAME's staff decided to shorten the training schedule, which had been 8:00 a.m. to 5:30 p.m. every day. The restructured schedule runs from 8:00 a.m. to 3:00 p.m. daily, enabling participants to hold part-time jobs.

PhAME offers its 61-week training in four phases and provides placement services to participants that complete any one of the phases. During the Prep phase, which takes place over the first eight weeks of the program, participants learn basic verbal, math and computer skills. Fifty-six percent of participants that enrolled during the first two program years completed at least the Prep phase. Participants then enter the five-week Vestibule phase, during which they are introduced to the manufacturing process; 47 percent of participants completed at least the Vestibule phase. Participants begin working with the machinery and take additional technical classes during the third, or Core, phase. During the first two years, 22 percent of PhAME's participants completed the Core phase of the training. Data provided by PhAME suggest that participants can obtain relatively well-paying jobs after completion of the Vestibule and Core phases, which could be a significant factor in explaining the program's high rate of attrition.

Placement Rates

As indicated in Table 4, program graduates appear to have been well prepared for the labor market, with 84 percent finding employment after completing their training. Though attrition has been higher than anticipated, those who are completing the programs are attractive to employers.

Placement rates were generally high during the first two years among the health care training programs for certified nursing assistants (CNAs) and home health aides. GFF had the highest placement rate across the initiative, with 97 percent of its graduates from Years One and Two obtaining employment. QCP employs its own program graduates, so one might expect the placement rate to be high. In fact, 86 percent of the program's graduates obtained jobs as health care professionals through QCP. QUEST placed 85 percent of its graduates from both program years.

Training, Inc. placed 83 percent of its graduates from Years One and Two. Placement rates among the two manufacturing training programs varied slightly. WIRE-Net placed 75 percent of its graduates across all of its programs, 72 percent of the introductory training graduates and 77 percent of the advanced training graduates. PhAME has had considerable success, placing 85 percent of the graduates of its 61-week manufacturing training program. PhAME placed a much smaller percentage (38%) of the participants who completed an earlier phase of the training and left the program. However, the placement rate increases with each phase of the training completed: 16 percent of Prep completers, 36 percent of Vestibule completers and 62 percent of Core completers were placed by the program.

Starting Wages

In contrast to job placement rates, which were consistently high across the seven training programs, starting wages differed widely. Overall, graduates' median starting wage was $8.50 per hour compared with a median of $7.00 at their last job prior to entering one of the sectoral programs. Median wages by site ranged from $5.75 to $11.50 per hour.

Initial wages depended considerably on the sector targeted and on the occupation within the sector. For example, graduates of the three health care programs earned very different starting wages. Graduates of GFF's CNA program earned a median hourly wage of $5.75 in their first jobs, while QCP graduates earned a median hourly wage of $8.50. (This wage differential is, in part, a result of the lower cost of living of GFF graduates in Arkansas.) QUEST graduates earned significantly more—a median wage of $11.50 per hour—because its graduates qualify for higher-skilled health care jobs, such as licensed vocational nurses and laboratory technicians.

Training, Inc. graduates had the highest average starting wages, $12.38 per hour, reflecting the high wages of the information technology sector and the demand for new skills. The graduates of the manufacturing programs also earned among the highest wages. At PhAME, graduates of the 61-week program earned a median hourly wage of $11.00. Median wages were similar among PhAME participants who completed earlier phases of the training and left the program. While those who left after the first phase earned a lower median hourly wage ($9.00), those who left after Vestibule and Core earned $10.99 and $10.50 per hour, respectively. At WIRE-Net, graduates of the advanced training programs earned higher median hourly wages ($9.00) than did graduates of the introductory training programs ($7.00).

Career Advancement

Several of the sites began to develop career advancement and skills upgrading strategies for their participants—both as a means to improve the wages of graduates and to attract and keep new program participants. Training, Inc. planned to encourage its graduates to pursue additional training in Essex County College's computer programs and, by Fall 2000, 31 of its 109 graduates were enrolled in an advanced certification or degree program. In response to employer demand for workers with A+ certification, in Spring 2000, Training, Inc. opened an on-site certification center to help program graduates, faculty and other area residents keep their skills current with changes in technology.

PhAME program graduates have earned up to 24 credit hours toward an Associate's Degree in manufacturing technology at one of the program's academic partners, the Community College of Philadelphia. WIRE-Net is developing career ladders in manufacturing, and GFF and Project QUEST are doing so in health care. In Fall 2000, seven of GFF's graduates were enrolled in post-program training and education.

The Nontraining Sites

The three other programs—Primavera Works, Working Partnerships USA and the Day Care Justice Co-op—developed a wide range of services to individuals, including employment, health insurance, membership services and advocacy. Since each organization's strategy is unique, each will be examined in turn.

Primavera Works

Primavera Works' strategy centers on the creation of a day labor business that will offer concrete evidence that day labor firms can provide higher-quality services to employers while paying higher wages than the current rate in Tucson. At the start of the initiative, Primavera Works expected to place 45 participants in its day labor pool in Year One. Participants would work for Primavera between 25 and 30 hours a week, with an average hourly wage of 100 to 105 percent of the minimum wage. By Year Two, Primavera expected to place 65 participants, with an average hourly wage of 110 to 115 percent of the minimum wage. Primavera projected that 60 percent of participants that worked with them for at least one month would find stable, better-paying employment after they left the program.

On most measures, Primavera has met and in several instances exceeded its program goals. By the end of Year One, it had employed 68 workers and, in Year Two, an additional 215 people. The average hourly wage of its workers in both years was $5.44, or 106 percent of the minimum wage.[7] Most participants were employed by the program for a short time: 69 percent were employed by Primavera Works for one month or less; 22 percent for two to three months; 7 percent for four months or more. Of the 283 participants employed by Primavera Works during the first two program years, 43 percent left Primavera for work with another employer.[8]

Business clients report that Primavera's participants are better prepared and have fewer problems than do workers from other day labor halls. The staff believe that the program's strength lies in the range of support services, including shelter and transitional housing, offered through Primavera Works and its parent organization, Primavera Services.

Working Partnerships USA

WPUSA's sectoral strategy focuses on improving the wages, benefits and overall employment conditions of temporary workers in the Silicon Valley. To meet this goal, WPUSA's sectoral strategy has four elements: to develop a temporary help staffing agency, to offer office skills training and certification to temporary workers, to create a membership organization for temp workers, and to develop and encourage the adoption of a code of conduct by temp agencies in the Silicon Valley. WPUSA entered the initiative with ambitious expectations for the growth and implementation of these four complementary strategies but quickly discovered that managing day-to-day program operations and developing a workable business strategy hindered its efforts to advance all four planks and to assist the large number of temporary workers projected.

Staffing Agency. By the end of Year One, WPUSA expected to launch its staffing agency and to place 250 temporary workers, with 75 percent in jobs paying at least $10.00 per hour. In Year Two, it expected 25 percent of the agency's temps to have wage increases of at least 5 percent. In the end, the work of launching the staffing business took much longer than expected, and Year One was devoted entirely to planning. From the opening of the staffing agency in Spring 1999 through March 2000, Working Partnerships Staffing Service (WPSS) operated at very low levels, placing a total of 29 clients. On average, four clients worked per month for an average of three days a week. Most of the temporary assignments paid $10.00 per hour or more, though the wages on some assignments were subsidized by WPSS to meet its commitment to its workers. In early 2000, a consultant from the temp industry was brought on board to further develop the agency's strategy, and, in April 2000, WPUSA hired a branch manager to run the agency.

Membership Organization. WPUSA proposed to create a membership organization of 1,000 temporary workers and to provide portable health and pension benefits to half of the members, as well as workers' rights education and job placement services to all. By the end of the second program year, just under 50 people had joined the membership organization, Working Partnerships Member Association (WPMA). Membership activities consisted of monthly membership meetings, workshops, a Temp Worker Stories Project and access to computer lab time at WPUSA. The number of people participating in these activities was small, ranging from two to nine per month. WPUSA negotiated a portable health insurance plan for temporary workers with Kaiser Permanente, though no one had enrolled by March 2000. WPUSA reported several obstacles: some potential applicants reported feeling overwhelmed by the paperwork involved, others did not meet the program's income eligibility requirement, and still others were eligible but were passed over by Kaiser employees who had not been trained to recognize the WPUSA health insurance program.

Office Skills Training. WPUSA originally proposed that 75 percent of its temp workers would complete a certification program for clerical workers by the end of Year One. Like the staffing agency and membership organization, the training strategy also progressed slowly. During Year One, WPUSA focused on developing and finding a home for its training strategy and, in late 1998, signed an agreement with Mission Community College to run the certification classes. WPUSA staff reported that recruiting clients for the classes through its staffing agency had been difficult. During the first two program years, 18 people enrolled in the classes, but only four were WPSS employees. Anecdotal evidence suggests that WPSS temps were too advanced for the Mission program, and staff plan to create better links for them to Mission's advanced computer programs.

Day Care Justice Co-op

The Day Care Justice Co-op's key sectoral goal is to improve the working conditions and income of family child care providers in Providence. Direct Action for Rights and Equality (DARE), the Co-op's founding agency, developed the strategy to create a membership organization of family day care providers that would advocate for improved working conditions and higher reimbursement rates from the state. Members participate in advocacy efforts and, in return, have access to services and programs designed to improve their working conditions and raise the quality of care they provide to the children and families they serve.

According to DARE's proposal, by the end of Year One, the Co-op would have 75 members, increasing to 100 by the end of Year Two. The Co-op started the initiative with about 55 members and, by March 2000, there were 93. Attendance at monthly meetings throughout the second program year ranged from 20 to 53 members. Co-op members also participated in subcommittee and ad hoc meetings, including sessions to organize against a proposal by the Rhode Island Department of Human Services (RIDHS) to establish an electronic funds transfer system for family day care providers.

DARE's original proposal envisioned access to in-house and external training on such elements as health care and first aid, CPR certification, curriculum development, and record keeping. DARE also proposed to develop five programs: peer mentoring, bulk purchasing, a parental referral system, a toy lending library and a microloan program. The development of the Co-op's programmatic capacity progressed significantly more slowly than originally anticipated. This can be attributed to two main factors. First, establishing the Co-op as a freestanding nonprofit, independent of DARE, became the overriding focus of the first year and a half of work. Second, it took the Co-op longer than anticipated to develop basic administrative, management and operational capacity, including hiring staff, securing office space and obtaining office equipment. As a result, by the end of Year Two, the mentoring program, bulk purchasing program, substitute pool program and toy lending library were still under development.

The Co-op has negotiated a contract with the state that will enable the Co-op to provide its members up to 10 days of vacation and sick day coverage. The contract is one of the first of its kind in the nation and is of considerable interest to other family day care providers and advocates around the country.

The Co-op started offering in-house training sessions during the second program year, and, by the end of this period, the sessions had increased in both number and attendance. In Winter/Spring 2000, 14 training sessions were offered, with attendance ranging from 18 to 57 members each time. In addition, through an agreement with ChildSpan, a local nonprofit that specializes in child care training, six Co-op members were enrolled in a year-long accreditation program for their family day care businesses; two members were seeking re-accreditation. The number of Co-op members participating in any program or meeting each month increased steadily from 25 in May 1999 to over 70 a year later.

Conclusion

Despite a slow start for some, all 10 participating organizations have launched programs to serve individuals during the first two years of the demonstration. And while some organizations certainly operated at low levels, most expanded steadily during the two-year period, no small achievement when exceptionally tight labor markets made recruitment such a challenge.

One important concern for the seven organizations that focus on training is the 47 percent dropout rate. Examination of performance by site indicates that disproportionate attrition occurred at two programs, ARCH and PhAME, both of which have very long training programs that were beset by various difficulties. Attrition at the other five sites was considerably lower, just over 29 percent in aggregate. Since one key factor in participants' attrition is their need for income, longer-term programs (more than six months) must ensure that participants have the financial capacity to stay in training and that the ultimate payoff for program completion is significantly higher than if participants drop out and take a job.

Graduates of the seven training programs appear well prepared for the labor market: nearly 85 percent found employment soon after completing the training. Perhaps most promising is the fact that those completed the training programs earned $8.50 an hour at placement compared with $7.00 an hour at their most recent job during the two years before entering the program. Since income gains that result from most employment programs stem principally from more hours worked and not from increased wages, such hourly wage gains are impressive.

Progress at the nontraining sites—Primavera, Working Partnerships USA and the Day Care Justice Co-op—has been uneven. Primavera has demonstrated the capacity to quickly launch a competitive (albeit subsidized) day labor firm that has exceeded most of its operating goals. However, its effect on individual workers is unclear, since they are paid near the minimum wage and the vast majority stay with Primavera for a very short time.

WPUSA and the Co-op got off to slow starts for various reasons. While activity definitely picked up toward the end of the second year, each was still in the process of implementing its programs for individual participants, making it difficult to draw conclusions about their effectiveness at this point.

Progress on Strategies for Systemic Change

By definition, sectoral employment strategies aim to achieve more than simply helping the participants in their programs. Rather, they seek to alter the labor markets in which they operate in order to benefit workers throughout the sector. The dramatic nature of these strategies should not be overstated; in most circumstances, they will be modest and incremental. However, these modest changes do have the potential to affect the lives of many workers well beyond those enrolled in the immediate program. For example, if an organization is able to convince the local community college to offer a new occupational degree that responds to employers' needs, all students who enroll will benefit. Or if a workforce development organization persuades employers to offer training to their entry-level workers, people beyond those placed by the program will have the opportunity to strengthen their skills.

Over the past two years, each of the 10 organizations participating in the Sectoral Employment Initiative has increased its knowledge about the occupations targeted, developed allies (and occasional opponents) and refined its strategies. The importance of developing a full understanding of the chosen sector cannot be overemphasized. Labor markets are extraordinarily complex systems, whose outcomes are affected (even in the simplest terms) by myriad large and small employers, staffing agencies, government regulations and contracts, educational institutions, and workers operating in a local market within a regional, national and increasingly international context. While focusing on a particular occupation or set of occupations within a sector narrows the target, it still takes time to develop sufficient knowledge and institutional credibility to begin to effect change.

So, after two years, one should not expect the participating organizations to have achieved significant impact. On the other hand, one would expect that by this time the grantees would have developed a clear set of strategies and concrete operational steps that position them to effect change within their sectors.

Early Successes

A few of the sites were able to effect change during the first two years. GFF hired a full-time policy advocate to work with legislators in Little Rock as they fashioned the state's welfare policies. As one of the only employment training programs in the state for women leaving welfare, GFF brought considerable expertise to the table. In addition, GFF brought employers to the table—something that other Arkansas organizations seemed unable to do—which substantially increased its credibility with elected officials.

GFF's reputation and partners, as well as the fact that Arkansas legislators have few staff, has enabled the organization to draft provisions approved for the state's TANF legislation that allow participation in employment training to fulfill welfare recipients' work obligation. In addition, when GFF saw that many of its program participants did not have access to reliable transportation, it worked with the county to allow TANF funds to be used to help people purchase cars so they could get to work. The program has now been expanded statewide.

GFF has also been working to make local community colleges more accessible to the women the program serves. One college has revamped its remedial education program to admit people with low reading and math skills who used to be turned away. GFF's relationship with the community colleges is also benefiting its participants directly. Phillips County Community College now grants GFF's graduates preferred admission to its allied health programs.

Toward the end of Year Two, Primavera Works became actively engaged in pushing state legislation that would have increased the regulation of the day labor industry in order to change certain practices that Primavera felt were taking advantage of workers. While the original bill did not pass, a more limited version did; it prevents day labor firms from charging fees when they cash workers' checks.

Before the Sectoral Employment Initiative began, DARE had established itself as a formidable organizing entity on behalf of family child care providers and had successfully negotiated state-sponsored family health insurance on their behalf—making Rhode Island the first state to do so. It has also been active with regard to provider reimbursement rates, in particular, in defeating an effort to rescind scheduled rate increases.

In Position to Effect Change

Several organizations have clear visions of sectoral change and are developing allies and "strategic" positions. WIRE-Net has been instrumental in establishing the Northeast Ohio Metalworking Association Partnership (NEO-MAP), which is composed of WIRE-Net, the Greater Cleveland Growth Association's Industry Cluster project and three manufacturing trade associations: the Cleveland chapter of the National Tooling and Machining Association, the Precision Metalforming Association, and the Precision Machined Products Association. Together they represent 600 manufacturing firms. The Partnership aims to encourage the educational system to increase the number of skilled manufacturing graduates and to improve their training by emphasizing formally recognized skills standards. Through the end of the second year, some employees of Cuyahoga Community College were resistant to WIRE-Net's efforts on both of these fronts, but the engagement of these major employer groups has substantially increased WIRE-Net's leverage.

The New Hampshire Community Loan Fund and Quality Care Partners have established themselves as important players in issues affecting workers in New Hampshire's health care sector. The Loan Fund has worked hard to cultivate good relationships with senior state policymakers, particularly in the Department of Health and Human Services. This resulted, at least in part, from the Loan Fund's organizing for state officials several focus groups of CNA and home health aides. These informal alliances with public officials have led to the formation of a state working group focused on the needs of the direct care workforce that includes health care workers, child care workers and workers who assist people with disabilities. The Loan Fund and QCP were also able to secure appointments of people to the New Hampshire Work Opportunity Council (the state Workforce Investment Board) who can represent the workforce concerns of the health care staffing industry.

Though Working Partnerships USA has yet to implement many of the major components of its initiative, it has been very successful in highlighting the concerns of low-wage workers in the temporary staffing industry. WPUSA's staffing industry initiative has received considerable local and national media coverage, sensitizing policymakers in San Jose and Sacramento to the needs of workers. Its report, *Walking the Lifelong Tightrope*, describes how economic changes in California are simultaneously increasing income inequality and economic insecurity. Written in conjunction with the Economic Policy Institute, the report concludes with a series of policy recommendations for ameliorating both of these trends.

WPUSA has also developed a code of conduct that would require staffing firms employing former welfare recipients to agree to a set of standards on wage and health insurance coverage. The code was presented to the Santa Clara County Board of Supervisors for consideration toward the end of Year Two.

Still Developing Sectoral Strategies

Project QUEST and Training, Inc. devoted most of the first two years of the initiative to sustaining and expanding their services to individuals and less to pursuing specific sectoral strategies. In part, this reflects the fact that these organizations train relatively large numbers of individuals compared with other organizations in the initiative, and they appear to have mounted high-performing programs. (Each organization trains several hundred people per year—only a subset of whom are in the sectors targeted for this initiative.)

In addition to managing the various programs, Training, Inc.'s executive director has taken on additional responsibility within Essex County College by serving on several committees and, as the third year began, by taking on responsibility for managing the college's customized training programs with private employers and its work-first, job-preparation programs, each of which works with several hundred participants annually. During the second year, Training, Inc. also began negotiations to become one of Newark's eight One-Stop Centers. These new endeavors speak to the strong reputation Training, Inc. holds with the college and the city, but they have also reduced staff's ability to pursue sectoral plans with the college's Center for Technology to increase recruitment and improve graduation rates.

QUEST has also been expanding recruitment as a result of a near doubling of the City of San Antonio's financial support in 2000. Since the strong local economy had already reduced QUEST's traditional recruiting pipeline, this expansion has, and continues to require, considerable staff attention. As QUEST moves into the third year of the initiative, it has begun fashioning a mobility strategy with local health care employers that will accelerate the training and promotion of workers into more highly skilled and higher paid positions.

PhAME and ARCH have been challenged throughout the two years of the initiative in their efforts to serve individuals and to pursue sectoral change. Both organizations have focused principally on recruiting and training individuals rather than on effecting systemic change in the sector. In part, this focus stemmed from an explicit strategic choice: each organization essentially banked on its ability to demonstrate to employers and other educational institutions that it was possible to recruit local, mostly minority, candidates who, once trained, would perform as well or better than other candidates. Once poor recruitment and high attrition combined to severely curtail the number of graduates, this strategy failed to influence outside institutions.

ARCH is now convinced that it will not be able to mount a successful paralegal training program on its own and, as the third year began, was developing a relationship with the University of the District of Columbia to take over the training. ARCH continues to be responsible for the recruitment and job preparation of candidates. If successful, this transition could achieve the broader sectoral goals that ARCH originally envisioned by encouraging a major local educational institution to begin a paralegal training program that would be accessible to District of Columbia residents.

PhAME's programmatic difficulties have precluded the development of a clear sectoral strategy to this point. However, by collaborating with the Community College of Philadelphia, PhAME was able to promote the creation of an Associate's Degree in manufacturing technology, which, at the college's request, was designed by PhAME's executive director. In the meantime, PhAME's board and staff have been primarily focused on restructuring the training program, boosting recruitment and stabilizing the organization's funding.

Observations on Progress to Date

Though the initiative started slowly, activity picked up and performance improved markedly through the second year. By the end of Year Two, most participating organizations had mounted what appear to be well-structured and sound programs serving individuals—several hundred people in all. Progress on systemic change components has been slower than development of services to individuals, as expected. Although some of the organizations appear well positioned to effect systemic change, others are not as far along as had been planned. Several factors, some related to the organizations themselves and others to the terrain in which they operate, contributed to the achievements (or lack of them) to date.

The Lack of Time for Planning Led to a Slow Start

The purpose of the Sectoral Employment Initiative is to examine whether the sectoral approach can be more broadly extended in the employment field. The wide distribution of the request for proposals (RFP) uncovered several organizations new to employment and others that were unfamiliar with sectoral strategies. In some cases, the selected organizations planned to launch new businesses. Others intended to develop new sectoral employment programs. And a few decided to add systemic change components to existing employment strategies. In nearly every case, the initiative posed large and fairly challenging goals. When they were selected by the Mott Foundation, each grantee was expected to get up to speed on its sectoral and programmatic efforts immediately—a challenge that proved difficult for all 10 groups. Some decided to focus on training individuals first, while others led with systemic change efforts. Regardless of the choice, the lack of time provided between the announcement of the RFP winners and the start of the demonstration led to a slow start for the overall initiative.

The Strong Economy Has Cut Both Ways

In each of the 10 regions in which these organizations operate, job growth has been an important factor—in ways that have simultaneously helped and hurt the initiatives. On the one hand, a shortage of labor, particularly skilled labor, has made employers much more interested in collaborating. This situation has not only opened up jobs but has led employers to examine their own employment practices and to join forces on public policy issues. Manufacturers in the Cleveland area are concerned about workforce issues because of the scarcity of machinists. Hospitals are now interested in working with Project QUEST on investing in upgrading the skills of current staff in order to meet critical shortages in higher-skill occupations. Demand for labor has also made policymakers more receptive to working with the Sectoral Employment Initiative organizations in some states. The eagerness of New Hampshire officials to work with the Loan Fund and QCP on issues affecting the direct health care workforce reflects to no small extent their concerns about the industry's inability to recruit and retain sufficient employees.

While each of the organizations in the initiative has been using the strong economy to its advantage, employment growth has also had serious consequences for recruitment and, in some cases, attrition during training. Most of the programs that involve skills training have had to invest more resources in recruiting participants in order to fill their classes. Recruitment is down in large part because the easy availability of jobs satisfies potential participants' need for immediate income. The need for income and relative ease of finding employment seem to have been factors in the high attrition affecting two long-term training programs, ARCH and PhAME.

Government Support Has Been Important But Inconsistent

Public financial support for several of the 10 organizations has been crucial, while others operate strictly with private resources. ARCH, QUEST, PhAME, Training, Inc., WIRE-Net and GFF have been at least partly sustained with public funds. These organizations would never have been able to mount their initiatives without such support. QUEST and Training, Inc. have enjoyed large increases in public support as the initiative has progressed, in part because of their strong performance and, in QUEST's case, because of the organizational muscle of COPS and the Metro Alliance, two community organizing groups in San Antonio. At the same time, however, changes in public policy, funding and administration have bedeviled several of the organizations.

The change in public support that has proved most damaging was the end of Pennsylvania's financing of stipends for PhAME's participants. Set initially at about $1,000 per month, these stipends bolstered recruitment and enabled participants to remain in training without worrying about holding down a job as well. When the stipend ended, many PhAME participants dropped out almost immediately, while others struggled to balance the demands of a rigorous full-time training program and the requirements of outside jobs.

The emphasis on employment and work activities for welfare recipients in Washington, D.C., reduced ARCH's pipeline of candidates for its paralegal training program. Although the District of Columbia ultimately did allow welfare recipients to count ARCH's training as a work activity, case managers referred few people to the program. Other administrative delays, though seemingly minor, incensed staff and participants alike. Program participants were eligible for modest stipends of $35 per week to defray the cost of transportation to training. Repeated delays in issuing the stipends infuriated participants.

Necessity Is the Mother of Intervention

Thus far, the organizations focusing on upgrading bad jobs—those with relatively low pay and benefits—have developed clearer visions and more aggressive sectoral strategies. Primavera, the Co-op, the GFF, the Loan Fund and WPUSA are pursuing strategies in which their ability to help individuals is limited by the realities of the occupations they have targeted. Unless they can improve pay, benefits and working conditions within the targeted industries, they will be unable to make much difference in people's economic well-being. In essence, their work with individuals will become much more rewarding if they can change the sector.

Of those organizations focused on jobs with decent wages and benefits—QUEST, Training, Inc., ARCH, PhAME and WIRE-Net—only WIRE-Net has developed a strong vision and detailed operational plan for achieving systemic changes in the sector. ARCH and PhAME have focused on restructuring their training programs and have devoted little time to broader changes in public policy or local labor markets. And although each has had relatively few graduates, those who have completed training are landing jobs with good wages and benefits. QUEST and Training, Inc., in contrast, have effective training programs. Because both have high completion rates and their graduates are already qualifying for decent jobs, they have not had to worry as much on a day-to-day basis about changing the sector. In essence, their work with individuals is profoundly rewarding—even without changes in the sector.

A Clear Vision of Systemic Change Is Necessary…

Several, but by no means all, of the grantees have articulated ambitious sectoral strategies that have generated considerable media attention and have proved useful in attracting potential allies. WPUSA has drawn attention to the needs of low-income temporary workers in Silicon Valley by documenting the concerns of these workers and outlining a compelling set of initiatives designed to address those concerns. Similarly, the Loan Fund and QCP have been able to focus media and public attention on the relationship between better working conditions for direct care workers and the quality of health care delivered to patients. Their vision has attracted attention from organizations and policymakers interested in health care, workforce development and business creation. Primavera has become a recognized voice in Tucson and in Arizona on day labor issues by drawing attention to the ways in which standard industry practices take a toll on workers. It has also linked service quality to the quality of industry working conditions. Though these organizations may never fully achieve their ambitions, the commitment to dramatic change both galvanizes staff and positions the organization to pursue opportunities and incremental improvements that it might not otherwise have pursued.

…But Not Sufficient

Vision is critical to sectoral plans, but unless it is translated into concrete operational steps and consistent, nitty-gritty follow-up, achieving change seems unlikely. The Loan Fund's sectoral strategy is strengthened considerably by the early promise of QCP, the firm it launched to demonstrate the connection between quality care and quality jobs. And it has begun taking crucial steps toward developing the relationships and position needed to effect larger changes down the road. Similarly, the fact that Primavera has launched its own day labor business and developed its own cadre of corporate customers enables it to be a much more credible advocate for change within the industry.

WIRE-Net has attracted numerous allies among employers with its overarching goal of improving the skills of the manufacturing labor force. It is translating this ambition into a set of initiatives in which it is partnering with specific employers and educational institutions to expand classes and revamp curricula. Such efforts deepen staff's knowledge of the sector and enable them to speak with credibility.

Though WPUSA's vision and influence may enable it to achieve some of its sectoral goals regardless of whether it is able to launch its staffing business, develop its workers' association, train workers or get them health insurance, its credibility and impact will undoubtably be greater if it successfully implements these program components.

Other organizations had not yet translated their sectoral goals into clear operational plans by the end of the second year. ARCH and PhAME, which had anticipated changing industry and educational practices primarily through leading by example, had little influence when their training programs performed below expectations. Nevertheless, each still has important strengths that could be built on during the third year. PhAME continues to have the strong support of its original industry and academic partners, and receives wide local and national media coverage. ARCH may be able to strengthen and institutionalize its paralegal training strategy through a nascent relationship with the University of the District of Columbia.

Competing Priorities Inhibit Sectoral Strategies

By and large, organizations in the initiative that are solely or principally committed *as organizations* to effecting change in a sector have made more progress and appear generally better positioned to affect their labor market. In contrast, those organizations for whom the sectoral strategy is one of many organizational commitments have, in general, made less progress. Among the 10 organizations in the initiative, the Co-op, Loan Fund, QCP, WIRE-Net, PhAME, WPUSA and Primavera have devoted their workforce development efforts to achieve success in a single sector. Though not all of these organizations have been successful thus far—other factors weigh heavily, as we have described—it seems that such single-mindedness increases the chances of impact.

Small Markets Are More Amenable to Early Achievements

It appears at this stage in the Sectoral Employment Initiative that another important determinant of whether organizations achieve significant change in their sector is the size and complexity of the political and economic environment in which they operate. Organizations, even those that have been start-ups or new initiatives, operating in less-populated states and smaller labor markets, have been more likely to demonstrate early progress in their sectoral strategies. The Loan Fund and QCP in New Hampshire, the Co-op in Rhode Island, GFF in Arkansas and Primavera in Arizona have already had considerable influence and are well positioned to effect larger changes as the third year gets under way.

In each case, these organizations are some of the few, if not the only ones, in their states focused on providing better opportunities to low-income people working in a particular sector. Such prominence enables each to play a large role, particularly in state policy decisions.

Despite the fact that each organization's sectoral strategy is new, the relative simplicity of the local labor market has enabled them to quickly assume a substantial role with employers, educational institutions and potential recruits, which has taken the form of business contracts and academic credit for program graduates. At the same time, operating in a small labor market leaves less room for error: organizations that develop poor relations with key players will have no place to hide.

Conclusion

Preparing individuals to succeed in the workforce and affecting the operation of labor markets are each challenging propositions, particularly for new organizations or initiatives. Doing both at the same time is a great challenge. For some organizations, it may be a mistake to pursue both: they may be able to do more good by focusing on one. For example, it is not clear whether a strong training organization should reduce the number of people it trains in order to allow program leaders to focus on systemic change. Yet the appeal of sectoral employment strategies is readily apparent: when organizations are able to serve people effectively *and* affect local labor markets in ways that benefit other workers as well, their overall impact can extend beyond the boundaries of traditional employment programs.

Considering the complexity of these strategies, we are cautiously optimistic about extending the sectoral employment approach to new organizations at this point in the initiative. While one or two organizations have struggled to serve individuals effectively and some have yet to mount systemic change strategies, others have been able to serve participants *and* position themselves to effect broader policy and labor market changes. Certainly, we will have a clearer sense of their actual accomplishments—and of the broader potential of sectoral employment strategies—after the third and final year of the initiative.

ENDNOTES

1 In conformance with Census Bureau definitions, noncash transfers include Food Stamps, child care subsidies and transportation subsidies. Means-tested cash transfers include TANF, General Assistance (GA) and Supplemental Security Income (SSI). Nonmeans-tested cash transfers include Social Security benefits, Unemployment Insurance and Veteran's benefits.

2 The U.S. Census Bureau excludes capital gains and noncash income, such as Food Stamps and housing subsidies, from its calculations of income and poverty.

3 According to the HUD guidelines, a very low-income household is one whose income is at or below 50 percent of the median income for all households in the metropolitan area.

4 Where participants had spouses or partners living in the household (29%), the figures represent the net worth of both the participants and their spouses or partners.

5 Kennickell, Arthur, Martha Starr-McCluer, and Brian Surette. "Recent Changes in U.S. Family Finances: Results from the 1998 Survey of Consumer Finances," *Federal Reserve Bulletin*, Vol. 86, pp. 1-29, January 2000.

6 Enrollment figures for Project QUEST and Training, Inc. do not represent total enrollment in their training programs. Figures are for QUEST's health care track and Training, Inc.'s PC technician program only.

7 Primavera estimates the average monthly earnings of its workers to be about $525.

8 These data are for all participants, including those that were with Primavera for less than a month.

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