

Sectors Matter: Effective Training Requires an Industry Focus

Opportunity Chicago's Industry-Skill Training Approach for Public Housing Residents

Workers need employers. Employers need workers. While obvious, it wasn't until recently that much attention was paid to how this fundamental relationship affects the development and delivery of employment and training services. Workforce development is a constantly evolving field, and the days of generic training are over. New research points to the effectiveness of industry-specific training programs that prepare unemployed and under-skilled workers for skilled positions and connect them with employers seeking to fill such vacancies¹.

By 2018, 30 million new and replacement jobs in the United States will require some college education². And the demand for workers to fill jobs in the middle of the labor market — those that require more than high school, but less than a four-year degree — will likely remain quite robust relative to its supply, especially in key sectors of the economy³. So increasing numbers of adult workers — those currently in the workforce and underutilized — will need to upgrade their skills in specific occupations or industries.

One underutilized group of potential workers is public housing residents. This policy brief examines Opportunity Chicago's experience in helping connect public housing residents to employment using industry-focused skills training. The formal evaluation of Opportunity Chicago will be complete in 2011, but early indications show that sector-focused training is working in certain industries even for traditionally harder-to-employ populations.

Opportunity Chicago is a \$27.5 million public-private partnership addressing the training and employment needs of Chicago's public housing residents. In January 2006 three major partners — the Chicago Housing Authority (CHA), The Partnership for New Communities⁴, and the Chicago Department of Family and Support Services⁵— came together to create Opportunity Chicago and set its ambitious goal to connect 5,000 public housing residents to jobs through skills training and education by December 2010. Initiative leaders prioritized creating effective pathways to jobs and ensuring that promising programs and practices would be institutionalized through new resource allocations and public policy changes. Opportunity Chicago is led and administered by the Chicago Jobs Council, a nonprofit organization that works to ensure access to employment and career advancement opportunities for people living in poverty.

Opportunity Chicago has helped thousands of public housing residents connect to an array of services designed to meet their employment needs. Programs include job-readiness training, transitional jobs, contextualized literacy and bridge programs, customized skills training, and technical skills training through the City Colleges of Chicago.

An important part of Opportunity Chicago's strategy was to ensure its programs prepared participants for career-path jobs in high-demand sectors in Chicago that need, or are anticipated to need, a skilled workforce. Opportunity Chicago developed pilot programs in several sectors, including transportation/warehousing/logistics (TWL), healthcare, manufacturing, information technology, hospitality (retail, restaurant and hotel), and most recently, energy efficiency.

As of September 2010, nearly 6,000⁶ individuals found work through Opportunity Chicago. And the initiative's goals to improve inter-agency coordination and streamline service delivery from entry-level through advanced-skills training are well under way.



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The Evidence Is In: Sectors Matter

Growing evidence suggests Opportunity Chicago was headed in the right direction when it decided that industry-specific training was a critical employment strategy for connecting public housing residents to jobs.

A rigorous two-year study by Public/Private Ventures (P/PV) found that sector-based employment programs, in which experienced nonprofit organizations provide job training that is closely aligned with the needs of local employers, successfully connect disadvantaged jobseekers to steadier employment with higher earnings and better access to benefits. Further, the report finds that these programs may play a key role in preparing our workforce for the higher-skills jobs expected to help drive the nation's economic recovery⁷.

The P/PV report, "Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study," finds that those who had participated in sector-based programs were more likely to get work, earned more money and had better access to benefits than the control group. Specifically, in the second year of P/PV's random-assignment study, after all training had been completed, program participants:

- Earned an average of 29 percent (or \$4,000) more per year;
- Worked an average of 20 hours more per month; and
- Worked 1.4 more months per year in jobs that offered benefits,

such as health insurance, paid vacation, paid sick leave and tuition reimbursement.

In addition to demonstrating significant impact for participants, the study identified five common elements that likely contributed to the programs' success⁸:

- *Adaptability.* They are able to meet the ever-changing needs of employers and jobseekers.
- *A strong link to employers.* They understand the unique needs of a target industry and its local employers.
- *Industry-specific training.* They create the training curriculum — consisting of basic skills, hands-on technical skills and job readiness — through the lens of a specific occupation or sector.
- *A keen recruitment and screening process.* They work to make an appropriate match between the applicant and the program, and then between the applicant and the job.
- *Key supports.* They provide support to ensure training completion and success on the job, such as help with childcare, transportation, or housing.

In Illinois, a 2006 evaluation of the Job Training and Economic Development, or JTED, program, which provides industry-specific training to low-income jobseekers and incumbent workers, showed that program participants increase their earnings by nearly \$2,500 per year (nearly 40 percent) compared to demographically similar non-participants⁹.

While none of the programs included in the P/PV or the JTED evaluations explicitly targeted housing authority residents, the results were very promising for low-income, low-skilled populations. And Opportunity Chicago industry-skills training programs incorporated the five key elements outlined in the P/PV study into their programs. The outcomes from Opportunity Chicago's industry-skills training programs will be part of the final evaluation report to be issued in 2011 by the Center for Urban Economic Development at the University of Illinois at Chicago (CUED) and Abt Associates. Preliminary outcome data is included for each sector discussed below.

Collaboration at Work: Opportunity Chicago's Strategic Advisers Group

- ◆ Annie E. Casey Foundation
- ◆ Chicago Department of Community Development
- ◆ Chicago Department of Family and Support Services
- ◆ Chicago Housing Authority
- ◆ Chicago Workforce Investment Council (CWIC) / Chicago Workforce Board
- ◆ Chicagoland Chamber of Commerce
- ◆ City Colleges of Chicago
- ◆ City of Chicago, Office of the Mayor
- ◆ The Illinois Department of Commerce and Economic Opportunity
- ◆ The John D. and Catherine T. MacArthur Foundation
- ◆ The Joyce Foundation
- ◆ The Lloyd A. Fry Foundation
- ◆ The Partnership for New Communities
- ◆ U.S. Department of Labor
- ◆ Women Employed

Opportunity Chicago's Industry-Skills Programs

From the start, Opportunity Chicago leaders zeroed in on how to use labor-market information to target training and education to career-path jobs in high-demand sectors that would be accessible to public housing residents, many of whom have low basic skills and/or relatively little work experience.

Using this data and aligning with the priorities of other workforce initiatives¹⁰, Opportunity Chicago explored several industries to target its training efforts. In the beginning, training pilots focused on industries such as transportation/warehousing/logistics (TWL), healthcare, manufacturing, information technology and hospitality. Over time, certain industries such as TWL did not generate sufficient resident interest to continue. Information Technology shows promise, but is too early to assess outcomes. And new opportunities in industries such as energy efficiency are just beginning to get under way. Details about healthcare, manufacturing, and hospitality are outlined below.

These industries make sense for a few key reasons: they offer (or are expected to offer) employment opportunities at a range of skill levels; the public workforce development system could support new and improved programming to train residents for occupations in these industries; and they match residents' self-reported employment interests. Additionally, these industry sectors were chosen because in Chicago, at the time of Opportunity Chicago's launch, they faced significant labor shortages that could be met, in part, with a pool of well-trained applicants from the target population.

Opportunity Chicago has learned much about which sectors are most appropriate for populations with lower basic skills and limited work experience.

Each sector has an Opportunity Chicago-supported partner organization that is responsible for involving employers in the design and implementation of workforce partnerships and training tailored to specific job opportunities. These workforce partnerships are supported by the National Fund for Workforce Solutions, a fund of nearly 200 foundations and 500 employers dedicated to preparing jobseekers and employees for careers¹¹.

Over the five-year experience, Opportunity Chicago has learned much about which sectors are most appropriate for populations with lower basic skills and limited work experience. While it is too early to draw conclusions from the outcome data, the implementation experience suggests uneven success across the five sectors. Programs in the hospitality sector were well suited to public housing residents, while manufacturing sector programs presented the greatest challenges for residents. And the promise of green jobs via energy-efficiency training programs is still an emerging area. The next section takes a look at the various sector approaches and successes and challenges therein.

Healthcare

Initial Outcomes*

- 101 served
- 94 enrolled in training/education
- 29 job placements
- 58 received education or industry credentials

Central States SER's Healthcare Program involved a partnership with City Colleges of Chicago to design and deliver a bridge program that prepares low-literacy public housing residents to enroll in advanced training certificate programs¹². The program combines contextualized learning (adult basic education) with a paid 64-hour internship at a healthcare facility¹³. After participants complete the bridge component, they work towards obtaining their Certified Nursing Assistant (CNA) certificate, with supplemental Primary Care Technician (PCT) training. A CNA/PCT certification allows graduates to establish a relationship with a healthcare facility and to earn more than minimum wage, while taking credit-bearing courses toward a more advanced credential. In the next stage, SER helps graduates find employment in the healthcare industry while they pursue advanced training in nursing (licensed practical nurse, registered nurse). SER convenes a Healthcare Advisory Council made up of hospital employers and City Colleges of Chicago staff to explore skill requirements, identify career pathways, and gather feedback on the curriculum to ensure that the program remains aligned with labor market trends.

* Initial outcomes from preliminary data, October 1, 2008 - September 30, 2010

Manufacturing

Initial Outcomes*

- 75 served
- 8 enrolled in training/education
- 11 job placements
- 7 received education or industry credentials

ManufacturingWorks, operated by Instituto del Progreso Latino, is a Chicago Workforce Center for Business¹⁴ that helps meet the workforce needs of employers by preparing city residents for careers in manufacturing. Depending on skill levels and work experience, individuals may be eligible for bridge and advanced certification programs in Computer Numeric Controls, Machining and Industrial Maintenance and forklift operation. ManufacturingWorks recruits manufacturing companies, evaluates their workforce needs, and then actively recruits, screens and assesses jobseekers who have skills and/or an interest in manufacturing for an employment match. ManufacturingWorks' staff also helps to build and broker customized trainings, On the Job Trainings (OJTs) and internships with businesses, while working with education and training entities to develop curricula to suit manufacturers' needs. The Center also provides jobseeker services for individuals with specific skills and/or an interest in manufacturing. As job orders come in, case managers contact potential candidates, work with them on resume and interview preparation and, in some cases, broker training opportunities.

There are several ongoing challenges within this sector. Advanced manufacturing jobs (paying approximately \$15 to \$30/hour)¹⁵ usually require advanced math skills and more than five years' experience in manufacturing. Intermediate manufacturing jobs (paying approximately \$10 to \$14/hour)¹⁶ require at least a high school diploma or GED, English, precision measurement experience, algebra/trigonometry and print reading. Even the intermediate level manufacturing jobs were mostly out of reach for many CHA residents because of the high skill level and work experience requirements. Unfortunately, no bridge or pre-employment programming was developed to help residents increase their educations and skills. The skills barrier was further compounded by the fact there is limited understanding of and interest in manufacturing jobs among CHA residents, as well as that many of the jobs are located in far suburbs, making distance and transportation insurmountable obstacles.

Hospitality: Retail, Restaurant, Hotel

Initial Outcomes*

- 94 served
- 65 enrolled in training/education
- 63 job placements
- 26 received education or industry credentials

ServiceWorks is a Chicago Workforce Center for Business¹⁷ that helps meet the workforce needs of employers in the hospitality industry by preparing city residents for careers in hotel, restaurant, retail, and customer service. In 2009, ServiceWorks became an Opportunity Chicago partner that collaborates with the initiative's providers to ensure that public workforce programs and services are offered to CHA residents. For employers, ServiceWorks identifies skill gaps in the existing workforce and aligns the city's hotel, restaurant, retail, and customer service employers with coordinated training programs and skilled workers, including CHA residents. For jobseekers, it provides referral and ongoing support services. Until recently, CHA residents could enroll in City Colleges of Chicago-Harold Washington Hospitality Bridge Program. (This program was under review and did not operate for the Fall 2010 semester.) ServiceWorks also provides ongoing educational opportunities for jobseekers to be delivered through career counseling and support, National Retail Federation customer service skills training through the Bridge Program, and pre-employment introductory workshops.

* Initial outcomes from preliminary data, October 1, 2008 - September 30, 2010

New and Emerging Sectors: Energy Efficiency and Green Jobs

New opportunities in the energy efficiency and green jobs sector are currently being explored by Opportunity Chicago. The Partnership for New Communities, on behalf of Opportunity Chicago, was awarded two significant grants in 2009 to create green job career pathways for CHA residents in the energy efficiency sector.

Living Cities, a philanthropic collaborative of 22 of the world's largest foundations and financial institutions, made a \$250,000 grant to The Partnership for New Communities. This grant brings Opportunity Chicago's key partners together with other leaders in the field of clean energy — including employers, educators, community-based organizations, advocates and policymakers — to develop and support innovative training programs.

It targets CHA residents with fourth to sixth grade literacy levels in a six-month transitional jobs program to gain skills and experience in green building maintenance. The goal is to have participants complete the training and be prepared to take the LEED Green Associates exam. Program partners include Heartland Human Care Services, City Colleges of Chicago, the Chicago Housing Authority, and employer partners. Operations began in August 2010.

The second grant is a **Pathways Out of Poverty** grant from the U.S. Department of Labor. Funded by the American Recovery and Reinvestment Act of 2009, these grants will support programs that help disadvantaged populations find ways out of poverty and into economic self-sufficiency through employment in energy efficiency and renewable energy industries. The primary grantee is Boston-based Jobs for the Future, which will coordinate this large five-city project. (All cities are part of the National Fund for Workforce Solutions¹⁸). The National Fund's local partner, The Partnership for New Communities, will receive \$690,000 for this project, still under development.

Reflections on Industry-Specific Training for Public Housing Residents

While the evaluation data is only preliminary, clear benefits have emerged from CHA residents and employers using a sector or industry-specific training approach. There are also challenges that arose over the past five years.

Advantages

- Sector training programs are not just for individuals with mid-level skills or higher. They can also be effective for harder-to-employ populations with low basic skills and limited work experience. Hospitality and Healthcare are two more accessible sectors for CHA residents.
- Sector-specific training sets clear expectations for all stakeholders — CHA residents, service providers, and employers.
- By design and from the beginning, programs involve employers, which is critically important to connecting people with jobs that exist.
- Sector-based training tends to be more focused and efficient, combining training, work experience, and skill building and education.
- When training or education components are “contextualized” to an occupation or industry, participant results tend to be stronger than if the training or education is taught in isolation or is “generic.”
- Employers have access to an existing pool of qualified workers who are already trained to meet the business’ needs.
- Employers can choose to tap into a range of financial incentives, including individual training grants, tax credits and subsidized wages.
- While it has been challenging, progress has been made towards ensuring that workforce RFPs and contracts explicitly include public housing residents as part of target populations.

Limitations and Challenges

- Gauging resident interest was essential. Transportation/ warehousing/logistics was initially considered because it is a high-growth sector, but careers in this field were not appealing to residents.
- Evaluating skill levels and realistically matching residents in various sectors was critical. Manufacturing is a tough industry for lower-skilled participants to break into. The skill, education and work experience requirements are so high that CHA residents with low basic skills often are not eligible.
- All programs needed educational and skill building elements that appropriately matched residents’ current educational levels. Some city-wide programs like ManufacturingWorks and ServiceWorks were not initially designed to accommodate lower-skilled jobseekers. ServiceWorks has made strides to adapt the programs to lower skill levels, with the recognition that job training and preparation is not impossible, but it will take longer. Integrating low-skilled populations into larger scale sectoral efforts is a goal¹⁹.
- The recession made it difficult to place residents even in high-growth sectors.
- Industry or sector approaches are not a silver bullet; comprehensive support services are essential. Nevertheless, sector approaches are a valuable way to align resources and goals, and this business-focused approach pays off for jobseekers and employers.
- CHA residents are not a monolithic group, which is why a wide range of sector approaches in multiple industries should be available.

Based on Opportunity Chicago’s experience, sector-focused training that is carefully developed with regard to participant interest and skills levels and industry specifications shows much promise as an effective strategy.

Workforce Development 2.0:

The Promise of Sector-Focused Training

Sector initiatives such as those under way in Chicago are picking up steam and gaining national recognition. A growing body of research supports sector-based training as a promising employment strategy. While such initiatives are being recognized as some of the most successful state and local workforce development efforts in the country, current federal policy does not provide adequate or specific support for them. Sector-focused training has been part of the Workforce Investment Act (WIA) reauthorization discussion, but it has not been explicitly funded by WIA or through other pieces of relevant workforce legislation. Most often, local and state leaders creatively combine various funding sources — both public and private — to support these training efforts, as has been the case with Opportunity Chicago. In order to fully support sector-focused employment strategies, workforce resources, especially at the federal level, must be allocated to them. And sector-focused training programs for participants with low basic skills can be successful with appropriate resources and program design.

Sectors matter. Industry-focused skills training shows much promise, even for traditionally harder-to-employ populations.

Fortunately, the federal policy conversation is moving in this direction. In July 2010, the U.S. House of Representatives passed the “Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act of 2010” (HR 18550). The SECTORS Act would amend the Workforce Investment Act of 1998 and establishes a new Industry or Sector Partnership Grant program administered by the U.S. Department of Labor. Grants are intended to allow recipients to establish or expand industry or sector partnerships that lead collaborative planning, resource alignment, and training efforts across multiple firms for current and potential workers within the targeted industry cluster²⁰. While this is a very positive direction, the SECTORS Act will need to include explicit language and appropriate resources to ensure that individuals with low basic skill levels and limited work histories can access sector-focused training programs. And this focus must carry over into other federal and state workforce funding efforts as well, not just the Workforce Investment Act, since its resources are so limited. (See Opportunity Chicago WIA brief for more details.)

Sectors matter. Industry-focused skills training shows much promise, even for traditionally harder-to-employ populations. Even though many efforts, including Opportunity Chicago, continue to experiment and continuously improve, these sector-focused efforts deserve policymaker attention and appropriate resources to continue to advance the way jobseekers prepare for employment. ▲

- ¹ *Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study*. Sheila Maguire, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz. Public Private Ventures. July 2010.
- ² Anthony P. Carnevale, Jeff Strohl, Nicole Smith. "Help Wanted: Postsecondary Education and Training Required." *New Directions for Community Colleges*, Issue 146, Summer 2009: 21-31.
- ³ *America's Forgotten Middle-Skill Jobs: Education and Training Requirements in the Next Decade and Beyond*. Harry Holzer and Robert Lerman. Urban Institute. November 2007.
- ⁴ The Partnership for New Communities is a funder group of business, civic and foundation leaders. Its investment partners include: Bank of America, The Chicago Community Trust, ComEd, an Exelon Company, Harris Bank, The Illinois Department of Commerce and Economic Development, The John D. and Catherine T. MacArthur Foundation, The Joyce Foundation, Living Cities, The Lloyd A. Fry Foundation, McCormick Foundation, National Fund for Workforce Solutions, Peoples Gas, Polk Bros. Foundation, State of Illinois, State Street Foundation- State Street Global Advisors, the US Department of Housing and Urban Development, and the US Department of Labor.
- ⁵ The Mayor's Office of Workforce Development (MOWD) was the original City of Chicago partner. MOWD merged with the Chicago Department of Community Development (DCD) in 2008, and then DCD transitioned its workforce development programs to the Chicago Department of Family and Support Services in January 2010.
- ⁶ Most recent data from Opportunity Chicago: September 30, 2010. Actual number: 5,847.
- ⁷ *Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study*. Sheila Maguire, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz. Public Private Ventures. July 2010.
- ⁸ The study focused on programs run by three organizations — Wisconsin Regional Training Partnership (WRTP) in Milwaukee, Jewish Vocational Service-Boston (JVS) and Per Scholas in New York City.
- ⁹ Schrock, G. and Jenkins, D. (2006). *An Evaluation of Illinois' JTED Program*. Chicago, IL: Chicago Jobs Council.
- ¹⁰ The State of Illinois launched its Critical Skills Shortage Initiative in 2003 and focuses on Health Care, Manufacturing, Information Technology, and Transportation/Distribution/Logistics. The Chicago Workforce Investment Board launched its two sector One-Stops (ServiceWorks and ManufacturingWorks) in 2005.
- ¹¹ The National Fund works with its sites to create regional funding collaboratives, organize workforce partnerships, develop strategies for specific industry sectors, build career pathways and coordinate local workforce programs.
- ¹² *Bridge programs* combine adult basic education, workforce readiness, and skills needed for a specific occupation (or cluster of occupations). Bridge programs exist in many forms: some are new programs; some are new types of adult basic or technical education courses; and some are new co-instruction approaches within existing technical education courses. The common elements of bridge models include:
- contextualized basic skills and English language content to a specific occupational focus;
 - coordinated instruction to teach remedial and technical skills simultaneously;
 - allowing dual or concurrent enrollment by adults in basic skills and technical education courses; and
 - well-articulated academic and technical content and credentials to the next step in college and career pathways.
- ¹³ Employer partners include Advocate Bethany Hospital, Mount Sinai Hospital, Saint Anthony Hospital, and the University of Chicago Medical Center
- ¹⁴ ManufacturingWorks is a business or sector-based WIA One-Stop that was created by the City of Chicago (Chicago Workforce Investment Board and The Mayor's Office of Workforce Development) in 2005.
- ¹⁵ Specific jobs include: coordinate measuring machine programmer, welder, tool and die maker, lead machinist, computer numerical control machinist, experienced industrial maintenance and supervisor of machinists.
- ¹⁶ Jobs include: quality control and inspector optical comparator, die operator and setter for Stamping Machine, manual machining, advanced machine operator, computer numerical control lead operator, electrical mechanical assembly, and entry level industrial maintenance.
- ¹⁷ ServiceWorks is a business or sector-based WIA One-Stop that was created by the City of Chicago (Chicago Workforce Investment Board and The Mayor's Office of Workforce Development) in 2005.
- ¹⁸ Other cities include Milwaukee, Detroit, Los Angeles, and Philadelphia.
- ¹⁹ Opportunity Chicago: Interim Update. January 2009. Abt Associates and University of Illinois at Chicago.
- ²⁰ National Skills Coalition. SECTORS Bill Summary HR1855: The Strengthening Employment Clusters to Organize Regional Success Act of 2010. July 2010.

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