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Introduction
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This book is about sector-based workforce development over the past thirty years, with special attention to the progress made during the past ten. Indeed, the past decade has been a period of significant growth for the field of sector-based or sectoral workforce development, with a much greater number and variety of organizations engaged in the work. The sector-based approach to workforce development was the central point of conversation at the American Assembly, held in 2003, and the focus of the book that resulted from the convening, Workforce Intermediaries for the Twenty-first Century. This volume expands on that earlier work and focuses on how the field of sectoral workforce development has developed since that time.

It is an important time to reflect on sector-based workforce development because of the policy and economic challenges facing the country, the field’s past achievements, and the renewed efforts to improve the quality of jobs in low-wage sectors, such as home health care, retail, and food service. At the same time, community colleges and postsecondary credentials are gaining attention in public and philanthropic spheres in response to the increasing focus on “middle-skill” jobs and the concerns expressed among employers about the scarcity of appropriately skilled workers. In this environment, in which both the quality of skills that workers bring to the job and the likelihood that a job will support a middle-class livelihood are in doubt, the approaches pioneered by sector initiatives grow in importance.
The slow economic recovery has seen the loss of many skilled jobs, however, and an increase in the number of low-wage jobs, with persistently high rates of unemployment and a decline in overall labor-force participation. At the same time, international comparisons of adult skill levels indicate that the U.S. workforce has less of a competitive edge than it did a generation ago. Political stalemate, the business community’s reluctance to invest in the human capital of all workers and especially low-skilled workers, and declining household incomes have led to scarce resources for skill development, as business, government (at all levels), and workers themselves are unable or unwilling to invest in relevant education and skills training. These currents make this an especially important time to reflect on the strengths of the sector approach as we think about ways to address these big challenges.

This introductory chapter provides background for a rich array of chapters exploring different aspects of sector-based workforce development, all aimed at charting what we have learned and where the field should be going in the decades ahead. The authors include academics and practitioners, providing multiple perspectives on the sector field. In this introductory chapter we briefly define sector-based workforce development and its relationship with workforce intermediaries and discuss some of the key features of the work. We then underscore the challenges for the sector workforce field going forward and provide a roadmap of the book’s sections and chapters. Our concluding chapter summarizes the themes articulated in the chapters and underscores the challenges and opportunities ahead for the field of sector-based workforce development.

Our goal is to engage workforce practitioners, policy makers, investors, and researchers in a conversation about the sector field—its opportunities, challenges, and future directions.

What Is Sector-Based Workforce Development?

Sector-based workforce development — that is, organizing the training of workers in the context of an industry sector—is not a new concept. Its direct antecedents go back a century or more. The basic idea is the following: If policies and programs focus on a group of firms with similar products, processes, occupations, and locations, it will be easier and more efficient to get them organized to identify and address common business and employment needs. A similar logic has been applied to certain types of economic development, specifically the concept of “cluster development,” made famous by Michael Porter, as well as to craft unions and their apprenticeship system, which harks back to the Middle Ages.

In this volume, however, we are most interested in the application of these concepts to meeting the needs of the poor and economically disadvantaged in
today’s America. The vision of sectoral employment, with a focus on building economic opportunity, adopted the name “sector” in the 1990s after experimentation in the 1980s seemed to show promising results. The approach represented a departure in the thinking prevalent at the time about how to help the poor and minority communities connect to the workplace and succeed. Sector strategies recognize the dynamic nature of regional economies and labor markets and seek to shape change within that context. Recognizing that industries change in ways that shape the quantity and quality of jobs available and influence how those jobs might or might not be accessed by particular populations, sector initiatives develop a dynamic relationship with their targeted industry or occupational cluster and seek to respond to expressed needs as well as to shape workforce opportunities in the future. In developing relationships, expertise, and standing with public, private, and philanthropic entities, sector initiatives look to expand opportunities for their low-income constituency.

In an early description of the sector employment approach by the Aspen Institute (supported by the Ford and Mott Foundations), sector strategies were explicitly focused on poverty alleviation and connecting low-income populations with better employment opportunities. Indeed, this defining publication was entitled *Jobs and the Urban Poor*, and it defined sector strategies as follows:

A sectoral initiative represents a distinct employment model that:

- Targets a particular occupation within an industry;
- Intervenes by becoming a valued actor in the industry that employs that occupation;
- Exists for the primary purpose of assisting low-income people to obtain decent employment; and
- Creates, over time, systemic change within that occupation’s labor market.  

A number of alternative definitions have been offered since this publication and have provided refinement or different emphasis. For example, it has been noted that some targeted occupations are not contained within an industry, but across multiple industries. In addition, some definitions describe community benefit as an important goal, or focus less on benefiting low-income constituencies specifically. In addition, the “systemic change” language has caused confusion, striking some as overly ambitious or grandiose. Specific examples with descriptions of observed practices, however, have helped to clarify this element of the definition and make the practice more accessible. Thus, while some descriptive language may vary, the general idea of a sector strategy—focused on creating opportunity for workers, supporting strong industries, and addressing systemic issues—remains relatively constant.
Just as the language of the definition varies, so too do the specific practices of sector initiatives, which work within their industry and regional economic contexts. While these variations in implementation are part of the strength of the approach, the range of tactics and the variety of institutions that may be involved in an initiative make drawing a tight boundary around the field of sectoral employment development challenging. And this challenge has made it difficult to spread the sector approach consistently. One challenge is the breadth of the word “sector.” Sector can mean manufacturing broadly or screw-machine businesses, food production or candy manufacturing in particular. Health care encompasses acute care, long-term care, ambulatory care, and behavioral health; a sector initiative may take a narrow occupational focus, working only with home health aides, for example, or working broadly with an institution and focusing on a range of occupations, ranging from patient care positions to dietary and administrative positions. In addition, the notion of a targeted sector can change. An initiative may begin by focusing on a narrow set of occupations or a small slice of an industry but expand over time as its depth of experience and relationships grows.

Sector initiatives have used a variety of criteria to choose an industry focus or set of occupations. Some have targeted industries that are characterized by low-quality jobs, such as home health care, home cleaning services, and restaurant work, often with a focus on how to improve job quality in these industries in which large numbers of the initiative’s low-income constituency already work. More commonly, sectoral workforce development has targeted higher-wage industries, such as manufacturing, information technology, and the acute care segment of health care, and has worked to develop education programs and pathways that correspond to the needs of those industries and connect low-income populations to new job opportunities.

A second challenge is defining the set of activities that constitute a particular sector strategy. As noted above, some sort of human-capital development component is always a part of the work, but a sector strategy goes beyond training and placement and may include such activities as industry research, policy advocacy, business advising, case management and counseling, professional network development, and other work. Often a sector initiative may involve a number of different organizations, including public agencies, private nonprofits, educational institutions, industry associations, labor unions, and philanthropic entities, and these organizations may play different roles in different sector initiatives.

A related challenge is developing a systemic vision of the approach and attempting to create “systems change” to expand the scale of sector-focused work. We offer a framework of systems change below and identify the different systems that may be relevant. However, it is difficult to describe the activities that may be undertaken as part of systems change; it is also a challenge to evaluate the outcomes of such work in ways that are generally recognized by policy makers and others.
Sector Strategies and Workforce Intermediaries

The sectoral approach to workforce development is not a prescribed set of practices; rather, it is a strategy, a set of functions, and a guiding vision to achieve defined results. Its implementation requires an organizational home, resources, and dedicated staff, as well as a set of critical partners. This organizational home represents what we call a workforce intermediary, which can bridge the needs of employers and workers and broker resources and services to improve how workers and employers come together in their regional labor markets. This intermediary or partnership needs to build credibility with a range of stakeholders, most prominently employers, workers, job seekers, and the public and private investors that support the strategy.

The workforce intermediary need not perform all the specific tasks required of the strategy. For example, the workforce intermediary may or may not provide training and education services, it may or may not offer career counseling and case management, it may or may not conduct its own industry research. Given, however, that intermediaries need to build credibility with the three primary entities mentioned above, the workforce intermediary likely plays some role with all of these services, and often plays a lead role in at least one. Importantly, the workforce intermediary often articulates the strategy’s goals, identifies a set of metrics to measure progress, and facilitates communication with partners and other stakeholders about progress and challenges.

A variety of institutions, including public agencies, nonprofits, educational organizations, or union apprenticeships, can organize the role of a workforce intermediary and serve as its home base. Factors that can influence how such an intermediary begins and operates include the particular industry sector that is targeted, the scope and breadth of regional civic organizations, the needs of the targeted worker population, and local leadership.

We acknowledge at the outset that there are other terms used to describe workforce intermediaries, including “workforce partnership,” “industry partnership,” and “sector-based partnership.” Each calls slightly more attention to an aspect or dimension of the workforce intermediary role and practice. We also acknowledge that there is disagreement in the field about these definitions. For example, workforce intermediaries are part of a larger family of labor market intermediaries that includes staffing and professional organizations, nonprofits, educational entities, and employer associations. More broadly, the term “intermediary” is used in many fields, including workforce, to describe organizations that aggregate capital for purposes of investment and even systemic change.
Who Is Served by a Sector Strategy?

In determining who benefits from a sector strategy, there are two key questions to consider. The first is the degree to which the strategy is meant to serve the needs of employers or the needs of workers. The second is the degree to which the strategy strives to serve “harder-to-employ” populations.

With the first question, while helping low-income, low-skilled workers move ahead in the labor market was a founding principle of sector strategies, there was also a clear expectation that sector strategies would produce positive results for business and contribute to economic development goals. The sectoral approach explicitly linked the goals of economic development and business competitiveness with the mission of economic enfranchisement and creating access to opportunity for economically marginalized groups. So the idea of a sector strategy is that one can work toward economic development and economic inclusion at the same time.

In practice, however, the near-term interests of specific business owners and individual workers may not be aligned, and the degree to which an approach emphasizes the interests of business or workers has varied across initiatives. A variety of phrases are used to emphasize to a greater or lesser degree the idea that the approach makes sense from a business perspective. The phrases “demand-driven” and “dual-customer” emphasize the idea that the strategy should be designed around the needs of business customers or meet the needs of business customers as well as workers. To some degree, these are truly semantic differences, and indeed the same organization may use different language depending on the audience.

The best description of the spirit of the sector approach may be the customer-constituent frame. A sector workforce strategy is a people-focused strategy, generally designed to connect workers and job seekers to improved opportunities. The most commonly used measures of success assess the strategy’s achievements in connecting workers to jobs. The strategy is meant to be well aligned with industry dynamics, but its true constituency is the worker or would-be worker. Supporting the success of industry is necessary for workers’ employment and livelihood, so companies are the critical customers, but companies are truly good customers when their business success leads to the success of their employees. And just as companies often focus on those customers who are most profitable, sector initiatives focus on those companies that offer their worker constituency the greatest chance of success. A partnership that hews in practice to this frame of thought, regardless of the language they use to describe it, would, in effect, serve as a sector approach to workforce development.

The more difficult question: Which workers benefit? This question is not unrelated to the question of how much emphasis the strategy puts on serving business. To satisfy business customers, sector strategies are often pushed to work with
more job-ready workers or job seekers. On the other hand, public and philanthropic investors in sector strategies often tie their resources to assisting populations with employment barriers, such as the long-term unemployed, out-of-school youth, low-income single mothers, and people who have been incarcerated. Sector initiatives with multiple funding sources may be able to balance a funder-driven push to choose one candidate over another based on criteria unrelated to the industry, focusing on the needs of the industry while also serving those who truly need and can benefit from the service. And yet, when good job opportunities are few, competition for jobs is fierce, and resources are limited, helping individuals with barriers to employment develop sufficient skills to compete for high-wage jobs becomes ever more challenging, and choices must be made about how many barriers an individual sectoral training initiative can productively address. The language of “dual-customer,” “demand-driven,” and “win-win” solutions should not lead one to overlook or underestimate the truly daunting challenge faced by many sector leaders in navigating these difficult choices and constraints.

**Sector Strategies and Systems Change**

Sector strategies were explicitly defined to include “systems change” as a key goal of their work. The workforce intermediary implementing a sector initiative is an actor within a larger industry and regional labor market system with a number of other actors with varying relationships with one another. Key partners in the strategy, such as a funder collaborative, a policy-advocacy organization, a community organizer, or a trade association, may lead the systems-change strategy. A partner organization may have an important set of institutional competencies or relationships or may be in a better position to advance a controversial perspective than the workforce intermediary.

The theory of system change is that if the workforce intermediary/agent can find and move points of leverage within the system, then relationships of other actors in the system may also be changed, with the result that opportunities for disadvantaged workers improve, and that, as the system moves to this new pattern, these improved outcomes can be sustained.

In order to try to describe systems change as practiced by sector initiatives in more practical terms, the Aspen Institute conducted a series of interviews with sector leaders, as well as a field survey about system-change activities. They found three “systems” that were relevant to sector work and were areas in which sector initiatives sought to promote change:

- industry practices that shape the way individuals are recruited, hired, trained, promoted, and compensated in the workplace;
• education and training infrastructure, including workforce investment boards, community-based training providers, community colleges, and apprenticeship programs; and

• public policy, including rules, regulations, and funding streams related to the workforce and education systems, as well as those that influence business practices.\textsuperscript{3}

Also in the field survey, program leaders responded to specific questions about particular changes they hoped to effect in these systems and about their organizational strengths and limitations in achieving those goals.

Discussions of systems change, however, are often not precise in describing the system that is being targeted. To some degree this vagueness in language is intentional; changing the “system” often requires changing the behavior of another organization, often one that is important to the work of the sector initiative, such as an employer, a funder, or an education partner. While changing the operating practices or policies of these organizations may be an important goal of a sector initiative, saying so directly can be politically challenging when the “systems” are partners and funders. In addition, some systems changes, such as a strengthened public policy, may have been sought by a number of different organizations, and sector initiative leaders are often hesitant to claim credit for such outcomes.

Many argue that sector strategies are, in effect, work-around reforms to “siloed” systems focused on workforce development, education, human services, and economic development. Indeed, the positioning of sector initiatives, with both worker and industry constituents and with resources from—and relationships with—many of these separate public systems, generates the perspective to see where systems change is needed, and to engage other actors to help achieve it. This integrative role of sector strategies is essential, yet produces friction with many public systems.

Why Did Sector-Based Workforce Development Take Root?

It would be misleading to suggest that sector-based workforce development was simply an idea whose time had come in the 1990s and that, once articulated, was adopted quickly by all relevant stakeholders. In fact, it has faced a thirty-year uphill advocacy campaign—supported by training, institutional-capacity building, and leadership-development efforts—that continues today. In reality, it has been only partially adopted. We suggest that six key factors contributed to setting the stage for the gradual and piecemeal adoption of sector workforce strategies in this period: decreased support for skills training, information gaps, the skills gap, increased challenges facing vulnerable populations, a lack of adequate evidence, and the need for a field-building infrastructure.
Public and Private Shifts Away from Skills Training

The 1980s and 1990s witnessed dramatic changes in U.S. labor markets. Structural and global shifts away from manufacturing employment, leaner management, diminishing internal career ladders, declining unionization, adoption of new technologies, suburbanization of business, and new occupational skill requirements—all of these upset traditional business hiring and training patterns and institutions. As employers adopted lean staff structures and dismantled internal career ladders, internal investments in workforce training—particularly at the entry level—diminished. Firms began turning more and more to temporary-services agencies to fill their employment needs. Further, as large employers pushed cost-control measures down their supply chain, the ability of the smaller employers to invest in workforce training became more limited, with implications for large employers as well, who often draw talent from their supplier networks. At the same time, traditional vocational-training mechanisms had been dismantled in local educational systems, and public investment in training for the economically disadvantaged was largely seen as a discredited strategy and faced declining investment. As labor markets fragmented and institutions preparing workers declined, employers reported increased gaps in hard and soft skills. These were not just issues for the low-skilled and low-income; they affected a broader swathe of the labor force. New approaches were needed. The economic growth and tighter labor markets of the 1990s underscored these needs and provided an opportunity for low-income workers who gained skills to experience increased earnings.

Business-Information Gaps

The decline in unionization and the fragmentation of the labor market in general decreased channels of communication about workforce skills and challenges and increased reliance on third-party organizations to provide workers with occupational training. This increased reliance on third-party providers required employers to effectively articulate training needs to these external education and training organizations, which itself can be a challenge for small employers. Given employers’ lack of understanding about how these organizations are funded and operated, on the one hand, and the inexperience of the education and training providers with the culture and operations of business, on the other, these communications were often incomplete, leaving frustration on all sides.

In this context, workforce development serving low-skilled, low income workers and job seekers faltered, because employers were not engaged sufficiently, especially in clarifying job and skill requirements. As a consequence, many training efforts failed by not training for real jobs or missing the mark in terms of what
business needed for successful employees. One-by-one engagement with smaller employers imposed transaction costs for businesses that adopted leaner management approaches and that did not have available staff time to work with external providers. Similarly, the approach imposed inefficiencies for workforce service providers, which also found it costly to devote significant resources to the needs of an employer prepared to hire only one or two individuals. More broadly, the diverse and fragmented labor market required new bridging intermediaries to create the needed connections among workforce stakeholders. The sector approach provided a more efficient way to engage groups of employers with similar labor force needs, addressing some of these retail inefficiencies and also creating new information bridges between employers and their workforce and with education and training providers.

**The Skills Gap**

In the 1980s and 1990s, attention began to focus on the “skills gap” in the American workforce and its potential long-term negative economic consequences. At the same time, impending retirements in manufacturing and construction called attention to the looming and real difficulties employers faced in obtaining skilled workers. Certainly wages and benefits played a role in these perceived skill shortages, in that employers were often unwilling to pay higher wages in order to attract the skills they were seeking. And many question whether there really is insufficient skill within the current workforce to meet current employer demand or whether the vacancy challenge is more related to employer practices. On the other hand, many point out that with technological change, demand for skills is likely to increase, and that investments in education have historically been an important part of the foundation that has contributed to the success of the American economy. The sector approach provided one methodology for helping groups of firms build career pathways for new entrants as well as incumbent workers.

**Continued Isolation of Vulnerable Groups**

While labor markets tightened in the 1990s, it remained the case that unemployment among blacks was roughly twice the rate of whites, and this remains true today and holds across levels of educational attainment. Other groups also face particular barriers in today’s labor market, particularly in certain sectors. For example, women continue to struggle to gain jobs in male-dominated industries, such as construction, and the gender-based pay gap persists. This lack of access to higher-paying jobs is particularly problematic given the increasing importance of women's earnings to children's economic well-being over the past several decades. Sector initiatives continue to be motivated by issues of economic equity and often focus their efforts on these populations that continue to experience particularly large challenges in today’s labor market.
Evidence

Sector workforce strategies emerged against the backdrop of the national evaluation of the Job Training Partnership Act (JTPA) in the early 1990s, which concluded that most JTPA-funded employment and training programs achieved relatively modest gains for adults and were by and large not effective for youth, with negative earnings results reported for young men. The study authors did note, however, that the investment in training was relatively modest on a per-participant basis, and thus the modest gains for adults were positive from a cost-benefit perspective. There were some concerns that many control participants received employment and training services in other ways, that site selection did not result in a representative sample of programs and also could have potentially biased results, and that these issues likely had substantial influence on the results reported. Nevertheless, the results were conventionally interpreted as implying that training for the disadvantaged does not work, and Congress substantially cut resources for job training.

One bright spot was the Center for Employment Training (CET) in San Jose, California, which achieved remarkable results in several rigorous evaluation studies. There is some debate about whether CET was a sector-based effort, but it heavily involved groups of employers, crafted strong community connections, and adopted a variety of educational innovations. CET viewed “graduation” from the program as getting and keeping a job. Unfortunately, the national replication of CET by the U.S. Department of Labor showed few positive results for young workers. Sector-based workforce programs began with evidence in the 1990s related to the original CET evaluations but then faced ongoing skepticism about results until Public/Private Ventures’ research in 2008 that showed strong employment and earnings effects achieved with the sector approach.

A Diverse Field

No one field of organizations led the adoption of sector workforce strategies. There were many strands, and this diversity was a source of strength and creativity for the spread of sector efforts. CET grew out of the Opportunity Industrial Centers (OICs) of the 1960s. In Chicago, such human-service groups as Jane Addams Hull-House and Chicago Commons experimented with sector strategies in the 1980s, working with businesses in the screw-machine industry and the auto supply chain. Union-led efforts like the Wisconsin Regional Training Partnership (WRTP) emerged after the 1989 recession, with a focus on manufacturing modernization and incumbent workers. Community-organizing coalitions like COPS/Metro, affiliates of the Industrial Areas Foundation, invented Project QUEST in San Antonio and later Capital IDEA in Austin. The Community Service Society
in New York incubated Cooperative Home Care Associates in the South Bronx. The local chamber of commerce invented San Francisco Works in the 1990s in response to welfare reform.

A number of foundations supported sector strategies and helped build the field in these early years, notably the Ford, Charles Stewart Mott, MacArthur, and Annie E. Casey foundations. By the mid-1990s, there were at least twenty sector workforce intermediaries on the ground, yet this relatively small number held great promise and seemed to be producing distinctive outcomes. For the most part, the public workforce system—in the middle of experiencing its own redesign—was mostly uninvolved or excluded from the development of sector strategies, although the public system was an important investor in some of the early sector initiatives. Indeed, as agencies were transforming local workforce systems from the JTPA model to the new approach codified in the federal Workforce Investment Act (WIA), local leaders were unclear about whether a strategy that focused on a particular industry or cluster of businesses was an appropriate fit within this new system designed around a concept of universal service. Foundation funding provided these new sector intermediaries the space and resources to grow, but there was the nagging question of relevance for the public workforce system and whether these sector efforts were simply boutique experiments. Moreover, the “work first” approach embodied in the Temporary Assistance for Needy Families program and the WIA and the de-emphasis on skills training swept the country, which made sector workforce strategies a harder sell and more difficult to finance.

**Growth in the Field of Sector-Based Workforce Development**

Today the sector workforce field has greatly matured and built a partial infrastructure of policy, practice, and leadership. There is still a long way to go to have the sector approach fully adopted and implemented widely and faithfully in practice and policy. There are hundreds of sector partnerships, multiple states and localities have adopted the sector approach, national sector legislation is before Congress, funding mechanisms like the National Fund for Workforce Solutions are replicating the sector approach, strong evaluations have demonstrated the positive impacts of sector workforce strategies (see King, Chapter 11), and there is a resurgence of the sector approach for improving job quality. A diverse, vibrant field has been created over two decades.

Social investors are preoccupied more than ever with “scaling” the impact of promising approaches and using “collective impact” methods to align relevant stakeholders to achieve common results. In “New Pathways to Scale for Community Development Finance,” Kirsten Moy and Greg Ratliff emphasize the need to
develop “industries” at a certain stage of scaling innovations if these approaches are to grow on a larger basis. In other words, replication is insufficient in itself without broader infrastructure support. While there are some limitations in applying this scaling model to the sector workforce field, in that a natural heterogeneity of services and strategies will always remain in the field, the discussion of the development of an industry and the factors that can support its growth is nonetheless instructive. “Industry” here refers to an interrelated set of stakeholders and investors that cultivate human, intellectual, financial, and political capital on behalf of specific strategies like sectoral workforce development. What is created ultimately is a kind of “ecological system” that encourages growth through complementary and mutually reinforcing practices, policies, and investments. We use “system” advisedly here to describe the elements of the sector movement, realizing that public and private actors have not fully adopted the sector approach.

An industry or ecological system has emerged for sector-based workforce development. How did it arise, and what are its parts? Is it adequate? There was no overall guiding plan for the sector field, and the industry development occurred, for the most part, because of the investments of a small group of national foundations and an array of partners focused on technical assistance and policy change. To some degree these investments were coordinated; but they were also competitive at times, and sector entrepreneurs pursued their own specific interests.

We outline several of the most important component parts of this ecological system. This is not a complete list, but it gives a flavor of the range of investments and the investors and stakeholders involved.

**Knowledge Development and Dissemination**

The Aspen Institute published case studies of promising sector practices and organizations and worked with the now-closed evaluation firm Public/Private Ventures (P/PV) on a random assignment test of sector workforce development. The Rockefeller Foundation had been the lead funder in the CET evaluations in the early 1990s. Other foundations supported a range of other sector evaluations.

**Practitioner Leadership**

The National Network of Sector Partners arose in the late 1990s to bring together emerging sector leaders from around the country to exchange information and lessons and discuss advocacy. The National Skills Coalition also brought practitioners together for a policy focus at the federal and state levels. The Aspen Institute and P/PV started the Sector Skills Academy at the national level and built the Sector Skills Practicum in New York to cultivate and develop knowledge and leadership. These efforts have occasionally been adapted to fit the needs of other local
areas as well. The Industrial Areas Foundation (IAF) spread the sector approach in the Southwest among its community-organizing networks, starting in Texas, with Project QUEST in San Antonio and then Capital IDEA in Austin, Project ARRI-BA in El Paso, and Valley Initiative for Development and Advancement (VIDA) in the Rio Grande Valley. The IAF affiliates have continued to expand this work in other communities in Texas, as well as in Arizona and Louisiana.

**Leading Sectors**

Over time, sector strategies developed the most traction in construction, health care, and manufacturing, for different reasons. But this focus led to specific initiatives and replication and policy attention at all levels of government. Representatives of businesses in these industries spoke frequently on behalf of the effectiveness of sector-based workforce development. The Great Recession and optimism about the clean-energy economy led to a short-term uptick in resources and focused attention on preparing individuals for green jobs and careers, but unfortunately the matching economic-development investment that would have stimulated the creation of these jobs did not materialize. The green-jobs initiatives boosted interest, but the paucity of jobs created in these sectors renewed skepticism about the long-run outcomes of workforce development.

**Flexible Financing**

A number of foundations supported individual sector models across the country. The Charles Stewart Mott Foundation has been an important supporter of Focus: HOPE, Cooperative Home Care Associates, Project QUEST, and many others, providing multi-year patient financing to these organizations as they develop their strategies and take root in their industries and communities. The Annie E. Casey Foundation’s Jobs Initiative in the 1990s and 2000s was a concerted effort in six places over eight years to cultivate sector partnerships and investment models. At the local level, the Boston Foundation’s work making three-year, flexible commitments to three sector initiatives, and organizing funders to consider longer-term time horizons in their fundraising, was a pathbreaking approach for a local foundation. These efforts led to early-stage planning for the National Fund for Workforce Solutions, a set of national and local funder collaboratives established to support sector-based workforce partnerships. Other efforts included the Robert Wood Johnson and Hitachi foundations’ Jobs2Careers initiative, which focused on the health care sector.
**Policy**

A number of efforts sought to develop and spread sector policies. At the state level, Pennsylvania developed one of the most ambitious efforts to spread “industry partnerships” throughout the state. With support from the Mott Foundation, the National Governors Association launched the State Sector Skills Academy, which provided a forum for states to consider how their systems could better support the practice. Advocacy organizations such as the National Skills Coalition encouraged other states to adopt sector policies, including the creation of regional skills panels. At the local level, such cities as New York and Chicago supported sector-based one-stop entities and partnerships for career pathways. The National Skills Coalition became the federal advocate for including sector funding in the Workforce Investment Act and other federal legislation.

**Technical Assistance**

National and regional organizations took the lead in spreading the word about sector approaches and assisting state and local governments and leaders of local initiatives in adopting policies and practices that support sector strategies. These organizations included the Aspen Institute, P/PV, the National Network of Sector Partners and colleagues at the Insight Center, Jobs for the Future, Emerald Cities Collaborative, National Association of Manufacturers, and Corporation for a Skilled Workforce.

Public agencies also played an important role in the evolution of the ecological system of sector-based workforce development. Two major contributions are clear. First, the U.S. Department of Labor supported sector efforts on the ground through a variety of initiatives, including the Sectoral Employment Demonstration, the H-1B visa program, Health Careers, Pathways Out of Poverty, and Workforce Innovation in Regional Economic Development (WIRED). These funding streams were important for efforts on the ground, although their time-limited nature sometimes encouraged only short-term collaborations and results. Second, community colleges have played an increasing role as the educational partner for sector strategies, contributing a relatively stable infrastructure and accredited-education offerings that can substantially strengthen sector workforce initiatives. We are now seeing youth-oriented sector strategies that engage both K–12 systems and community colleges. These educational institution–based initiatives, however, continue to struggle to improve their labor-market connections and develop the level of flexibility needed to respond to a dynamic regional economy with changing skill needs.
**About the Book**

It is against this backdrop of accomplishments and challenges for the sector workforce field that we have assembled this book. Our hope is that, while updating *Workforce Intermediaries for the Twenty-First Century* (Giloth, 2004), this book also breaks new ground in addressing key issues related to the sector field overall, including job-quality improvement efforts, workforce-development capacity building, and career pathways. We hope as well that the book calls attention to challenges sector investors and practitioners must address if the sector field is to continue its growth in the coming decades.

The book is divided into five sections. The *Context and Strategy* section provides economic and historical background for the whole book. In Chapter 2, Paul Osterman reviews contemporary labor-market data, supply and demand factors, the changing employer role, and implications for workforce interventions. In Chapter 3, Maureen Conway provides a more in-depth look at the evolution of the sector field. In Chapter 4, Fred Dedrick analyzes the key components of industry or workforce partnerships and draws examples from the pathbreaking work in Pennsylvania in the 2000s. And in Chapter 5, Barbara Dyer, Robert Giloth, Richard Kazis, and Marlene Seltzer recount the history of the National Fund for Workforce Solutions.

The *Partnerships and Collaboratives* section includes five case studies of new and mature sector workforce approaches. In Chapter 6, Earl Buford and Laura Dresser recount the origin and accomplishments of the Wisconsin Regional Training Partnership (WRTP), one of the oldest and most respected workforce sector partnerships. Loh-Sze Leung, in Chapter 7, chronicles SkillWorks, the leading funder collaborative from Boston that invests in workforce partnerships and public policy. In Chapter 8, Marianne Krismer highlights the work of Cincinnati’s Partners for a Competitive Workforce and one of its longtime workforce partnerships in the health care field. Denise Fairchild in Chapter 9 discusses the Emerald Cities Collaborative as a national network dedicated to connecting workforce partnerships to the emerging green economy. In Chapter 10, Saru Jayaraman shares the vision, history, accomplishments, and plans for the Restaurant Opportunities Centers United (ROC) and its efforts to improve low-wage jobs in the restaurant and food service industry.

The *Evaluation, Approaches, and Findings* section contains two chapters. Christopher King, in Chapter 11, reviews evaluation research about sector-based workforce development and related investments. Mark Popovich, in Chapter 12, summarizes the evaluation strategy and research findings for the National Fund for Workforce Solutions.
The *Institutions and Capacity* section contains three chapters. In Chapter 13, Sheila Maguire and Patricia Jenny address the neglected topic of capacity building in the workforce field, giving special attention to the multiple approaches attempted in New York City by the New York Workforce Funders Group. In Chapter 14, Evelyn Ganzglass, Marcie Foster, and Abigail Newcomer summarize various approaches for building sector-based career pathways with community colleges and how these efforts could be better connected to sector-based workforce development. In Chapter 15, Matt Helmer and Maureen Conway share their research about the construction apprenticeship system, pre-apprenticeships, and the challenges and opportunities for this type of sector partnership.

The *Policy, Financing, and Regional Change* section contains three chapters. In Chapter 16, Andy Van Kleunen assesses the opportunities for advancing sector workforce policies at the state and federal levels and the tensions between workforce innovation and system building. In Chapter 17, Orson Watson addresses the fundamental challenge of developing a sustainable financing model for sector and workforce partnerships. Chapter 18, by Chris Benner and Manuel Pastor, puts the experience of workforce intermediaries and funder collaboratives in the context of building the social networks and shared knowledge and values that can increase regional equity and economic competitiveness. In the concluding chapter, we summarize the critical themes of the book and call attention to key opportunities and challenges for the sector workforce field, both in the next years and in the coming decades.

What’s Ahead for Sector Strategies?

Much has been accomplished in building the sector-based workforce field over the last decade. It is an ecological system and infrastructure with much strength, even at this stage of development. Yet there are major challenges for the field. Key philanthropic leaders have retired, and leading foundations have moved on to explore other workforce strategies. In the broader workforce field, new attention is focused on career pathways, reforming community colleges, youth unemployment, and sustainable employment for more vulnerable populations. A good question is whether there will be sufficient capital available to keep the sector infrastructure alive and vibrant. Neither employers nor the public sector has stepped up with the kind of support that many sector leaders thought they would once the sector approach was validated. In fact, federal financial resources for workforce development in general have diminished. While several states have adopted sector approaches, other states have cut funding, even though there have been good results. And we still haven’t seen the passage of breakthrough federal legislation that would give a more sustainable foothold for sector strategies.
At the same time, some dilution of the sector workforce approach has occurred as it has become more popular. Some practitioners want to use the name without fully adopting the vision. It has become occupational training rather than deep engagement with multiple employers; career pathways to good jobs has given way to training for the first job; incumbent-worker training has grown, but sector training for people struggling to get into better jobs has languished, in part because of the slow growth in the economy; and the systems-change aspiration has tapered off as organizations compete for limited training dollars and job placements, hoping to keep their doors open. Some of this is a natural corollary of overall growth in the sector field. But there is reason to worry that dilution of the sector model will eventually show up in poor evaluation results that question the scalability of sector workforce strategies. This does not have to happen, but vigilance about implementation and accountability is required.

Sector workforce strategies have succeeded and built evidence, but there is still a large opportunity in the labor market. At the same time, a large, growing problem, underscored in our weak economic recovery, is the growth of poorly paying jobs in service industries like health care, food service, and retail. Training is not the answer, because career ladders do not exist in many cases. On the other hand, many workers require dramatic improvements in basic skills, and these workers find it increasingly difficult to maintain a firm attachment to the labor market at any level. Improving the quality of jobs—better wages, benefits, work schedules, and family-life balance—is required. These are sector-based and cross-sector advocacy issues. Is the sector field willing to take up these challenges? Is it even a relevant resource for upgrading job quality?

We hope this book of accomplishments, candid assessments, and challenges does justice to the remarkable efforts of sector practitioners, policy makers, researchers, and investors over the past two decades. The building of the sector workforce field has been a major undertaking that has occurred largely through bottom-up entrepreneurial energy and commitment. Yet we are now at one of those fundamental inflection points where we need to chart the future of the sector workforce field. We hope this book is a helpful contribution to that important effort and inspires the next generation of leaders to advance sector workforce practices and policies.
Notes


