

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.

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. 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.

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 the city's public housing residents. In January 2006 three major partners — the Chicago Housing Authority (CHA), The Partnership for New Communities, and the Chicago Department of Family and Support Services — 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 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 6,000² 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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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 initiatives³, Opportunity Chicago explored several industries to target its training efforts. Training pilots focused on industries such as transportation/warehousing/logistics (TWL), healthcare, manufacturing, information technology and hospitality. Healthcare and hospitality are the most promising programs for Chicago Housing Authority residents. Manufacturing works well for individuals with more experience and education and an interest in the industry. 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 underway.

These industries 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.

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.

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Reflections on Industry-Specific Training for Public Housing Residents

While the evaluation data are preliminary and not provided in detail here, 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 goal⁴.
- 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.

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.

² Most recent data from Opportunity Chicago: September 30, 2010. Actual number: 5,847.

³ 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.

⁴ Opportunity Chicago: Interim Update. January 2009. Abt Associates and University of Illinois at Chicago.

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