

Outline of Sector/Sectoral Strategy Works:

- I. Background and History
 - a. Although Sectoral Strategies have been employed since the 1980's, primarily in Chicago and Massachusetts, The National Governors Association Center for Best Practices (NGA) really brought the sector or sectoral strategy initiatives to the forefront in 2006. The purpose of the initiative is to expand the environment for States to adopt sectoral strategies and support policies to promote sectoral strategies in the states as a means to prepare pipelines of workers in key industry segments or groupings to ensure there are sufficient skilled workers for these industries.
- II. Major proponents
 - a. The National Governors Association Center for Best Practices (NGA)
 - b. National Network of Sector Partners (NNSP)
 - c. Corporation for a Skilled Workforce (CSW)
 - d. Charles Stewart Mott Foundation
 - e. Workforce Strategies Initiative and The Aspen Institute
 - f. Neighborhood Funders Group (NFG)
- III. Definitions
 - a. The Aspen Institute in its study "Sector Strategies in brief", November 2006, contrasts the difference between Sector Strategies and Cluster Strategies:
 - i. Sector Strategies are aimed at individuals or employees in specific industry groupings
 - ii. Cluster Strategies are primarily economic development strategies targeting important local or regional industry segments or clusters.
 - iii. The strategies are actually complimentary and in practice, are both often just referred to as Sector or Sectoral Strategies.
 - b. The Aspen Institute defines a Sector Strategy as an approach to Workforce Development, typically on behalf of low-income individuals. More specifically:
 - i. Target a specific Industry or cluster of occupations and develop a deep understanding of the relationship between workforce needs and competitiveness
 - ii. Intervenes through a credible organization or set of organizations to craft workforce solutions tailored to the specific industry and region.
 - iii. Supports workers in improving their range of employment related skills allowing them to compete effectively for work and higher quality positions.
 - iv. Meets needs of employers by improving their ability to compete in the marketplace

- v. Creates lasting change in the labor market system that benefits both the workers and employers.

- IV. Implications for our Work – Some of the metrics related to our work and sectoral strategies are very compelling. This is all from The Aspen Institute. The article was written by Maureen Conway. I talked to Susan Blair and we think this is the same Maureen Conway that worked with us at Herman Miller about 10 years ago. This is her field. I will try to connect and find out for sure. Here is some compelling information from two different longitudinal studies from two different organizations:
 - a. Individuals who participated in focused training and development (like we identify through the Coaching program) earn higher incomes. Median personal earnings increased from \$8580 annually to \$17,732 within two years. In the other study median annual earnings went from \$10,486 to \$18,875 in two years.
 - b. Participants worked more hours. Of this population, 23 percent worked year round prior to training and 66 percent worked year round after training.
 - c. After two years, 78 percent of jobs were of a higher quality after training and had access to benefits like healthcare compared to 50 percent prior to training.
 - d. Participants were more optimistic after training. After training 82 percent said they believed their future job prospects were better due to participation in the training programs. They specifically commented that the building of skills increased their confidence that they could achieve their goals.
 - e. In a similar study in Massachusetts, employers reported a 41 percent reduction in turnover, a 19 percent reduction in rework and a 23 percent reduction in customer service complaints after similar training.
- V. Challenges faced by States not Embracing Sectoral Strategies.
 - a. Single employer focus in economic development – cannot develop a deep understanding of a particular industry base and its needs.
 - b. Arbitrary Boundaries - the alignment of all the traditional workforce partners are different. Workforce boards cover one geography, schools another, employer groups another. This complicates employer efforts to work with the public system and may act as a deterrent to using their services
 - c. Lack of Meaningful Employer Engagement – This causes demand driven behavior (circumventing the WIB’S) and a lack of WIB’s listening to employer needs. They guess and often guess incorrectly, driving the participation of employers with One Stops and WIB locations down to very low levels.
 - d. Lack of Coordination Among Key Stakeholders – No shared vision leads to lost opportunities for collaboration, leveraging resources, coordinating critical

information and leveraging best practices. This minimizes wins to small victories rather than a larger impact through sharing.

- e. Limited Focus on Job Quality – There is no mechanism to promote the regional industries with the best job opportunities and pay levels with the different stakeholders in education, economic and workforce systems.

VI. Major Challenge of Adopting a Sectoral Strategy

- a. These are very difficult to maximize in a State unless the Governor of the State adopts the strategy and makes it a priority. It is a powerful organizing tool but one that is very difficult to achieve without strong top down leadership due to the inertia of public systems and the unwillingness of different groups to work together.

VII. Grant and Funding Possibilities

- a. These groups have partnered with the Charles Stewart Mott Foundation to create funding streams to support this work.
- b. The Program Officer is Jack Litzenberg
- c. The Organizational Website is www.nga.org/center and Funding and Funding
- d. There are other opportunities for Grants from other organizations as well.
- e. Examples of Funding Sources that Can be Used to Support Sectoral Strategies

- i. Federal:

- 1. WIA Discretionary Funding
 - 2. WIA Title I: Core and Intensive Services
 - 3. WIA Title I: On-the-Job Training
 - 4. WIA Title I: Training Funds
 - 5. WIA Title II: Adult Education
 - 6. Food Stamp and Employment & Training Job Placement with Retention
 - 7. Pell Grants
 - 8. Federal Work Study

- ii. State:

- 1. State Discretionary Education Funds
 - 2. State Economic Development Resources
 - 3. State General Revenue
 - 4. Unemployment Insurance Surplus

- iii. Private

- 1. Foundation
 - 2. Industry Contribution

VIII. References and Other Reading

- a. References can be found in the CSW Article on Sector Strategies