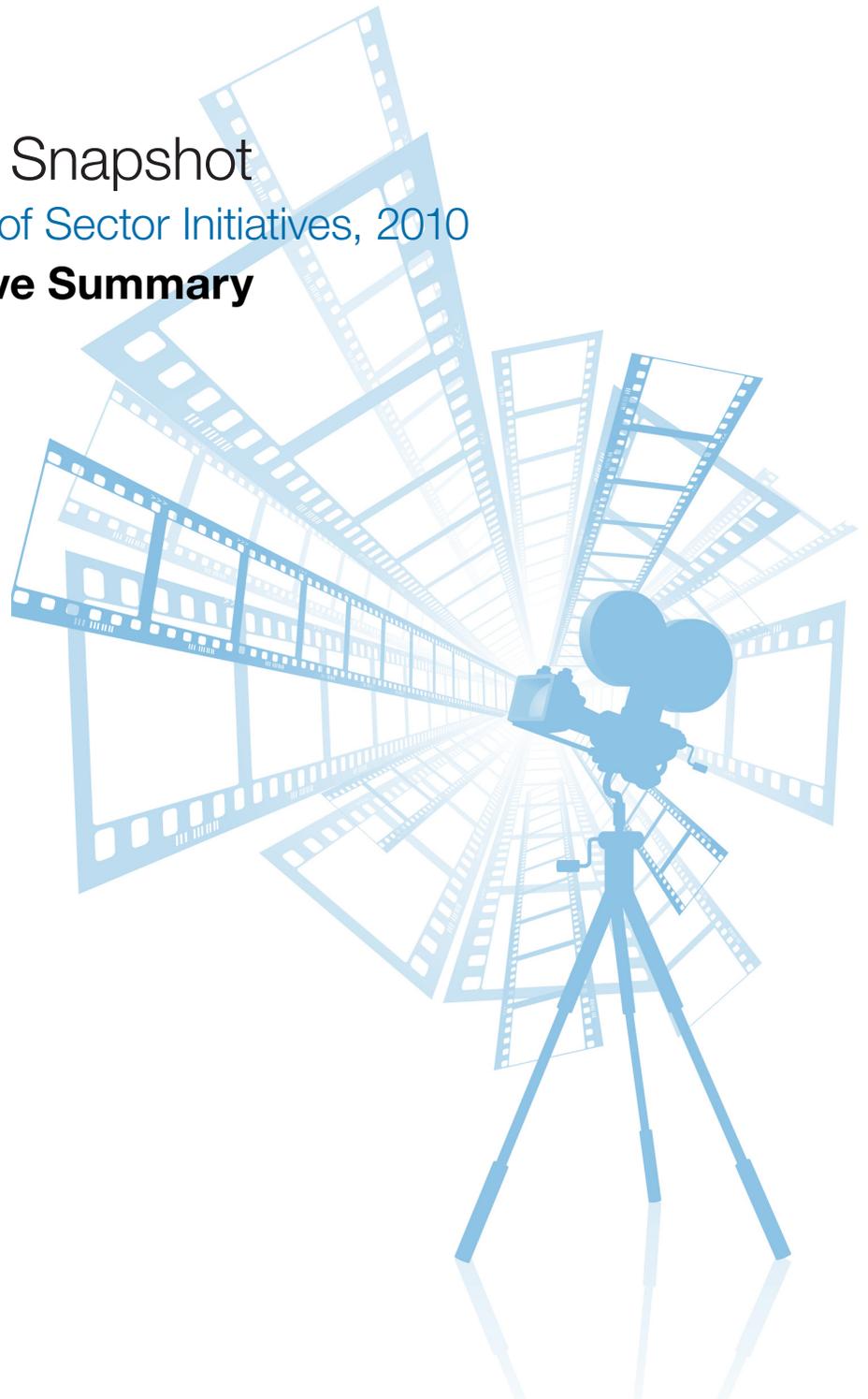




NNSP National Network of Sector Partners
Linking Industries, Communities and Workers

Sector Snapshot
A Profile of Sector Initiatives, 2010
Executive Summary



Executive Summary

Sector initiatives, also known as sector partnerships, are regional, industry-focused approaches to workforce and economic development that help make good jobs more accessible to low-income workers and increase the quality of existing jobs in ways that strengthen an industry's workforce¹.

In 2000, NNSP published the results of the first nationwide survey of sector initiatives, the purpose of which was to describe the scope and key characteristics of the field. Subsequent editions, in 2003 and 2007, provided updates and expanded the information and analysis they provided. The 2010 *Sector Snapshot* contains responses from 196 different organizations involved in sector initiatives, and provides a broader range of information and analysis than ever before.

The main report can be accessed by clicking [here](#).

Growing body of research

The 2010 *Sector Snapshot* adds to a growing body of evidence² demonstrating that sector initiatives are beneficial to jobseekers, workers, and employers, and therefore to the nation's economic growth. In 2009, the results of a random assignment evaluation showed that individuals involved in sector initiatives received significantly higher average wages when they were hired, and over the long-term – a conclusion that is also supported by multiple longitudinal evaluations. Other studies have concluded that sector initiatives benefit employers. For instance, in an evaluation of Pennsylvania's state sector strategy, 84 percent of employers surveyed reported that sector partnerships helped them markedly increase their productivity.

Overview

Overall, the 2010 *Sector Snapshot* reveals that sector initiatives have become more important as a means of providing workforce development, adult literacy, post-secondary education, and economic development services. They have expanded into new industry sectors, grown in number throughout the country, involved employers in a more integrated way, broadened the types of organizations involved, and more specifically targeted the needs of low income and other disadvantaged individuals. Additionally, they are weathering the economic storm by adapting their range of services to job-seekers, incumbent workers, and businesses, and leveraging public funding associated with the economic recovery.

Perhaps most significantly, sector initiatives are helping create change in how industries hire, promote, and retain workers and how workforce development and other services are organized and delivered. Similarly, there has been significant growth and change in policy. For instance, in 2007, 11 states appointed leadership teams to examine how they could support sector strategies. Now, half the nation's states are already employing sector strategies or actively investigating how they can do so.

Characteristics of Sector Initiatives

Sector initiatives target a wide range of industries

Sector initiatives are operating in at least 22 separate industry sectors. As in the 2007 *Snapshot*, healthcare (66% of organizations), manufacturing (57%), and construction (40%) continue to be the three main industries targeted by sector initiatives, which are also three of the largest sectors of the economy. The field also reflects changing industry patterns in the economy, with more than a third of organizations targeting the energy and utilities sector, a far greater proportion than the previous survey.

¹ For a more detailed definition please see the background section of the full report

² For more information on the studies cited here and others, please see Appendix C of the full report.

The vast majority (83%) of organizations responding to the survey are involved in more than one industry focused sector initiative. Organizations are involved with a median of four sector initiatives in different industries.

A wide range of organization types are involved in sector partnerships

Again, similar to the 2007 *Snapshot*, the organizations most commonly involved in sector initiatives are WIBs (27% of organizations) and Community Based Organizations (22%). Overall, WIBs are also the most likely organization to play the intermediary role in the sector partnership. Many other types of organizations are also involved in sector initiatives: community colleges and other training providers³, economic development agencies/community development corporations, employers and employer associations, union affiliated organizations, research and/or advocacy organizations, among others.

This most recent *Snapshot* reveals a comparatively more equal distribution of organization types (involved in sector initiatives). This indicates that a wider range of organization types are focusing more attention on the sector approach as an effective workforce development solution.

The field of sector initiatives is maturing

The field has also matured - 85% of organizations have partnered on sector initiatives for at least 3 years. The median length of time that organizations have been involved with sector initiatives is six-and-a-half years. It is also notable that there continues to be a significant group of newer organizations - 15%, that have been involved with sector initiatives for less than two years.

Sector initiatives are widespread and impacting all parts of the country

Organizations that partner on sector initiatives are mainly city, county or regional in scope (75%), compared to those that focus statewide or nationwide (22% combined).

Most participants in initiatives are from urban or suburban areas. However, 30% of participants are from rural areas, which compares favorably to an overall rural population of 16%⁴.

Sector initiatives are commonly found across the country, and concentrations can be found in the Great Lakes and the states bordering the Pacific. Sector initiatives are less concentrated in the Farm Belt, Mountain region, and parts of the South.

Impact of Sector Initiatives

Initiatives are helping a significant number of jobseekers, workers & businesses

Almost all (93%) sector initiatives offer direct services to workers or jobseekers. Focusing on each organization's most successful sector initiative⁵, they provide at least one workforce development service to a median of 76 incumbent workers and 71 jobseekers per year. The corresponding figure at the organizational level is a median of 360 incumbent workers and 400 jobseekers per year, across all of their sector specific initiatives.

Though the exact number of sector initiatives is not known, NNSP estimates that there are at least one thousand initiatives across the country, and the number is growing. Since the mean number of individuals served by each initiative is several times the median figures noted above (mainly due to the presence of several very large initiatives) it is clear that sector initiatives not only have a major impact on the communities in which they operate, but on the country as a whole, and this impact is growing.

³ Some of these are focused on specific populations such as youth programs, and adult basic education providers

⁴ <http://www.ers.usda.gov/StateFacts/US.htm>

⁵ The initiative that provides services to the most individuals

Business services and involvement

Sector initiatives in this survey provided services to a median of 20 businesses. Customized workforce training (e.g. technical/trade skills) and referral of candidates are the two most commonly used services, a pattern also noted in the 2007 *Snapshot*.

Businesses continue to take a very active role in the implementation of sector initiatives. The vast majority of sector initiatives report that employers are involved with governance, program design, publicity, and providing funding or resources.

Sector initiatives are inclusive of all individuals

Sector initiatives are particularly inclusive of individuals with low incomes (50% of participants) and racial minorities (46%). In addition, over one-fifth of participants in sector initiatives are from the following populations: displaced/dislocated workers, non-native English speakers, and those with less than 12 years education. Homeless adults (8%) and under 18 year olds (12%) represent a smaller share of participants.

Sector initiatives provide vital training & support services to jobseekers & workers

The most common service used by initiative participants is jobseeker training (includes soft skills & job readiness), followed by incumbent worker training (technical or trade skills), career counseling and management, and placement services.

Sector initiatives and funding

The median budget size of initiatives is approximately \$300,000. Around two-thirds of initiatives operate with budgets less than \$500,000, whereas almost a fifth have budgets of \$1 million or more. The size of initiatives' budgets is likely to increase with age - under 20% of initiatives aged up to two years old have a budget over \$500,000, compared to 42% of initiatives aged ten years and above.

State sources, followed closely by federal sources, are the two largest components of funding for sector initiatives, representing a combined 60% of total funding for the field. The next most common sources of funding are local sources (14%) and philanthropy (13%). Earned income and other sources are relatively small sources of funding for the field.

The sources that sector initiatives most commonly expect to increase as a share of their budget are earned income and federal sources, and the sources they most commonly expect to decrease are state and philanthropic sources. Respondents indicated that the changes they expect are mostly attributable to the economic crisis. It is also noteworthy that a significant number of states have faced, and continue to face, budget deficit challenges that constrain availability of funding.

Sector initiatives are weathering the economic storm

Overall, sector initiatives have shown promising recent growth despite the difficult economic environment. 73% of organizations said that their most successful initiative expanded in the last two years, in terms of jobseekers or workers served.

On balance, more sector initiatives expect that this recent expansion in activities is likely to continue. Forty-two percent of sector initiatives report that their budget size is likely to increase in the next two years, compared to 33% expecting a reduction, the remainder being neutral.

The economic downturn appears to be a strong factor for sector initiatives that expect their budget to increase, and also for those that expect a decrease. Around half the initiatives that expect budget increases attributed this to the downturn, for instance because of the availability of ARRA funding. This is

helping them to expand and meet the increasing needs of, for example, dislocated workers. Of those who expect their budgets to decrease, three-quarters attributed this partially or entirely to the recession.

Notably, overall business demand for sector initiatives' services has stayed stable during these tough economic times. Approximately a third of respondents reported that demand had decreased, a third that demand had increased, and the other third reported that it stayed the same.

Policy and systems change

A significant number of states have adopted sector strategies. The most helpful component of these strategies to sector initiatives is increased funding, closely followed by assistance facilitating the creation of local partnerships, and capacity building.

Sector initiatives are creating systems change relating to how services are delivered, the way in which service delivery partners coordinate, and the types of services that are delivered. For instance, the most common ways in which the training system is being changed are by transforming how workers are trained for particular occupations/industries, and how the workforce system links individuals, training, and available jobs.

Initiatives are also making the system more responsive to the needs of business, by improving how publicly-funded workforce development and other services respond to the needs of employers; making these services accessible to employers; and supporting businesses to grow in local communities by assisting in areas such as skill development, that improve their productivity.

Additionally, sector initiatives are influencing the ways that industries hire, promote, or retain workers (e.g. redefining hiring criteria, identifying career ladders), and improving job quality. In the area of policy change, initiatives have actively promoted the need for more (targeted) funding, as well as the need for policy that meets the needs of both employers and low wage workers/jobseekers.