

# Moving Sectoral & Career Pathway Strategies from Promise to Scale

---

**Christopher T. King\***

Ray Marshall Center, LBJ School of Public Affairs  
*University of Texas at Austin*

***Practice & Policy Lecture Series***

*Sponsored by the Federal Reserve Bank of Kansas City*  
Oklahoma Department of Human Services  
Oklahoma City, OK

February 9, 2016

\*With co-author Heath Prince.



# Outline

---

- Labor Market & Workforce System Context
- Rise of Sector & Career Pathway Strategies
- Evidence on their Effectiveness
- Models for Replicating and Scaling Strategies
- Specific Challenges
- Key Opportunities
- Recommendations
- Concluding Observations

# Context

---

In the 1950s and 1960s, the US experienced unprecedented economic growth and broadly shared prosperity —

- Employment expanded across most sectors
- Real wages rose substantially, closely tracking increases in worker productivity
- A 'social contract' covered many workers
- Immigration rates were low
- Global competition was limited

More comprehensive US labor market policies emerged, responding to pockets of poverty, gradually rising 'prosperity unemployment', technological change, etc.

# Old & New Economies Compared

## Issue

## Mass Production Economy

## Entrepreneurial, Knowledge Economy

### *Economy-wide Traits*

Markets

Stable

Dynamic

Competition Scope

National

Global

Organization Form

Hierarchical

Neworked

Production System

Mass

Flexible

Key Production Factor

Capital, Labor

Innovation, Knowledge

Key Technology Driver

Mechanization

Digitization

Competitive Advantage

Economies of scale

Innovation/quality

Importance of Research

Moderate

High

Firm Relations

Go it alone

Collaborative

### *Workforce*

Policy Goal

Full employment

High incomes

Skills

Job-specific

Broad, sustained

Nature of employment

Stable

Dynamic

### *Government*

Business/govt. relations

Impose requirements

Assist firm growth

Regulation

Command & control

Market tools/flexibility

Source: Atkinson, 2005

# Work & Workplace Changed, Changing

---

Work is no longer

- Highly structured
- Repetitive
- Hierarchical

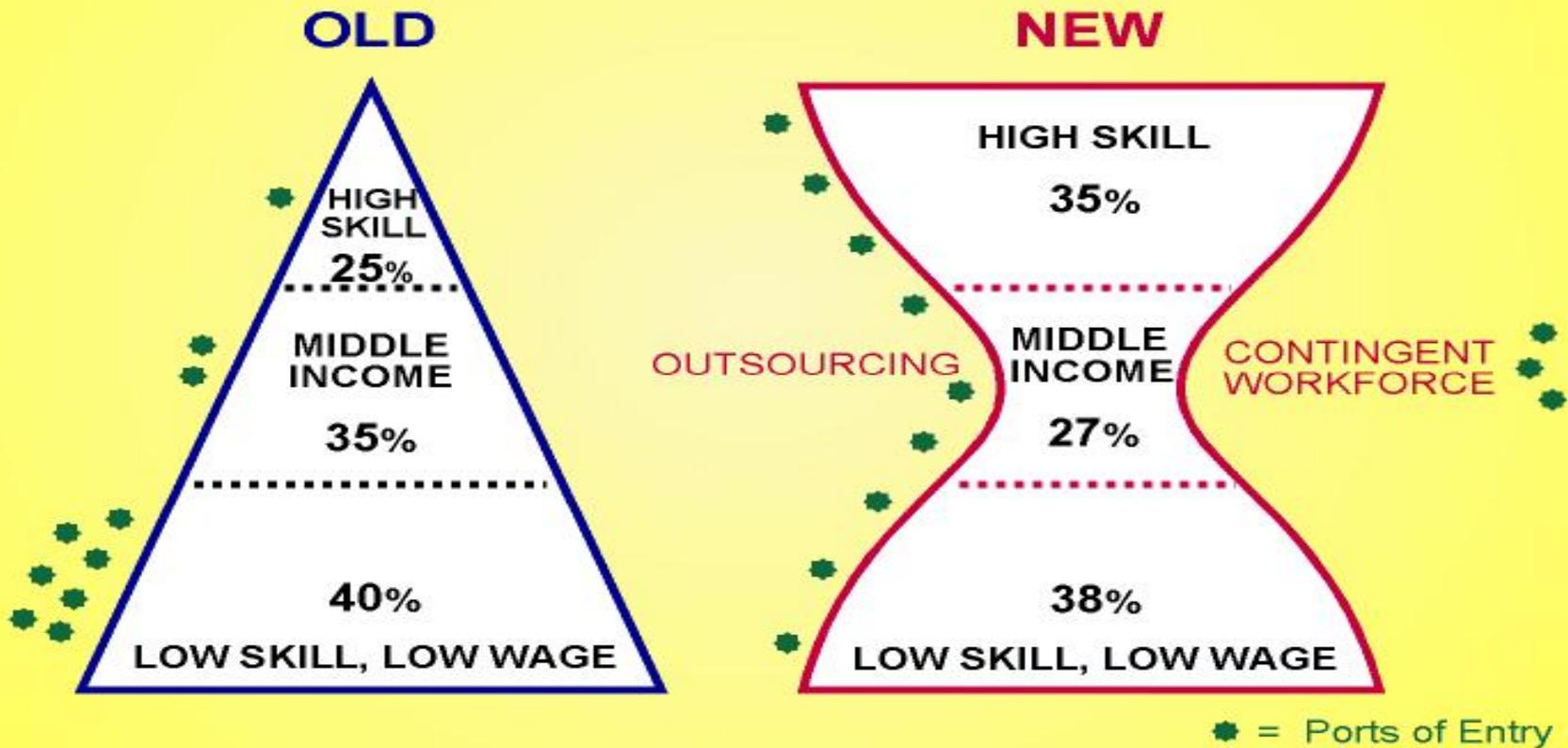
Now, it's more

- Flexible
- Fluid
- Task, not job, centered

Per Levy & Murnane (2004) and Carnevale et al. (2012), new and different skills are required.

# Changing Work Organization

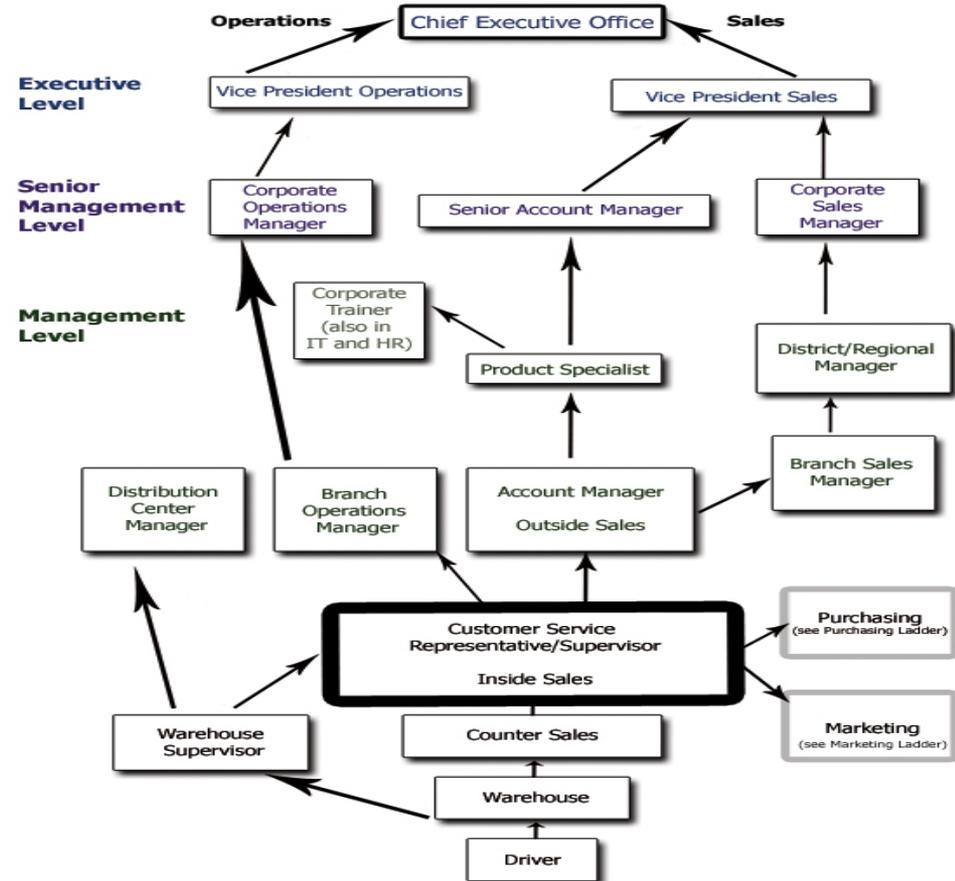
## CAREER PATHWAYS AND PORTS OF ENTRY



# Advancing in Labor Markets *Then*

Old view:

*Career Ladders*

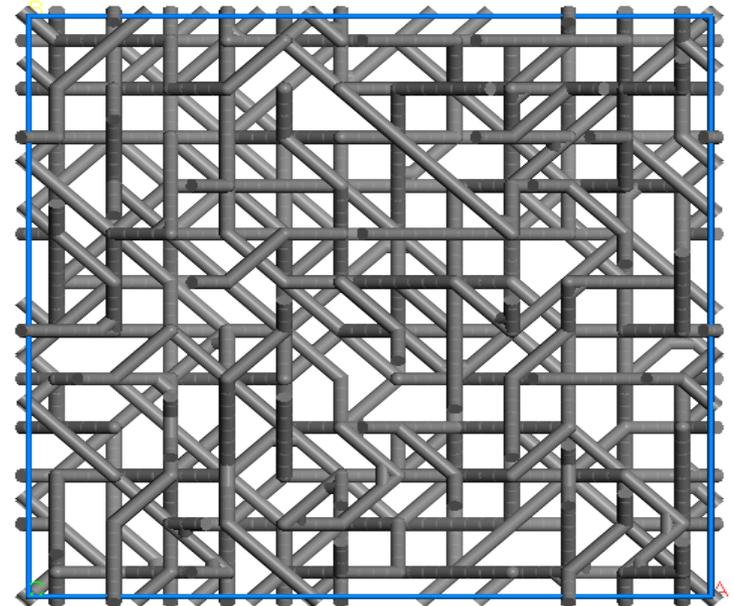


# And Now

New metaphors:

*Career lattices*

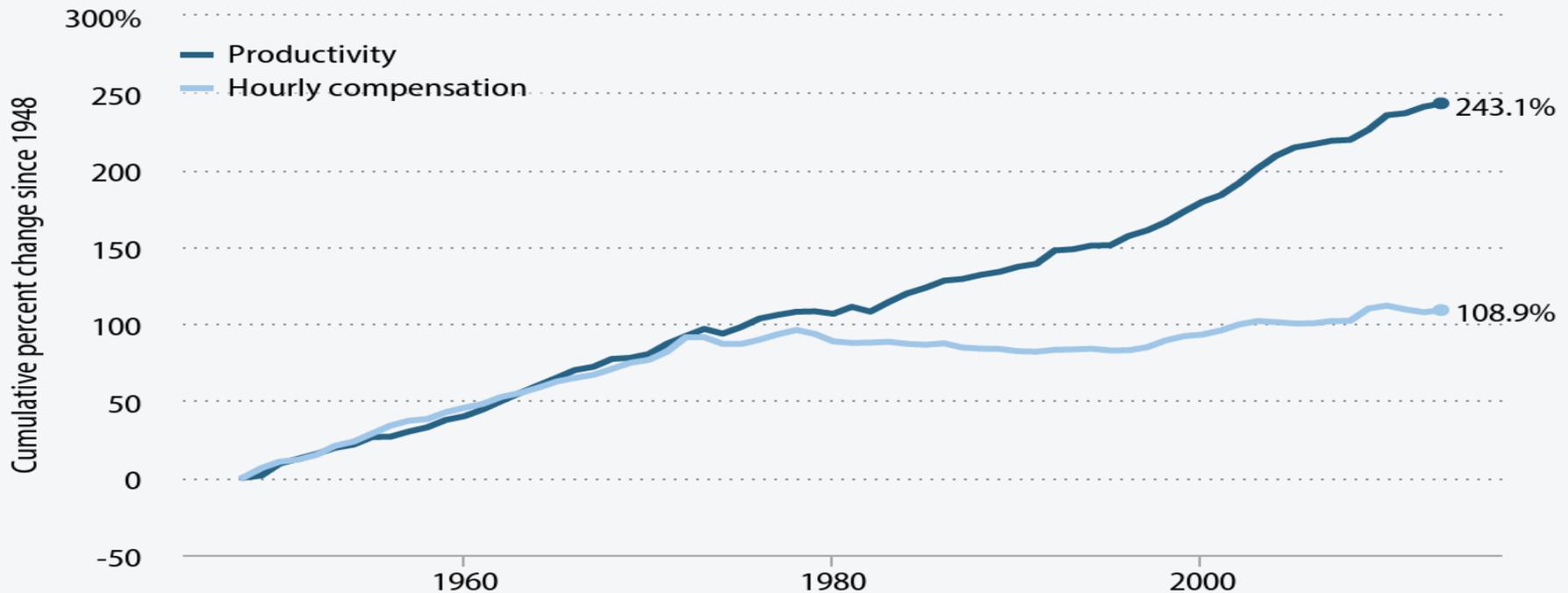
*Climbing walls*



# Goodbye to Gain Sharing

**Since 1979, productivity has risen eight times faster than pay**

*Disconnect between productivity and typical worker's compensation, 1948–2013*



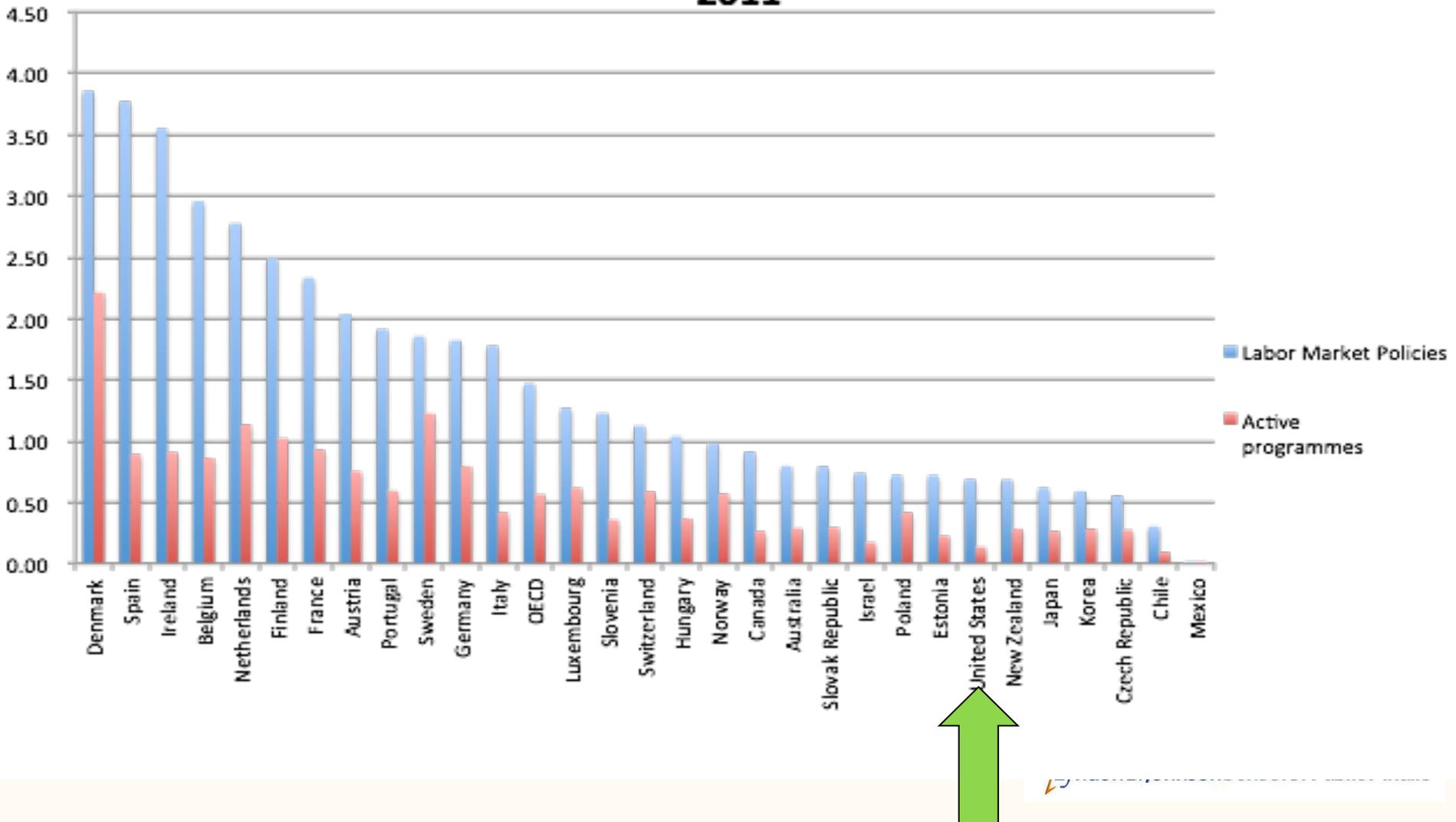
**Note:** From 1948 to 1979, net productivity rose 108.1 percent, and hourly compensation (of production/nonsupervisory workers in the private sector) increased 93.4 percent. From 1979 to 2013, productivity rose 64.9 percent, and hourly compensation rose 8.0 percent. ...

**Source:** EPI analysis of data from the Bureau of Labor Statistics and Bureau of Economic Analysis

Updated from Figure A in *Raising America's Pay: Why It's Our Central Economic Policy Challenge* ...

# Spending on Labor Market Policies

Public Expenditure (% of GDP)  
2011



# Public Workforce 'System' in U.S.

**FY2015 total ~\$10.1B, much more if we include student grants:**

- ✓ Employment Services/1-Stops, \$0.724B
- ✓ WIA for low-income adults and youth, \$1.61B
- ✓ WIA & Trade Adjustment training for dislocated workers, \$1.25B
- ✓ Job Corps, \$1.69B
- ✓ National Programs (e.g., Older Workers, Vets E&T), \$1.35B
- ✓ Adult Education (federal/state), ~\$2.1B
- ✓ State-funded Incumbent Worker Training, ~\$0.2B
- ✓ Career Technical Education grants to states, \$1.125B
- ✓ Apprenticeship, \$31m

Source: Osterman, 2007; Wandner, 2015; authors' computations from FY2016 Budget.

# Private Workforce Services

Private employers bear responsibility for the overwhelming majority (~90%) of workplace training in the US, **totaling ~\$164B** (ATD, 2013), including:

- ✓ OJT
- ✓ Customized training
- ✓ Informal work-based learning
- ✓ Tuition assistance through colleges and universities

Based on a sample biased towards training, employers spend around \$1,200/worker (2.7% of payroll) on workplace learning, disproportionately on more educated, skilled, not frontline, workers. Evidence is mixed (Lerman, 2015), but some find ***employer investment in training may have declined by 28% from 2001-2009*** (Waddoups, 2015).

# The Rise of Sector & Career Pathway Strategies

Strategies began emerging decades ago as part of a *family of strategies* to help **employers** find workers with right mix of skills to become/remain competitive and assist low-income, low-skilled **workers** succeed in college and the labor market.

**Sector strategies** came first, in early 1980s and 1990s, response to employers' needs to aggregate demand for common skills within sectors to rationalize and make existing workforce services more efficient. Early focus: more skilled and educated workers.

**Career pathway strategies**—structured, sequential training and education opportunities to help workers gain skills for continued advancement—followed in mid-1990s, 2000s. Typically based in postsecondary education. Focus: low-income, low-skilled students. Rationality in colleges with stackable, transferable credentials.

***Convergence/integration*** of the two and ***'bridge' programs*** (e.g. I-BEST) came later.

# Sector Strategies

Began 1981-82 with Bay State Skills Corp (now Commonwealth Corp) and San Jose's Center for Employment Training (CET), and early 1990s with independently developed employer-driven models (e.g., San Antonio's QUEST, Wisconsin's Regional Training Partnership or WRTP), Casey Foundation's Jobs Initiative. These strategies *complement cluster-based economic development,*

- Targeting specific industry and/or cluster of occupations
- Intervening through credible organizations (often “workforce intermediaries”)
- Supporting workers competing for quality job opportunities
- Addressing employer needs and competitiveness
- Creating lasting change in labor market systems to help workers and employers

# Sectoral Strategies...

Sectoral strategies address 3 main goals simultaneously:

1. Increase worker skills
2. Improve productivity
3. Enhance regional competitiveness

Sectoral strategies expanded after 2000 through the work of NGA, CSW, Aspen's Sectoral Training Academy, National Network of Sector Partners, with support from Casey, Ford, Mott, Hitachi, Joyce, and more recently JP Morgan Chase Foundations. By late 2000s:

- 1,000+ partnerships targeting 20 industries across US
- 39 local WIBs funded by USDOL/ETA
- NGA working with 12+ states

# Two Career Pathway Types

---

- 1. *Articulated sets of courses/course components*** permitting individuals to learn skills and gain postsecondary credentials for specific occupation, e.g., nursing. Pathways identify postsecondary education entry and exit points to jobs with marketable skills and 'stackable' credentials leading to degree completion. Emphasis on advancing along well-defined PSE/job tracks, with success measured by PSE advancement, credentials, job retention, earnings.
- 2. *Occupations with built-in career pathways*** that prepare individuals via courses leading to industry-recognized credentials. Onus is on workers to manage their own career advancement with success measured by job placement in demand occupations, job retention, and earnings.

# Common Career Pathway Elements

- **Targeted to regional labor markets, often on particular sectors.** CP strategies aren't all sector based, and not all sector strategies feature CPs. But, CPs are increasingly being integrated into sector strategies.
- **Provide frameworks for workforce development,** helping to integrate services and resources of community colleges, workforce/social service agencies into structured sequences.
- **May offer 3 levels of training**—basic skills, entry-level & upgrade training—plus **paid internships**, e.g., Joyce Foundation's 2007 6-state *Shifting Gears Initiative*.
- Often **feature occupationally contextualized 'bridge' programs** to help raise low-skilled student proficiency for taking credit courses.

# Are Strategies Effective?

Rigorous evidence “*thin but growing*” with more in the pipeline, e.g., TAACCCT, WIF, HPOG evaluations.

***Participation.*** Limited findings include:

- Participation in E&T services 32% points higher for participants than controls in 3 sector strategy pilots (JVS in Boston, Per Scholas in NYC, WRTP in Milwaukee (Maguire et al. 2010).
- Participating CET youth had 145 more training hours and earned 21% pts more credentials than controls (Miller et al. 2005).
- Year-Up youth participants *20% pts less likely to attend college* (treatment-on-treated, Roder & Elliot 2011, 2014).
- I-BEST participants increased service receipt by 17% pts, college credits by 10% pts, occupational certifications by 7.5% pts 3 years post-assignment; but no effects on AA degree receipt (Zeidenberg et al 2010).

# Strategies Effective...?

**Employment.** Findings mostly positive.

- Except for Year-Up and I-BEST, sector and career pathway participation increased employment rates significantly from 2 to 7 ½ years postprogram.
- Year-Up and I-BEST led to significant increases in target sector and higher quality jobs.

**Earnings.** Findings generally quite positive.

- *Participation led to significant earnings increases of 12-30% from 2 to 7.5 years postprogram as result of both increased duration and hours on the job and higher wages.*

Some examples illustrate ...

# Earnings Impacts

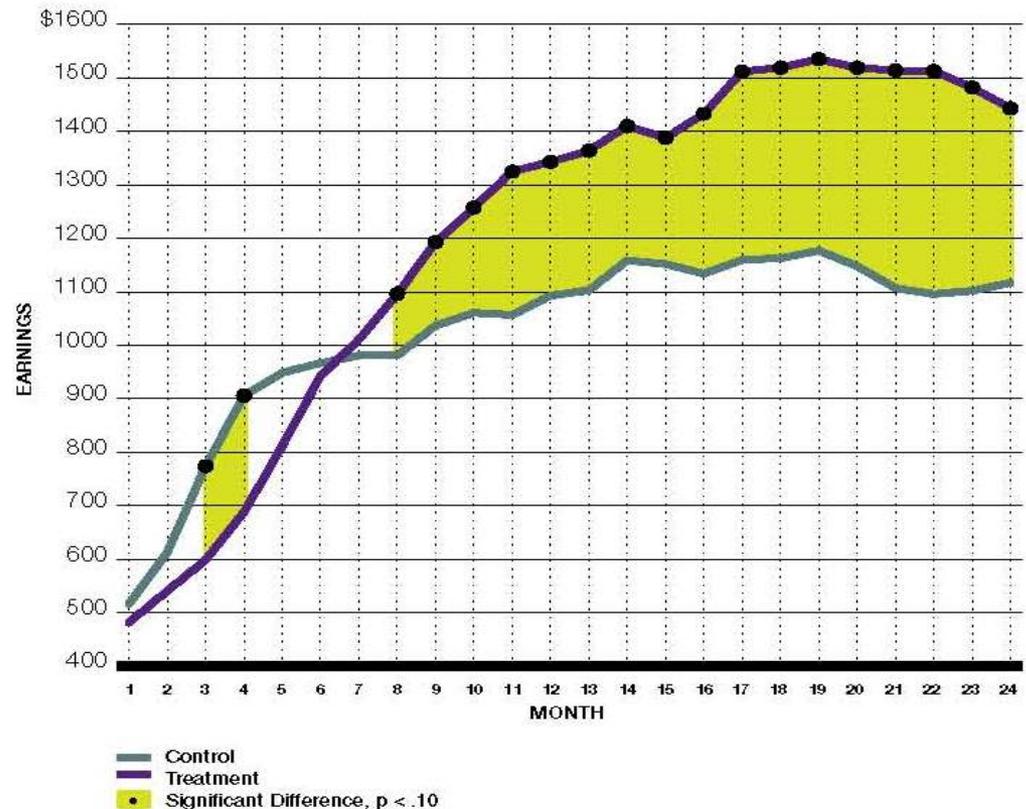
P/PV-Aspen (Maguire et al. 2009) estimated 24-month impacts from 3 sectoral training programs—Jewish Vocational Services (Boston), *Per Scholas* (NYC), and Wisconsin Regional Training Partnership (Milwaukee)—using a rigorous *experimental design* (RCT):

- Participants earned significantly more (\$4,500 or 18.3%) than controls over 24 months, and fully 29.3% more than controls in the 2<sup>nd</sup> year after training.

# P/PV-Aspen Impacts

- Participants more likely to work and, in the 2<sup>nd</sup> year, to work more consistently.
- Employed participants worked more hours and earned higher wages.
- Participants were also significantly more likely to work in jobs with employee benefits.

Figure 1: Total Earnings by Month



# Capital IDEA Impacts

Ray Marshall Center has been evaluating Austin-based Capital IDEA for a decade, estimating net impacts on employment, earnings, UI (monetary) eligibility and UI claims, with a *quasi-experimental design*, and conducting *ROI analysis* (Smith et al., 2008, 2009, 2011, 2012).

Capital IDEA features:

- Longer-term occupational training mostly (75%) in nursing and allied health careers in the healthcare sector, primarily provided via Austin Community College.
- Strong employer engagement
- Wrap-around support services (e.g., counseling, college preparation)

# Capital IDEA Impacts ...

---

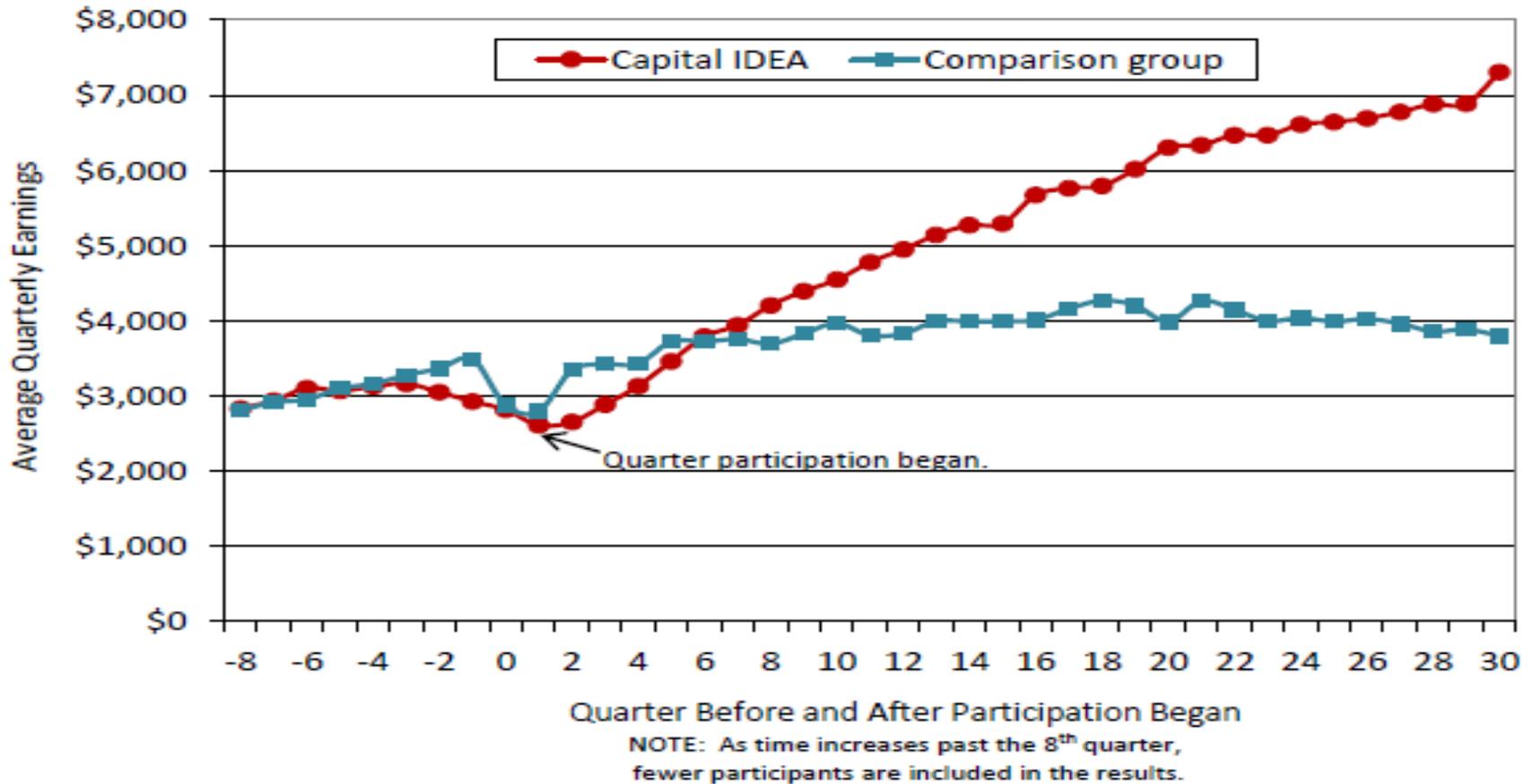
Estimated impacts for participants are *large, lasting and statistically significant*.

- Employment rates for all participants increased by 12.3% points (to 74.3%) over all available quarters after participation, i.e., more than 7 ½ years.
- The share of participants monetarily qualified for UI benefits also increased by 12.3% points.
- Participants enjoyed a \$759 advantage in average quarterly earnings over the entire period, or 11.9% points.

There were no significant differences in the rate of UI benefit filings.

# Capital IDEA Earnings Impacts

Figure 14. Unconditional Earnings Over Time, Capital IDEA Participants vs. Comparison Group



# Capital IDEA Impacts ...

---

Impressive post-program earnings impacts:

- Earnings impacts are averaged over all participants, whether employed or not (i.e., unconditional earnings).
- Differences in earnings between participants and comparison group members capture the combined employment and earnings impacts of participation.

MESSAGE —

*Longer-term skills training leading to employment credentials as part of a sectoral strategy yields large, lasting impacts on employment, earnings and other outcomes.*

# ROI Analysis

---

- Exploratory ROI analysis for early (2003-2004) Capital IDEA cohorts based on quasi-experimental impacts and program cost data.
- Participants spent on average 1.5 years in the program at an estimated cost of \$6,459/participant.
  - 2/3 of training funded by taxpayers
  - Foregone earnings minimized since most participants continue working while in training
- Returns to taxpayers stem from reduced welfare and SNAP payments and increased tax receipts

# Returns to Taxpayers

---

- Over the first 10 years, each dollar invested in Capital IDEA returns \$1.65 to taxpayers, for an annual rate (IRR) of 9%
- Over 20 years, each dollar returns \$5.01 to taxpayers, for an annual rate (IRR) of 17%

*Beats retirement fund performance hands down and exceeds long-term returns on stocks (King & Heinrich, 2011).*

# Strategies Still Spreading

- Workforce Solutions-Gulf Coast Workforce Board (Houston), a large-scale healthcare initiative.
- National Fund for Workforce Solutions funded by Casey, Hitachi and other foundations supporting sectoral training via workforce intermediaries in many sites.
- CareerAdvance<sup>®</sup> (Tulsa), focused on healthcare training for parents of children in early childhood development via 2-generation sector/CP approach with Health Professions Opportunity Grant (HPOG) funds, 2009-2020.
- Southwest Industrial Areas Foundation, replicating sectoral, intermediary-based CP strategies through affiliates in AR, AZ, IA, LA, NM, OK & TX.

# Approaches to Replicating & Scaling

Per Bardach (2003), five (5) major ones:

- **Franchising**, by national office w/standardized components
- **Mandated replication**, by national or state office pushing an effective strategy, e.g., WIOA
- **Staged replication**, typically 3-staged (pilot, demonstration, full replication) approach, e.g., JOBS Initiative, NFWS
- **Concept replication**, looser approach to spreading the model without tight specifications/controls, e.g., I-BEST
- **Spontaneous replication**, bottoms-up responding to requests for info/assistance from possible implementers, e.g., SWIAF with sector/CP strategies

**Market forces alone won't make it happen!**

# Big Picture Challenges

---

Besides the particulars, some larger challenges include:

- Insufficient and/or misaligned **resources**
- Prohibition of or difficulty with using needed **components, activities and/or services**
- Conflict with state and/or local **policy orientation**

No shortage of examples of the “big three”.

# Challenges

---

- Entropy
- Funding Erosion
- ‘Poaching’ by Employers
- Poor Employer Support/Engagement
- Cross-Platform Conflicts
- Weak Adult Ed Programming
- Poor Participant Supports
- Work-First Policy ‘Hangover’

# Opportunities

---

Sadly, a much shorter list—

- ***National networks and initiatives***, e.g., NFWS, AFSME and other labor/mgt. partnerships, SWIAF, NNSP, Alliance for Quality Career Pathways.
- ***State policy support***, e.g., Commonwealth Corp, Washington State Skill Panels, various Texas initiatives, state skill training funds (n=40+).
- ***WIOA policy changes***, both eliminating barriers and encouraging sector/CP strategies implementation.

# Recommendations

---

Among key recommendations:

- ***Increased public and employer investment at all levels in sector and CP strategy implementation.*** Foundations can't and shouldn't continue to carry most of this burden.
- ***Reversing anti-union policies at the national and state level,*** recognizing that labor-management cooperation in workforce training, e.g., apprenticeship—is one of most effective and efficient strategies for career advancement and economic competitiveness.
- ***Continuing emphasis on rigorous evaluation*** to identify and support effective strategies in the future.

# Concluding Observations

---

- ✓ Strong support for effective sector and career pathway strategy implementation is needed just to stay in place.
- ✓ Given rapid advances in technology, global competitive pressures, the continuing spread of the 'gig' economy, and political gridlock in the country, these strategies will not be enough for workers or employers.
- ✓ We must revisit our outmoded assumptions about the labor market and its institutions and find new ways of ensuring support for worker advancement and employer competitiveness.

# For More Information

---

Dr. Christopher T. King, Sr. Research Scientist

Ray Marshall Center

LBJ School of Public Affairs

University of Texas at Austin

[chris.king@raymarshallcenter.org](mailto:chris.king@raymarshallcenter.org)

512.471.2186

Also, visit the Ray Marshall Center website:

<http://www.raymarshallcenter.org/>