Applying "Next Generation" Business Engagement Practices to Opportunity Youth Sector Initiatives

Lindsey Woolsey, The Woolsey Group

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Abstract
Over the past two decades, young adults ages 16 to 24 have experienced steady declines in employment. There are approximately 6.7 million young people who are neither enrolled in school nor participating in the labor market. Known as "Opportunity Youth" or "Disconnected Youth," they are named for the enormous opportunity, both socially and economically, if they are successfully connected to education and jobs. This paper discusses the need for greater national programming directed toward this particular age bracket and emphasizes the importance of grounding such programming in labor market demand. Looking at the effectiveness of sectoral-driven training initiatives and "next generation" sector partnerships, the paper offers a look at how employer engagement and State policy, along with advocacy programs, can help better connect Opportunity Youth to education and jobs.

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THE WOOLSEY GROUP

EXECUTIVE SUMMARY

Opportunity Youth, sometimes and traditionally referred to as “disconnected youth”, are the approximately 6.7 million young people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market. Opportunity Youth are named for the enormous opportunity they present for the United States both socially and economically if they are successfully connected to education and jobs – and in turn the group represent the potential for enormous cost and risk if they are not. Over the past two decades, young adults ages 16 to 24 years old have experienced steady declines in employment. A few factors likely best explain this trend; primarily an increasing demand by employers for specific and higher level skills upon hire, and previous and demonstrable work experience. Long-term trends of disinvestment in education nationally, as well as training and employment services (especially targeted and customized to youth and young adults) coupled with limited knowledge and capacity of organizations serving youth to understand and appropriately respond to employer demands, also contributes to unemployment. Nationally, programming specifically targeting OSOW youth aged 16-24 is nearly non-existent. Where programming for Opportunity Youth does exist, it is often not sufficiently grounded in labor market demand to ensure placement into real time jobs.

Sectoral-driven training initiatives represent one of the only interventions with significant evidence of job attachment, increased earnings and longer retention. By definition these initiatives guide the development of training programs by using the counsel of employers in one target industry and a shared labor market region. Local areas and states have experimented with sector strategies for decades. As a result, the field is fortunate to have years of lessons learned, particularly around the process and tactics of employer engagement. The field has also evolved over the years. In some places, “next generation” sector partnerships operate under a significantly expanded definition, no longer focusing just on advancing low-income, low-skilled workers (a historical focus of sector initiatives). They also focus on economic development goals of partner companies. Sector partnerships with this expanded focus may experience deeper, broader and longer term business engagement simply because employers see more choices in how to engage around their own priorities. The changing field of sector strategies may yield important insights into how workforce training organizations can employ stronger sector partnership approaches to better prepare Opportunity Youth for jobs in their communities.

It is important to note that few examples of true sector initiatives or partnerships exist that focus primarily on Opportunity Youth. This paper therefore is intended to offer insights into the core principles of effective business engagement, and recommendations for service providers, local and regional programs, and states to better use sector partnerships to achieve positive outcomes for Opportunity Youth. This paper pays particular attention to the role of State policy in creating strong sector strategy foundations that could lead to stronger policy and program actions that benefit Opportunity Youth.

TIMES HAVE CHANGED: ALIGNING YOUTH NEEDS WITH BUSINESS

Opportunity Youth, sometimes and traditionally referred to as "disconnected youth", are the approximately 6.7 million young people between the ages of 16 and 24 who are neither enrolled in school nor participating in the labor market. They are a diverse group. Women and men are equally distributed. Minorities, particularly African Americans and Latinos, are over-represented, also making up half the population. Almost 40 percent lack a high school diploma or equivalent (compared to 10 percent of "connected" youth). Over 60 percent (approximately 4 million) grew up in a poor or working class family. These young people represent an enormous opportunity for the United States, both socially and economically, if they are successfully connected to education and jobs. Disconnected youth cost the U.S. billions of dollars each year in lost productivity, lost revenue, increased demand for welfare services and crime-related expenditures. Over 60 percent of all youth crime can be attributed to disconnected youth. Studies indicate that these youth are eager to make changes in their lives, with 75 percent self-reporting optimism and confidence that they will earn a college degree and achieve their life goals.[1] They cannot do this alone. The decks are stacked against them in many ways, including their lack of meaningful education credentials, life and work experience, as well as historical trends of federal disinvestment in training and employment services.

Over the past two decades, young adults ages 16 to 24 years old have experienced steady declines in employment. A few factors likely best explain this trend: increasing demand by employers for specific and higher level skills upon hire, in addition to previous and demonstrable work experience; long-term trends of disinvestment in the national education, training and employment services (especially targeted and customized to youth and young adults); and the limited knowledge and capacity of organizations serving youth to understand and appropriately respond to employer demands.

While debates continue over the specifics of a "skills gap" between what industry demands and what education and training services provide, there is little argument that overall the U.S. economy requires a higher level of skills and education than decades past for an individual to secure a family-sustaining wage. Debates also continue about the shape of our economy: some economists purport an hour glass, with growing numbers of low-wage service jobs at the bottom, and high wage, high skilled occupations at the top, with little in between. Others point to a significant ballooning of middle-skill jobs that typically pay above median salaries and require less than a four-year degree.[2] Both analyses may be right: indeed the low-wage service economy makes up a significant proportion of U.S. jobs and projected job growth; middle skill jobs however also are significant. Specific projected percentages are avoided here because they can vary dramatically depending on the source, and because ultimately that may not be what's important. What is more important, and where there is little debate, is the evidence showing that middle skill jobs today are in fact higher skilled than ever before.[3] This means that for an individual to secure employment in anything above a low-wage service occupation, they will need some level of post-secondary education. A high school education or equivalent no longer makes the cut. For many disconnected youth this poses a significant challenge.

STRONG SECTOR STRATEGIES: ALIGNING YOUTH PREPARATION WITH INDUSTRY NEEDS

Nationally, programming specifically targeting OSOW youth aged 16-24 is nearly non-existent. Job Corps is the federal government's largest investment in residential job training for this population. Its outcomes show increases in education and earnings for participants overall, but research also shows better outcomes for the program's youth over the age of 20, perhaps an indication of readiness and maturity of slightly older youth. In 2015 Job Corps will use demonstration pilots to test more demand-driven, work-based learning for its younger cohorts. Beyond Job Corps, most youth programs target in-school youth, even if defined as "hard-to-serve" by other factors (low

1. http://www.corpsnetwork.org/advocacy/opportunity-youth

2. Carnevale, A. *Help Wanted: Projections of Jobs and Education Requirements through 2018*, Center on Education and the Workforce, Georgetown University, June 2012.

3. Ibid.

income, low skilled, minority, etc.), including Workforce Investment Act (WIA) funded youth programs, which serve youth up to age 21. Young adults (ages 21-24) are often lumped in with the generic "adult" population. This unfortunately means their unique starting places, specific training needs, and critical customized supports are often overlooked or missed. Where programming for youth does exist, it is often not well grounded in labor market demand to be as effective as it could be. In most cases youth service providers are guided by their experience directly supporting and acting as passionate advocates for youth. Despite their best intentions, these providers do not have an equal depth of experience making the critical shift from a traditional "supply-side", job-seeker orientation to a demand-focused labor pool orientation. As a result, employer engagement can often be reduced to an arduous process of making the case to employers that they should give youth a chance. Fortunately there are employers who are willing to do this. Unfortunately there are not enough to qualify the approach as a truly effective employer engagement strategy. Relying on "push" tactics to move youth into the labor market (arguably a strategy dependent on the altruistic nature of an employer) cannot compete with using the market's "pull" to appropriately and adequately train, prepare and place youth into jobs (i.e. a sector strategy). Indeed, one of the only control group/non-control group studies conducted for sectoral-based strategies found that young adults who received sector-driven training were more likely to get jobs, and earned on average about $5,300 more per year than young adults in non-sectoral-driven training.[4]

By definition, a sectoral-driven training program is one that uses the counsel of employers in a target industry (such as healthcare or manufacturing) to create or refine the curriculum and credentials of a training program, often a short-term training program targeting entry-level occupations, but ideally connected to long-term training and an actual educational pathway to higher credentials and higher-skilled jobs. In the best cases these employers become critical members of the program's design team, and also commit to hiring participants who complete the program. For decades sectoral training initiatives have effectively served low-income, low-skilled job-seekers because they train participants to the specific needs of employers in their community; they focus on the entry-level skills needed to attach to the labor market; and they coordinate with community-based and human service programs to provide non-training supports (such as child care, transportation, life skills, coaching, etc.) that help ensure low-income job-seekers complete a program and successfully secure a job.

Even in the best cases of sectoral training initiatives, two interconnected challenges frequently surface that may impact how they serve disconnected youth. First, a fairly typical (although not necessary) "problem with programs" phenomenon whereby an institution or organization establishes a training program, but is then unable to refine and refresh it as needed as the demands of industry change; unable to take it to the scale needed to have real impact; or in some cases unable to end it if in fact the program is no longer relevant. The problem with programs is their fast ability to become stale and outdated, and their inability to adjust once established. Part of this challenge is for education and training institutions to sustain a program long enough, and with minimal additional investment, that generates a return on the time and resources invested. Often the time it takes to realize a return on investment outlives the utility of the actual program to the labor market and therefore prospective students. A second challenge with sectoral training initiatives is the lack of sustained, meaningful employer engagement that could in fact help prevent the "problem with programs", but that requires employers to engage as partners in an initiative, not just as customers. This in turn requires that employers foresee direct benefits, a case usually poorly made by supply-side program leaders unaccustomed to the needs and perspectives of the private sector. It also requires program staff with capacity and expertise to appropriately engage and partner with employers on a consistent basis.

The bottom line for employers, regardless of target worker populations, is whether or not job-seekers with relevant job readiness and technical skills apply for their open positions. For disconnected youth seeking a foothold in the labor market, stale or no longer relevant programs lead to the youths' inability to secure employment despite their case managers' best efforts, or even in a best-case scenario, if hired, their inability to keep the job because of lack of job experience and/or depth in needed technical skills.

4. S. Maguire, J. Freely, C. Clymer, M. Conway, and D. Schwartz, Tuning in to Local Labor Markets: Findings from the Sectoral Employment Study, Public/Private Ventures, July 2010, http://www.ppv.org/ppv/publica¬tions/assets/325_publication.pdf.

THE EXTENDED FAMILY OF SECTOR STRATEGIES

Local areas and states have experimented with sector strategies for decades. Sector initiatives or partnerships exist in some form in every state, in thousands of communities, and in almost every industry. Some have developed organically. Others are seeded by federal, state or private funds. Some are short-lived. Others sustain (and evolve) over a period of years. They are known by different names: sector initiatives, sector partnerships, industry partnerships, workforce partnerships, skill panels, skills alliances, clusters of opportunity, etc. They also can vary by core focus. Traditionally, sector initiatives have focused on transitioning low-income, low-skilled individuals into jobs as a core priority, but this is not always the case. Some sector partnerships are broad-based in nature, focusing on workforce training needs but also on non-workforce related economic development issues. Consider the following snapshot of the field:

What is the field of sector strategies?

- **The Aspen Institute Workforce Strategies Institute[5] remains a strong resource for research on strategies that specifically advance low-income Americans into the labor market.** For WSI, this therefore is a core criterion in the definition of a sector initiative. Similarly, the National Network of Sector Partners (NNSP) is nation-wide membership association for sector initiatives who self-define as partnerships with employers to specifically advance low-income workers.
- **The National Fund for Workforce Solutions also emphasizes the advancement of low-income and low-skilled workers.** Their approach to building sector partnerships is slightly different in that they rely on first building a collaborative of philanthropic investors in regions around the country who then help support the development of workforce partnerships with employers.
- **Sector partnerships independent of the above organizations also exist all across the country.** These are networks, collaborations or partnerships of employers within one target sector that either self-convene or are convened by a third party (an economic development association, a workforce organization, a community based organization). Workforce training and education issues are typically the highest priority of these groups, but they may focus on other shared issues too. They may focus on low-income advancement, but it is not a defining criteria.
- **States are also in the sector game, and in fact more than half of all States in the U.S. have in some way promoted or formalized sector strategies as the recommended way for workforce development organizations and partners in education and economic development to engage with industry at the local level.** Some states, like Massachusetts, have been supporting the development of regional sector partnerships for more than 30 years. The National Governors Association has been the clearinghouse for State-supported sector strategies for over a decade.[6] A key trend in the states that do the most for sector partnership development across their regions and industries is the promotion of a more expansive definition from that of sector initiatives affiliated with WSI, NNSP or NFWS. A logical explanation exists for this difference: States tend to have multiple agendas that must be equally promoted, including growth and economic development for the companies that make the state their home, as well as strong education and training for job-seekers. As a result, most states with sector strategy policies and agendas broaden the scope of a sector partnership to be inclusive of more than low-skilled worker advancement.

5. For more information on WSI, NNSP and NFWS, see http://www.aspenwsi.org/, http://www.insightcced.org/communities/nnsp.html, http://www.nfwsolutions.org.

6. Woolsey, L. and Groves, G. Sector Strategies Coming of Age – Implications for State Workforce Policy, National Governors Association with National Skills Coalition and the Corporation for a Skilled Workforce, January 2013. http://www.nga.org/files/live/sites/NGA/files/pdf/2013/1301NGASSSReport.pdf

State involvement as described above has arguably altered the national landscape and definition of sector strategies, and it may be more accurate today to describe an extended family of sector efforts from traditional, low-income worker focused training initiatives to what is becoming known as "next generation" sector partnerships.

"Next Generation sector partnerships" can be characterized as:

- **Regional:** not too big (i.e. not statewide), not too small (usually larger than a single city or neighborhood);
- **Employer-driven and supported,** with employers acting as partners, not just customers or advisors;
- **Coordinated by a credible and neutral convener** (this could be a workforce, community based, economic development or educational organization);
- **A coordinating body** across multiple educational, workforce development, economic development programs and other organizations (this becomes in the best cases a "single table" at which industry can engage community support organizations);
- **An organizing vehicle to address opportunities related to the target industry's top growth opportunities,** including but not limited to human capital needs; and
- **A highly customized** response to a target industry's needs in a shared labor market region, and therefore **highly accurate.**

It is important to acknowledge the "extended family" of sector strategies because it is this variation that can potentially yield a deep understanding of the distinct differences in how businesses are engaged; what the "ask" is of their engagement (i.e. why are they being engaged?); how other variables (like philanthropic or public dollar investment) affect the level of employer engagement; what role employers play in a sector partnership; and ultimately the resulting impact on job-seekers and target populations. An additional contributing factor to the potential increase in more broad-based, "next generation" sector partnerships is the possibility for deeper, more authentic employer engagement. While benchmarking and formal evaluations are lacking, observations from the field indicates that employers engage at deeper levels and for longer periods of time if they directly contribute to the design of education and training programs. Observation also suggests benefits from employer participation in non-workforce related issues that may be of equal priority. These may include joint efforts related to supply chain mapping; shared costs and efficiencies in transportation and logistics; collective marketing and branding campaigns; and others. Facilitating employer involvement at deeper and broader levels achieves two results: first, employer engagement is sustained far beyond just an "advisor" role; and second, as employers engage as more authentic partners, supply-side providers in education and training begin to shift how, and how often, they use employers to guide needed programmatic changes, ultimately reducing the "problem with programs" phenomenon.

OPPORTUNITY NOW FOR *OPPORTUNITY* YOUTH

Currently a wave of attention is being paid to Opportunity Youth in the world of workforce development, opening up new dialogue. The newly passed Workforce Innovation and Opportunity Act (WIOA) makes key investments in serving disconnected youth. Local workforce areas and their American Job Centers funded by WIOA must increase the percentage of youth formula funds used to serve out-of-school youth to 75 percent from 30 percent under the previous Workforce Investment Act (WIA). 20 percent of these funds must be spent on work experience activities such as summer jobs, pre-apprenticeship, on-the-job training, and internships. WIOA also places new and strong emphasis on using sector partnerships as the organizing vehicle for understanding industry demand and appropriately training and placing job-seekers. Under WIOA, state and local workforce boards will promote the use of industry and sector partnerships to address the workforce needs of multiple employers within their industry. Local areas will have coordinated planning and service delivery strategies that align workforce development and economic development within a framework of meeting the needs of local employers. WIOA also strongly encourages industry-driven career pathway development, and training that leads to industry-recognized credentials.

For the intentions in WIOA to be truly realized, it will be essential to work with employers to determine hiring needs up front. This intention represents a lesson learned not just for the American workforce system but for all education and training organizations, both public and private. It is no different for organizations serving Opportunity

Youth. In a July 2014 report, the White House cites “common-sense solutions and game-changing opportunities” in the examples across the country of “purposeful collaboration” among some mix of local employers and business associations, local governments, American Job Centers and workforce boards, community colleges and universities, unions and labor-management partnerships, and community organizations.[7] This is an apt description of a sector partnership. Sector partnerships intentionally integrate the multiple supply-side organizations, programs and systems within a common demand framework of a target industry. As a result they create truly job-driven opportunities for job-seekers.

The Opportunity Equation

SUPPLY-SIDE INTEGRATION + EMPLOYER DEMAND = **OPPORTUNITIES FOR YOUTH**

UNDERSTANDING THE DEMAND-SIDE: LESSONS LEARNED

The nomenclature for “demand” has changed over the years in nuanced ways: “demand-driven” connotes an understanding of the types of skills an employer needs in a specific category of worker; “industry-driven” can add an additional layer to that connotation that implies industry-approved (by more than one employer) training and education credentials are in place; and today, “job driven” is the term of art, which implies a tighter alignment with not only the skills needed to succeed on the job, credentials that prove a worker has those skills, but also adherence to the level of demand for specific occupations so that education and training institutions are not under- or over-supplying graduates to the labor market. Perhaps worse than under-supplying a skilled workforce to companies is oversaturating the labor market, thus wasting valuable public resources and the time and personal finances of individual job-seekers who, despite being technically qualified, in the end cannot secure employment because too many individuals are equally qualified for a finite number of open positions.

Customizing by Industry

A commonly cited lesson learned from the field of sector strategies is that not every industry is the same.

Industries are not the same

Three categories of distinction matter:

1. **Industry Sector:** Industries have unique cultures. Some are collaborative; others less so. In the latter case, initial sector partnerships succeed when they focus on “pre-competitive issues”, such as shared talent pools, or shared costs of product transport. Some are more likely to be led by civic-minded leaders in their community, a trait that lends itself well to sector partnerships. Some industries have clear, supported paths of career advancement. Others do not. If the latter, depending on the industry, companies may be interested in using a sector partnership to develop a talent management plan; or it may take time and an early focus on other priorities before companies are willing to address career advancement issues.
2. **Company Location:** There is also a difference in industry culture depending on company location. Rural manufacturers are different from urban manufacturers. Energy companies in Pennsylvania are different from those in Nevada. Hospitality and service jobs in New York City are drastically different from those in Spokane, Washington. Hospitals in Philadelphia are unique from hospitals in Denver. For this reason, the regional nature of sector partnerships is very important. It is the factor that leads to conversations about unique and shared growth opportunities, and therefore unique, customized responses to needs. It also allows for real company-to-company networking that can result in new, shared ideas for products and markets.

(continued on next page)

7. Ready to Work: Job-Driven Training and American Opportunity, The White House, Washington D.C., July 2014.

3. **Company Size:** Multi-national companies have very different needs from small or mid-sized businesses. Company size is often an indicator of likelihood to engage in a sector partnership. Depending on the size of company, the need for outside program support will vary. Most large companies have and rely on international recruiters for new hires, and use in-house training for advancement. It is no surprise that most sector partnerships across the country are therefore made up of small and mid-sized businesses. Most jobs are created by firms with fewer than 20 employees and by newly established firms (less than five years old).[8] Some sector partnership conveners deliberately choose to partner with small, fast-growing companies because they know that these companies are more likely to hire at all levels, more likely to internally advance (thereby opening up entry-level positions), and more likely to accept help from a third party for workforce training. This does not mean that large or multi-national companies should not be invited to participate in a sector partnership. They often can be important leaders, investors and partners. It simply means that a good sector partnership should pay critical attention to smaller and mid-sized companies.

"Pull" vs. "Push" Strategies

A general agreement from the field of sector strategies is that business engagement tactics may actually not change dramatically depending on the target population. This may sound counterintuitive, but fundamentally, regardless of the particular job-seeker, a deep understanding of demand remains the most important factor to placing any individual into training, an education program, and eventually into a job.[9] For disconnected youth, or any other target population, engaging employers in order to understand demand is still the core strategy. Over-reliance on "push" tactics to move youth or other target population individuals into the labor market cannot compete with using the market's "pull" to appropriately and adequately train, prepare and place youth into jobs (i.e. a sector strategy). For OSOW youth, what changes the most from other populations is the type, level and duration of training and preparation to make them ultimately qualified and valuable the first day on the job. OSOW youth need "longer runways and stronger pathways."[10] They also need to be provided accurate, clear and realistic information about job choices, job market saturation levels, entry and advanced wage levels, needed skills and abilities to perform well, and advancement opportunities and time frames. This requires youth service providers to understand demand at a complex level, and to continually check and update their understanding. A sector partnership is an effective mechanism to do this, but one that requires a very different set of skills and knowledge from those inherent to the mission and staff capacities of youth service providers.

Successful sector partnerships rely on a set of core principles of practice, including:

- **A skilled and neutral convener or intermediary** who can convene employers, facilitate conversations about their skilled worker needs, and coordinate across an array of education, training and support programs to implement solutions;
- **Engaging employers as clusters of companies**, not just individual firms. This requires a skilled facilitator, and "know-how" to bring employers who may be competitors together;
- **An understanding of the target industry and its geographic footprint**, based on labor market information, so that the sector partnership is implemented at the right size and scope;
- **An ability to keep employers' priorities front and center**, and proactively design and implement industry-driven solutions, not traditional program- or institution-driven solutions; and
- **Finding ways to sustain employer engagement and sustain the sector partnership** by continually expanding and diversifying funding and in-kind support.

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8. Reedy, E.J., Litan, R. *Starting Smaller, Staying Smaller: America's Slow Leak in Job Creation*, Ewing Marion Kauffman Foundation, Kansas City, MO, July 2011.

9. Note: this assumption was a repeated theme in the notes from *Next Generation Employer Engagement Strategies for Opportunity Youth*, Convening by The Pew Charitable Trusts, September 19, 2014.

10. Fischer, D. *Innovations in the Field, Young Adult Sectoral Employment Project, JobsFirst NYC*, September 2014.

None of the above practices are quick to learn. Effective conveners of sector partnerships can take years to learn their trade. They learn on the job, hopefully from their peers in the field of sector strategies, and if they have the resources by seeking out training or consultants to help them launch and build a sector partnership. Models exist of larger scale (federally, philanthropically or state-funded) technical assistance projects that help build the capacity of a group of organizations.[11] States also have created capacity-building initiatives for their regions and program leaders. These can include Sector 101 sessions, how-to sessions, peer learning networks, individual coaching, and onsite technical assistance.[12] No national-scale effort has been made to specifically offer technical assistance to youth service providers on the principles and practices of sector partnerships. With increased attention and flexible funding on Opportunity Youth and sector partnership approaches, it is an ideal time to do so.

UNDERSTANDING THE SUPPLY-SIDE: WHAT OSOW YOUTH NEED

Disconnected youth, like many hard-to-serve populations, require supports and hands-on guidance to connect to education and work in a meaningful way.

Continuum of Participant Support

RECRUITMENT ▶ ASSESSMENT ▶ TRAINING ▶ CAREER COACHING ▶ JOB PLACEMENT ▶ RETENTION

On-going and dynamic: Case management, Customized life supports

For youth service providers this means building an interconnected continuum of processes and services that enable effective recruitment of youth, including individual needs assessment; hands-on, trusted case management to ensure highly customized and flexible responses to individual youth and young adult needs; life skills coaching inclusive of "soft skill" factors such as appropriate dress, behavior, teamwork, and individual responsibility; education that leads to high school equivalent credentials or higher; training that prepares participants for work in targeted occupation(s); provision of integrated career coaching strategies to build and expand participant career-readiness; coordinated job development and job placement services to match the skills of participants with the requirements of employers; and navigation and arrangement of supportive services (childcare, transportation, medical care, access to technology, etc.) that remove barriers to training completion, and once on the job, employment retention. This work truly takes a village. No organization can do all of this alone, another reason why sector partnerships can become effective organizing vehicles across multiple programs that must come together to provide comprehensive programming to Opportunity Youth.

An additional critical factor with implications on success for Opportunity youth is the near-universal finding among employers in almost every industry of a higher expectation for work experience. For many employers on-the-job-experience may matter more than a student's major or grade point average.[13] Even for "entry-level" jobs, employers today are demanding two years of experience. Formalized work experience models exist in various forms, including internships, cooperative degree programs, apprenticeships, on-the-job training, and volunteer opportunities, but they do not exist as a norm nor at the scale that may be needed for employers to readily hire, and for job-seekers to gain a foothold in the labor market. This means that millions of job-seekers, unless self-driven to arrange their own work experience program, will not have the opportunity to gain hands-on experience

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11. DRAFT *Transforming Technical Assistance: A New Approach to Helping Grantees Innovate and Succeed*, prepared by the National Governors Association for U.S. DOL ETA, drawing on lessons learned from sectoral-focused American Reinvestment and Recovery Act grantees (2010-2013).

12. See www.sectorssummit.org for an example of the types of sector partnership tools, trainings, peer learning and Summits that the State of Colorado offers to its 14 economic regions. Colorado has invested resources in statewide capacity building for sector partnership development intensively since 2007.

13. Fischer, K. *A College Degree Sorts Job Applicants, but Employers Wish it Meant More*, The Chronicle for Higher Education, Special Reports, July 29, 2013.

in their field. Considering that roughly 47 percent of all new job openings from 2010 to 2020 will fall into the middle-skills range[14] (jobs that require less than a bachelors degree), it seems critical for education and training programs across all levels to re-visit the value of formalized hands-on work experience. It may be the deciding factor for employers to hire one individual over another. For OSOW, this implies that work-based and project-based learning should be integrated into any and all training and job preparation programming. The more this population of youth can demonstrate hands-on experience in lieu of higher degrees, the stronger their chances of attaching to the labor market. A new focus on work experience is calling attention to best practices in internships and apprenticeships, but most of these currently target in-school youth.

Two examples of youth service providers tackling the issue of work-place based learning for OSOW youth are the 1199C Training and Upgrading Fund in Philadelphia and JobsFirstNYC, an umbrella organization of the Young Adult Sectoral Employment Program (YASEP), seven sector partnerships across four boroughs of New York City with some of the highest rates of OSOW youth. 1199C is currently conducting analysis, interviews and focus groups with healthcare employers to understand the skills needs of entry- and mid-level jobs, and to assess the interest and roles of employers in integrating work experience into skills training for OSOW youth. JobsFirstNYC is similarly working with healthcare, transportation and logistics, information technology, food service and hospitality. Both organizations understand they must start with demand, design appropriate training and supports, and partner with employers to then place OSOW youth into projects or work experience. This work is still in its early phases.

INTEGRATING DUAL AGENDAS: STATE SUPPORT POLICIES

For workforce development agencies and programs, the opportunity to integrate state sector strategy agendas with agendas to connect disconnected youth to education and jobs could not be stronger than it is today. WIOA provides funding and incentives to do so, and states also have their own general revenue funding to contribute. Yet the reality is that examples of states moving strongly in the direction of integrating these two agendas are non-existent. Many states are finding mechanisms and tools to more firmly establish sector partnerships as organizing frameworks for their workforce, education and economic development programs. Some states are beginning the important conversations about youth unemployment, but to-date only Washington State has specifically invested state funds into a statewide, disconnected youth initiative. In November 2014 Governor Inslee announced a $1.9 million YouthWorks initiative to create internships and work experience for thousands of students across the state, with a particular emphasis on re-engaging those who have dropped out of or are at risk of not graduating from high school. The state's Employment Security Department is administering the grant. The Washington State Education and Training Coordinating Board (WTB – Washington's Workforce Investment Board) is collecting promising practice information. Each of the state's 12 Workforce Development Councils received funding for regional implementation of the program.

No state can be credited with purposeful dual-agenda (sector strategy + opportunity youth) integration. Herein lies a great opportunity: use the power and evidence of sector-based approaches to guide the development of strong labor market-driven training, work experience and job placement for the nation's disconnected youth. States with strong sector strategy frameworks may be the best laboratories for this work.

Strong Sector Strategy States

Currently more than half of all states are in some way promoting the implementation of local sector partnerships across their unique regional economies. This looks different in each state, but the overall goal of state sector strategy efforts are the same: to create the best conditions within which individual, local sector partnerships on the ground can thrive in order to meet industry's needs and connect and advance workers to good jobs. State support of sector partnership development in fact has a long history.

Massachusetts began its sector work in 1981 by creating the Bay State Skills Corporation, funding local initiatives across the state in almost every critical industry and requiring 50 percent matching contributions from employers. The state has continued direct support of the sector partnership approach since then, funding hundreds of local partnerships through the Workforce Competitiveness Trust Fund. By the early 2000s other states, such as **Illinois,**

14. *Preparing for the Future: Closing Colorado's Middle-Skills Gap*, National Skills Coalition, 2011.

Kentucky, Michigan, Penn¬sylvania and Washington were following Massachusetts' lead, creating grant programs to support the start-up of sector partnerships. These states used a mix of other policy tools in addition to grants to support this work, including primarily high quality labor market information to help local stakeholders make wise decisions about target industries; some training and shared learning opportunities across conveners of local sector partnerships; and early guidance on success metrics. By the end of a four-year state sector strategy project in 2010 conducted by the National Governors Association more than 25 states were at vari¬ous stages of similarly promoting sector partnership development. More recently a handful of states have taken the spotlight for some new approaches to this work, including primarily a move away from relying on grants to catalyze the start-up of partnerships. This was in part by necessity. Most state sector strategy efforts have been and continue to be driven out of state workforce development agencies and/or State Workforce Investment Boards (mandated by WIA and now by WIOA). Many states used their WIA Governors Discretionary money (a 15 percent WIA set-aside for state driven priorities and projects) to create sector partnership startup grants. In 2011 Congress reduced these funds from 15 percent to 5 percent. With this cut many states pulled back significantly on state-supported sector partnership activity.

Colorado and Arizona represent two states that took an opposite approach. Instead of relying on grants, these states aggressively and on an ongoing basis began providing sector partnership technical assistance and training to local workforce boards and their American Job Center staff, as well as essential local partners in colleges and economic development organizations. As a result, these states can boast a dozen active sector partnerships and an equal number of emerging partnerships, none of which started with grants, but instead out of a recognized need by all program partners to align their industry engagement efforts and worker advancement programs into a formal coordinated partnership. The implications on sustainability theoretically are strong as a result, assuming partnerships and employer engagement are more likely to sustain based on authentic (not grant-driven) shared need, and based on a new level of shared "know-how" in regards to meaningful program collaboration. These partnerships may be better positioned than their counterparts because WIOA Governor's discretionary funds are re-instated, and is considered local workforce areas that will enjoy far more flexible funding through the same legislation which will allow them to cover the costs of staffing of partnership building efforts. In other words, the test with new potential funding for sector work will explore whether existing partnerships that developed of their own volition will be better positioned to effectively use new influxes of investment than their counterparts who may use the money to incent employer and program partners to come to the table. This question fundamentally pushes the boundaries of what has been discussed in sector strategy circles for decades: sector partnerships as an organizing framework across different systems and programs becoming "the way of doing business" for these programs, verses sector approaches as time-limited initiatives, grant-dependent training programs, or just a passing fad.

To be clear, and at the risk of redundancy, sector partnerships in the best cases are organizing frameworks for the triad of essential systems partners (workforce development, education, and economic development) that all have a stake in ensuring at a regional level that industry is healthy, and therefore offering jobs, and workers are skilled and therefore ready to take those jobs. In some cases they are, and in all cases should be, the pinnacle of "collective impact" goals and objectives. Stronger and stronger foundations in the actual practice of collaboration are only becoming more and more important as each of these systems partners hears repeatedly from on high a strongly similar call to action: Partner with industry. The U.S. Department of Labor Employment and Training Administration is making sector strategies a new priority; the U.S. Economic Development Administration has long promoted regional industry innovation clusters, and more recently is making a skilled workforce a central focus; and community and technical colleges in the past few years have received attention, and pressure, from the Obama Administration to be accountable for not only if students graduate, but if in fact they connect to a job in their field upon graduation. The risk is that each of these systems responds to this call to action in isolation (thereby creating multiple, duplicative partnerships with manufacturers, or healthcare providers, or other target industry groups); the opportunity is that these systems partner together in their shared locality to target and partner with their region's critical industries. Sector partnerships offer the vehicle to do so, and states can play a critical role in promoting their uptake.

Colorado, Washington and Massachusetts to-date may represent the states furthest along in using policy to make sector partnerships "the way of doing business" across the triad of essential systems partners. This includes direct promotion of the sector partnership model on-the-ground as well as state-level administrative policy actions that push state agencies across the triad to align and coordinate. For example, **Massachusetts** Governor Deval Patrick issued a memorandum charging the Secretary of Labor and Workforce Development, the Commissioner of Higher Education and the Secretary of Housing and Economic Development to coordinate policies and programs. As a result, the three systems created, and jointly fund, a full-time staff position responsible for coordinating efforts to align the state's education and training programs with the anticipated demands of industry. This individual is housed at the Department of Higher Education, but reports to all three secretaries. The person in this position, in addition to meeting with the three secretaries regularly, helps to ensure the multiple statewide initiatives spearheaded by individual systems are better aligned and have a greater connection to the needs of the economy. She also partners with the Commonwealth Corporation, the state's workforce investment administering organization primarily responsible for grants, technical assistance and evaluation of regional sector partnerships. This is a strong example of an administrative policy action that can push systems to coordinate conversations, agendas and initiatives.

Collective Impact and Sector Strategies

The 2011 Stanford Social Innovation Review article Collective Impact prescribes the approach to situations which "require many different players to change their behavior in order to solve a complex problem," and where "a group of important actors" from diverse organizations must "abandon their individual agendas in favor of a collective approach."[15] Kania and Kramer identified five conditions for achieving collective impact on any issue: a common agenda, shared measurement systems, mutually reinforcing activities, continuous communication and backbone support functions (such as convening partners, conducting needs assessments, developing a shared strategic plan for aligning efforts, selecting success metrics and designing an evaluation). These conditions mirror the same critical success factors of good sector partnerships. The unique benefit of the sector partnership approach, in the best cases, is that the common agenda is framed by an invested 3rd party: the voice of industry. When used effectively, this means that individual partner organizations who acknowledge and embrace using the "pull" of industry demand to guide their services to workers and jobseekers can almost immediately find projects to collaborate on, and can significantly reduce ramp-up time involved with complex mission alignment.

Washington's Governor Inslee in 2014 signed legislation that requires the state's 34 associate development organizations (ADOs are local economic development agencies) to coordinate with the state's 13 workforce development councils, including combining strategies around workforce and economic development, particularly in relation to shared target industry clusters, and agreeing to shared performance metrics related to employment and wages. The 2014 statute included additional stronger language requiring collaboration with community and technical colleges by ADOs and WDCs. This includes improved collaboration with the state's ten Centers of Excellence, housed at unique community colleges around the state, which act as a clearinghouse for education and training resources for specific target industries. The original legislation became a catalyst for the WTB to partner with the Washington State Department of Commerce and Employment Security Department to create shared contract language related to required cross-system partnership development, now used in all grants to local areas from participating agencies. This is a strong example of leveraging legislative policy with administrative policy action for maximum effect, in this case on how diverse systems and programs coordinate within a targeted industry framework.

Governor Inslee's legislation builds on a fifteen-year history of promoting sector partnership development at the local level. Washington State began funding start up activities of "Skill Panels" in 2000. Washington no longer provides funding but still boasts twenty-seven Skill Panels in operation at the regional level, focusing on a range of industries including healthcare, manufacturing, agriculture, construction, information technology, aerospace, energy and others. The WTB continues to evolve a set of high performance Skill Panel standards that act as guideposts to existing or emerging Skill Panels as part of an effort to continue offering technical assistance and guidance. In the current version of performance standards, high performing Skill Panels must: Focus on solutions with economic impact; continually re-examine needs and strategies; attract powerful leaders; impact decision makers in education, industry and among elected officials; impact the State's Workforce Training System; promotes its achievements broadly; operates within a strategic plan; attracts funding and resources; fosters private-public alignment; and sustains itself without state funding.

In May 2014 the Governor of Colorado signed new legislation (SB 14-205) that codified sector partnerships as the shared mechanism for programs in workforce development, education and economic development to engage employers at the local and regional labor market level. It further codified sector partnerships as the vehicle out of which any targeted industry career pathway programs shall be developed. This legislation represented a major milestone in what has been a three-year process to define, build capacity and implement Colorado's "next generation of sector partnerships." Similar to other states within the past decade, Colorado's work (led by the Colorado Workforce Development Council) focuses on action around the following potential roles of a State in promoting sector partnership development.

15. Kania, J. & Kramer, M. (2011). Collective impact. In Stanford Social Innovation Review. Palo Alto, CA: Stanford University.

The below should be considered the policy tools available to any state promoting the use of sector partnerships:

State Policy Toolbox

1. **Shared vision and goals** – State leadership plays a key role in creating a shared vision of sector strategies that focus on serving and positively impacting a state's economy and workers/job-seekers. Some states are creating actual maps of their regional sector partnerships in order to spread a clear message that these are regional and industry-specific. Other states are aligning their goals of education and credential attainment with sector partnership related training and education efforts.
2. **Industry data and analysis tools** – A state can play a strong role in culling through multiple sources and layers of data, and organizing data into use-able tools for local areas to make informed decisions about target industries. Ideally, these tools should be designed for use by multiple regional stakeholders (a "team") so that they reach joint decisions about critical industries in their regions. This starts a critical, early buy-in process by multiple organizations about shared target sectors.
3. **Performance metrics tools** – Many sector states are creating a common dashboard of success indicators, a set of criteria for high performing partnerships, and associated metrics tools to create consistency across sector partnerships; to guide the development of partnerships; and to provide the State with aggregate common ROI metrics.
4. **Training and capacity building** – This is technical assistance. The State plays a significant role in providing training and support to local area stakeholders to develop, launch and expand their sector partnerships. This may be the most powerful tool in the toolkit.
5. **Communication and Awareness** – "Building the buzz" about the value of sector partnerships, and actively recruiting champions from public systems and the private sector doesn't just happen at the local partnership level. State leadership can help by communicating the value of the sector partnership approach to industry associations, agency leaders, and individual private sector members.
6. **Administrative Policy** – On an ongoing basis, state agencies need to assess if there are policy barriers that are hindering the establishment and progress of sector partnerships, or if there are ways to create policies that will better support partnership development. Sometimes these changes are easy to make administratively, and yield big impact.
7. **Legislative Policy** – This includes funding for sector partnerships, but can also include codifying sector partnerships as the vehicle for cross-system collaboration and employer engagement, as examples.
8. **Funding and Investments** – The State plays a vital role in mapping out funding sources, re-purposing funding streams, and finding new funding that can support the important industry-driven solutions that might come out of their sector partnerships.
9. **Sharing Promising Practices** – State level leaders can help identify and share out examples of success. This should constantly inform performance metrics and high performance partnership guidelines/criteria.
10. **State-Regional Communication** – Creating the feedback loop between local areas and state systems about lessons learned, insights about industry and worker needs, and needed changes going forward in policies and investments is the role of the State.

The above framework represents what states can do to take to scale effective sector partnership approaches. Only a handful of states (previously highlighted) are utilizing their full toolbox, but more than half of all states are strongly interested in moving in this direction.

RECOMMENDATIONS AND STEPS FORWARD

The strength of sector partnerships is their ability to use the pull of industry demand to design the right training and credentials at the right time for jobseekers to get jobs in their communities. It may be safe to assume that the field of sector strategies is undergoing a renaissance right now. Opportunities exist to use the clout, evidence, and this revived interest to truly push the nation's public and private community-oriented programs to come together. Collaboration takes practice, and the nation's communities have not had enough practice in collaboration within the framework of a truly shared agenda.

As more states and local program practitioners embrace stronger partnerships with industry as a first order priority that will then allow them to truly advance agendas and goals related to specific target populations, including Opportunity youth, it will be essential for clearer, better and at-scale technical assistance and training on the sector partnership model itself. This represents the strongest overarching recommendation of the potential suggestions offered below to improving the prospects of the country's growing population of at-risk, disconnected youth.

1. **Build the Capacity of Youth Service Providers to Expand Demand-side Approaches – i.e. to Use the Sector Partnership Model**

   In most cases, youth service providers are guided by their rich experience directly supporting youth, including acting as passionate advocates for them. Despite best intentions, these providers do not have an equal depth of experience making the critical shift from a traditional "supply-side", jobseeker orientation to a demand-focused labor pool orientation (i.e. a sector partnership). Youth service providers should not underestimate the power of the sector partnership approach to effectively attach Opportunity Youth to the labor market. These organizations must take it upon themselves to understand the principles and practice of good sector partnerships in order to better serve their mission population. But they cannot do this alone or uninformed. A national and visible sector partnership technical assistance effort to youth provider organizations could significantly shift the way they serve youth. This technical assistance effort should provide hands-on tools and guidance on how to directly convene strong sector partnerships, and to be strong support partners in existing sector partnerships. To achieve maximum success this type of technical assistance effort will need buy-in from the leadership across multiple systems, both formal (U.S. DOL, U.S. Department of Education, American Association of Community Colleges, among others) and informal (national organizations who represent credible and concentrated leadership in the eyes of youth service providers, such as the National Youth Employment Coalition, among others), as well as a cadre of highly skilled technical assistance providers with experience in real (not just conceptual) sector partnership development and implementation.

2. **Convene a State Sector Strategy Learning Network**

   The last time a State policy learning network related to sector strategies convened was via a National Governors Association State Sector Strategy Policy Academy (2006-2010). The Policy Academy initially convened five states (Massachusetts, Washington, Pennsylvania, Michigan, Illinois and Arkansas), and then expanded a learning network to almost two-dozen more. States shared models, policy tools, and lessons learned about their sector strategy goals and implementation. Since then no forum has existed for ongoing learning, despite what could be seen as major advances in the field from a state policy and framework perspective. A State learning network for shared promising practices could significantly leap-frog the field forward again, this time with an eye toward truly understanding how to use an industry driven agenda to benefit target populations. These learning networks with the right national leadership can be highly effective for a comparatively small investment.

3. **Invest in a National Benchmarking Study of Sector Strategies**

   It is fair to assume that a preponderance of evidence on what works and what doesn't when engaging employers in sector strategies to-date exists, but it is largely anecdotal. This is true despite the fact that local areas and states have experimented with sector strategies for decades. This paper summarized the landscape of sector strategies today, including the "extended family". The time is now for spearheading an assessment of employer engagement outcomes and best practices across this diverse field. This should not just be focused on sector initiatives targeted at OSOW youth as it will limit the findings and lessons learned from the field. It should focus on the diverse models of sector strategies currently in practice. This could be a full evaluation project, or it could simply be an informed, national assessment. Neither has ever been done.

4. **Create the Right Conditions for Sector Partnerships to Emerge and Succeed**

   States across the country have been experimenting with sector strategy development for decades, but only a few have fully implemented the policy toolbox highlighted in this paper. When states rely too heavily on just one or two tools (in the past, for example, just grants or limited technical assistance), the impact tends to be short-lived, or the effort feels like just the "flavor of the day" from a new administration. As a result some states that once took a spotlight for their sector partnership efforts today have fallen off the sector map nearly completely. States play a critical role in this work, but it must be comprehensive and sustained. States with the most recent success, like Colorado, used the opportunity of a new governor to re-energize their sector strategy efforts, knowing they would have a longer run (at least one full term). They aggressively designed and delivered technical assistance to local stakeholders on the sector partnership model; developed industry data tools and performance metrics; began strong and early conversation across state agencies about the approach and a shared vision for outcomes; pursued legislation to codify the approach as the way to engage businesses in public-private partnerships; and continue to provide shared learning opportunities across regional partnerships about promising practices. As a result, the term, definition and actual implementation of sector partnerships are now commonplace across education, workforce development and economic development stakeholders in every region. Only time will prove whether or not Colorado has embedded the model deeply enough to withstand a change in administration. Massachusetts and Washington State represent the only two states that can so far truly stake that claim.

5. **Integrate State Sector Strategy Agendas with Target Population Needs**

   This cannot be at the sacrifice, however, of authentic business engagement focused on an industry's overall growth opportunities, and the very specific skilled workforce needs of companies within that industry. Among workforce and training providers the past is riddled with misguided strategies of engaging business leaders. Because these provider organizations tend to only view businesses as "employers" of the jobseekers and students they seek to assist, not as businesses or companies with growth and productivity agendas, the methods of engagement tend to be limited to an arduous process of making the case to business to use their training programs and hire their people. The terms "demand-driven", "industry-driven," and "job-driven" still may only be fully understood by a handful of organizations to mean taking the time to facilitate conversations with groups of companies from the same industry in order to truly understand workforce needs. Often companies themselves do not fully understand their needs until they hear and discuss them with peers. This is where strong sector partnership approaches play a critical role. States therefore have a responsibility to promote the use of sector partnership approaches in order to fully and as precisely as possible understand the knowledge, skills and abilities needed by a worker to be successful on the job. It is only by using the "pull" of industry demand that harder-to-serve populations will successfully be employed at the scale needed in the U.S. today. It seems obvious that the scale of youth unemployment in most states warrants attention by state leadership. State leadership therefore should respond with strong promotion of job-driven strategies that will best ensure disconnected youth are fully prepared to be successful for the good jobs in their communities.

Note about the author:

Lindsey Woolsey is the President of The Woolsey Group, LLC. The Woolsey Group is a research and technical assistance firm that works with State and city policy leaders and local programs to better connect their education and training to the needs of industry. The Woolsey Group's mission is to get people the right education and training at the right time for jobs that exist now. This work involves regional economic development strategies; industry engagement; community partnership building among multiple education and economic institutions; and research on advancing jobseekers through education into jobs. Ms. Woolsey is a national leader in the field of sector strategies. Ms. Woolsey has worked with industry partnerships at both statewide and regional levels in healthcare, manufacturing, energy, technology, agriculture, tourism, bioscience, aerospace, and the creative industries. She has worked in 16 different states. She is a frequent speaker at national events. For more information and publications, visit www.woolseygroup.com.

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