

SECTOR-BASED TRAINING PROGRAMS

An Approach to Achieving Equitable Labor-Market Outcomes and Upward Mobility

By Keri West and Frieda Molina

In today's job market, adequate skills training is needed to compete for desirable jobs. Without that training, many individuals, particularly those from marginalized communities, can get stuck in a “low pay, no pay” cycle — that is, they frequently move between low-paid work and unemployment.¹ Workers may also face a so-called opportunity gap — a lack of resources and opportunities, often driven by social inequities in the workforce development field, that prevents them from succeeding in the labor market and impedes access to training programs and quality jobs.² Black, Indigenous, and Latino workers are often denied the chance to compete for key jobs, thus perpetuating the opportunity gap.³

Since 2010,⁴ research has produced evidence about the effectiveness of the sector-based training model and has shown that such programs raise the employment rates and earnings of the individuals they target.⁵ This model takes a “dual customer approach”: Individuals are trained for high-quality jobs that align with the labor force needs of employers in targeted industry sectors. Many workforce training providers have adopted the model. But workforce training providers are not reaching their full potential: Most sector-based programs are small and expanding them to a level that meets the economic need of workers has been elusive.⁶

Program evaluations offer lessons and recommendations that sector-based training providers can use in an effort to close opportunity gaps so that individuals can develop careers that offer family-sustaining wages. Providers are offering more robust services (particularly post-hire), improving their screening and intake process, and “bridging” — providing extra support or resources to help workers succeed in a training program.⁷ To help these providers expand and strengthen their programs and, ultimately, participants'

performance, in February 2023 MDRC launched the Economic Mobility Lab (The Lab). The Lab is a technical assistance initiative that supports sector-based training providers by testing and identifying solutions to their programmatic challenges (such as low enrollment and completion rates or low levels of job placement). As a starting point, an MDRC team interviewed stakeholders in the workforce development field — including funders, academics, policymakers, and individuals from advocacy agencies — to gain their perspective on what factors restrict providers’ stronger performance and workers’ upward mobility. The team also wanted to gain broader insight into the challenges that sector-based training providers and workers face and opportunities to collaborate with providers to apply evidence, innovate, and expand effective practices. This brief presents the results of those interviews and lessons learned from earlier studies of sector-based programs.

Background

In The Lab’s model, staff members would work alongside sector-based training providers to help them expand their operations, improve their performance, and develop innovative solutions to ongoing challenges. Providers would collaborate with MDRC at The Lab to implement research-driven best practices using behavioral insights, human-centered design, and data science. Human-centered design emphasizes developing programs for and with the individuals who will ultimately use those programs.⁸ The Lab’s human-centered approach is intended to center equity by giving providers the opportunity to incorporate participant and community voices in identifying problems and in testing or expanding solutions, with the goal of enhancing service delivery. It uses iterative learning cycles in which providers prepare for the solutions they want to test, implement the solution, and discuss whether the program is being implemented as intended and how it can be improved.⁹ The learning cycles create an environment to test different solutions that could address the problems providers identify.

In March 2023, the research team compiled a list of workforce training providers that serve adults from low-income backgrounds across the United States to interview. The team also sought out individuals who were funders, advocates, researchers, and policymakers. Nine interviewees were selected, and they were interviewed virtually in May 2023. The interviews were conducted individually, and interviewees were asked open-ended questions about the challenges they believed providers confront, with the goal of helping to further the team’s understanding of the workforce development field and inform the planning of The Lab. Interviewees were also asked for recommendations of potential providers to work with and they offered opinions about solutions to the challenges providers experience that could be tested in The Lab.

The selection process for sector-based training providers began in the summer of 2023. Four partner organizations were chosen: A. Philip Randolph Institute of Pittsburgh in Pennsylvania; Jewish Vocational Service in San Francisco, California; Madison Strategies Group in Tulsa, Oklahoma; and Towards Employment in Cleveland, Ohio. Over a 15-month period — which began in the fall of 2023 — MDRC is providing technical assistance to these organizations that focuses on goals like

performance improvement or expanding to serve more individuals. The four providers are participating in peer learning opportunities both in person and virtually to share information with the goal of improving the economic outlook of people who seek financial stability and economic mobility through skills acquisition. New providers will be added to the initiative in 2024 and 2025.

Findings

The nine interviewees were asked to reflect on topics such as economic mobility, equity, and the labor market. Several themes emerged from the interviews that focused on which factors allow a sector-based program to be successful: a provider's ability to (1) expand the program, (2) access and use data, (3) understand the labor market, (4) meet participants' and employers' needs, and (5) develop new approaches to service delivery.

Expanding the Program: Developing the Infrastructure

One theme centered on a provider's readiness to expand a program's components and processes. Interviewees were particularly concerned about how funding can influence providers to expand before they are ready. They observed that some funders, encouraged by promising results from program evaluations, urge providers to expand program operations to new locations, target populations, or industries before the providers have a chance to solidify and codify their distinct service delivery approach. Organizations that have grown organically and have not drafted tools and operating procedures may have a harder time maintaining their approach when they expand because new staff members do not have the necessary guidance. Not all funding opportunities are right for all programs, but providers may feel compelled to pursue an opportunity, even if it means deviating from their program model. Moreover, though funding opportunities to implement new services or initiatives may arise, providers can struggle to sustain the new services once that funding has expired.

MDRC staff members have observed that expansion also requires experienced transfer agents — that is, several staff members with the knowledge and time to devote to replicating the program in a new location or industry and tailoring it for new communities. In some cases, staff members are tasked with performing double duty, maintaining program operations at an organization's headquarters or local offices while replicating their work in new locations. Staff members who deliver services may not have the skills that are required to develop new programming or set up operations in a new location.

Accessing and Using Data to Inform Program Performance and Improvement

Another theme that came up in the interviews was about providers' ability to access and use data. The use of data is one of the primary indicators of whether a program is meeting its goals. Interviewees said that some providers do not have the resources to collect quality program participa-

tion and outcomes data. Even when data are available, providers may struggle to compile or interpret those data. The interviewees described how some providers have rudimentary data systems or can only collect limited data, missing the opportunity to use data to diagnose areas in their program flow that need refinement to improve both their performance and participant outcomes (such as program completion and job placement). Others may collect data on service provision, but that information doesn't answer providers' questions about program performance. Still others may suffer from data overload and have limited time to digest and interpret the data they collect. The result is that sector-based training providers are not always able to fully benefit from using data to inform their program operations.

Understanding the Labor Market: Aligning Programming with Demand

Because the labor market is constantly changing, providers need to collect, analyze, and understand labor market data from primary and secondary sources so they are better informed about which skills training they provide. Interviewees noted that, with the introduction of new data sources about local demand — such as LinkedIn or third-party aggregators of large data sets that provide real-time information about labor supply and demand, wages, and necessary skills — providers can become savvier about which occupational skills training to offer, and employers can more easily identify where talented workers are in their region. Thus, according to the interviewees, both providers and employers can use data to become agile and responsive to changes in the labor market.

Providers' desire to focus on growth sectors and occupations, however, can have the harmful effect of perpetuating occupational segregation, which occurs when individuals in a particular group are overrepresented (or underrepresented) in different types of jobs.¹⁰ By prioritizing growth sectors and occupations, providers may be placing participants in industries that are dominated by individuals who have been historically marginalized — and that offer lower-paying jobs. Conversely, when higher-paying occupations are targeted (for example, information technology), members of historically marginalized groups may feel isolated, since they may encounter inhospitable work environments that can limit their long-term success.¹¹

In short, interviewees said that sector-based training providers need to become better consumers of labor market data. Doing so, they suggested, would support decision-making about providers' growth and expansion, and it would ensure that their services are aligned with broader equity goals and incorporate specific types of support that participants need to overcome structural barriers to mobility. For example, if a program has a goal to close the wage gap between workers of color and White workers, labor market data could possibly help identify occupational categories and employers who offer greater remuneration. By collecting and understanding labor market data, providers may be able to promote policies that facilitate equitable skill building and career advancement opportunities and avoid contributing to occupational segregation, which is one of the many factors that contribute to inequities in the workforce.

Meeting Participants' and Employers' Needs

Sector-based training providers need to be responsive to the needs of both employers and individuals who are seeking skills training. The “dual customer” approach, which is a feature of the sector-based training model, challenges programs to simultaneously serve both individuals looking for employment and employers looking for a trusted talent pipeline.¹² To do this, providers look for individuals who can demonstrate proficiency in reading and math (among other qualifications) and whose skill levels can be raised within a short amount of time to prepare them for in-demand jobs. Individuals who do not have the requisite level of education at program entry (and may need a longer runway) are generally not accepted into sector-based programs. Depending on the targeted occupation and industry, providers may spend weeks recruiting and screening applicants. Studies of sector-based programs have found that providers need to screen five people to find one eligible individual.¹³ Putting this into context, to fill a class of 20 participants, some providers end up screening 100 applicants. The length of the screening process contributes to one of the challenges faced by sector-based programs: They are small and have limited capacity to meet economic demand. It's not clear whether sector-based training programs can move beyond their boutique reputation and truly expand to become a steady source of talent, since they leave so many individuals behind.

According to interviewees, meeting employers' need for a consistent and trusted talent pipeline can be difficult because of time constraints. It takes time to develop relationships with employers, and some providers do not have staff members dedicated to building and maintaining those relationships. Another challenge noted by interviewees is that some employers do not think of sector-based programs as a reliable source of talent; rather, they consider their connection to the program to be an act of charity. This attitude makes it difficult for providers to create networks and for participants to build career trajectories with those employers. Acts of charity might get people jobs, but that does not mean they are set up to thrive in their work environment.

Developing New Approaches to Service Delivery to Improve Economic Mobility

One's economic mobility is influenced by several factors, including having the appropriate skills, building the right connections, and selecting suitable occupations with room for growth. While training lays the foundation for economic mobility, simply completing a training program doesn't always launch people into successful long-term careers, and career advancement is not a linear process.

Advancement is a long-term proposition and providers can experiment with post-placement coaching approaches and collaborate with employers to create experiences that help with workers' job retention and upward mobility. Interviewees described the importance of ensuring that post-training coaching is handled by individuals who have direct experience providing coaching about career advancement. Experienced coaches can give program graduates advice that is con-

textualized for their career track and provide guidance on issues like imposter syndrome — the feeling that one is not adequate for the job and will eventually be “found out.” Additionally, interviewees suggested that providers focus on creating personal and professional alumni networks that program graduates can use to identify employment opportunities and mentors, learn more about the culture of work in their respective fields, and gain inside knowledge about how to apply their skills in a way that supports mobility. These approaches are new, and the workforce development field could benefit from additional experimentation in this area.

Conclusion

The issues discussed by interviewees are potential focal points for the technical assistance MDRC is providing the first four partners of The Lab. The interviews helped illuminate some of the challenges (such as acquiring and understanding data, understanding the labor market, meeting workers’ and employers’ needs, and developing new service delivery strategies) sector-based training providers face when expanding their programs and working toward more equitable outcomes for the individuals they serve. With more insight and framing into the broader workforce challenges, MDRC and The Lab’s partners will dive deeper into organization-specific problems by engaging in activities such as focus groups, process mapping, and data analysis. Not only do the interview findings give insight into what programmatic support can be offered (for example, building data dashboards to monitor program performance), they also provide an opportunity to be innovative in testing solutions that are responsive to what the workforce field needs (for example, developing post-placement advancement strategies for continuing to guide program participants’ career trajectories). The interview findings fit into a larger conversation — and research agenda — on how workforce organizations that offer sector-based training can improve their performance.

Notes and References

- 1 Richard Hendra, James A. Riccio, Richard Dorsett, David H. Greenberg, Genevieve Knight, Joan Phillips, Philip K. Robins, Sandra Vegeris, and Johanna Walter, “Breaking the Low-Pay, No-Pay Cycle: Final Evidence from the UK Employment Retention and Advancement (ERA) Demonstration,” August (New York: MDRC, 2011).
- 2 Valerie Wilson and William Darity Jr., “Understanding Black-White Disparities in Labor Market Outcomes Requires Models that Account for Persistent Discrimination and Unequal Bargaining Power,” March (Washington, DC: Economic Policy Institute, 2022) and Kimberly DuMont, “Opportunity Remains Segregated in America. Evidence Can Be the Bridge to a More Equitable World,” *American Institutes for Research* (<https://www.air.org/resource/blog-post/opportunity-remains-segregated-america-evidence-can-be-bridge-more-equitable>, 2021).
- 3 Annelies Goger and Luther Jackson, *The Labor Market Doesn’t have a “Skills Gap” – It has an Opportunity Gap* (Washington, DC: The Brookings Institution, 2020).
- 4 For a synthesis of the research, see Alyssa Ratledge, Cynthia Miller, and Kelsey Schaberg, “Sector Strategies for Workforce Development,” July (New York: MDRC, 2023) and Kelsey Schaberg, “Sector Strategies for Success: Meeting the Needs of Workers and Employers,” November (New York: MDRC, 2020).
- 5 One example is WorkAdvance, an evidence-based program that was replicated through the national Social Innovation Fund initiative (sponsored by the Mayor’s Fund to Advance New York City and the Mayor’s Office for Economic Opportunity). MDRC examined the impacts and implementation of the WorkAdvance program in Tulsa, Oklahoma; New York City; and northeast Ohio. WorkAdvance increased Year 7 earnings for participants across the implementing sites by more than \$1,900 and increased the proportion of people earning \$40,000 or more by 4 percentage points. For more information on WorkAdvance’s long-term effects, see Henry Kanengiser and Kelsey Schaberg, *Employment and Earning Effects of the WorkAdvance Demonstration After Seven Years* (New York: MDRC, 2022).
- 6 Richard Hendra, Kelsey Schaberg, Brent Orrell, and Garrett A. R. Yursza Warfield, *Expanding Economic Opportunities Through Evidence-Based Sector Training* (Washington, DC: American Enterprise Institute, 2023).
- 7 Kelsey Schaberg, “Meeting the Needs of Job Seekers and Employers: A Synthesis of Findings on Sector Strategies,” September (New York: MDRC, 2020).
- 8 For more information on human-centered design, see Kristina Rosinsky, Desiree W. Murray, Kerensa Nagle, Suzanne Boyd, Sara Shaw, Lauren Supplee, and Marisa Putnam, “A Review of Human-Centered Design in Human Services” July (Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2022).
- 9 Charles Michalopoulos, Rebecca Behrmann, and Michelle S. Manno, *Using Learning Cycles to Strengthen Fatherhood Programs* (New York: MDRC, 2022).
- 10 Washington Center for Equitable Growth, “Fact Sheet: Occupational Segregation in the United States,” website: <https://equitablegrowth.org/fact-sheet-occupational-segregation-in-the-united-states/>, 2017.
- 11 Marina Zhavoronkova, Rose Khattar, and Mathew Brady, *Occupational Segregation in America* (Washington DC: Center for American Progress, 2022).

- 12 Betsy L. Tessler, Michael Bangser, Alexandra Pennington, Kelsey Schaberg, and Hannah Dalporto, *Meeting the Needs of Workers and Employers: Implementation of a Sector-Focused Career Advancement Model for Low-Skilled Workers* (New York: MDRC, 2014).
- 13 For example, see Richard Kazis and Frieda Molina, “Implementing the WorkAdvance Model,” October (New York: MDRC, 2016).

ACKNOWLEDGMENTS

The authors thank Ascendium Education Group, The Harry and Jeanette Weinberg Foundation, and The JPB Foundation for their generous support in funding the Economic Mobility Lab and the research used in this brief. Thanks also to the individuals who participated in interviews. At MDRC, this brief benefited greatly from reviews by Donna Wharton-Fields, Clinton Key, Richard Hendra, and Leigh Parise. Jillian Verrillo edited the brief, and Ann Kottner prepared it for publication.

Dissemination of MDRC publications is supported by the following organizations and individuals that help finance MDRC's public policy outreach and expanding efforts to communicate the results and implications of our work to policymakers, practitioners, and others: The Annie E. Casey Foundation, Arnold Ventures, Charles and Lynn Schusterman Family Foundation, The Edna McConnell Clark Foundation, Ford Foundation, The George Gund Foundation, Daniel and Corinne Goldman, The Harry and Jeanette Weinberg Foundation, Inc., The JPB Foundation, The Joyce Foundation, The Kresge Foundation, and Sandler Foundation.

In addition, earnings from the MDRC Endowment help sustain our dissemination efforts. Contributors to the MDRC Endowment include Alcoa Foundation, The Ambrose Monell Foundation, Anheuser-Busch Foundation, Bristol-Myers Squibb Foundation, Charles Stewart Mott Foundation, Ford Foundation, The George Gund Foundation, The Grable Foundation, The Elizabeth and Frank Newman Charitable Foundation, The New York Times Company Foundation, Jan Nicholson, Paul H. O'Neill Charitable Foundation, John S. Reed, Sandler Foundation, and The Stupski Family Fund, as well as other individual contributors.

The findings and conclusions in this report do not necessarily represent the official positions or policies of the funders.

For information about MDRC and copies of our publications, see our website: www.mdrc.org.

Copyright © 2024 by MDRC®. All rights reserved.

NEW YORK

200 Vesey Street, 23rd Fl., New York, NY 10281
Tel: 212 532 3200

WASHINGTON, DC

750 17th Street, NW, Suite 501
Washington, DC 20006



OAKLAND

475 14th Street, Suite 750, Oakland, CA 94612
Tel: 510 663 6372

LOS ANGELES

11965 Venice Boulevard, Suite 402
Los Angeles, CA 90066