

# Sector Strategies for Success

## Meeting the Needs of Workers and Employers

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*MDRC is dedicated to learning what works to improve the well-being of people in poverty. During these challenging times, our “Ideas and Evidence 2021” briefs provide policymakers with fact-based research and analysis to help them address critical issues in social policy and education.*

While the COVID-19 pandemic has led to high unemployment rates overall, low-wage workers have been hit particularly hard. According to [one analysis](#), employment fell by 34 percent for workers with lower wages (those in the bottom quarter of all earners), compared with a 10 percent drop for workers with higher wages (those in the top quarter). Workers without a high school diploma continue to experience [higher levels of unemployment](#) than their more educated peers.

The jobs picture is also unclear. It is likely that many of the jobs lost as a result of the current recession will never return, even as new jobs are created. Some job seekers may have to learn new skills so they can find employment in a new field. Sector programs could be an effective means of helping people obtain those skills and find jobs in sectors that are in-demand during and after the pandemic.

### What are sector programs?

*Sector programs train people for high-quality jobs in industries and occupational clusters that have strong local demand and offer the opportunity for career advancement.* Most programs offer a similar set of services: job-readiness training (including 21st-century professional skills development), occupational skills training, and support services. Many programs also assist with job searches and job placement, and some continue to work with participants after they find a job. Perhaps the most valuable component of sector programs is the occupational skills training that in most cases leads to an [industry- or locally recognized credential or certification](#).

Over the past decade, the workforce development field has increasingly adopted the sectoral approach to meet the needs of both job seekers and employers. Sector strategies were a key component of the 2014 federal Workforce Innovation

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and Opportunity Act, and the approach has received continued [federal interest and support](#) since then. As of 2017, [32 states had policies in place to support local sectoral training partnerships](#).

## What do we know about the effectiveness of sector programs?

*Sector programs can improve the education and economic outcomes of low-income adults trying to enter and advance in the labor market.* Research shows many sector programs have increased training completion and credential or certification receipt, critical first steps toward obtaining a high-quality job.

- For example, [Per Scholas](#), a nonprofit information technology (IT) training and employment services provider in the Bronx, New York, produced large participation and earnings impacts. As part of MDRC's WorkAdvance evaluation, which targeted unemployed and low-wage working adults, Per Scholas [increased both completion of IT training and receipt of an IT credential by more than 46 percent](#). The program also increased employment in IT and [average annual earnings by over \\$6,000, or 20 percent](#).

*Support services — including transportation vouchers, child care assistance, tuition assistance, and other supports — are critically important to help participants engage in the training programs.*

- [Year Up](#) provides six months of training and a six-month internship, as well as a variety of supports including individual counseling and a weekly stipend to young adults to prepare them for jobs in the IT and financial operations fields. An analysis of the program noted [the importance of the support services in helping participants graduate](#). Year Up has also been shown to [increase employment in the two target sectors by 32 percent](#), and [increase average quarterly earnings by 53 percent](#).

*Successful sector programs place participants in target sector jobs.* However, helping people obtain any job in a sector is not enough. Programs that focus on specific subsectors and occupations that offer quality jobs with high wages and benefits and that are attainable with the training and credentials provided are often more effective at increasing earnings.

- A study of [Project QUEST](#) — a health care-focused [training program](#) in San Antonio, Texas — showed that participants in the program group were more likely than people in the control group to be working in a health care job, and, more importantly, to be working in a higher-paying job, such as nurses and health technicians. The program also increased annual earnings in the long term by \$5,239 (or 18 percent).
- In contrast, many participants in the programs evaluated as part of the [Health Professions Opportunity Grants Impact Study](#) attended short-term trainings that generally led to low-wage occupations in the health sector. Participants experienced lower rates of employment and lower hourly wages, on average, compared with people who attended longer-term trainings, which often led to higher-skill, high-wage health care jobs.

## What should policymakers and practitioners do if they want to implement a sector program?

- *Focus on the most disadvantaged workers.* During the current economic recession, it is important that sector programs continue to identify job seekers who could benefit most from their services. Programs should not overlook or screen out individuals who had difficulty obtaining high-quality jobs prior to the pandemic in favor of newly unemployed individuals who may be able to reenter the labor market on their own without program services.

- *Target sector jobs that have high wages and benefits, upward mobility opportunities, and high-wage growth trajectories.* Many people eligible for sector programs are able to find employment on their own. The real benefit of sector programs is moving participants into new, high-wage growth sectors and helping them make connections with employers. For example, [St. Nicks Alliance](#), a sector program in New York City, added an asbestos abatement certification to its environmental remediation training as a way of preparing students for jobs in a specific field with higher wages. [Employers can provide programs](#) with additional insights on job opportunities, demand, and new skill requirements.
- *Focus on more than hard skills.* [Twenty-first century skills](#) — general work habits and competencies such as time management and problem-solving — may be more important to individuals in the long term. Such skills are transportable, valued by all employers, and can help with career advancement.
- *Bolster support services to help participants complete the program and advance in their careers.* Advancement is often difficult, not immediate, and can take many forms. Programs should promote advancement and not just employment. For example, Per Scholas developed a training module to help new hires find mentors, get noticed, and prepare their case for promotion and raises. Once participants find jobs, programs should help them identify advancement opportunities and focus on longer-term career planning, including attending additional trainings, talking to their employer about skill-building opportunities, or looking for a new job.
- *Provide strategic instruction and guidance.* Strong relationships between students and staff are key. Training instructors are role models as well as mentors and [students need to see themselves reflected in the training staff](#). Strategic guidance from the staff should continue after job placement, and, if job loss occurs, staff should help participants quickly identify another quality job that may better meet their skills and interests. Staff should also provide support and guidance around any issues that led to the job loss.

Sector strategies should play an increasingly important role in helping workers enter or return to the labor market in the wake of the COVID-19 pandemic. Research has shown that sector programs can increase the receipt of credentials valued in the labor market, which can lead to increased earnings for participants. These recommendations can help policymakers and practitioners develop their programs so that unemployed individuals can obtain the skills and supports they need to work in high-wage growth sectors — a particularly important goal as the country recovers from the recession.