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NEW REPORT PUSHES FOR SPECIALIZED JOB TRAINING AS OVERLOOKED SOLUTION TO UNEMPLOYMENT, POVERTY

Programs that Prepare Workers to Take Critical Positions in Understaffed and Emerging Industries Are Critical to Economic Recovery

New York, NY—As states begin to distribute money from the stimulus package, a new study by Public/Private Ventures (P/PV), a national nonprofit organization, establishes the effectiveness of high-quality, industry-specific job training programs and argues that these efforts are crucial to long-term economic recovery in the U.S.

“Even with the highest unemployment rate the US has seen in 25 years, some sectors, such as healthcare and manufacturing, are still looking for people with specific technical skills,” says Sheila Maguire, Vice President for Labor Market Initiatives at P/PV. “As the economy recovers, there is only going to be more demand for workers skilled in these areas. Sectoral employment programs like the ones in our study, which train workers to fill positions in particular industries, are exciting because of their potential to help not only workers, but also industry sectors that are facing critical skills gaps.”

The new report presents the results of a two-year study conducted by P/PV with support from the Charles Stewart Mott Foundation, which sought to inform public policy as to the effectiveness of the sectoral model. P/PV’s study examined three industry-specific job-training programs, located in Milwaukee, NYC and Boston, which focused on sectors such as manufacturing, information technology and healthcare. The study investigated the outcomes of 1,200 applicants, who were randomly divided into one group that received training and a control group that did not.

The results of the study showed that those who participated in sectoral employment training programs fared much better than those who did not across a variety of measures. Among the highlights:

- Program participants were *more likely to find work and worked more months* than those who did not receive sector-focused training.
- Program participants *earned significantly more* than control group members. On average, they earned about \$4,500 more than members of the control group during the two-year study. While some of these gains can be attributed to working more hours, participants also earned significantly higher hourly wages.

- Program participants were significantly *more likely to get jobs that offered benefits*. They spent an average of 11 months working in jobs that offered benefits (health insurance, paid vacation, paid sick leave and tuition reimbursement)—about a month and a half longer than members of the control group.

“This impressive report is very timely,” says William Julius Wilson, a professor of sociology and social policy at Harvard University. “Here is a study that not only associates high-quality industry-specific job training with improved chances of finding employment, including jobs that offer benefits, but also with substantial increases in earnings. That has huge social policy implications. Indeed, it rare to see an evaluation with such robust and convincing findings.”

Yet, as Maguire points out, investments in workers’ skills have actually plummeted in recent decades: “We stand 21st in the world in job training investments. The Department of Labor has cut spending for skills training from about \$17 billion in 1979 to around \$6 billion in 2003. This is a not a winning formula in a global marketplace. We need to identify and support programs that effectively build workers’ skills.”

Based on the findings of their study, Public/Private Ventures will offer the following recommendations to policymakers at an April 30 Capitol Hill briefing, sponsored by the office of U.S. Senator Arlen Specter (R-PA):

- 1. Invest in industry-specific job training:** Stimulus funds, including money for green jobs, present an immediate opportunity to invest in such training. In addition, Congress will be considering the reauthorization of the country’s major workforce and welfare legislation (WIA and TANF) in the coming months. These laws should be amended to make it easier for low-income and low-skilled individuals to access effective industry-specific training that could give them a permanent boost up and out of poverty.
- 2. Invest in programs that integrate a range of training and support:** Programs in P/PV’s study integrated technical, work readiness and basic skills training with individual case management services, including assistance with everyday needs like child care and obtaining a driver’s license. Funding for these types of services currently flows through a variety of government agencies, making it difficult for organizations to offer the support that many people need to complete training programs. Policymakers should create more flexible funding that will enable organizations to offer a range of services.
- 3. Reward programs that achieve long-term success:** Current measures of success for workforce programs often focus on short-term outcomes, such as immediate employment or employment retention at three months. The programs in P/PV’s study took longer to complete (between two and five months), and their strong, lasting impacts became most evident in the second year of the study. Policymakers should find ways to measure and reward skills-training programs that focus on longer-term results, such as wage growth and career advancement.

Maguire adds: “To see the impacts these programs can have, one need look no further than Beatriz Alvarez, who wanted to set an example for her daughters. After emigrating from Colombia and working in a Boston deli for seven years, she entered Jewish Vocational Services’ Careers in Medical Office Program and received training in customer service and medical terminology. Beatriz graduated at the head of her class, and—with JVS’ help—secured employment at East Boston Neighborhood Health Center. She’s now also working toward a Medical Administration degree from Bunker Hill Community College. As Beatriz’s story shows, in addition to stimulating our economy, sectoral employment programs can fundamentally change lives.”

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For 30 years, **Public/Private Ventures** has been a national leader in creating and strengthening programs that improve lives in low-income communities, using an approach rooted in three core principles:

- **Innovation:** We work with leaders in the field to identify promising existing programs or develop new ones;
- **Research:** We rigorously evaluate these programs to determine what is effective and what is not; and
- **Action:** We reproduce model programs in new locations, provide technical assistance where needed and inform policymakers and practitioners about what works.