

The Jay and Rose Phillips Family Foundation's

Sectoral Employment Initiative



REFLECTIONS ON THE RESULTS OF
THE 5-YEAR PROJECT (2011-2016)

FROM THE FOUNDATION

The Foundation launched the Phillips Sectoral Employment Initiative (PSEI) in 2011 not to “re-prove” the merits of sector-based job training – great people at Public/Private Ventures, The Aspen Institute and MDRC had already done that – but rather to see if we could help this strategy thrive in the Minneapolis/St. Paul region. Past experience funding and working in the field of workforce development had impressed upon us the limited ability of training organizations to experiment, innovate, and learn on their own terms. So much of their existence is dependent on satisfying public funding sources, which can be slow to respond to community or labor market needs. PSEI provided flexible funding and other resources that we hoped would enable our grantee cohort to invest in programmatic improvements. This report shares strong evidence that these capable, ambitious organizations did grow and improve in notable ways.

Having now patted ourselves on the back for providing effective capacity-building support, let us also confess the naiveté in our original assertion. While it remains true that sectoral employment programs are a proven best practice, much work remains to make this a widely *practiced* practice. Furthermore, we are still learning how this type of service yields differing results for men, women, various racial and ethnic groups, and across sectors. For all of these reasons, we’ve also opted to include some detailed outcome analysis in this document. We hope it encourages public and private funders to expand investment in sector-based workforce development, compels practitioners to continue to strive for equitable results for all participants, and entices employers to engage more deeply with training organizations.

We welcome your reactions to this report and commend those of you who carry forward this important work.

Sincerely,



Joel Luedtke
Program Director
The Jay and Rose Phillips Family Foundation of Minnesota



George Garnett
(1955-2016)

In Memoriam

This report is dedicated to the memory and amazing life of George Garnett. Friend, fighter, beloved mentor, and visionary leader. It was an honor to share this journey with him.

Acknowledgements

The Foundation launched PSEI, but great leadership at our grantee organizations propelled it. It has been a pleasure and honor to work with passionate and wise leaders like these: Jane Graupman and Michael Donohue from The International Institute of Minnesota; Julie Brekke and May Xiong from Project for Pride in Living; Lena Balk, Kim Fetter, Louann Lanning, Kelly Matter, and Carrie Scheffler from Resource, Inc. (now Avivo); George Garnett, Louis King, and Leroy West from Summit Academy OIC.

PSEI also benefitted from the skillful support of several consultants. Susan Crandall, formerly of Workforce Solutions now at the University of Massachusetts' John W. McCormack Graduate School of Public Policy, helped us launch this initiative and conducted important early analysis of its impact. In 2013, we engaged the Workforce Benchmarking Network (WBN), a project of the Corporation for a Skilled Workforce, to help PSEI organizations develop continuous improvement practices. We are grateful to Marty Miles, Taryn MacFarlane and their WBN colleagues for providing the tools, training and encouragement that continue to help these organizations get better at their vital work.

Staff at Minnesota's Department of Employment and Economic Development provided patient and wise assistance with the data analysis included in this report. Special thanks to Ellen Bendewald and Rachel Vilsack.

Finally, we must acknowledge some unsung (and underpaid) heroes who were integral to the success of our grantees: the PSEI AmeriCorps VISTA members. Thanks to a wonderful partnership with Sam Schuth and the staff of the Minnesota office of the Corporation for National and Community Service, the Foundation deployed 1-2 full-time VISTAs to each grantee organization each year of this initiative. VISTAs conducted research, built websites, developed social media strategies, raised funds and so much more. We are grateful to the following individuals for their service:

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EXECUTIVE SUMMARY

The Jay and Rose Phillips Family Foundation of Minnesota created the Phillips Sectoral Employment Initiative (PSEI) in 2011 as a response to an ongoing unemployment and underemployment crisis. This issue disproportionately affects people of color, especially in Minnesota—while the state poverty rate of Caucasians is seven percent, it is 32 percent for African Americans, 25 percent for Native Americans, and 21 percent for Hispanics¹. PSEI provided funding and capacity building support to four² nonprofits to expand and strengthen their industry-specific, or “sectoral,” job training programs. The Foundation provided funding of \$60,000 to \$90,000 per year to each site, as well as capacity-building support that included peer learning events, a trip to Boston to learn best practices, individualized technical support, and 1-2 full-time AmeriCorps VISTA members per organization each year. Grantees consequently grew and diversified their industry-specific job training programs, and enhanced their organizational capacity over the grant period of 2011 to 2016. The organizations supported by PSEI were: The International Institute of Minnesota; Project for Pride in Living; RESOURCE, Inc. (recently rebranded as Avivo); and Summit Academy OIC

Participants who completed training programs benefited by increasing the rate at which they were employed and maintaining their rate of employment up to three years after enrollment. Their hourly wages and earnings also increased. Employers benefited from the programs by providing input that shaped training courses to suit their hiring needs. More people in the participant group worked in the target industries after the training than before, and employers said they were better qualified for the jobs than typical candidates.

This report summarizes key impacts for participants, employers and grantee organizations. To facilitate consideration of this industry-specific training model compared to other employment readiness approaches, participant outcomes are also compared with a general job preparation program available at Minnesota’s WorkForce Centers³.

¹ Individuals below the federal poverty level by racial and ethnic group. (n.d.). Retrieved June 7, 2017, from <http://www.mncompass.org/economy/poverty#1-6768-d>.

² Funding for a fifth grantee was discontinued mid-project and its outcomes were not included in this evaluation.

³ “Workforce Centers” are Minnesota’s version of the one-stop center mandated by federal workforce development funding. These facilities typically provide a range of job search, career planning and skills training services to unemployed and underemployed individuals.

IMPACT ON PARTICIPANTS

PSEI's industry-specific job training benefited program participants in several ways: their employment rates, hours worked, hourly wage, and earnings all increased. They moved into the industries for which they trained. PSEI also worked better than Job Club, a Workforce Investment Act⁴-funded general job-seeking resource available to anyone who walks into a Minnesota WorkForce Center.

Key findings:

- ✂ Participants made more money after PSEI: Median quarterly earnings for participants who completed their training rose steadily from an average of \$3,659 over the two years before the program to \$5,521 over the three years afterward—an increase of about 50 percent. The rate of income growth was steady even after the initial boost with employment.
- ✂ Participants worked at higher-paying jobs and worked more hours. Participants' median hourly wage increased by 17 percent, from an average of \$11.16 over the two years leading up to training to an average of \$13.08 over the three years after. On average, they worked an average of 25 hours a week in the two years before training and averaged 32 hours a week over the three years after training.
- ✂ PSEI participants saw greater outcomes than a comparison group that was enrolled in Job Club during the same time. On average, Job Club participants had far smaller or even negative outcomes in measures including employment rate, average hourly wage, and income, while PSEI participants saw increases.
- ✂ African Foreign-Born participants seemed to benefit most—for example, jumping from an average employment rate of 34 percent in the two years before PSEI to 81 percent in the three years after. Native American participants benefited least, going from an average employment rate of 29 percent to 46 percent—and were also underrepresented among participants.
- ✂ Grantees grew and diversified their industry-specific job training programs, and grew their organizational capacity, over the grant period of 2011 to 2016.
- ✂ Certain industries (Healthcare, Manufacturing, and Construction) proved to be bigger earnings boosters, leading to higher incomes after completion than other industries.
- ✂ Individuals who found success through PSEI are still struggling financially. On average, participants are still not earning enough to afford the basic costs of living. For example, while the average participant's median hourly wage increased to \$13.08, that is still far below the living wage of the average participant's household—at least \$24 an hour for a household with a child⁵.

⁴ PSEI predates the implementation of the Workforce Innovation and Opportunity Act (WIOA) in Minnesota.

⁵ Glasmeier, A. K. (2017). Living Wage Calculation for Hennepin County, Minnesota. Retrieved June 5, 2017, from <http://livingwage.mit.edu/counties/27053>

IMPACT ON EMPLOYERS

Employers benefited from PSEI as partners in programming, in hiring, and on an industry level. Newly trained workers worked in the targeted industries at higher rates than before the program. Employers developed close relationships with grantee organizations, who diligently considered their feedback in program design and utilized employers for on-the-job training. Employers described PSEI participants as more qualified than average job applicants. In addition to highly qualified applicants, the organizations provided employers with a pool of diverse candidates, which employers appreciated for workplace environment and for diversity goals.

Key findings:

- ✂ After training, 60 percent of participants worked in the healthcare and social assistance industry, one of the targeted fields, compared to 18 percent before.
- ✂ PSEI grantees' rigorous training was designed in close coordination with employers, who also reported that program participants were highly qualified and more prepared than their average job candidates.
- ✂ Employers appreciate the diversity of job applicants trained through PSEI, including for meeting hiring goals around women and minorities.

IMPACT ON ORGANIZATIONS

The Initiative provided grantee organizations with flexible funding and capacity-building support including training in using data for continuous quality improvement, customized technical support, and the AmeriCorps VISTA members. These supports helped organizations diversify their training offerings and grow their industry-specific training.

Key findings:

- ✂ Organizations reported adopting a sustained focus on using data to measure progress, collaborate, and make program improvements in areas like recruitment and retention.
- ✂ All four grantees increased enrollment in and expanded their offerings of industry-specific training programs during the grant period. Enhancements included adding "bridge" programs to reach new participants and diversifying the industries for which participants could train (e.g. the Human Services Pathway at PPL; welding at Summit Academic OIC).
- ✂ Some of this expanded capacity won't be sustained now that the grant period has ended, including the learning cohort created among PSEI grantees and some organizations' long-term support of participants.

NEXT STEPS

- ✂ Future studies of sector-specific efforts could clarify additional findings that this post-hoc review of PSEI was not able to cover. These findings include disentangling subgroup outcomes from career-specific outcomes (i.e. are differing average starting wages for subgroups solely a result of different occupation starting wages). In addition, a cost-effectiveness lens on future research could encourage more investment in this promising approach.
- ✂ In addition to more research, those designing policies and programs to support sector-specific training need to look closely at the lack of significant wage growth for PSEI participants in the years after initial employment. The lack of significant career laddering may require further supports for participants, a change in initial design or both.

INTRODUCTION

The Jay and Rose Phillips Family Foundation of Minnesota commissioned this report to assess the results of the Phillips Sectoral Employment Initiative (PSEI), a 5-year multi-faceted capacity-building project. The Foundation launched PSEI in 2011 in partnership with the Minnesota office of the Corporation for National and Community Service in response to the rapid and sizeable increase in unemployment in the Twin Cities metropolitan area during the Great Recession. The Foundation was particularly concerned about how the difficult labor market of that moment was exacerbating the region's already stark racial disparities in unemployment, earnings, and poverty.

"Sectoral employment" is one way to refer to a model of job training and preparation that has been growing nationally in recent decades. In this model, organizations provide disadvantaged workers with the tools and support they need to succeed in high-demand industries. Through PSEI, the Phillips Family Foundation partnered with four nonprofit organizations in the Twin Cities region that were already implementing sectoral employment programs to support and expand this model locally. In addition to providing an overview of how PSEI implemented this industry-specific job training, this report outlines the impact the initiative has for society in comparison to a more general job preparation program. It also examines the impact on PSEI participants, partnering employers, and grantee organizations, who built their capacity for employee training programs through the grants.

A third-party research and evaluation firm, The Improve Group, prepared this report using a combination of grantee organization reporting, grantee and partner interviews, and Minnesota Department of Employment and Economic Development (DEED) data analysis. Methodology details can be found in the appendix.

The Phillips Family Foundation provided funding to nonprofits to build on existing industry-specific workforce development programs. Grantees were the International Institute of Minnesota (IIMN), Project for Pride in Living (PPL), RESOURCE, Inc. (recently rebranded as Avivo), and Summit Academy (SAOIC).



THE ISSUE

Despite overall strong economic growth since the Great Recession, not all Minnesotans have shared equally in the recovery—and too many still experience the daily grind of poverty. While Minnesota consistently ranks highly by many quality-of-life standards, a high quality of life is not shared by all. National census data⁶ paint a consistent picture of disparate poverty rates by racial/ethnic groups in the U.S. overall, but looking at Minnesota’s poverty rates by race and ethnicity reveals that our state is home to some of the worst racial disparities in the nation. Recent data⁷ show that, while seven percent of Caucasians are experiencing poverty, 32 percent of the state’s African Americans, 25 percent of its Native Americans, and 21 percent of its Hispanics are poor. Disability status and level of education are also correlated with poverty. Minnesotans with disabilities are twice as likely to live in poverty than those without a disability (21 percent versus 10 percent). And individuals without a bachelor’s degree face a poverty rate of more than 11 percent, compared to less than four percent for those with at least a bachelor’s degree.⁸

One response: Industry-specific job training

PSEI supported industry-specific job training (also referred to as “Sectoral” or “Sector-based” training), a model that has gained prominence over the past two decades. All job training programs are intended to help individuals, and their households, advance economically and rise out of poverty. Industry-specific job training specifically equips unemployed or underemployed adults with in-demand work skills while also providing needed supports so that participants can secure and retain jobs in the targeted industry.

Several studies have documented early successes of this approach to workforce development⁹. Common characteristics of Sectoral models include:

- Training around specific occupations as well as general job readiness
- Strong screening to ensure alignment among participants, training, and eventual occupation
- Strong links between nonprofit service providers and local employers
- Individualized follow-up services to support success on the job

⁶ Income and Poverty in the United States: 2015. (September 2016). Retrieved June 23, 2017, from <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>.

⁷ Individuals below the federal poverty level by racial and ethnic group. (n.d.). Retrieved June 7, 2017, from <http://www.mncompass.org/economy/poverty#1-6768-d>.

⁸ Helmstetter, C. (2015, September). 6 things you should know about poverty in Minnesota: Myth-busters edition. Retrieved June 7, 2017, from <http://www.mncompass.org/trends/insights/2015-09-01-poverty>.

⁹ Maguire, S., et al. (2010). Tuning In to Local Labor Markets. Retrieved June 8, 2017, from <http://ppv.issueelab.org/resources/5101/5101.pdf>; Hendra, R., et al. (2016). Encouraging Evidence on a Sector-Focused Advancement Strategy. Retrieved June 8, 2017, from https://www.mdrc.org/sites/default/files/2016_Workadvance_Final_Web.pdf.

While not uniformly successful at every site, the model has proven effective in multiple sites and with varied populations of unemployed and underemployed adults. Participants in these programs have shown increased earnings and employment compared to a control group. Furthermore, the impact of these programs tended to grow over time. Finally, previous research has indicated that the capacity and industry expertise of the nonprofit training provider was strongly aligned with better participant outcomes.

THE INITIATIVE

The Phillips Family Foundation launched the Phillips Sectoral Employment Initiative in 2011 to equip nonprofits already providing industry-specific programming with further resources for expanding and deepening their programming. The Foundation provided funding of \$60,000 to \$90,000 per year to four sites¹⁰, in addition to capacity-building support that included peer learning seminars, a trip to Boston to learn best practices, customized technical support from national consultants, and one to two full-time AmeriCorps VISTA members per year.

In addition to the career-specific training detailed below, participants received wraparound support to eliminate barriers to career success. These services included basic needs support (connections to assistance with housing, transportation, mental health care, etc.), financial counseling, and career counseling. Additionally, PSEI organizations educated employers about barriers that participants encounter to make the workplaces more accommodating to individuals who may otherwise have less opportunity.

Project for Pride in Living helped participant Alison find work — as well as stabilize her personal finances — through its Human Services Pathways Program. “Not only has the Pathways program help me obtain a career with the county, but they have helped me learn better budgeting practice and tips on earning a healthier credit score.”

¹⁰ One other organization, HIRED, was an initial PSEI grantee, but did not continue participation after the third year. No results of HIRED participants are included in analysis in this report.

The four grantee organizations were:

The International Institute of Minnesota (IIMN) provides comprehensive services to refugees and immigrants, including support with resettlement, citizenship, education and job training. This organization used its PSEI grant to strengthen its Nursing Assistant Program by adding several curriculum components. IIMN also developed its Healthcare Career Pathways Program by improving its ability to support participants to and through college coursework.

Project for Pride in Living (PPL) is a multi-site agency offering housing, support services, and employment programs for people of low-income background, including ex-offenders and others facing multiple barriers to success. PPL used its grant to sustain its Train-to-Work, Re-Entry, and Pharmacy Technician Training programs. It also piloted and launched a Human Services Pathways program in partnership with Minneapolis Community and Technical College and Hennepin County.

RESOURCE (which recently rebranded as Avivo) is a multi-service agency and postsecondary school that offers individually paced training programs with multiple entry and exit points, depending on training, work readiness, and immediate employment needs. The primary goal of its PSEI project was to launch a new Healthcare Information Technology (HIT) program. RESOURCE also wanted to improve the pipeline between the HIT and Minnesota State Colleges and Universities by creating articulation agreements. This project emphasized eliminating racial disparities, and focused on low-income, low-skilled single parents who are not on public assistance and who have had limited success in higher education.

Summit Academy OIC connects disadvantaged individuals to living-wage jobs in construction and healthcare. The organization specifically targets Minnesotans who come from economically depressed communities, and who have high barriers to employment. Summit focused its PSEI grant on increasing retention in its construction programs and successfully advocating for changes in racial equity hiring goals for public works projects.

Gladys left Liberia during the country's civil war. She came to the U.S. with nursing experience, but did not know how to transfer her skills. She has since worked in various positions and now teaches nursing.

"I started at the Institute, and it opened a big window," she said of IIMN. "... I started moving forward and looking higher up."



PSEI Participant Demographics

Race and Gender	Female	Male	Unknown	Total
African American	456	1,210		1,666
African Foreign Born	585	153		738
Asian/Asian American	197	122		319
Caucasian	396	387	2	785
Latinx	93	63		156
Multiple Race	66	116		182
Native American	41	78		119
Other	23	78		101
Total	1,857	2,207	2	4,066

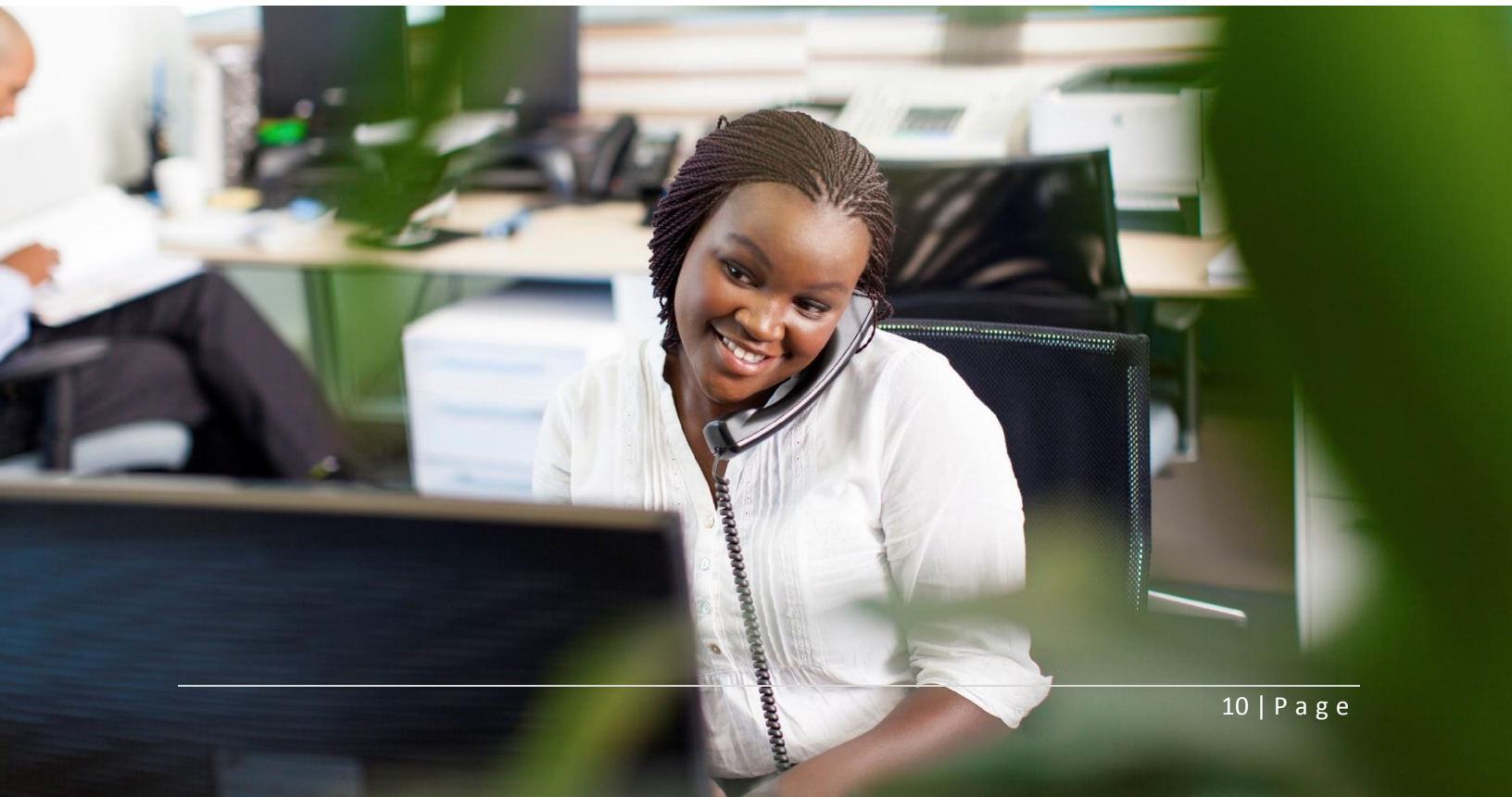
Level of Education	SAOIC	IIM	PPL	RESOURCE
Doctoral Degree	0%	0%		0%
Master's Degree	0%	1%	1%	3%
Bachelor's Degree	1%	8%	10%	12%
Associate's Degree	1%	4%	10%	9%
Vocational School Diploma/Certificate	2%	7%	9%	2%
Some College	22%	26%	49%	2%
High School Diploma/GED	73%	34%	20%	63%
Less than High School Diploma/GED	0%	12%	1%	9%
Unknown		8%		

Average Household Size at Enrollment	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
SAOIC	2.8*				
IIM	2	2.4	2.1	2.5	2.5
PPL	2	2	2	2	3
RESOURCE	3	3	3	5	3


*Only data about 2017 participants are available

PSEI Participant Demographics (continued)

Racial/Ethnic Demographics by Program		African American	African Foreign-Born	Asian/ Asian-American	Caucasian	Latinx	Mixed Race	Native American	Other	TOTAL
Organization	Program									
IIM	Hospitality		124	19	4	7				154
	Nursing Assistant		511	132	9	54				706
PPL	Human Services Pathway	46	11	8	23		6	2		96
	Long-term Care Certificate	25	3	1	13	2				44
	Pharmacy Tech	46	15	17	42	5	7	1		133
	Train to Work - Healthcare	76	19	23	45	7	15	8		193
RESOURCE	Business Support Specialist	119	31	16	180	19	6	5	1	377
	Contact Center	4			7					11
	Core Manufacturing	19	2	16	48		1	4		90
	Healthcare IT	37	21	3	65	12		2		140
SAOIC	Construction	1,294		84	349	50	147	97	101	2,122
TOTAL		1,666	738	319	785	156	182	119	101	4,066



IMPACT ON PARTICIPANTS

 *Participants in PSEI-funded programs experienced real impact—moving into the industries for which they trained and earning higher incomes. However, the average participant still has significant financial challenges—post-completion income is still below the cost of living.*

To examine impact on participants, DEED summarized median hourly wage, median earnings and employment rate (the percent of all participants with earnings greater than \$0) for each quarter, from eight quarters prior to enrollment up to 12 quarters after enrollment. When describing “pre” training outcomes, The Improve Group averaged these employments numbers for the eight quarters before enrollment. “Post” training was defined as the average from the third through twelfth quarters after enrollment.

Participants¹¹ increased the rate at which they were employed and maintained their rate of employment up to three years after initial enrollment in training. After enrollment, participants averaged a median employment rate of 71 percent, compared to 44 percent before PSEI. They also appeared to be finding higher-paying work: program participants’ median hourly wage increased by 17 percent from pre-to post-training. In the two years prior to training, they averaged a median wage of \$11.16, while they maintained and grew their median wage after training to an average of \$13.08.

Looking at total earnings and hourly wage, it is also clear that participants were working more hours. In the two years prior to training, median hours worked was 25 hours/week on average, while their median hours worked in the three years after training was 32 hours/week.

Median quarterly earnings grew steadily for three years after PSEI, from an average of \$3,659 in the two years before PSEI to an average of \$5,521 in the three years after—an increase of approximately half. After the initial significant bump in earnings in the third and fourth quarters after training, median earnings grew year over year about three percent each quarter. Median wages grew more slowly in the three years after training, about one percent each quarter. See the following figures for more detail.



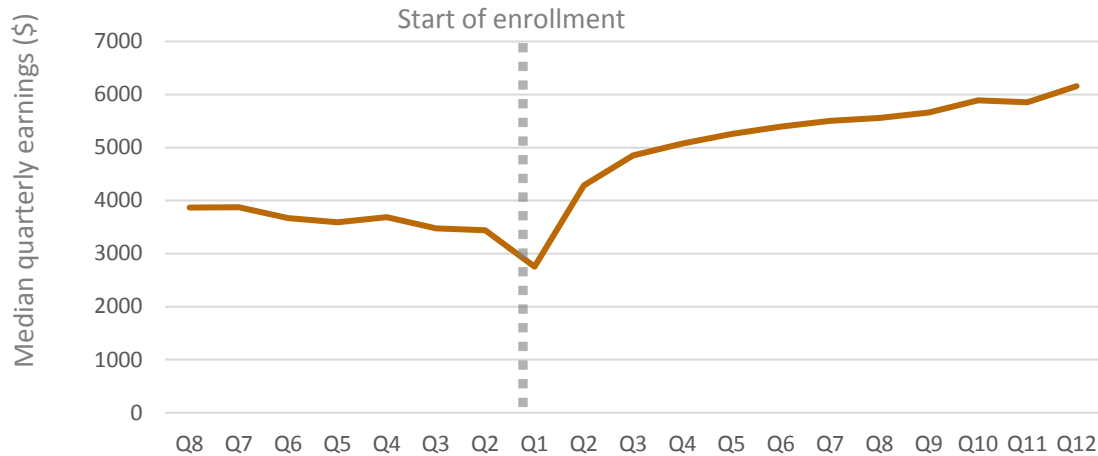
7 IN 10 PARTICIPANTS EMPLOYED AFTER TRAINING¹¹

¹¹ “Participants” in this section includes only individuals who completed their entire training program. The overall completion rate was 68%; rates varied widely by program – from 50% to 100%.

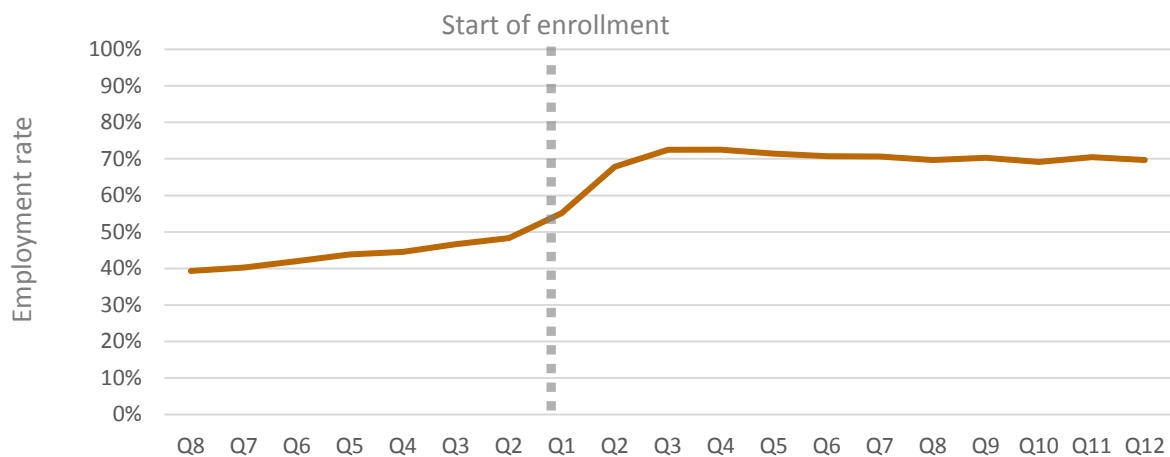
¹² 71% average of median quarterly employment rates in quarters 3-12 after enrollment

Marsha was without a stable home and had been unemployed for six months when she turned to industry-specific training. She took PPL’s month-long Train-to-Work (TTW) clerical healthcare program in late 2015. Marsha said she felt overwhelmed by the first week of class, but stuck with it and learned medical terminology, medical records, communications skills, basic life skills, and other topics. In December—just two months after starting her TTW course—Marsha was hired full-time at a senior care center as a receptionist, making \$14.50 an hour.

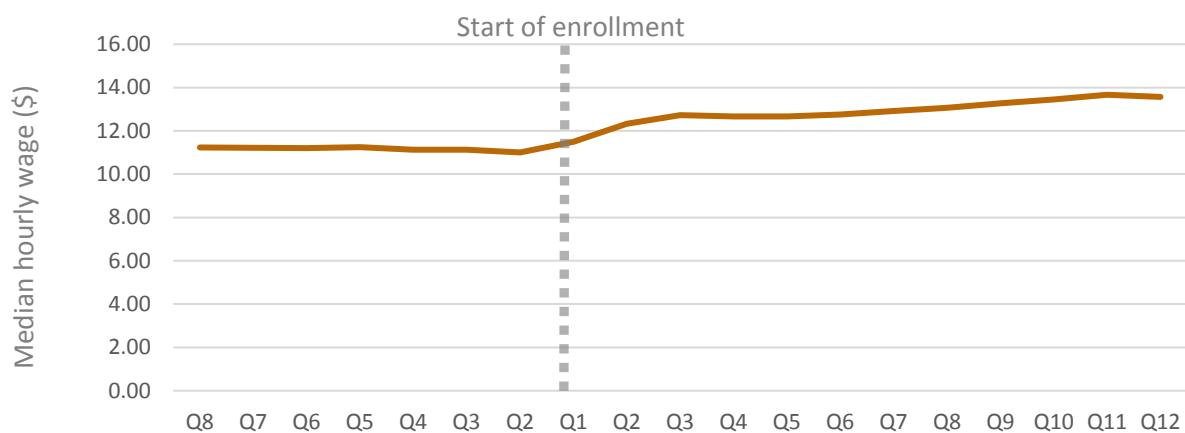
Participants who complete training earn more after training, and continue to grow their income.



Participants who complete training were employed at higher rates after their training, and maintained employment over time.

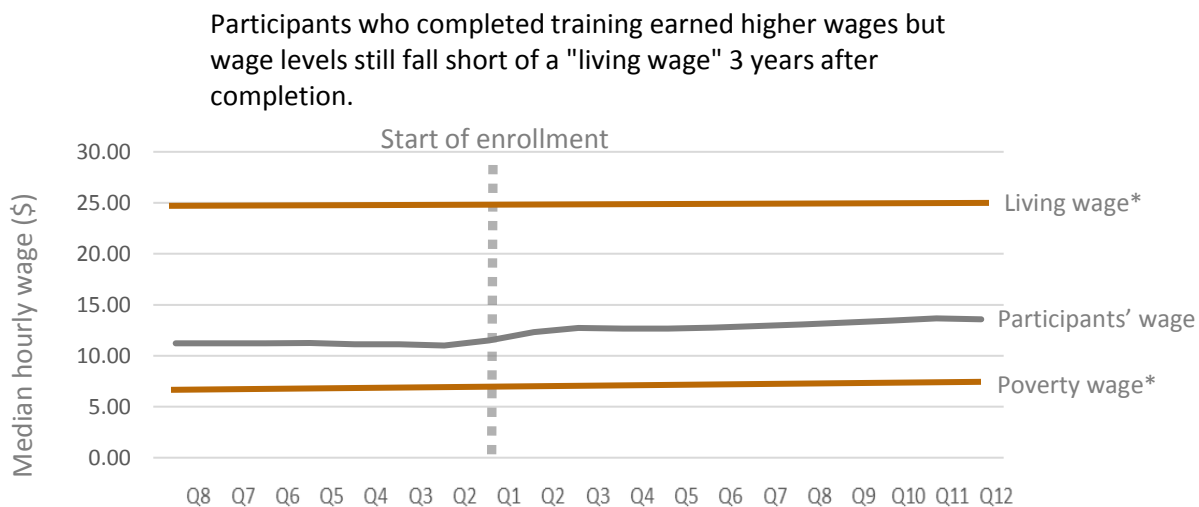


Participants who completed training earned higher wages after training and continued to increase wages over time.



- ✂ While these impacts are notable, in the context of poverty, these individuals still are struggling. On average, participants who completed PSEI programs are still not living well enough to afford the basic costs of living.

With the average participant household having at least two people, participants post training average income of \$22,082 is above the federal poverty threshold of \$16,240 for a family of two. However, DEED estimates a household with one adult and one child in the Twin Cities faces a \$60,840 annual cost of living¹³. As shown in the figure below, the post-completion wage of \$13 to \$14 still falls short of the living wage for the average participant household (starting at approximately \$24 an hour if the household has a child¹⁴). Participants also face the prospect of the “Cliff Effect” with their increased, but still low, wages: individuals may become ineligible for certain income-based programs that support low-income households, such as the Supplemental Nutrition Assistance Program (SNAP).



* Living wage is \$24.92/hour for a single head of household with child; \$7/hour is the hourly rate that reflects poverty level income for the same household ¹⁴.

¹³ Cost of Living in Minnesota. (n.d.). Retrieved June 1, 2017, from <https://mn.gov/deed/data/data-tools/col/>

¹⁴ Glasmeier, A. K. (2017). Living Wage Calculation for Hennepin County, Minnesota. Retrieved June 5, 2017, from <http://livingwage.mit.edu/counties/27053>

OUTCOMES WERE ACHIEVED DESPITE THE CONTEXT OF STATEWIDE ECONOMIC CHALLENGES

- ✂ Participant outcomes are affected by broader economic trends, but the programs proved successful even in the context of struggles in the larger economy.

The earliest PSEI cohorts began their training in 2011, after the official end of the Great Recession,¹⁵ but still during a difficult market for job-seekers. In 2011, the Twin Cities unemployment rate was still at 6.3 percent¹⁶. By 2013, the unemployment rate had fallen to 4.8 percent. Later cohorts (beginning in 2013), experienced higher rates of employment and higher average earnings after training than earlier cohorts. However, changes were actually greater for earlier cohorts, as they started out at lower rates of employment and lower income levels.



Cohort	2011-2012		2012-2013		2013-2014		2014-2015		2015-2016	
	Pre	Post	Pre	Post	Pre	Post	Pre	Post	Pre	Post
Rate of employment	33%	61%	42%	62%	45%	70%	45%	71%	48%	72%
Average median quarterly earnings (\$)	2,833	4,787	2,865	4,724	3,375	5,618	3,492	5,469	3,865	5,140

¹⁵ Federal Reserve Bank of St. Louis, NBER based Recession Indicators for the United States from the Period following the Peak through the Trough [USREC], retrieved from FRED, Federal Reserve Bank of St. Louis. Retrieved June 5, 2017, from <https://fred.stlouisfed.org/series/USREC>.

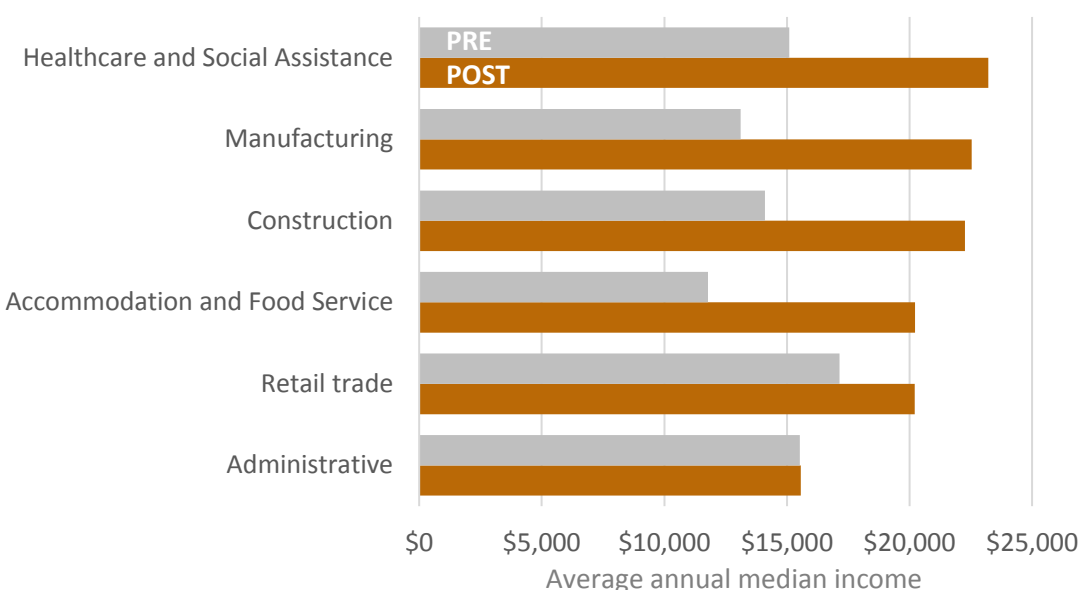
¹⁶ Local Area Unemployment Statistics. (n.d.). Retrieved June 15, 2017, from <https://data.bls.gov/pdq/SurveyOutputServlet>.

OUTCOMES WERE MORE POWERFUL FOR SOME SUBGROUPS

- ✂ Some industries offered higher post-training incomes and greater income change opportunities for participants.

Post-training incomes were higher in some industries than others. Those who trained in healthcare, manufacturing and construction enjoyed higher post-training income levels and some of the greatest changes in average income from pre-training to post-training. Trainees going into Administrative jobs earned significantly less than their peers who had gone into jobs in other sectors.

Average median annual income after employment varies by the industry in which the employee trained.



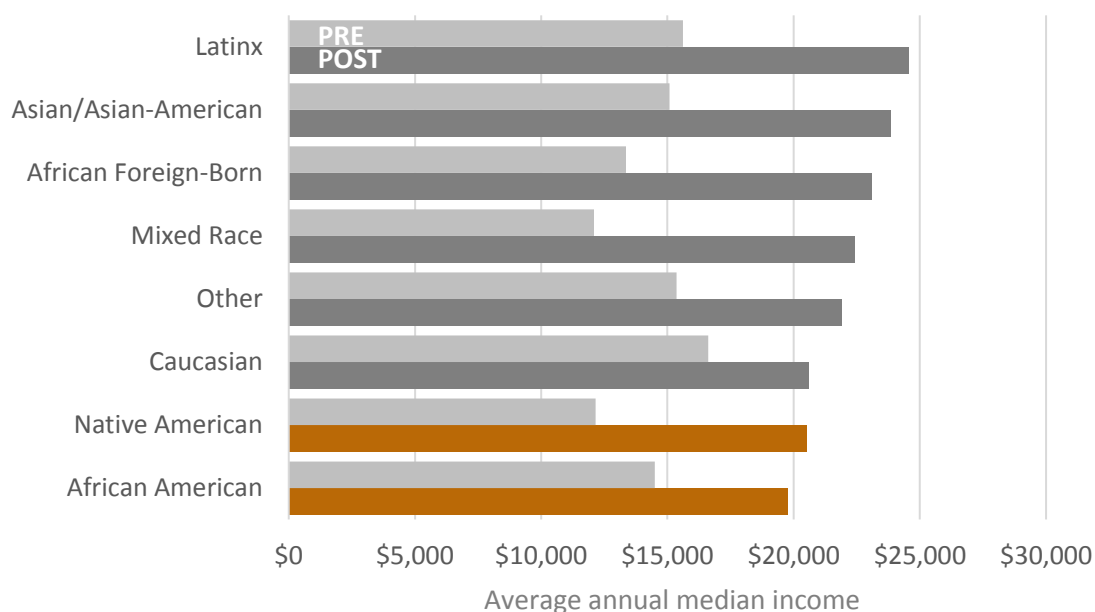
Differences in outcomes also emerged between the demographic groups of participants; however, the uneven representation of demographic groups across programs and industry sectors does not allow for any strong conclusions about the how well this program approach works for any particular demographic group. For instance, PSEI programs had completion rates between 42 percent and 100 percent, but completion rate patterns across programs did not align with specific demographic characteristics.

- ✂ Overall, African Foreign-Born participants seemed to benefit most and Native American participants benefited least from the Initiative.

In terms of differences in training outcomes, African-Foreign Born participants who completed training saw the greatest gain in employment rate change, from an average of 34 percent in the two years before PSEI to an average of 81 percent in the three years after. This group also saw the second-highest increase in median quarterly earnings, growing from an average of \$3,341 before training to an average of \$5,774 after—a 73 percent increase. Additional factors may drive these results. African-Foreign Born individuals were heavily represented in the International Institute of Minnesota’s healthcare-focused

programs, where employer partnerships or other program elements may be driving better outcomes. Also, as noted above, many of these healthcare related jobs supported higher earnings for any trainee in this industry. Finally, organization staff noted several of these participants had previous experience in the healthcare field in their home countries, which may have bolstered their outcomes here.

African American and Native American participants saw the lowest post-training incomes.



Because demographic groups did not participate evenly across training programs, and because training programs are associated with different occupation wages, it is not possible to make conclusive statements about whether this industry-specific training worked any better for one demographic group than another. However, when looking at post-training income, two additional observations are important in the context of the employment disparities that face communities of color in Minnesota. First, Caucasian participants experienced similar levels of post-training income as Native American participants; and less than African Foreign Born, Asian or Latino participants. These outcomes show that PSEI did not continue to mirror the disparities communities of color face in Minnesota.

Second, Native Americans started and ended low in employment rate (29 percent pre-training to 46 percent post-training) and had lower post-training income than most other demographic groups, showing PSEI was not a powerful path to addressing the employment disparities they experience in Minnesota. Native Americans were also underrepresented in the PSEI participant pool, when compared to the employment disparities among this population (three percent of program participants were Native American, but 46 percent of Native American adults in the Twin Cities metro area are not working). Hispanic and Latinx individuals were also underrepresented—they made up four percent of the participant pool, yet 28 percent of Hispanic and Latinx adults are not working.¹⁷ It is also important

¹⁷ Proportion of Adults (age 16-64) Working, Wilder Research analysis of Integrated Public Use Microdata Series, University of Minnesota, www.ipums.org.

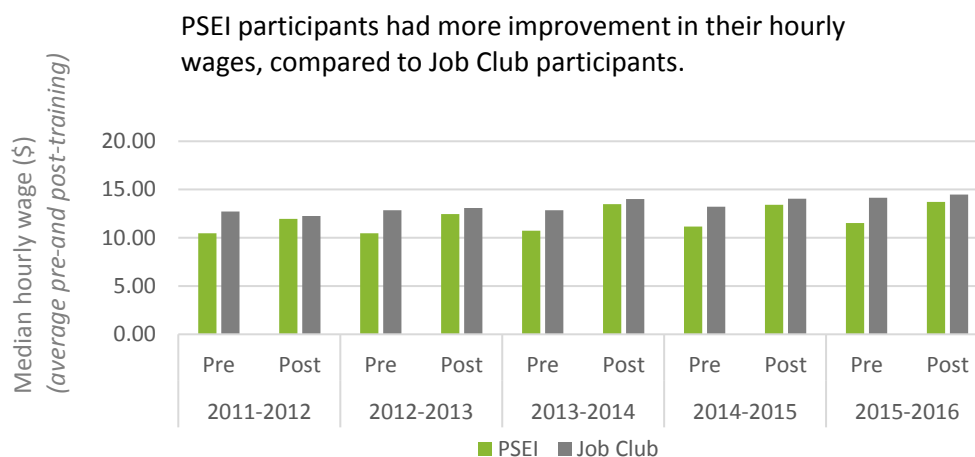
to note that the PSEI project only included four grantee organizations, none of which specializes in or is based in either the Native American or Latinx communities.

Women saw slightly more of an increase in employment rate, yet men saw a much higher increase in quarterly earnings—a 68 percent increase compared to women’s 40 percent increase. Similarly, men saw more of an increase in their wages. Since men were concentrated in different occupation training programs than women, results may be more attributable to these occupations than to gender bias.

GREATER IMPACT COMPARED TO A SIMILAR PROGRAM

✂ PSEI outperformed Job Club, a more general job training program that serves a similar population, by measures of employment rate, hours worked¹⁸, hourly wage, and increased income.

Job Club, a Workforce Investment Act-funded program, is available at Minnesota WorkForce Centers and is open to anybody. It offers online services including a web-based resume board that employers can search; in-person services include job search and networking workshops, on-site hiring events with local employers, and personalized job search and resume assistance from WorkForce Center staff. PSEI differs from Job Club in that it provides industry-specific training and employer connections.



Job Club participants had far smaller or even negative outcomes on similar measures during the 2011-2016 period studied. For example, median wages for PSEI participants increased markedly from pre- to post-training (see figure above). For Job Club participants during the same comparison period, median wages had more marginal change over the same time period. Outcomes of Job Club participants who were people of color, in the metro area, and not involved in a career pathways program were compared with PSEI outcomes. For more on how this comparison was performed, see the appendix.¹⁹

¹⁸ Full time equivalent employment is 520 hours per quarter.

¹⁹ 2014-2015 cohort has “Post” data eight quarters after enrollment, instead of twelve quarters that were available for earlier cohorts. For the same reason, the 2015-2016 cohort has data on four quarters after enrollment.

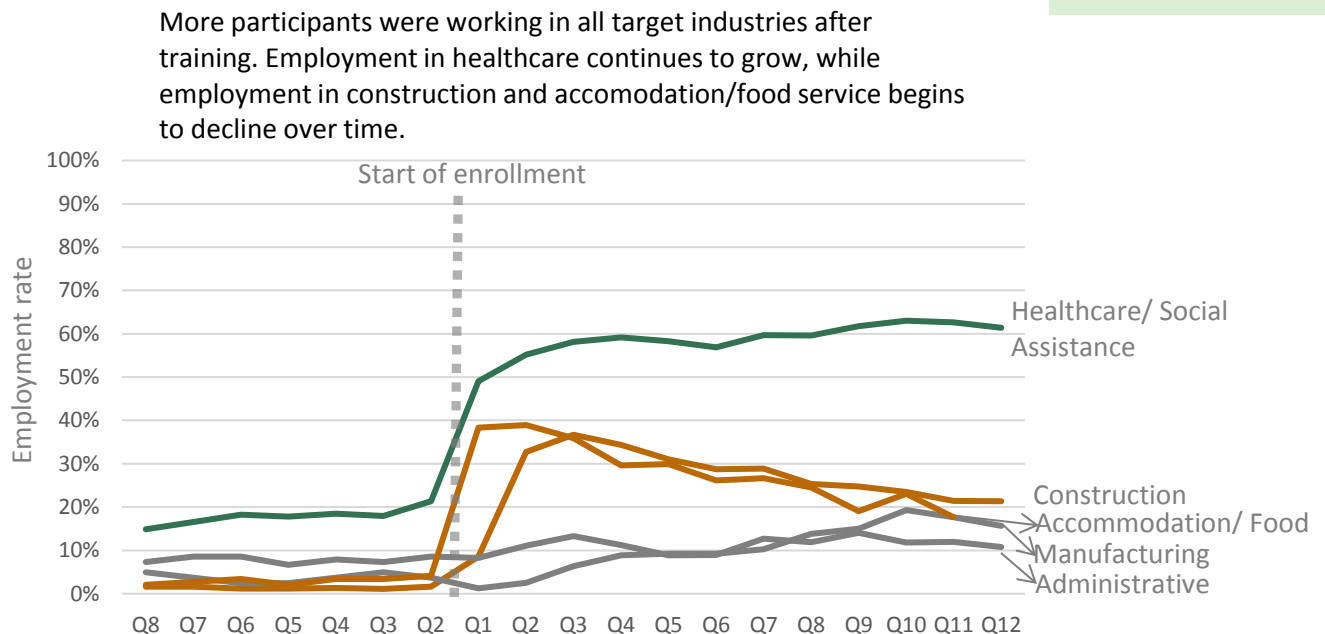
IMPACT ON EMPLOYERS

✂ Data showed an increase of employees moving into jobs in targeted industries. By being involved with PSEI, employers were able to continuously inform the design of training and subsequently saw the results they needed at their companies. Employers also welcomed the more diverse candidate pool that PSEI opened for them.

After completing training, the proportion of people working in the targeted industry increased. Within this finding, the biggest movement of newly trained workers was into the healthcare and social assistance industry, where 60 percent of participants worked post-completion, compared to 18 percent before completing the program. Moreover, PSEI participants appear to be staying in the sector for up to three years after completing training.

Construction also saw a large increase in trained workers moving into the field. However, some trained in construction appear to be beginning to leave the industry, according to the data—the percentage of participants moving into construction peaked at 37 percent before beginning to decline. This decrease could also be due to some individuals moving from company employment to self-employment, removing them from the company-reported industry statistics. Accommodation/Food Service also saw a similar decline over time.

Employers provided participants with job preparation support, including through internships and on-site clinical training. One employer said having a pipeline of interns as potential employees, especially in a field like healthcare that evolves constantly, is helpful for hiring.



It is also important to note the varying degrees of alignment between standard industry reporting codes and specific training programs, which can make some programs look more effective than others at moving workers into the target industries. The United States Federal Government uses an industry classification system called the North American Industry Classification System (NAICS) that groups establishments into industry groups based on similar production processes. The intent is to support economic analysis by different industry types, though these types do not always align well with specific training programs. For instance, temporary employment has its own NAICS code. PSEI grantee staff described that a number of their participants regularly found work aligned with training through temporary employment but this NAICS code won't show any alignment with the training program.

WORKERS WERE BETTER PREPARED THAN AVERAGE CANDIDATES

In interviews with The Improve Group, employers described PSEI workers as better prepared for the job than applicants they might otherwise consider for these positions, due to the programs' rigorous training and testing. PSEI helped facilitate partnerships between grantee organizations and employers that created pipelines of highly qualified applicants. Employer partners informed PSEI organizations of their specific needs so organizations could tailor training and programs accordingly and update them as needs changed. This gave employers an inside understanding of what training these job applicants have, unlike with the average job candidate. Organizations also provide counseling to employers after participants are hired to ensure a good fit, address barriers as they emerge, facilitate effective communication with the new hire, and generally support that individual's job retention.

PSEI grantee programs also enabled employers to engage directly with prospective candidates by facilitating activities like mock interviews, job shadowing, internships, and on-site clinical training. This provided further job preparation, as well as more extensive referrals and networking. The participants' presence at job sites in a learning capacity also served as a morale and confidence boost among existing employer staff who served as mentors to program participants during internships or clinical training.

“We receive hundreds of resumes for a medical receptionist job. But we'll look at [non-profit training provider] candidates because we know what training they've received. They're well-prepared.”

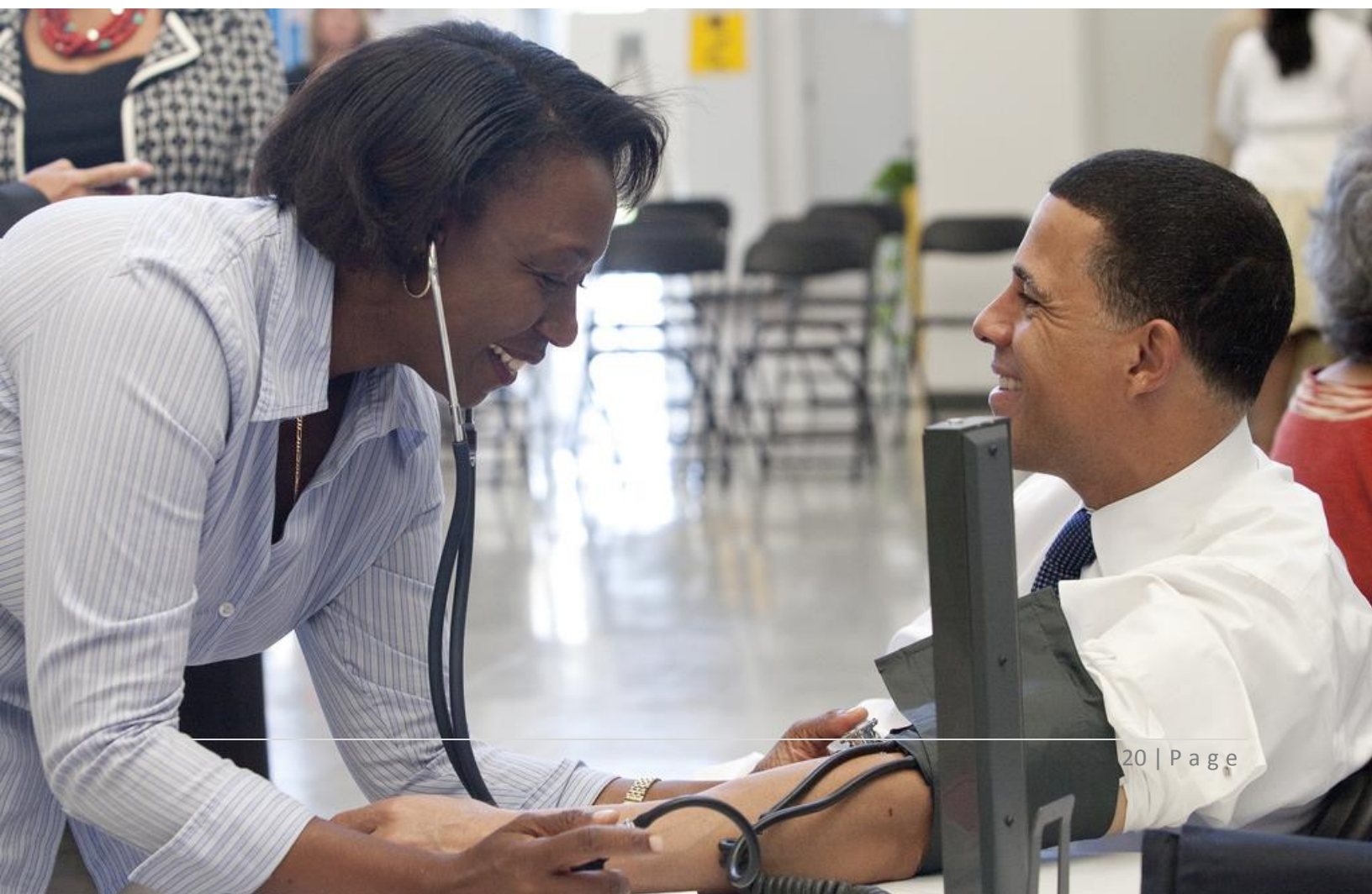
— Employer partner

EMPLOYERS SAW MORE DIVERSE CANDIDATES


Employers in different sectors appreciated the diverse workers they were able to find thanks to PSEI. The focus of the Initiative translated to a pool of qualified candidates who were individuals of color, women, veterans, and individuals with disabilities. One employer in the construction industry reported that Summit Academy OIC was the only organization it knew of that was focused on training women and minorities in a specific type of construction work. This made PSEI another channel for increasing the diversity of applicants or meeting company diversity goals. One employer partner said access to more job applicants with disabilities, and in turn the hiring of more individuals with disabilities, has infused the company with a “kinder and gentler culture.” This company has even learned how to revise job descriptions to leverage candidates’ strengths.

“The culture [of our company] has changed where our employees have become more accepting of working with individuals [with] disabilities. ... What we’ve noticed is that if we can find the right fit for them, they are an exceptional hire for us.”

—Employer partner



IMPACT ON GRANTEE ORGANIZATIONS

 PSEI utilized individualized consulting support, cohort learning experiences, training in data-based continuous quality improvement, and flexible funding to help grantees build program capacity. This contributed to growth in program enrollment and diversification of training options.

While several of the positive impacts of the Initiative will continue at organizations, others were not built strongly enough to sustain beyond the project's time.

ORGANIZATIONS NOW HAVE A CULTURE OF USING DATA TO IMPROVE

Perhaps the most deeply engrained impact of participating in PSEI is the development of data-driven continuous quality improvement practices within grantee organizations. This change resulted from the Foundation's decision to engage the Corporation for a Skilled Workforce and the Workforce Benchmarking Network²⁰ as a central capacity-building framework from 2013 through 2016.

The use of data also increased connectivity between PSEI programs and other programs within the organizations. For example, RESOURCE reported that the tools and techniques taught by the CSW Benchmarking consultants had a ripple effect throughout the organization, and its non-PSEI programs also started using them. This has helped the organization better integrate its different program areas.

Organizations learned to use data to make decisions and improve outcomes; meanwhile, staff in other departments are seeing this success and implementing the data-driven improvement practices on a broader level.

Using data, organizations analyzed and solved performance challenges. Much of the focus of this problem-solving centered on recruitment and retention challenges, which grew as the improving job market made it more difficult for programs to find participants, and easier for enrolled participants to

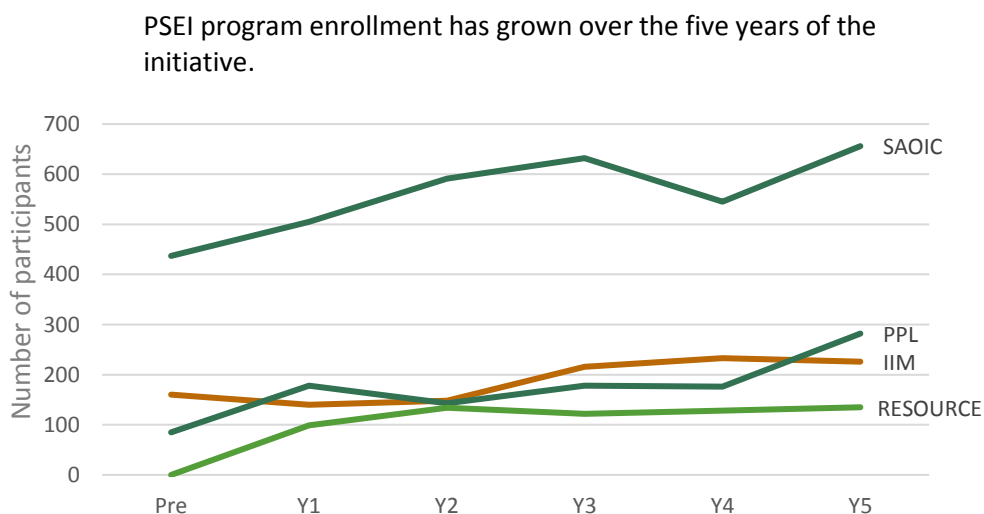
One grantee, PPL, reported that the organization now has a culture that values data—without removing the focus from the participant. Staff use data to tell participant stories and document changes in participants' lives, and regularly discusses benchmarking at staff meetings.

²⁰ From 2013 through 2016, The Phillips Foundation partnered with the Greater Twin Cities United Way and the Twin Cities office of the Local Initiatives Support Corporation (LISC) to engage consultants from the CSW Benchmarking Network to train a cohort of local workforce development organizations. PSEI grantees were among the organizations trained and supported by the Benchmarking Network team. See the Corporation for a Skilled Workforce's Twin Cities Benchmarking Report for more: <http://skilledwork.org/csw-releases-twin-cities-benchmarking-report/>

opt for immediate work instead of career training. Grantees also used benchmarking methods to try new services such as tutoring support aimed to help more applicants meet enrollment criteria. Organizations also shared data with employer partners to collaboratively make improvements, bolstering their relationship and the responsiveness of programs to workforce needs. Finally, the performance improvement goals PSEI grantees pursued sometimes also yielded financial benefits. For example, Summit increased retention from 50 to 60 percent, which equated to approximately \$1.4 million in additional financial aid support for trainees.

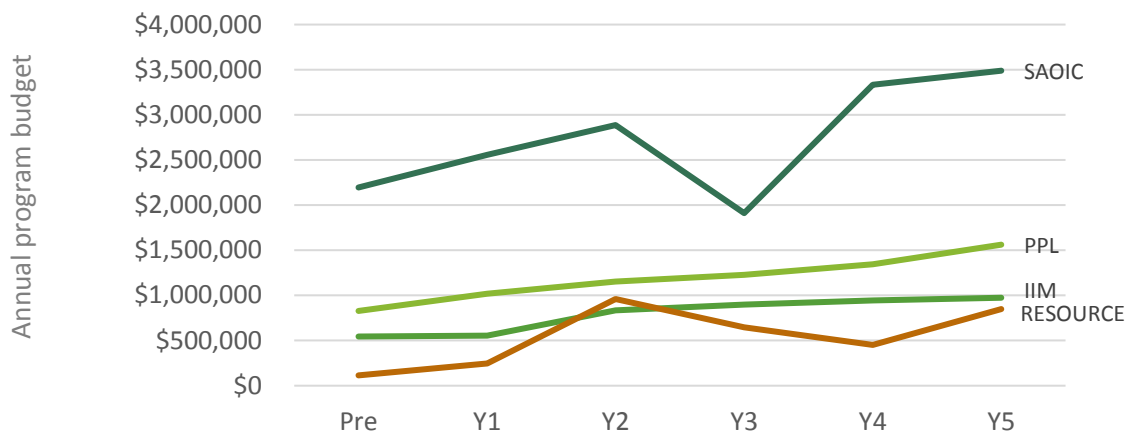
2011 TO 2016 PROGRAMMATIC EXPANSIONS

Through PSEI resources and support, the four grantee organizations were able to deepen and expand their specialized career training throughout the five-year grant period (2011-2016). All organizations expanded or enhanced their program offerings. Further, the enrollment numbers and program budgets for these training programs all increased significantly over this time period. Program budgets and funding sources grew beyond PSEI funding. Grantees are growing the number of sectors in which they offer programs, and maintaining a focus on these projects even as they discontinue other strategies. One reason for this is that organizations increasingly perceive industry-focused training to be an opportunity to work on systems-level challenges rather than just providing basic services. This program model links community-based organizations to employers, industry associations, community colleges, foundations, and the government. They become part of a dynamic and high-profile workforce development strategy in this region.



Program offerings added during the grant period include a pre-nursing assistant “bridge” opportunity at IIMN; Train-to-Work Office Specialist training at PPL; Healthcare IT training at RESOURCE; and plumbing, ironwork/pipefitter, and sheet metal training at Summit.

Industry-specific program budgets expanded over 5-year PSEI initiative.



STRONG PARTNERSHIPS FORMED

✂ Organizations developed more and deeper relationships with employers and colleges, to the benefit of programming, staff and participants.

By strengthening relationships with employers, PSEI organizations both improved programming to make it more responsive to the job market, and created connections that benefited participants and future job applicants. Organizations are responding more to the constantly changing needs of employers by cultivating relationships with companies that can help inform better programming on an ongoing basis. Beyond advising on the content of training, employers also offered mock interviews, job shadows and on-site training to PSEI participants. Additionally, organizations broadened the type of employers they work with; for example, the International Institute of Minnesota expanded from nursing homes to include in-home care and assisted living.

“They [nonprofit training provider] don’t do anything in a vacuum; they always call their business partners for feedback on how relevant and current their training needs are.”

– Employer partner

Over time, organizations also deepened their connections with community and technical colleges. This has led to more articulation agreements, which enables participants to carry credit from grantee trainings into community college programs, and eventually allows participants to begin their job search with a certificate from a community college-partnered training.

PSEI organizations reported that credentialed trainings and certificates are important to their employer partners. One employer partner stated that having trainings credentialed through a community college gives them more confidence in the quality of the training offered, and that they’ve seen the number of credentialed trainings offered by their PSEI organization partner “blossom” in recent years.

MORE FUNDING NEEDED TO SUSTAIN CERTAIN SUCCESSES

While a culture of using data for continuous improvement and a stronger focus on recruitment and retention will endure at organizations, other elements from the Initiative may not. Resources are sometimes available for startup and improvements, but not to sustain functionality once a program is up and running.

- PSEI has funded processes for learning, growth, and improving strategy, e.g. the VISTAs. Organizations will maintain what they have learned so far, but won't have resources to continue research.
- Employed participants may not continue to receive long-term support and monitoring of their career advancement and stability.
- Organizations may not be able to continue support services to participants' outside-of-work basic needs, like housing and food, which can be barriers to employment success.
- One organization reported its "bridge" programs, that open training pathways to additional participants, may not continue to be offered due to lack of sufficient funding.

On top of individual achievements, the four grantee organizations benefited from participating in PSEI as a cohort learning from each other. Within the sharing environment created through PSEI, organizations began collaboratively addressing common challenges and sharing new tools—even while competing for the same sources of funding. However, some of the benefits of being in a cohort were not built to a degree that they will be sustained beyond the grant period. For example, the AmeriCorps VISTA members provided by Phillips and the Corporation for National and Community Service helped build much-needed capacity around recruitment, technology, and marketing, but their involvement with organizations ended in 2016. A trip by organization representatives to Boston showed model systems of career navigation and government-workforce development collaborations, but like the VISTAs, is an unrealistic expense for the organizations going forward.



SUMMARY AND NEXT STEPS

As has been the case in other sector-specific training initiatives, participants saw positive outcomes. Overall, PSEI participants improved their economic status based on measures including employment rate, hours worked, hourly wages, and overall earnings. Further, PSEI targeted some of the racial/ethnic demographic groups who have been experiencing the greatest disparities in employment in Minnesota.

Employers and grantees saw positive impacts as well. Employers described graduates as better-prepared for the job than those they might otherwise hire for these positions. Plus, PSEI participants help employers diversify their workforce. Grantee organizations expanded the offerings and enrollment in their industry-specific job training programs during PSEI. They also grew their capacity in terms of strengthening their programs through research and development, consulting, and cohort learning.

NEXT STEPS: CONSIDERATIONS FOR THE FUTURE

Additional research can further the potential impact of sector-specific training programs.

Since sector-specific training has been proven successful in rigorous studies, and PSEI showed better results than the publicly-funded Job Club over the same time-period, further research can explore the cost-effectiveness of increasing public and private investment in the sector-specific approach. Proving this approach is a sound investment will not only help the sustainability of existing programs but also support broader expansion, perhaps replacing other job-training approaches.

A deeper study could also shed light on two important facets of PSEI's results that were challenging to clarify in this post-hoc look at participant results. Given the uneven participation of racial, ethnic and gender subgroups across the specialized career programs, summary numbers of employment results were insufficient to show whether the training approach worked better or worse for different subgroups. In the context of significant employment disparities, training programs need to show they are helping to close these gaps, especially for those experiencing the highest rates of unemployment. The second challenge in this post-hoc look at participant results was the inability of existing NAICS codes to capture the participation of all graduates in their training field. Employment rates by field may have been affected by the field's alignment with NAICS codes; graduates may have entered the field but their occupation "counted" in a different NAICS code than expected. More analysis or other research designs would help to find clearer answers to these critical questions.

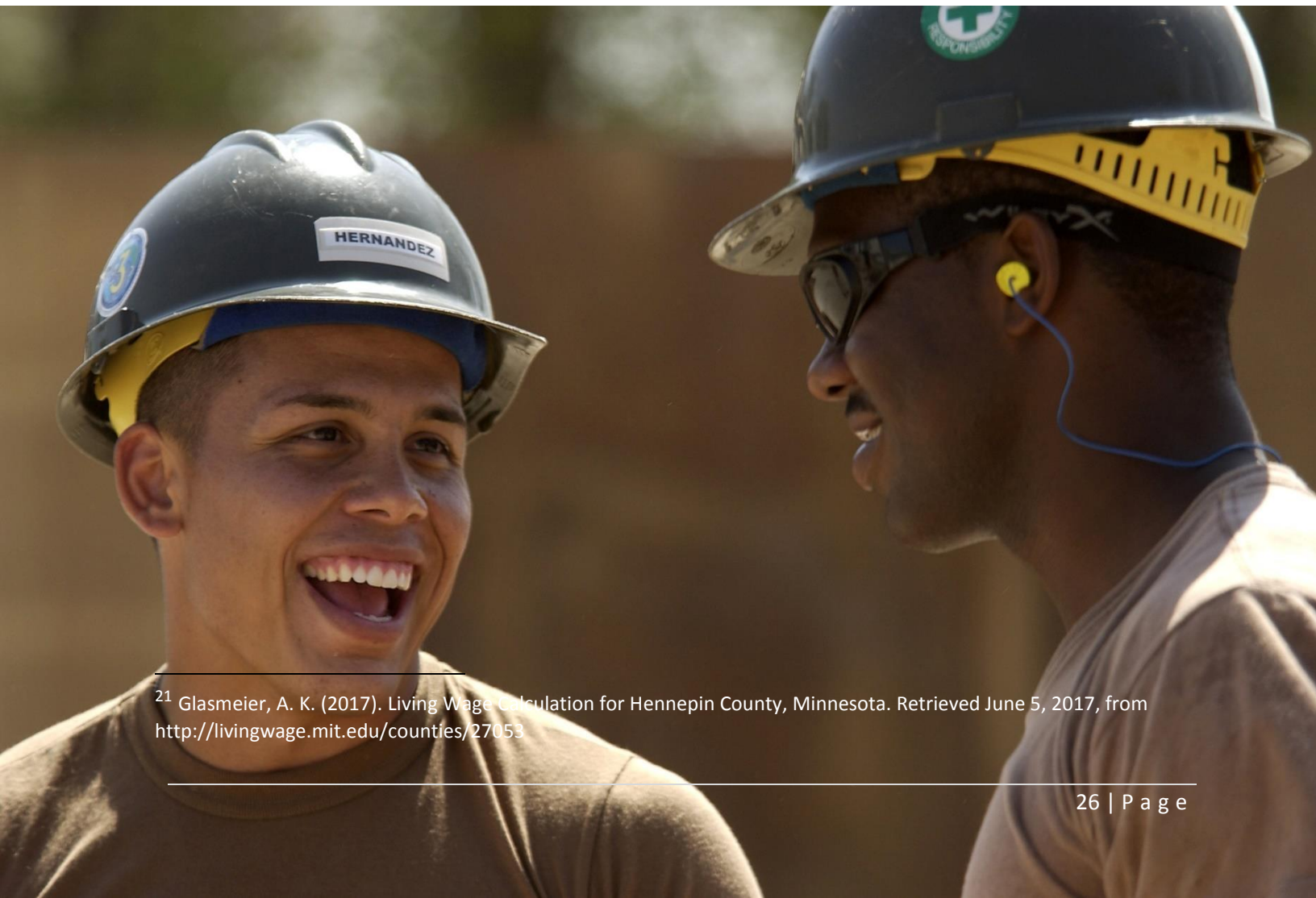
Policy and program design responses could deepen impact.

This study gave a view of three years of employment data after training. While the initial earnings boost was significant, wage growth over time was at best modest and still falls far short of a living wage for the

average participant household²¹. Both policy and program responses could deepen impact by exploring ways to boost income further.

Policy makers could look at income supports that can help these households maintain employment and support their households on these wages. Expenses that tend to increase after employment, such as childcare and transportation, are critical for attention. Further, policy-makers will want to monitor for potential “cliff-effects” where households lose previous income supports once their earnings increase with employment. Families not seeing quick wage growth out of this predicament could rationally choose to leave the new job.

Organizations designing sector-specific programs also have work ahead to solve this problem of flat to no wage growth. These results show that the anticipated career-laddering is not happening as expected. Programs should seek to understand why this is and adjust designs to better support income growth. It may be that participants require more training or education to climb the ladder or that different careers offer better wage growth over time. This design work would be most valuable to conduct in collaboration with committed employers. If employers can see the impediments to wage growth while also seeing the real value these employees bring, they may bring other solutions to the table in terms of training or other supports for employees.



²¹ Glasmeier, A. K. (2017). Living Wage Calculation for Hennepin County, Minnesota. Retrieved June 5, 2017, from <http://livingwage.mit.edu/counties/27053>

APPENDICES

Organizational Profiles



International Institute



Project for Pride in Living, Inc.



RESOURCE Inc.



Summit Academy OIC

International Institute of Minnesota

Organization Information

1694 Como Avenue, St. Paul, MN 55108

www.iimn.org

PSEI Programs List

Healthcare Career Pathway (Nursing Assistance and Medical Career Advancement)

Hospitality

PSEI Program Model Profile (from initial grantee documentation)

Based on a successful model of integrated learning (a subject-matter expert partnered with an English-language support person) and intensive educational case management in our 20-year nursing assistant training program, we will be expanding our Medical Careers Pathway to new areas: universal care worker, home health aide, and a new job skills training. A VISTA/AmeriCorps member researched employment trends in order to identify this new training area. A second VISTA/AmeriCorps member is building on our existing nursing assistant training model, which already includes a significant job-placement component with nursing homes. We also create committed relationships between our program and Twin Cities hospitals.

We are also developing an adult basic education (ABE)/academic ESL model that bridges the academic skills gap between ABE and the Minnesota State Colleges and Universities System for non-traditional learners. It enhances pre-college preparation by going far beyond traditional ABE to help adult learners refine the studying, reading, note-taking, writing, and higher-order thinking skills needed for success in college. This model also aims to inform the way curriculum is delivered to college students by advocating for an integrated-learning model in more college courses.

International Institute of Minnesota Cont.

PSEI Target Population

New Americans (immigrants and refugees) and other non-traditional learners

Program Participation and Participant Demographics

	African American	African Foreign-Born	Asian/Asian-American	Caucasian	Latinx	Mixed Race	Native American	Other	TOTAL
Hospitality		124	19	4	7				154
Nursing Assistant		511	132	9	54				706
TOTAL	0	635	151	13	61	0	0	0	860

Project for Pride in Living, Inc.

Organization Information

1035 East Franklin Avenue, Minneapolis, MN 55404
1925 Chicago Avenue South, Minneapolis, MN 55404 (Learning Center)
www.ppl-inc.org

PSEI Programs List

Human Services Pathway
Long-term Care Certificate
Pharmacy Technician
Train to Work – Healthcare

PSEI Program Model Profile (from initial grantee documentation)

Through PPL's Train to Work (TTW) model, each of the training programs mentioned above will be adapted and refined to meet today's entry-level hiring needs while creating a bridge to employment through additional supportive resources and services, e.g. career laddering, financial coaching, etc.

In addition to adapting and expanding training programs, PPL will look to further engage and deepen existing employer partner relationships. This includes connecting with five new employer partners in the manufacturing and service sectors to establish a more intentional career pathway for individuals with high barriers to employment, i.e. criminal backgrounds. PPL will also develop partnerships in the healthcare industries, including with retail pharmacies and long-term healthcare facilities.

Finally, PPL will look to create a second short-term certificate (credit-based) training program, in addition to expanding its existing Pharmacy Tech short-term certificate training program for incumbent workers who are interested in career laddering within specific sectors.

PSEI Target Population

Low to moderate income families and individuals who meet program requirements (current and future PPL participants)

Individuals with a criminal background looking to re-enter the workforce

Project for Pride in Living Cont.

Program Participation and Participant Demographics

	African American	African Foreign-Born	Asian/Asian-American	Caucasian	Latinx	Mixed Race	Native American	Other	TOTAL
Human Services Pathway	46	11	8	23		6	2		96
Long-term Care Certificate	25	3	1	13	2				44
Pharmacy Tech	46	15	17	42	5	7	1		133
Train to Work - Healthcare	76	19	23	45	7	15	8		193
TOTAL	193	48	49	123	14	28	11	0	466

Organization Information

1900 Chicago Avenue South, Minneapolis, MN 55404

www.resource-mn.org

PSEI Programs List

Business Support Specialist

Contact Center

Core Manufacturing

Healthcare Information Technology

PSEI Program Model Profile (from initial grantee documentation)

RESOURCE will launch a new Healthcare Information Technician Training program that will expand and strengthen the capacity of its sectoral employment work in the healthcare industry. As part of this initiative, RESOURCE will further strengthen relationships with existing business partners and mentors while also establishing relationships with new business partners and mentors. According to the Minnesota Department of Employment and Economic Development, there is “an entire career pathway” around the management of health information. RESOURCE saw this as an ideal area for expanded capacity because of the career path available; the strong wages and benefits; the demand for healthcare workers in the Twin Cities; and the many positions in this field that offer the steady employment and predictable hours that are critical to helping low-income single parents succeed in the workplace. Curriculum was designed with input from RESOURCE business partners. RESOURCE’s training, focused on low-literacy and low-skilled single parents, acts as a bridge that prepares participants for immediate employment—as well as linking them to additional training and credentialing that allows them to advance along a career path.

Training, job placement, retention, and career advancement services focus on low-income, low-skilled single parents who have had little or no success in an academic environment. They may struggle with barriers around lower literacy and/or numeracy skills, undiagnosed learning disabilities or other disabilities, domestic abuse, chemical health, mental health, children with special needs, and criminal backgrounds. Based on our current experience serving low-income single parents, we anticipate that approximately 75% of participants will be people of color, with over half of those being African American. RESOURCE places a strong emphasis on culturally competent employment and training services that will help close the racial disparity gaps in the Twin Cities.

RESOURCE, Inc. Cont.

PSEI Target Population

Lower-skilled, lower-income, single parents not receiving public assistance. Strong recruitment efforts focus on enrolling a high percentage of participants of color—especially African Americans.

Program Participation and Participant Demographics

	African American	African Foreign-Born	Asian/ Asian-American	Caucasian	Latinx	Mixed Race	Native American	Other	TOTAL
Business Support Specialist	119	31	16	180	19	6	5	1	377
Contact Center	4			7					11
Core Manufacturing	19	2	16	48		1	4		90
Healthcare IT	37	21	3	65	12		2		140
TOTAL	179	54	35	300	31	7	11	1	618

Summit Academy OIC

Organization Information

935 Olson Memorial Highway, Minneapolis, MN 55405

www.saoic.org

PSEI Programs List

Construction

PSEI Program Model Profile (from initial grantee documentation)

Our first strategy is to expand our connections with employers by adding staff focused on relationship-building and involving employers in our training. Our approach is to treat these relationships the same way we treat donor relations—in other words, to cultivate long-term partnerships based on shared values, trust, and mutual benefit.

Secondly, we are expanding our construction training to provide more specialized offerings around green techniques and technologies and to design specialized and mobile training for remote locations, including for the Chippewa tribes in Minnesota. This involves developing portable curriculum components and using long-distance teaching technology. These innovations are also built on relationships of trust and shared values.

Finally, our model is based upon improved accountability and transparency systems relating to publicly funded projects. Our model utilizes activism and advocacy, data analysis, and systems change in public agencies implementing programs to ensure accountability and transparency utilizing web presences and social networking.

PSEI Target Population

Low-income minorities and women

Program Participation and Participant Demographics

	African American	African Foreign-Born	Asian/Asian-American	Caucasian	Latinx	Mixed Race	Native American	Other	TOTAL
Construction	1,294	1	84	349	50	147	97	100	2,122
TOTAL	1,294	1	84	349	50	147	97	100	2,122

Methodology

This report combines the results of two phases of evaluation.

Phase 1. Reflection on capacity building and program change

Purpose. In the first phase, The Jay and Rose Phillips Family Foundation of Minnesota contracted The Improve Group to evaluate the impact of the Sectoral Employment Initiative on organizations' capacity and their partners. In collaboration with grantees and Foundation staff, The Improve Group designed the evaluation to answer the following evaluation questions:

Primary Evaluation Questions	Secondary Questions
1. How have PSEI funded organizations changed over the course of the initiative?	How have PSEI organizations evolved over time?
	How have programmatic offerings (and their related credentials) shifted over time? How has this influenced capacity and enrollment?
	What helped move programs forward?
	How has the work on PSEI programs informed other areas within an organization?
	In what ways have roles/job descriptions changed? Why did they change?
	How were partnerships formed?
	What challenges have grantees encountered along the way? What helped to overcome these challenges?
	How did the sector-based training approach show up over the years in your organization's core strategies?
2. What have PSEI programs accomplished over the course of the initiative?	How have PSEI programs changed workforce systems in MN? In what ways have workforce systems affected PSEI programs?
	How have clients been impacted by PSEI programs?
	How have education partners been impacted by PSEI programs? How have relationships changed over time?
	How have employment partners been impacted by PSEI programs? How have relationships changed over time?
3. What does the future sustainability and	How has PSEI funding affected sustainability? What can organization sustain from the PSEI programs? Where are there sustainability issues?

Primary Evaluation Questions	Secondary Questions
work of community-based job training programs look like?	What promising practices or approaches have been learned along the way that could inform others doing this work?
	What would it take organizations to maintain or scale up efforts in workforce development?
	What workforce trends need attention as this work moves into the future?
	What is the value to partners of having nonprofits run sector-based programming? How could partners help nonprofits make these programs more sustainable?

Data sources. To answer these questions, The Improve Group conducted interviews and reviewed existing documentation. Interviews were conducted June through September 2016.

Interviewees	Description
PSEI organizations	<ul style="list-style-type: none"> • 2 interviews with each organization • 2 or 3 interviewees per group interview • Conducted in-person (7) and by phone (1) • 1-1.5 hours each
Partner Organizations	<ul style="list-style-type: none"> • 6 education partner interviews • 11 employer partner interviews • Conducted by phone • 15-30 minutes each
Content Experts	<ul style="list-style-type: none"> • One content expert consultant who worked with all orgs in the first two years • Two content expert consultants who worked together with all orgs on benchmarking project in later years • Conducted by phone • 30-60 minutes each

Document review included:

- Annual grant reports of all PSEI organizations
- Baseline evaluation report conducted by content expert consultant
- First two years' evaluation report conducted by content expert consultant
- Additional data provided to the Phillips Family Foundation upon request to clarify program growth and participant characteristics

Finally, grantee organizations were trained on how to design and conduct participant interviews. Excerpts from some of these interviews are included to illustrate participant experiences in this report.

Analysis. Qualitative data from interviews and document review was analyzed by identifying themes that would answer evaluation questions (deductive) and new, unanticipated themes (inductive). Quantitative items were harvested and summarized from document review. Organizations which had interviewed participants provided written summaries and quotes from these interviews. The Improve Group selected excerpts which would illustrate points made in the report.

Phase 2. Quantitative Review of Participant Outcomes

Purpose. The Jay and Rose Phillips Family Foundation of Minnesota wanted to get third party data on the employment outcomes for participants. To do so, the Foundation entered into an agreement with the Minnesota Department of Employment and Economic Development (DEED) to pull summary outcome data for individuals who participated in PSEI. The key variables used to define outcomes were:

- Median quarterly earnings
- Employment rate
- Median hourly wage

Data sources. DEED used Unemployment Insurance Wage Detail data on individuals who enrolled in one of the PSEI training programs. Participant data were matched to employment data using Social Security Numbers. The parameters DEED used to provide summary data tables for the Foundation include:

- Providing employment data for eight quarters prior to enrollment and twelve quarters after enrollment
- Employment is defined as having earnings >\$0
- Hourly wages < \$4.90 and > \$200) were excluded; outlier wages below \$4.90 and above \$200 are generally between 1-3% of the sample each quarter
- Race/Ethnicity and gender groupings were provided by grantee organizations
- NAICS codes were assigned to programs as shown in the following table

NAICS code alignment with PSEI programs

Organization	PSEI Program	NAICS code
International Institute of Minnesota	Healthcare Career Pathway (Nursing Assistance and Medical Career Advancement)	62
	Hospitality	72
Project for Pride in Living	Human Services Pathway	62
	Long-term Care Certificate	62
	Pharmacy Technician	62
	Train to Work – Healthcare	62
Resource, Inc.	Business Support Specialist	56
	Contact Center	56
	Core Manufacturing	33
	Healthcare IT	62
Summit Academy	20-week Construction program	23

Analysis. Within these parameters, DEED summarized data about outcome measures. Summary tables were provided for the participant group as a whole, for gender, racial, completer/non-completer and PSEI program subgroups. Outcome data were suppressed for fewer than ten individuals.

To compare PSEI with Job Club, DEED used outcomes of Job Club participants who were people of color, in the metro area, not Dislocated Workers and not involved in a career pathways program (like what PSEI offered). These Job Club participants created an account at a physical Minnesota WorkForce Center or created an online account at MinnesotaWorks.net (the state’s job bank) during the period of this study, 2011-16.

For pre-and post-descriptive comparisons, quarters eight through two prior to enrollment are defined as “Pre” and quarters three through 12 after enrollment are defined as “Post”. Quarters one and two after enrollment are assumed to be the time during which training and job application are taking place. Single descriptive summary numbers comparing “Pre” to “Post” take the average of “Pre” values and compare them to the average of “Post” values.

Hours worked by those participants who completed the program was calculated by dividing median quarterly earnings by median hourly wage. This was then averaged across all quarters in the “Pre” and then “Post” periods.

The Improve Group provided interpretation of data for the final report.