in urban jobs systems, there is no simple method of improving coordination on employer demand and community needs. Nevertheless, our experience in Wisconsin suggests that sectoral training partnerships in leading sectors can provide the foundation for real system reform. In the short term, these partnerships can develop clear routes of access into and up through industries for individuals. In the long term, as more leading sectors are organized, sectoral partnerships could collectively provide the necessary scale and detail on labor market information that effective administration of public support and training will require.

Labor Market Realities

Essentially, for labor markets to work well for people, they must provide clear and reliable methods of access to jobs and advancement through them. For example, entry-level employment should prepare workers for and connect them to future opportunities; there should be predictable, fair, and well-known methods of access to decent-paying jobs; and incremental moves and skill development on the job should allow for routine career advancement. All of this requires complete information on labor market opportunities, strong systems of training on the job, and good understanding of the relationship between the skills required for one job and those required for the next.

This rational labor market was most clearly approximated in post-World War II manufacturing. Young workers could “go down to the factory and sign up” with reasonable expectation of increasing their skills, wages, and seniority over the years. Entry-level workers took low-skill positions and banked on the promise of an orderly and secure progression to higher skill levels. Because job stability grew with seniority, incumbent workers benefited as they moved up the ladder.

Not anymore. Work restructuring, economic shifts toward service, declining firm size, and changing governance mechanisms have all hastened the collapse of this orderly system. Although internal labor markets certainly continue to exist, present work organization is widely characterized by a much less clear system. Firms have reduced the total number of job descriptions (stripping the rungs from ladders) and have cross-functionally defined job descriptions (ladders have crashed into one another). Accordingly, jobs on average carry somewhat more demanding human capital requirements, and movement across them is more driven by worker demonstration of specific skills—albeit generally skills still specific to individual firms. Additionally, as firms become more narrowly
focused on “core competencies,” they outsource many of the entry-level jobs that once provided routes toward the core positions. In many instances, work reorganization demands more abundant and more general skills (e.g., teamwork and flexible production) even as it eliminates the sorts of intermediate positions where those skills could be incrementally gained.

At the same time work has been reorganized, production in the economy has also been shifting: The service sector is growing and firm size is falling. These factors also work against the development of career ladders. Service sector workers never really enjoyed the orderly advancement provided in the manufacturing sector. In part, this is due to the extreme bifurcation of the service sector, which provides extremely high-paying, high-skill jobs at one end and very low-wage, low-skill work at the other. Intermediate positions and pathways out of the low-wage work have never been well developed. For example, the distance in training and pay between certified nursing assistant and licensed practical nurse is quite large, and making the transition is neither common nor convenient. Advancement in clerical careers generally requires movement from one industry to the next in an attempt to move to larger, better-paying firms; internal advancement is often impossible in such careers. In addition to the shift to services in the economy, the corresponding decline in firm size, as well as the decrease in firm size in manufacturing, has limited the development of career ladders. By their very nature, small firms and firms that are not growing offer few opportunities for internal advancement. It is easy to hit the ceiling in small firms.

Finally, two key institutions that have supported upward mobility and well-ordered advancement systems for large portions of the workforce—public sector employment and union contracts—are also in decline. In the public sector, civil service rules and requirements allowed for clear understanding of job access requirements and advancement possibilities. Likewise, in unionized settings, negotiation over seniority rules, wage structure, and upward bidding protocol encourages the development of clear internal labor markets. However, over the past 25 years private sector union density has fallen rapidly and now sits at just 10% of the labor force, less than one-third the union density at its peak in the United States. The public sector workforce has undergone massive reduction in size, due to both shrinking budgets for services and the privatization of public jobs, from garbage collection to social work. As these institutions have declined, more subjective systems for advancement, including personal connections and supervisor choice, may have become more important in labor market outcomes. Those who have little luck or few contacts to start with are then further marginalized in the labor market.

The Labor Market
Results of Collapsing Ladders

Taken together, these trends result in less clarity in labor market signals, less training for incremental progress through the labor market, and fewer prospects for real careers for many workers. These effects, in turn, contribute to increased inequality in the labor market, less regularity in career trajectories, and greater influence of luck and connections on labor market positions. The result is a far more forbidding system for would-be labor market entrants. Job seekers can no longer “go down to the factory and sign up” with any confidence that they will have the skills needed for entry-level jobs or that those jobs will naturally put them on a career path of increasing income and security. The labor market does not provide sufficient information about transitions to work, transitions within work, and requirements for advancement. Many workers find themselves stuck in dead-end jobs or even mid-level jobs without any obvious or clear route out of their situation. While these realities obviously cost workers—poverty and frustration are just part of the toll—they cost employers as well.

Dead End Jobs

One of the results of the restructuring of the economy and of workplaces has been the emergence of a growing category of what are commonly known as dead-end jobs. Such jobs are characterized by very low wages and little hope for progression to jobs that pay better. Although it is clear that many, even most, workers make it out of dead-end jobs after a period of time, there is another segment of the labor force that “scud” through dead-end jobs, never finding a way out. Workers with less education, women, people of color, and the young and old are disproportionately concentrated and trapped in dead-end jobs. As the service sector grows, and as firms increasingly contract for low-skill work (from janitorial work to data entry) from temp agencies and business service providers, some of the avenues that used to exist within firms for advancement out of low-skill jobs have been cut off. In these instances, entry-level employees cannot prove themselves and expect that proof to provide them with access to better-paying work in the firm; after all, these workers are not even formally employed by the firms in which they work.

However, dead-end jobs are not simply inevitable; in fact, they often produce a series of economic problems for both firms and workers. For example, firms are experiencing increasing problems with turnover in their lowest-skilled jobs.
Turnover produces significant costs in training and recruitment and reduces productivity and efficiency. As a result, firms are both reluctant and unable to train workers fully. One employer we spoke with described his hotel’s need to reduce turnover from its current level of more than 100%: “That’s probably our biggest problem right now—to get away from the transient-type employees, that this is just something to do for a couple of months and they’re gone.” At the same time, workers see few rewards for staying in these dead-end jobs, little training to improve their wages, and few opportunities for advancement. If workers were convinced that continuous tenure on the job would be rewarded through wage increases or advancement opportunities, they might choose to stay in their jobs. And if firms could be convinced that workers are more likely to stay on the job, they might be interested in investing more in the workforce.

- Few Opportunities to Increase Skills

Further up in the labor market, at slightly higher wages and skill levels, the problem is repeated: Many workers, in jobs as diverse as machining and medical record coding, feel stuck in mid-level jobs. Workers in these jobs often do not have the time or inclination to invest in training outside work. On the employer side, few firms regularly upgrade the skills of their employees. Often, reaching the next rung on the ladder requires a prohibitive investment of time in schooling, such as certification in insurance billing, medical transcription, or skilled trades. In these jobs, systems for learning, skill upgrading, and training are largely overlooked or pursued by only a handful of employees.

Again, being stuck at mid-level work is a problem for both firms and employees. A highly trained workforce does increase the possible gains to firms, which are able to adjust to new demands in markets and new technologies of production. In fact, much of high-performance manufacturing requires a well-trained workforce, and firms in the service sector are also required to adapt to new technologies quickly and to adjust to new markets and changing demand. Indeed, a well-trained workforce can make a critical contribution to a firm’s competitiveness. The problem is that a firm that wishes to make the transition to a high-performance workplace cannot create an appropriate system for training its workforce on its own. Many employers quite reasonably fear that their trained workers will be “poached” by other firms that can offer slightly higher wages without ever contributing to the original employer’s investment. The fear of “free riders” pushes firms to invest less than they would like in training or to train more narrowly than would be optimal. These firms continue to pursue strategies that may require less of their workforces, promise less long-run productivity, and lower wages.

- Informal Networks Get You in and Up

Asking, “How did you get your job?” often brings a common response: “My [friend/relation] told me about the opening and I applied.” Clearly, not all jobs in the labor market are filled in this informal manner, but often, in the absence of reliable credentials or recommendations, employers turn to their own networks of employees and colleagues to help them fill open positions. At upper levels, the process may create glass ceilings, through which professional women and minorities cannot advance. Perhaps more important, at the bottom of the labor market, a reliance on informal networks may dig a bottomless pit for workers with less than a college degree, especially those who are women and/or minorities (Holzer 1996; Granovetter 1995). For a worker getting into his or her first job, a well-connected and working network of friends and relatives can help identify opportunities and ease access. As central-city residents have suffered increasing economic isolation, this first transition has become more difficult (Wilson 1987). Moreover, evidence of increasing labor market inequality within specific race and education groups (Danziger and Gottschalk 1993) also suggests that initial position in the labor market may be increasingly influential on future opportunity. That is, those who get off to a bad start in the labor market may find themselves further and further behind in part because they are not in a position to develop the sorts of contacts that can lead to better work.

The real problem with informal networks is that systems of access into the labor market, and the strategies for advancement through it (both within and across firms), are not clearly defined, identified, or understood. Obviously, information on the labor market knowledge of opportunities, key actors, and critical institutions—can make all the difference in terms of outcomes. When the information is increasingly difficult to obtain, or when that information is more detailed for some than for others, inequality will be the result. To the extent that an individual’s current position determines future opportunities, that inequality will increase over time. Our interviews with Wisconsin employers suggest that firms have little faith in verbal and written recommendations from previous supervisors and that they often prefer employee referrals. Further evidence of the negative effect of informal systems on marginalized workers comes from a multicity study of employers that shows that those who use tests to screen job applicants are much more likely to hire black candidates for jobs.
than are employers who rely on more subjective screens, such as interviews (Holzer 1996).

Given the strong anecdotal evidence suggesting that job displacement and career interruption are becoming ever more likely, the importance of establishing clarity in the labor market can only grow; churning in the market will require individuals to find new jobs more frequently. Without clearly identified pathways of access, churning will further damage the chances of those with little access to good informal sources of information.

Rebuilding Access and Advancement Systems

In sum, the result of these trends is a lack of clarity in the labor market. Workers are not aware of opportunities and have less systematic routes of access to and advancement through the labor market. The payoff to training and education in this context is unclear, and luck may have as much to do with labor market outcomes as skill. Overcoming these problems will require the development of institutional infrastructure that can provide the clarity, incremental skill growth, and career trajectories of the old corporate ladder system while still being flexible and responsive to emerging needs in the new economy. Improved labor market information (i.e., where demand is, what jobs pay, what skills are required) and more relevant training are essential elements of any response.

Improving labor market navigation requires the development of a clear map of the labor market and improved supports for navigating through it. Such a map would help individuals overcome the barrier of informal access to work by establishing a clear system of rules on access and advance. Moreover, the information would help both students and employers plan for the future. One firm representative we interviewed summarized it this way: "As these students leave high school, it would be nice if there was something to say: 'This is what the need is in your community. There's this number of jobs that are becoming available in the community in this area, and these are the skills that you're going to need to fill one of those positions.' ... And I don't know if that's something that's being done now." A labor market map would also allow adults opportunities to change careers, and would aid in the process of finding new employment after job loss.

Entry-level and incumbent workers need to see a way up through the labor market. Employers need more reliable systems for identifying, hiring, training, and promoting workers. Systems can be developed to meet these needs simultaneously, but to work, they need a focus. Our own experience in Wisconsin suggests that leading sectors in regional labor markets are a powerful means of providing this sort of focus. Moreover, these sectoral efforts can serve the additional function of rationalizing and better directing public institutions that need better information about employer needs and skill demands to improve their efficiency. We return to public administration issues at the end of this chapter; first, we will describe sectoral projects in both theory and practice.

Sectoral Projects to Improve Opportunities in the New Economy

Our work in Wisconsin has focused on the development of sectoral intermediaries that provide solutions to industry problems and use those solutions to improve training for incumbent workers and increase access to the industry of disadvantaged workers. These projects and many others are known as sectoral strategies. They have excited considerable interest in recent years as the "natural" workings of the labor market have soured for many Americans, and as growing recognition of funding and information constraints on government have undermined confidence in the public sector's ability to turn that around.

Experience from the field suggests that these projects can simultaneously advance the interests of sectors and low-income communities by developing trusted sectoral intermediaries that respond reliably to private sector needs. These intermediaries are close to demand in the labor market and can leverage that connection toproduce improved low-income access to jobs and training on jobs in the sector. The success of these strategies must rely on the sectoral intermediary's ability to provide firms or the sector at large with better services and programs than are available without the intermediary, or firms will not be involved. Projects, programs, focus, and success in the field are diverse, but the need to lead the industry, leverage funds within the industry, and develop efficiencies are all keys to the success of the initiatives.

Sectoral Initiatives in Theory

How are positive effects produced—in effect, creating a "win-win" situation for firms, workers, and new labor market entrants from the community? By focusing on such strategies on sectors, a collection of firms with shared production methods and/or labor forces, these projects are supported by and rely on three
key efficiencies. First, there are considerable economies of scale to be realized in working with a cross section of firms with shared labor force needs. Unlike workforce development or job connection initiatives that have adopted a narrowly customized firm-by-firm approach, the sectoral approach does away with the need for constantly renewing personal relationships and inspiring management goodwill or civic-mindedness. Through the organization of a sector, solutions to recurrent problems can be improved and programs refined. The learning that results improves efficiency.

Second, a sectoral initiative can leverage economies of scope. A sectoral intermediary that understands and responds to the shared needs of a number of firms can develop diverse programs that will weather economic shifts and the problems of single firms. Just as the scale of the project can be used to improve continuously the common elements of the curriculum and training routines, the scope of the project protects it from being captured by a single firm and becoming uniquely beholden to that firm’s needs and fortunes.

Finally, a successful sectoral initiative will develop positive network externalities, which are generated as firms come together and find ways to solve common problems. If initiative programs are helping multiple firms in a sector, then the region’s sector at large can become more vibrant and competitive. Firms, by sharing information and solutions, also may become more tied into the local community. So, as a valued sectoral intermediary is developed in a region, the sector can become revitalized and more rooted in the local economy.

Sounds Nice, But Can It Really Work? Sectoral Initiatives in Practice

At the Center on Wisconsin Strategy (COWS), a policy and research center at the University of Wisconsin–Madison, three of our major projects are focused on developing the sectoral structures that can contribute to workers’ opportunities. The first is the Wisconsin Regional Training Partnership (WRTP), a relatively mature initiative in Milwaukee’s metalworking sector. The second is the Milwaukee Jobs Initiative (MJI), which brings a much greater focus on connecting disadvantaged workers to jobs in specific high-wage and increasingly organized industries. The third is the infant Community Career Ladder Project in the metropolitan Madison area. Although not perfect, these efforts have achieved some success, and from our experience working on them we can offer some important insights on the promise, design, and development of sectoral strategies in general.

- Wisconsin Regional Training Partnership

Based in the metalworking industry, the WRTP has a membership of more than 40 firms collectively employing approximately 60,000 workers in south-eastern Wisconsin. Founded in 1992, it has grown to be the largest sectoral training consortium in the country, and the most advanced in overall program goals. Under the terms of its joint labor-management governance, the WRTP requires that member firms do the following: benchmark a growing percentage of payroll to training frontline workers, train according to standards set on a suprafirm basis, gear hiring and internal labor market promotions to worker achievement on those standards, and administer the enhanced training budgets (resulting from their benchmarked contributions) through joint labor-management committees.

Over the past 5 years, the WRTP developed programming in three major areas of activity: incumbent worker training, modernization, and future workforce development. In regard to the first, new technologies and new work organization require workers with new skills. For many workers, the transition to a “continuous innovation” environment is impossible without considerable training. WRTP members have prioritized activity that can aid firms as they seek to develop and/or improve their workplace education centers. The WRTP provides assistance as firms develop new centers. WRTP staff direct firms to external resources available for workplace skills centers, such as funding sources and curriculum developers; they also work inside firms to help develop the labor-management collaboration on which any successful skills center relies. Without labor collaboration on the project, the skills taught at the center can easily be irrelevant to worker needs, thus resulting in shop-floor skill gaps. Without the context of workforce buy-in and contribution to the development of the skills center, the significant investment in a workplace skills center can be wasted. The WRTP facilitates cross-site and cross-union learning about workplace skills centers and has also helped a series of small shops to develop jointly operated centers. Finally, the WRTP helps firms and unions develop workplace awareness of the centers through peer adviser networks.

Competitive pressures in the metalworking industry require that firms have access to and adopt rapidly advancing technology. In response to this industry need, the WRTP focuses considerable attention on modernization of member firms. Often, new technology and new work organization go hand in hand. Many firms, especially the WRTP’s smaller member firms, do not have sufficient resources to commit to their own modernization. The state of Wisconsin has
developed the Manufacturing Extension Program (MEP) to assist firms as they identify, adopt, and adjust to needed technological modernization. The WRTP is collaborating closely with the state MEP to ensure that member firms have access to the resources of the MEP and that those resources will help to serve member firms. Again, collaboration among member firms can improve learning and knowledge of technologies and the challenges that come with modernization. Both management and labor union members can investigate options and discuss the effects of modernization with firms that have already adopted new technologies. This shared experience can ease the process of modernization and improve the efficiency with which new technologies are adopted by allowing firms to avoid common mistakes.

Finally, regarding future workforce needs, WRTP programming is directed toward both school-to-work initiatives and programs for displaced and disadvantaged workers. In the school-to-work area, WRTP staff are working with the public schools to develop a better connection between students and area manufacturers. Member firms have committed to a series of “take the teacher to work” days, involving 300 Milwaukee public school teachers, and to programs for youth apprentices and co-op students. Given the high level of employer involvement, the effort promises to move several hundred young people into manufacturing youth apprenticeship in the next few years. Although still small compared with European apprenticeship programs, this WRTP program dwarfs the expected participation in other youth apprenticeship programs in Wisconsin. We discuss the WRTP’s collaboration on the Milwaukee Jobs Initiative in greater detail below.

The apparent results of the WRTP have included significant improvement in the skill levels of the workforce, stabilization of employment in this hard-hit and highly competitive industry, wage improvements for incumbent workers, clear markers for entry-level and incumbent workers regarding job expectations and career advancement, and considerable improvement in the general quality of labor-management relations in affected firms. Although the work of the WRTP is often customized to meet specific firm needs, the consistent attention to training and modernization issues throughout the sector develops skill benchmarks that improve workers’ mobility across firms, not only within them.

**Milwaukee Jobs Initiative**

The Milwaukee Jobs Initiative is a 7-year project to improve the systems that connect central-city residents to jobs. Focusing in the first year on manufacturing, printing, and construction jobs, MJI projects will connect at least 240 unemployed or underemployed central-city residents to family-supporting work. In each of the three targeted sectors, the MJI will improve the organization, integration, and coordination of actors on both the demand and supply sides of the labor market. The MJI builds on the experience of the WRTP and seeks to develop stronger links between the community and organized sectors.

In manufacturing, the WRTP is working with the MJI to involve a broad range of firms in a future workforce project that will systematize the links between firms and central-city residents. For this project, the WRTP is identifying and recruiting manufacturing firms that will be hiring in the near future, working with these firms to identify the exact skills needed for entry-level employment, working with the firms and training providers to develop curricula that will prepare workers for these jobs, and working inside firms to develop the sorts of peer advising systems that can help support new labor market entrants from inside the plant. On the community side, the project enlists community-based organizations to recruit, screen, and support prospective program participants. Given the low area unemployment rate, employer response to the project has been extremely positive. Given the high wages offered in WRTP firms, generally around $10.00 per hour to start and with good benefits, community interest in the project is also high. This “jobs connection” was made for more than 100 central-city Milwaukee residents in 1997, and is projected to grow rapidly over the next few years.

The WRTP focused originally on incumbent worker training systems, and these systems provide the foundation for the MJI project. First, project participants will be entering firms with some basic understanding of work in manufacturing, but as training is short-term (usually 12-18 weeks), workers will need to develop skills on the job. The incumbent worker training systems provide this necessary worker training infrastructure so that the entry-level workers can develop more advanced skills. Second, the peer adviser networks that were developed to encourage workers to use workplace education centers provide a natural infrastructure of support for new shop workers. Finally, providing training opportunities to incumbent workers also helps create an environment that is more accepting of new workers. Without workplace innovation requiring higher skills, training for new entrants and their insertion into low-skill environments would only frustrate and cause resentment among incumbent workers.

In addition to the manufacturing project, the MJI will invest in projects that connect central-city residents to jobs in printing and construction. The focus of these projects, as in the manufacturing project, is to organize on both the demand and supply sides of the labor market. On the demand side, projects will help develop both retention and incumbent worker training systems. On the supply
Networks, Sectors, and Workforce Learning

training personnel at leading firms to identify the skill and workforce needs shared by the firms in each industry. This process recently led to employer-union decisions in each of the sectors to establish a sectoral consortium to address these needs.

In manufacturing, COWS found that many local manufacturers are experimenting with work reorganization in response to product-market demands for increased quality, flexibility, and innovation, coupled with lower costs. Most firms were also investing heavily in new equipment, much of it computer controlled, and trying to stay close to the leading edge of technology in their sector. The combined effect of work reorganization and computerized technologies has been to raise sharply the basic skills demanded of incumbent workers. Requirements for more advanced process improvement and teamworking skills have also grown significantly. One of the most striking features of the new skill needs is that they are neither firm nor sector specific and have wide applications beyond metalworking itself. The shared industry problems can be broken into four main areas: recruiting and retaining entry-level workers, upgrading the skills of incumbent employees, managing the challenges of work reorganization, and meeting future workforce needs. The activities of the sectoral consortium will concentrate on solving these problems.

Our study found the health care industry to be in rapid flux, with restructuring and cost-containment efforts altering the structure of work. Shared problems emerged within the major industry segments. Hospitals have difficulty retaining entry-level workers in their food service and housekeeping jobs, and they have a hard time filling specific professional and paraprofessional positions. Health maintenance organizations have the problems of an emerging industry—courses and training are designed for office rather than clinic settings. Extended care and home health care providers are struggling to maintain quality care in a tight financial situation; reimbursement for services has simply not kept pace with the costs of care. Although the survey shows distinct problems for the industry segments, it also indicates that some of the pressing problems of the industry—occupational shortages, retention problems, and needs to increase the skills of the workforce—will be solved efficiently only through collaborative industry-wide approaches. The efforts of the sectoral consortium will focus on reducing turnover in lower-end jobs through certification and job pairing; selected industrywide programs of training, on an occupational basis, to meet special employment needs; and an attempt in at least one major facility to replicate a career ladder program developed in Cape Cod Hospital.

In the insurance and finance sector, we suggested the development of a program to move nontechnical (especially clerical) workers into more technical
positions while meeting firms’ needs for information systems (IS) analysts and programmers. In insurance in particular, technological change has had major effects on the workforce, in terms of both workforce structure and skill needs. Nontechnical staff are increasingly required to upgrade their skills to meet the requirements of improved technology. Perhaps most significant, all firms that have IS departments are experiencing a dramatic shortage of qualified personnel. The consortium now formed will concentrate first on developing a modularized IS curriculum and will create a “programmer trainee” position. This will allow firms to send their clerical staff through IS training in such a way that the skills created will bring immediate benefits to the firms.

In each of these sectors, the barriers to industry collaboration are significant. Firms in each industry are often in direct competition for customers and workers. Moreover, their problems, although similar, are not always exactly the same; involvement in the collaboration requires firms to work less on narrowly customized solutions and more on collective, but slightly less direct, solutions to problems. However, industry reaction to the sector studies and proposals for creation of cooperative solutions to shared problems has been very positive. Firms see many advantages to partnerships focused on training and modernization, and, given good understanding of local issues and some sense of possible joint solutions, they are willing to work in new ways.

What do leaders in these industries hope to gain from working together? First, by formalizing collaborative work on skill and training issues, firms and unions improve their ability to learn from each other. The connection on these issues provides a forum for best practice and helps to keep firms from constantly needing to reinvent the wheel. Second, working together, firms can also develop a more unified industry voice. Speaking more clearly as an industry, firms can then engage education and training providers and the broader public in an informed dialogue on industry needs and opportunities. Finally, only by working together can firms take advantage of the economies of scale provided by coordination. At least for now, labor and management both seem to believe that the potential benefits of the project will outweigh the costs.

Building Blocks for a New Public Sector Agenda

In the short term, these evolving sectoral intermediaries will play a critical role in improving incumbent workers’ advancement in and disadvantaged workers’ access to careers in the industry. The experience of the WRTP also shows that as the partnership grows in scale and scope, it is increasingly well positioned to provide public institutions with representative and detailed information on industry needs. If multiple consortia were organized in a regional leading industries, the efficiency and efficacy of publicly administered labor market services would improve dramatically. That conclusion is supported by a consideration of the principal problems in labor market administration.

Problems in Labor Market Administration

The nation’s myriad jobs support systems—training, education, assessment, transportation, and child care, to name just a few—are riddled with inadequacies. At the federal level, despite some success in consolidation, national training efforts remain littered across more than 100 different programs, administered by 14 different federal departments and agencies—many with identical target populations and purposes, but all with different mandates. This sprawling effort becomes slightly less intelligible at the state level, where principal responsibility for federal program administration and control over a welter of additional programs resides. It is almost un navigable at the local level, where much effective authority over postsecondary training institutions (including most community colleges), as well as local school districts, is exerted. The maze of programs and decentralized administration has grown into being over more than a century of political conflict over the appropriate role of government in human capital formation, and its structure reflects the best and worst aspects of federalism—from the room it provides for efficient local servicing and experiment to the inequalities it breeds in the byzantine complexities of state and local tax codes. Each program has a constituency, and systemic reform is not aided by the reserved—and now growing—powers of state and local governments.

As a result, training institutions are not teaching workers the skills that employers need. Education programs do not effectively situate and motivate adult learning, and students become dissatisfied or apathetic. The assessment tools used in a community in referring individuals to the same programs can be widely different in form and validity.

In part, these problems are the result of financial constraints—increasingly evident in an age of taxpayer reluctance, itself driven by declining incomes. In part, they result from institutional disadvantages—the fact that government is and always has been inept at capturing the information and local knowledge key to economic decision making, particularly inside the firm. The combination is commonly lethal, in any case, to effective intervention, with government stum-
bling after what it takes to be the latest industry “trend” without the resources
to drive it, and almost always finding that by the time it arrives on the scene the
underlying economic conditions have changed.

Fundamentally, the public sector lacks the resources required to provide the
level of training that could actually contribute to workers’ and firms’ economic
performance. Moreover, the public sector lacks clear access to private sector
information that could more efficiently direct the resources available in the
public sector. Perhaps most important, there is very little attention by public
sector training providers to either supply or demand in the labor market. Because
there is so little simultaneous, coordinated attention to economic development,
job quality, and workforce development, these areas of policy often run at cross-
purposes: One agency supports economic development without regard to job
quality, while another agency seeks to improve specific skills of the workforce
without attention to economic development priorities.

In response to these information and resource problems, public sector work
has often become highly customized, personalized, and nonrepresentative. The
customization is apparent when training institutions develop programs around
the narrowly defined needs of a single firm and work on a firm-by-firm basis.
Public sector work is highly personalized in job centers where counselors rely
on personal connections with firm human resources managers to get their clients
into jobs. Advisory committee structures generally rely on civic-mindedness or
narrowly interested business representatives. The result is a fractured system
with multiple entry points, bureaucratic rules, conflicting priorities, inconsistent
and nonrepresentative employer participation, poor coordination, and missed
opportunities for labor market upgrading. In spite of the real progress one-stop
job centers have made in overcoming some of these problems, they are still
significant.

Sectoral partnerships could play a valuable role in overcoming these public
sector problems. In effect, they provide at the regional level what is not provided
nationally—a genuine infrastructure of industry and union collaboration that
both drives industries toward the need for more demanding skills and provides
the flow of information, and assurances against free riding, needed to meet it.
They could provide private sector-driven information about the market and
emerging needs in the labor market, which would permit more intelligent
programming to meet those needs. Additionally, sectoral initiatives could lever-
age firm investments in training, workplace reorganization, and modernization.
Well-designed sectoral partnerships in leading industries are uniquely posi-
tioned to provide the public sector with the “inside” information on industry
needs that is representative, self-interested, and at scale. With strong sectoral

![Figure 4.2. Sectoral Organization as the Basis for Regional Labor Market
Administration](image)

NOTE: Representatives of consortia serve on the regional labor market board to ensure
that public sector resources are well directed. Public sector representatives (from school districts,
job centers, technical colleges, manufacturing firms, and so on) also sit on the board. This type
of organization provides a coordinated public-private interface on regional labor market
priorities and needs.

partnerships, public agencies and community-based organizations have the sort
of one-stop demand-side coordination that job centers provide on the supply side
of the labor market. School-to-work programs, technical colleges, community
training programs, and support services can relate to the industry in one forum.
Given pressures for devolution, moreover, there is no reason such efforts could
not be more effectively integrated into public labor market administration.

If all of a region’s most important sectors were organized into consortia to
work on workforce development and modernization issues, then representatives
from those organizations could sit together on a regional labor market board that
could direct public sector resources devoted to training and education, and
human services funding devoted to workforce development and job connections
(see Figure 4.2). This regional labor market board would be representative of
the regional economy, and members of the board would be responsible to their
sectoral organization rather than just to a single-firm. Additionally, public sector
systems from schools to welfare departments to technical training institutions
could receive accurate information and projections of opportunity and skill
requirements for the workforce.

In an age of growing inequality and central-city economic isolation, devolu-
tion appears as yet another attack on the already weak public systems that are
responsible for responding to the needs of central-city residents. At the same
time, devolution presents an opportunity to press for real systems reform in local
labor markets. The organization of lead sectors can contribute positively to that
rationalization process. Regional labor market boards could be the sites where
community, employer, and public sector needs are negotiated and responded to
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in a flexible, representative, and responsive manner. Our experience in Wisconsin suggests that such organizations can be developed; that private, public, and community players are ready to make the necessary changes; and that the positive effects for everyone involved will far outweigh the difficulties in bringing them about.

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