



Illinois 2003 - Workforce and Economic Development

I N V E S T I N G I N T H E F U T U R E O F I L L I N O I S



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The Chicago Jobs Council (CJC) is a 22-year-old coalition of community-based employment and training organizations, advocacy groups, businesses and individuals that work together to ensure access to employment and career advancement opportunities for individuals in poverty.

CJC wishes to extend our gratitude to the Rockefeller Foundation and Bank One for their generous financial support of this project and to all the state agency staff who provided valuable data for this summary publication.

CJC's staff also made important contributions to this publication, especially policy intern Kate Bittinger. All informational requests should be directed to Whitney Smith, Associate Director, at 312-252-0460, ext. 306 or whitney@cjc.net.

Inside is a map detailing more than \$3.6 billion in federal and state funding available for workforce development programs in Illinois. The State needs to account for and use this funding to support a coordinated approach to workforce development that builds on effective practice currently taking place throughout the state and to address the needs of Illinois employers and job seekers. Visit CJC's website, www.cjc.net, to access a searchable database and PDF versions of this report.

*"Ultimately, the foundation of any successful economic development plan is hardworking people. It is a strong and skilled workforce that is the heartbeat of American industry. As history has shown, the United States has built the strongest economy in the world on the hard work, skill and dedication of the American worker. And, it will only be through continuing to invest the right way in our working people that Illinois will ensure its success in the New Economy. Now more than ever, businesses are relying on workers with high tech skills to compete in a global economy, and they send a clear signal of this priority by investing billions of dollars every year to train their employees."*¹

Governor Rod Blagojevich

We applaud the Governor's commitment to building and sustaining a world-class workforce in Illinois. The "New Economy" has indeed created opportunities for innovation, but it has also led to undeniable challenges for companies, workers, and job seekers that necessitate new strategies to maintain a healthy economy and high quality of life for Illinois residents.

Companies that have until now resisted closing their doors or moving operations out of the country to find cheaper labor have had to learn to automate their production in order to offer the most efficient and cost-effective solutions to their clients. Jobs with these companies typically require high levels of functional literacy and often require some technological skills. Indeed, most jobs that pay self-sufficiency wages increasingly require training beyond high school, and those workers who wish to secure family-supporting employment almost always need some college or some form of high-level skills training. Even higher paying service jobs in health care, hospitality, and sales require a high school diploma or postsecondary vocational training. Yet, over a quarter of a million Illinois residents, ages 18-24, do not have a high school diploma or General Education Development (GED) certificate, and Illinois ranks below the national average in the percentage of 25 to 34 year olds with some college or an associate's degree.

Over the next 30 years, the retirement of the baby boom generation will leave a shortage of workers. According to a study by the Domestic Strategies Group of the Aspen Institute, the workforce will grow less in the next twenty years than it did in the past twenty years. And none of the 16 percent expected growth will come from prime age native-born workers. Therefore, in order to ensure that Illinois has a work ready workforce, we will need to prepare the entire current and emerging workforce with the skills needed to meet local and regional labor market demand. The consequences of our not planning for this certain future will be dire. Companies that cannot find skilled workers will close or relocate, and unemployment and poverty in Illinois will undoubtedly increase. The fiscal and social policy decisions made today will profoundly shape tomorrow's opportunities.

Key Elements Needed to Build a

ABOUT THIS REPORT

The Chicago Jobs Council embarked upon this project —aimed at documenting federal and state workforce development funding available in Illinois— to assist policymakers and other stakeholders in making strategic investments to meet the needs of Illinois' job seekers, workers, and businesses, and ultimately to help achieve Governor Blagojevich's vision of ensuring Illinois' success in a New Economy. The inside funding streams map represents a snapshot of the workforce development funding that was available for Illinois' workforce in FY'02. Due to federal and state budget realities, some of the appropriations amounts listed have been reduced, and changes in political leadership have resulted in some administrative and program changes. Overall, the map is a good reflection of Illinois' workforce development system today. **The Chicago Jobs Council believes that workforce development funding should be charted on an annual basis-using this map as a framework-to help manage decisions about how to invest program dollars and fill program gaps for the neediest job seekers.** The following list of the key elements needed to build a flexible and skilled workforce in Illinois was developed using the insight and the extensive experiences of CJC members in providing workforce services and evaluating workforce programs.

✓ LEADERSHIP

The Governor has already recognized workforce development as a top priority for Illinois' businesses and workers. To act on this priority, the Governor, along with the legislature and local areas, should articulate a strong, clear vision and strategy for coordinating the state's education and employment systems. All residents in Illinois should be able to embark upon life-long learning tied to the needs of the state's local and regional economies and be able to access public work supports that help sustain themselves and their families. It is critical for adults who did not succeed in the traditional public education system to have "second chance" opportunities to prepare themselves for success in the workforce. All relevant institutional stakeholders should be given a mandate to work together, and sufficient public and private resources should be dedicated to achieve the vision and strategy.

✓ SYSTEM & PROGRAM COORDINATION

Job seekers of all skill levels, experience, and backgrounds in Illinois must have better access to the education, vocational training, and work supports they need to obtain a job or to advance in their careers. "High road" companies of all sizes and from all industries should likewise be able to access the workers they need to meet their labor needs.⁵ The most promising first step toward achieving this vision is to coordinate existing programs into a "career pathways" system. As defined by the Workforce Strategy Center, "pathways focus on high-demand, well-paying sectors... and incorporate into one seamless system all the steps -skills training, work experience, and upgrade training-needed to prepare economically and educationally disadvantaged workers for employment in the field and advancement in a career."⁶ This process of reorganization will reveal gaps in services for some populations and will necessitate, as a next step, the creation of new programs. The 2003 reorganization of job training programs and funding under the Illinois Department of Commerce and Economic Opportunity (DCEO) and the new focus on addressing regional critical skill shortages by the Department are positive and should be incorporated into a career pathways approach.

✓ LABOR MARKET RESPONSIVENESS

Planning and implementation of an effective workforce development system requires programs that are both tied to the needs of key sectors in the local or regional economy and offer promising employment opportunities for residents. With a deeper understanding of the needs of labor demand and supply, education and training service providers are better able to assist job seekers to secure positions paying family-supporting wages and to offer opportunities for advancement, as well as to help employers recruit and retain qualified workers.⁷

In an economic recession, the government should play a primary role in stimulating the creation of jobs for all residents. When residents are working, whether in the private sector or in publicly subsidized jobs, families and communities are better off and the economy is strengthened. Additionally, in order to provide a safety net during economic downturns, Illinois should reform its Unemployment Insurance (UI) system to both restore solvency to the state's trust fund and broaden eligibility by using an alternative base period and counting compelling family circumstances and other good cause reasons as legitimate reasons for job departure.⁸

✓ ACCESS BY DISADVANTAGED POPULATIONS

Since all workers will be needed in the New Economy, it is especially important to enact policy reforms and dedicate resources to ensure that *all* Illinois residents have access to education and training. Too many incoming workers have limited skills and work experience, including immigrants, ex-offenders and welfare recipients. Between 1990 and 2000, Illinois' immigrant population grew by nearly 61%. By 2000, 12.3% (over 1.5 million) of the state's population were immigrants.⁹ While some of these immigrants have formal education and skills, the majority do not. In 2002, the Illinois Department of Corrections released more than 38,000 formerly incarcerated individuals back into communities across the state. Admissions testing suggests that approximately 45% of inmates read below the 6th grade level and 60% below the 8th grade level.¹⁰ Since 1996, 187,000 welfare recipients in Illinois have left welfare for employment. Only 30% have secured and retained

Flexible and Skilled Workforce in Illinois

30 hours of work. And only 6% of those found “good jobs” (i.e. jobs that pay \$8 or more per hour, offer benefits, and are day shift and not temporary or seasonal). Forty-four percent of welfare recipients are without a high school diploma or GED and 84% have one or more additional work barriers.¹¹ Given their barriers to employment, each of these population groups require dedicated programming to assist with skill development and access to the labor market.

Two workforce development models —community-based bridge programs and transitional jobs programs— have proven especially effective at moving disadvantaged job seekers into entry-level jobs with opportunities for advancement.

- Bridge programs target individuals who have career aspirations but very low literacy skills (usually below 9th grade in reading and math and/or no high school diploma). Bridge programs, sometimes referred to as Community Business Training Partnerships, combine remedial education and vocational skills training so an individual can learn literacy skills in a particular vocational context and thereby qualify for post-secondary credit programs or career path jobs. National and local studies indicate that, in fact, individuals increase their literacy skills at much quicker rates by simultaneously training for an occupation and gain increased access to jobs and post-secondary education.¹²
- Transitional jobs programs have proven quite effective in helping people with barriers to employment become self-sufficient.¹³ These programs offer time-limited, paid jobs, real work experience, and employee mentorship. A recent evaluation of a Chicago-based transitional jobs program revealed that nearly 80% of participants had found unsubsidized employment after the program. Transitional jobs program participants, compared to the group of individuals not enrolled in a transitional jobs program, were employed at substantially higher wages and, at 90 and 180 days, continued to be employed at much greater percentages than non-participants.¹⁴

✓ OCCUPATIONAL OPPORTUNITY

Women and minorities continue to have limited access to non-traditional jobs and are, instead, clustered into a small number of lower-paying occupations. In fact, 77% of all working women are working in 20 occupations that are 80% or more female, and women make 76 cents for every dollar that men earn. African American women earn 65% and Latina women earn just 55% for every dollar that their male counterparts earn.¹⁵ In Illinois, women who participated in the federally-funded WIA training programs last year earned, on average, a full \$2/hour less than men did at the time of placement.¹⁶ Sectors that tend to have many non-traditional jobs—construction trades, manufacturing, and information technology—tend to offer higher wages than those jobs traditionally held by women and minorities. The State should actively work to reduce occupational segregation by implementing policies and supporting programs that prepare women and minorities for non-traditional jobs.¹⁷

✓ WORK SUPPORTS

The wage required by a family with one adult and two young children to meet basic living costs including housing, child care, food, transportation, health care, and taxes is \$18.13 per hour in Cook County and \$14.85 in Southern Illinois.¹⁸ Neither the federal minimum wage, nor the \$8.00 average wage of those leaving welfare for entry-level jobs provides laborers the income they really need to support their children. Additionally, entry-level employment frequently comes without benefits that promote family well-being and that much of the workforce takes for granted. These benefits include health insurance and paid vacation or sick time. No one who works full-time should be poor.

Illinois recently made progress in addressing this wage-costs gap with a new, increased state minimum wage of \$6.50, to be enacted over the next 16 months, and by making the state’s Earned Income Tax Credit permanent and refundable. Next, the State must make a commitment to provide a broad array of work supports that ensure Illinois’ working families can make ends meet. Much of the research on welfare reform and entry-level work underscores that access to adequate child care, affordable housing, food stamps, medical insurance, transportation, and the Earned Income Tax Credit contribute to satisfying employ-

ment experiences for new workers and their employers, and lead to job retention. Both business and labor should be able to expect solid returns on their investments in Illinois’ economy.

✓ PERFORMANCE ACCOUNTABILITY

Illinois took a positive step forward this year by adopting a benchmarking system that will provide a continuous picture of Illinois’ workforce quality, earnings, and competitive business advantage.¹⁹ When implemented well, benchmarking can assist planners in identifying areas in need of improvement and can reveal key contributing factors to the State’s successes and challenges. The next important step for the State is to improve accountability by making investment decisions based on an analysis of program outcomes. The Governor and legislature should request regular reports from the Illinois Common Performance Management System, a database that can produce information on labor market outcomes of participants by program.²⁰ These reports could further assist planners in determining the long-term impacts of investments made by the State. It is important to note that evaluation of performance outcomes should always take into account demographic and economic factors and should not be used to dictate a pure cost efficiency plan.

✓ SUFFICIENT RESOURCES

Spending on workforce development programming, especially vocational skills training, should be considered an investment for the State since a skilled workforce is not only key to the creation of a healthy economy but because publicly funded training programs actually pay for themselves over time, as employed graduates begin to contribute to the tax base and rely less on publicly-funded social services. Although Illinois dedicates a considerable amount of federal and state dollars on workforce development, not enough of that amount has been spent specifically to build workers’ vocational skills. Funding should be aligned to support a regional, sector-based, career pathways system and additional resources should be dedicated to address gaps in programs. The Governor should consider revenue alternatives, including an increase in personal and corporate income tax rates to address structural budget deficits and to ensure that workforce needs are met.²¹

✓ PROFESSIONAL DEVELOPMENT FOR WORKFORCE STAFF

Individuals who provide intake, case management, training, job development, and retention services —referred to collectively as “frontline workforce development workers”— create a continuum of support to help job seekers become employed. Through their efforts to match community residents with jobs that can lead to self-sufficiency, frontline workers and their supervisors play a key role in the economic well-being of individuals and the communities in which they live. Although frontline workforce development workers and their supervisors bring a high degree of dedication and commitment to their jobs, they cannot succeed in their task without the necessary skills. According to CJC’s 2002 job development research, employment practitioners encounter three interrelated problems in responding to the needs of an increasingly complex service population: 1) frontline staff lack needed professional skills, including employer relations skills; 2) professional training opportunities are limited; and 3) current skills deficiencies require a sustained and ongoing investment.²² The State should dedicate resources or seek further federal resources to support the professional development of these critically important workers and their supervisors.

CONCLUSION

An effective workforce development system coordinates education, training, work experience, and work supports so that individuals can access jobs and career advancement opportunities in key industries in a local or regional labor market. Additionally, it is necessary to document workforce development funding on an annual basis—using this map as a framework- to help manage decisions about how to invest program dollars and fill program gaps for the neediest job seekers. By realigning funding, Illinois can create such a coordinated system. As a next step toward this end, CJC and its partners will analyze the rules and regulations for each federal and state funding stream to determine how each can be most effectively used.

State Funding Stream Projects

The coordinators of similar state workforce development funding maps provided very useful insight regarding their projects and decision-making. They are:

Fred Dedrick formerly of Pennsylvania’s The Reinvestment Fund www.trfund.com

Geoff Beane of the Massachusetts Workforce Alliance
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Luke Weisberg of the Minnesota Governor’s Workforce Development Board
www.gwdc.org

Patrick Brasette of Texas’ Center for Public Policy Priorities www.cppp.org

Neil Kleinman and David Fischer of New York’s Center for an Urban Future
www.nycfuture.org

Pearl Sims and Ken Wong of Tennessee’s Vanderbilt University
www.peabody.vanderbilt.edu

John Twomey of New York Association of Training and Employment Professionals
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This report was designed by Robert Barnes Design.



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1 Rod for Us Campaign, “The Blagojevich Partnership for a New Economy,” March, 2003.

2 Illinois Department of Employment Security, “The Future is Yours: Illinois Job Outlook in Brief 2002-2003,” www.IIWorkInfo.com.

3 National Center for Higher Educational Management Systems, 2002. www.nchem.org

4 The Aspen Institute, Domestic Strategies Group, *Grow Faster Together. Or Grow Slowly Apart. How Will America Work in the 21st Century?* 2003. p.30. www.aspeninstitute.org.

5 The AFL-CIO promotes high road partnerships that involve business, labor and community to retain and expand the number of jobs that offer good pay and benefits to workers. For more information, see www.workingforamerica.org.

6 Workforce Strategy Center, *Building A Career Pathways System: Promising Practices in Community College-Centered Workforce Development*, August 2002, p. 4. www.workforcestrategies.org.

7 For more information on sector intervention strategies, contact Davis Jenkins, UIC-Great Cities Institute at davis@uic.edu.

8 For more information on Unemployment Insurance reform in Illinois, contact Wendy Pollack at the National Center on Poverty Law at wendypollack@povertylaw.org.

9 Louise Cainkar and Moushumi Beltangady, Illinois Coalition for Immigrant and Refugee Rights: *The Changing Face of Illinois*, October 2002. www.icirr.org.

10 Charles Fasano, John Howard Association for Prison Reform: *Job Training and Education Programs in Illinois Prisons*, 2002, p.3 www.johnhowardassociation.org.

11 Gretchen Kirby, Thomas Fraker, La Donna Pavetti, Martha Kovac, Mathematica Policy Research, Inc: *Families on TANF in Illinois: Employment Assets and Liabilities*. Washington, D.C.. June 2002.

12 Workforce Strategy Center, *Building Bridges to Colleges and Careers: Contextualized Basic Skills Programs at Community Colleges*, January 2003. www.workforcestrategy.org.

13 Evaluations of transitional jobs programs have been conducted across the country and are catalogued at www.transitionaljobs.net.

14 The entire evaluation can be found at www.heartland-alliance.org/TransitionalJobsChicago1.pdf.

15 US Department of Labor, Women’s Bureau, 2000.

16 Chicago Women In Trades, Analysis of WIA FY 2002 Outcome Data.

17 Illinois Department of Labor, *2003 Annual Report: Progress of Women & Minorities in the Illinois Workforce*, April 2003. www.state.il.us/agency/idol.

18 Diana Pearce and Jennifer Brooks. 2001. *The Self-Sufficiency Standard for Illinois*. Wider Opportunities for Women prepared for Women Employed. www.womenemployed.org/publications/il_self_sufficiency.pdf.

19 To learn the full list of benchmarks, visit www.ilworkforce.org/Docs/pdfs/IWIB/Dec2002/EACFullReport.PDF.

20 For more information on the Illinois Common Performance Management System, visit www.ilworkforce.org/Docs/pdfs/ARC/ICPMSQA.PDF.

21 To learn more on revenue alternatives including proposals to increase the income tax, visit website of the Center for Tax and Budget Accountability. www.ctbaonline.org

22 For more information about local professional development efforts, see www.cjc.net or contact Vicky Nurre, CJC’s Director of Marketing and Membership, at vicky@cjc.net.