

# BIG SHOULDERS, BIG CHALLENGES:

An Update on  
Workforce Development  
Funding in Chicago



CHICAGO JOBS COUNCIL  
November 2007

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# BIG SHOULDERS, BIG CHALLENGES:

## An Update on Workforce Development Funding in Chicago

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## INTRODUCTION



Two years after the Chicago Jobs Council's (CJC) release of *Big Shoulders, Big Challenges: Preparing Chicago's Workforce for the New Economy*, Chicago faces many of the same opportunities and challenges discussed in that report. Chicago is still home to one of the largest and most diverse workforces in the country, with over 4.5 million people in the labor market.<sup>1</sup> Like two years ago, this labor force is rich with assets and potential. Twenty percent of Chicago adults over the age of 25 have either an Associate's or Bachelor's degree. Nineteen percent have taken some college level courses and 23 percent have a high school diploma.<sup>2</sup> These credentials, and the skills associated with them, are increasingly important to employers as our region's knowledge-based economy continues to grow and evolve.

Despite the tremendous assets of our local workforce, Chicago continues to face a growing labor gap. High-demand industries, such as manufacturing and healthcare, already experience labor shortages, and these shortages are expected to grow unless we prepare new qualified applicants to enter occupations within these industries.<sup>3</sup> Additionally, large numbers of baby boomers will begin retiring soon, which will create a decrease in the workforce supply, especially among experienced and skilled workers. And, we face many of the same human capital challenges that we did two years ago. For example:

- Nearly half of paroled inmates in Illinois return to Chicago.<sup>4</sup> Many of these parolees have little formal work experience and limited educational attainment.<sup>5</sup>
- Immigrants play a major role in Chicago's labor force, and the City's recent economic growth has exceeded what it would have been in the absence of immigration. However, many recent immigrants face typical historic barriers to economic stability, such as lesser workforce skills and lower education levels.<sup>6</sup>
- Youth today in Chicago are struggling to complete high school. Almost half of all students in Chicago Public Schools fail to graduate, and in some schools more students drop out than graduate.<sup>7</sup> This is particularly alarming as an increasing number of jobs require some amount of post-secondary education.

Though these opportunities and challenges remain largely unchanged, in just the two years since our original report there have been significant changes in funding for the public workforce development system—both positive and negative. A few of the programs detailed in our original report no longer exist and others have experienced a decrease in funding. On the other hand, several programs have significantly grown, due to increased city-level investment. Examining the highlights of these changes reveals a varied picture of workforce development funding in fiscal year (FY) 2006 as compared to FY 2004.

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<sup>1</sup> World Business Chicago, *World's Workforce Fact Sheet*, available at: [www.worldbusinesschicago.com](http://www.worldbusinesschicago.com).

<sup>2</sup> United States Census, available at: [www.factfinder.census.gov](http://www.factfinder.census.gov).

<sup>3</sup> The Workforce Boards of Metropolitan Chicago, *Healthcare Workforce: Turning Crisis into Opportunity*, revised January 2007. The Workforce Boards of Metropolitan Chicago, *Manufacturing Workforce: Not Disappearing – Just Changing*, January 2007.

<sup>4</sup> Data provided by the Illinois Department of Corrections.

<sup>5</sup> Chicago Metropolitan 2020, *2006 Crime and Justice Index*, October 2006.

<sup>6</sup> Bill Testa, *Immigration and Chicago's Growth*, Federal Reserve Bank of Chicago, May 2006.

<sup>7</sup> Elaine Allensworth & John Easton, *What Matters for Staying On-Track and Graduating in Chicago Public Schools*, July 2007.

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Unfortunately, many federal- and state-funded programs were cut between FY 2004 and FY 2006.

- Chicago's allocation of Workforce Investment Act (WIA) funds—the largest federal source of workforce development funding—decreased by almost eight percent overall, from approximately \$39.7 to \$36.6 million.
- Community Development Block Grant (CDBG) funding was cut by almost 10 percent overall, with Training and Placement funds experiencing the biggest decrease—from approximately \$687,000 in FY 2004 to \$443,000 in FY 2006.
- The amount of funding in Chicago for the Employer Training Investment Program (ETIP), which funds companies to train incumbent workers to help them keep pace with new technologies and business practices, decreased from approximately \$4.6 million in FY 2004 to \$1.6 million in FY 2006.
- The total amount of funding targeted to serve refugees decreased by nearly 20 percent, largely due to the disinvestment in Refugee Targeted Assistance programs.

The above examples illustrate areas of disinvestment between FY 2004 and FY 2006. However, Chicago also saw increases in federal- and state-funded programs during this time period.

- Funding for Food Stamp Employment and Training with Retention increased five-fold, from approximately \$650,000 to over \$3.5 million.
- Temporary Assistance for Needy Families (TANF) Job Placement with Retention funding more than tripled, from under \$600,000 to over \$1.8 million.
- Overall funding for programs that target persons with disabilities increased significantly, jumping from approximately \$4 million in FY 2004 to nearly \$10 million in FY 2006. This boost in funding was almost exclusively due to increased support for the Vocational Rehabilitation (WIA Title IV) program.

In addition to these increases in federal- and state-funded programs, the City has also made some significant positive investments in the workforce development system since our original report. First and foremost, we want to commend the City for launching a major new initiative that seeks to comprehensively integrate Chicago's workforce development, economic development, and education systems. The impetus for the launch of this innovative effort was CJC's 2005 *Big Shoulders, Big Challenges* report, which recommended this type of integration. We look forward to participating in this initiative in order to ensure that the needs of disadvantaged job seekers and low-wage workers are met through the integration of these systems.

In addition to this new effort, the City nearly doubled its investment in the workforce development system between FY 2004 and FY 2006, from \$13.5 million to almost \$26 million. Nearly half of this increase was due to additional investment in the KidStart Summer Jobs Program, a collaborative effort of multiple city agencies and private companies to provide summer employment for Chicago's youth. The City also dedicated much more funding to serving ex-offenders through transitional jobs programs. Additionally, the City has demonstrated its commitment to meeting the employment needs of Chicago Housing Authority (CHA) residents by participating in *Opportunity Chicago*, a collaborative effort to prepare 5,000 residents for employment success. These increases in investment, particularly to meet the employment needs of various underserved populations, indicate that the City understands the critical role these workers must play in the workforce.

The recent positive and negative changes in investment in Chicago's workforce development system reflect the ever-changing funding priorities of our federal, state, and city governments. However, what has remained the same is the importance of creating a comprehensive workforce development system capable of meeting the diverse needs of Chicago's job seekers and employers. We hope that this report not only provides an update on workforce development funding, but that it also renews our collective commitment to making the systemic improvements that will secure Chicago's future as an attractive labor market for current and new employers.

## RESEARCH SCOPE AND METHODOLOGY



Workforce development has been defined in many ways by policy makers, businesses, providers, and advocates. In order to interpret the findings in this report, it is important to understand the definition we used, how we collected our data, and what programs we excluded.

### Defining Workforce Development

For the purpose of this report, workforce development programs include those that provide adult basic education, English as a Second Language instruction, General Educational Development (GED) certificate preparation, job readiness workshops, career awareness and planning support, job placement assistance, vocational training, and employer services. We also included funding for workforce development system infrastructure improvements and planning.

### Data Collection and Verification

We collected FY 2006 budget data directly from all federal, state, and city agencies that operate workforce development programs within Chicago. Because each level of government defines its fiscal year differently, we asked each agency to provide data according to its own fiscal year 2006 definition. Although we made a concerted effort to obtain information for all publicly-funded workforce development programs, we acknowledge that there may be niche programs that were inadvertently omitted from this report.

It is important to note that some programs have multiple purposes. These programs were only included if the administrating agency confirmed that workforce development was a primary goal of the program. Whenever possible, we identified specific allocations within these programs for workforce-related activities.

### Exclusions

Consistent with the methodology for our 2005 *Big Shoulders, Big Challenges* report, we did not include need-based financial aid for postsecondary education in our analysis because, although it supports some occupational study, it primarily funds academic study. Also, it is allocated directly to students and is not currently utilized by city workforce development planners as part of a broad workforce and economic development strategy.

In addition to the exclusion of financial aid, there are several other programs which were included in our original report, but were not included in this report.

- The funding data for all workforce development programs administrated by the Illinois Department of Employment Security (IDES) was not included because, although requested, IDES did not provide us with this information. These programs include Employment Services/Wagner Peyser (WIA Title III), Illinois Hire the Future, Reemployment Services, Trade Adjustment Assistance, Veterans' Employment and Training Services.<sup>8</sup>
- The salaries of Illinois Department of Human Services case workers were not included because we determined that job placement for public assistance recipients is not the primary role of these case workers.<sup>9</sup>
- Social Services funding for people who are homeless and nearly homeless, administrated by the Chicago Department of Human Services, was excluded because we determined that the primary use for this funding is not workforce development or employment services.<sup>10</sup>

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<sup>8</sup> In FY 2004, funding for these IDES programs totaled an estimated \$17,875,226.

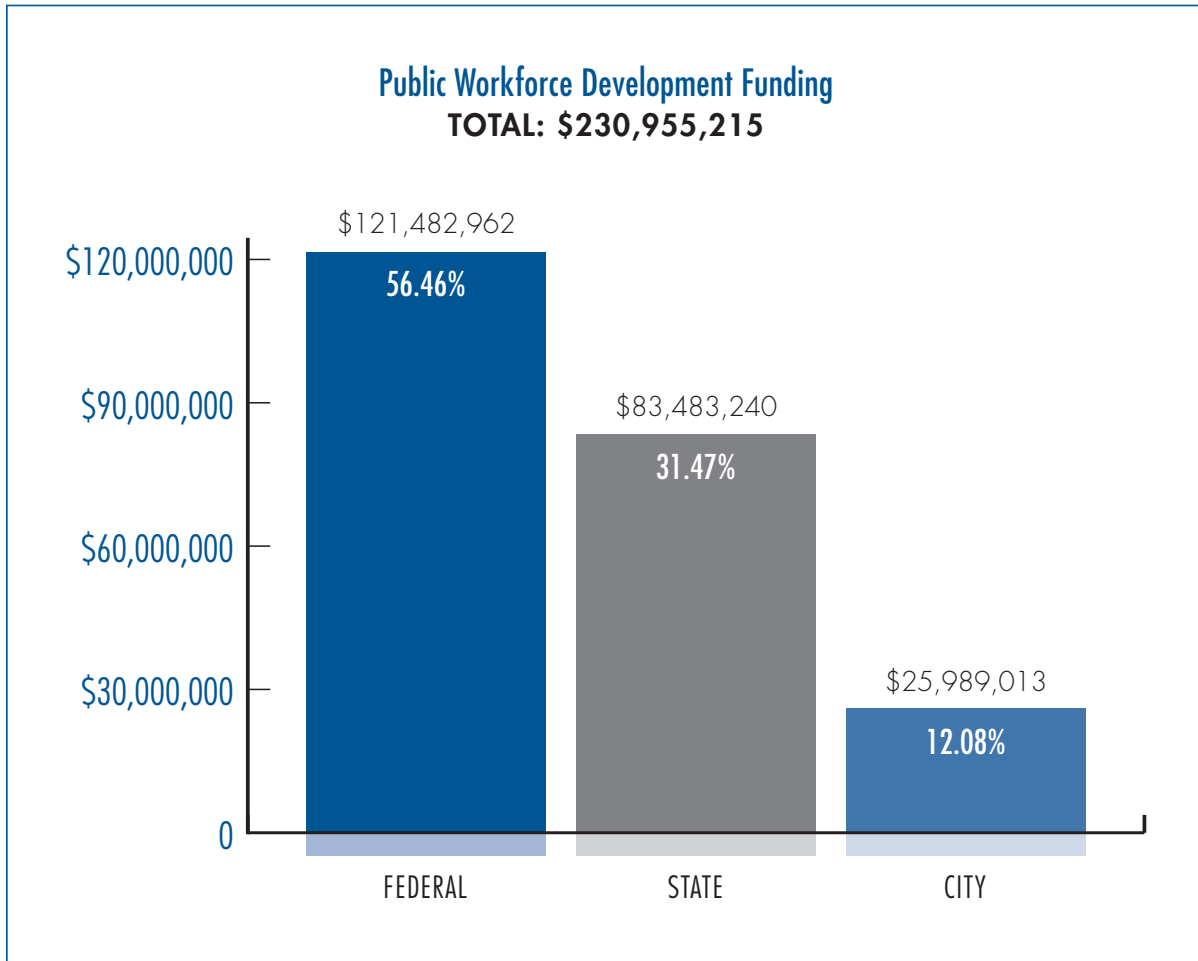
<sup>9</sup> In FY 2004, case worker salaries totaled an estimated \$34,769,472.

<sup>10</sup> In FY 2004, funding for the Social Services Program was \$2,241,246.

## PUBLIC INVESTMENT IN CHICAGO'S WORKFORCE DEVELOPMENT SYSTEM IN FY 2006



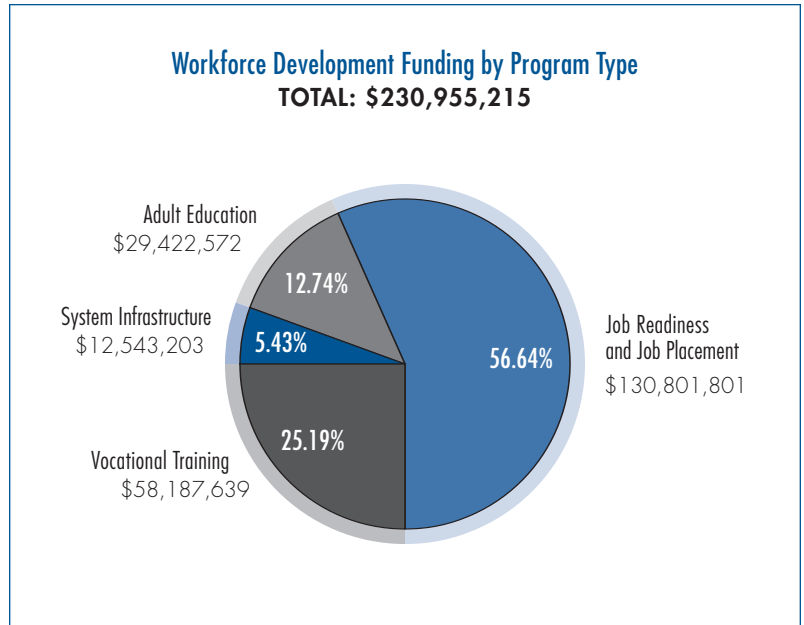
In FY 2006, federal, state, and city government invested a combined total of \$230,955,215 in workforce development programs to assist Chicago residents. The chart below illustrates the amount of funding that originated from federal, state, and city sources.



## TYPES OF WORKFORCE DEVELOPMENT SERVICES



We categorized each program into one of four areas—Adult Education, Job Readiness and Job Placement, Vocational Training, or System Infrastructure. The adjacent pie chart illustrates the distribution of funding across these four areas. The specific programs included in each area and their funding amounts are then listed in the subsequent tables. Programs that offer multiple types of service appear in more than one table. We included the program’s budget in the service category that best describes it, and cross-listed the program in the secondary service category. An alphabetical list of all programs, with descriptions and target populations, is available at [www.cjc.net/bsbc\\_update.php](http://www.cjc.net/bsbc_update.php).



### Adult Education

A program is included in the Adult Education category if its primary function is to improve basic literacy skills, provide GED certificate preparation, and/or teach English as a Second Language. Approximately 53 percent of the adult population in the greater Chicago area has low or limited literacy skills.<sup>11</sup> Additionally, there are a large number of immigrants who could benefit from English language instruction. Given the educational needs of these groups, it is unlikely that this investment of less than \$30 million will meet their needs.

ADMINISTRATING AGENCY	PROGRAM NAME	BUDGET
Illinois Community College Board	Adult Basic Education	\$20,229,531
Illinois Department of Corrections	Adult Transition Centers	See Job Placement Section
Illinois Department of Corrections (School District 428) <sup>12</sup>	Adult Basic Education / GED Programs	\$8,014,293
Illinois Department of Human Services	Refugee Social Services	\$1,050,457
Illinois Secretary of State’s Office / Illinois State Library	Workplace Skills Enhancement Program	\$128,291
<b>TOTAL:</b>		<b>\$29,422,572</b>

<sup>11</sup> Literacy Chicago, available at: [www.literacychicago.org/adult\\_literacy.htm](http://www.literacychicago.org/adult_literacy.htm).

<sup>12</sup> With the exception of the Adult Transition Centers, the programs operated by the Illinois Department of Corrections (IDOC) are located outside the City of Chicago. We used statewide budget data for workforce development programs within the corrections system and, based on the 49 percent of inmates in Illinois who parole to Chicago upon release, calculated 49 percent of the budget for inclusion in this report.



## Job Readiness and Job Placement

A program is included in the Job Readiness and Job Placement category if its primary function is to place participants in jobs; provide career awareness and exploration opportunities; offer resume, cover letter, and/or interview preparation; or address issues related to the general work readiness of its participants. The majority (almost 57 percent) of the total public workforce development funding that came to Chicago in FY 2006 supported job readiness and job placement programs. Though this is a smaller percentage than in FY 2004 (when it was just over 62 percent), this high level of investment continues to reflect the federal policy shift of the late 1990s, which prioritized funding job placement services over vocational training.

ADMINISTRATING AGENCY	PROGRAM NAME	BUDGET
Chicago Department of Children and Youth Services	KidStart Summer Jobs Program	\$10,000,000
Chicago Department of Human Services	Service Connector Program	\$20,738,765
Chicago Mayor's Office of Workforce Development	CDBG — Family Violence Prevention Program	\$192,621
Chicago Mayor's Office of Workforce Development	CDBG — Innovative Programs for Underserved Populations	\$2,304,774
Chicago Mayor's Office of Workforce Development	Title XX Social Services Block Grant	\$1,483,250
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title IA (Adult)	\$14,699,669
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title ID (Dislocated Worker)	\$9,778,911
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title IS (Rapid Response State Reserve)	\$2,245,736
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title IY (Youth)	\$12,091,785
Chicago Public Schools	After School Matters	\$3,871,318
Chicago Public Schools	Secondary Transitional Experience Program	\$766,505
Illinois Department of Children and Family Services	Added Chance / Alternative Schools Network	\$162,000
Illinois Department of Corrections	Adult Transition Centers	\$15,773,467
Illinois Department of Corrections	Community-Based Substance Abuse Treatment Program	\$157,719
Illinois Department of Corrections	Community-Based Transitional Services (Female Offenders Program)	\$73,500
Illinois Department of Corrections	Day Reporting	\$614,952
Illinois Department of Corrections	Illinois Correctional Industries	See Vocational Training section
Illinois Department of Corrections	Parole	\$2,347,576
Illinois Department of Corrections	Young Offender Reentry Program	\$194,290

ADMINISTRATING AGENCY	PROGRAM NAME	BUDGET
Illinois Department of Human Services	Earnfare	\$1,501,058
Illinois Department of Human Services	Food Stamp Employment and Training with Retention	\$3,518,943
Illinois Department of Human Services	Non-Custodial Parent Earnfare	\$16,667
Illinois Department of Human Services	Refugee Discretionary Grants	\$300,000
Illinois Department of Human Services	Refugee Social Services	See Adult Education section
Illinois Department of Human Services	Refugee Targeted Assistance	\$1,147,637
Illinois Department of Human Services	TANF Job Placement with Retention	\$1,851,606
Illinois Department of Human Services	Work First Program	\$4,464,601
Illinois Department of Human Services / Division of Rehabilitation Services	Workforce Investment Act Title IV (Vocational Rehabilitation)	\$8,707,053
Illinois Department on Aging	Senior Community Service Employment Program	\$884,000
Illinois Department of Labor	Illinois Support, Training, and Employment Program (ISTEP)	\$58,410
U.S. Department of Labor	Job Corps	\$9,120,500
U.S. Department of Labor	Senior Community Service Employment Program	\$1,734,488
<b>TOTAL:</b>		<b>\$130,801,801</b>

## Vocational Training

A program is included in the Vocational Training category if its primary function is to provide participants with hands-on work experience, occupation-specific skills, or other technical skills training. Quality jobs in today's economy increasingly require the technical skills and credentials that vocational training programs provide. Given this, it is troubling that just 25 percent of funding in FY 2006 was dedicated to vocational training.

ADMINISTRATING AGENCY	PROGRAM NAME	BUDGET
Chicago Department of the Environment	Greencorps	\$1,000,000
Chicago Housing Authority	Bridge Programs	\$1,411,566
Chicago Housing Authority	Transitional Jobs	\$3,038,000
Chicago Mayor's Office of Workforce Development	CDBG — Training and Placement	\$443,930
Chicago Mayor's Office of Workforce Development	Critical Skills Shortages Initiative — Healthcare	\$240,000

ADMINISTRATING AGENCY	PROGRAM NAME	BUDGET
Chicago Mayor's Office of Workforce Development	Critical Skills Shortages Initiative – Manufacturing	\$350,000
Chicago Mayor's Office of Workforce Development	Skill Builders	\$400,000
Chicago Mayor's Office of Workforce Development	Various Corporate Contracts	\$2,498,000
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title IA (Adult)	See Job Placement section
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title ID (Dislocated Worker)	See Job Placement section
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title IS (Rapid Response State Reserve)	See Job Placement section
Chicago Mayor's Office of Workforce Development	Workforce Investment Act Title IY (Youth)	See Job Placement section
Chicago Mayor's Office of Workforce Development	Tax Increment Financing (TIF) Works	\$788,407
Chicago Public Schools	Carl D. Perkins Vocational Act Program (Education to Careers)	\$17,595,151
City Colleges of Chicago	Carl D. Perkins Vocational Act Program	See System Infrastructure section
City Colleges of Chicago	Critical Skills Shortages Initiative Grant	\$1,288,821
City Colleges of Chicago	Technical Preparation and Support	See System Infrastructure section
Illinois Department of Commerce and Economic Opportunity	Employer Training Investment Program (ETIP)	\$1,616,935
Illinois Department of Commerce and Economic Opportunity	High Technology School-to-Work Program	\$220,000
Illinois Department of Commerce and Economic Opportunity	Job Training and Economic Development Program (JTED)	\$1,596,290
Illinois Department of Corrections	Illinois Correctional Industries	\$18,875,942
Illinois Department of Corrections (School District 428)	Adult Vocational Education	\$4,587,462
Illinois Department of Corrections (School District 428)	Juvenile Vocational Education	\$568,264
Illinois Department of Human Services	Refugee Discretionary Grants	See Job Placement section
Illinois State Board of Education	Work Experience and Career Exploration Program	\$968,871
U.S. Department Labor	YouthBuild / Genesis Housing Corporation	\$700,000
U.S. Department of Labor	Job Corps	See Job Placement section
<b>TOTAL:</b>		<b>\$58,187,639</b>

## System Infrastructure

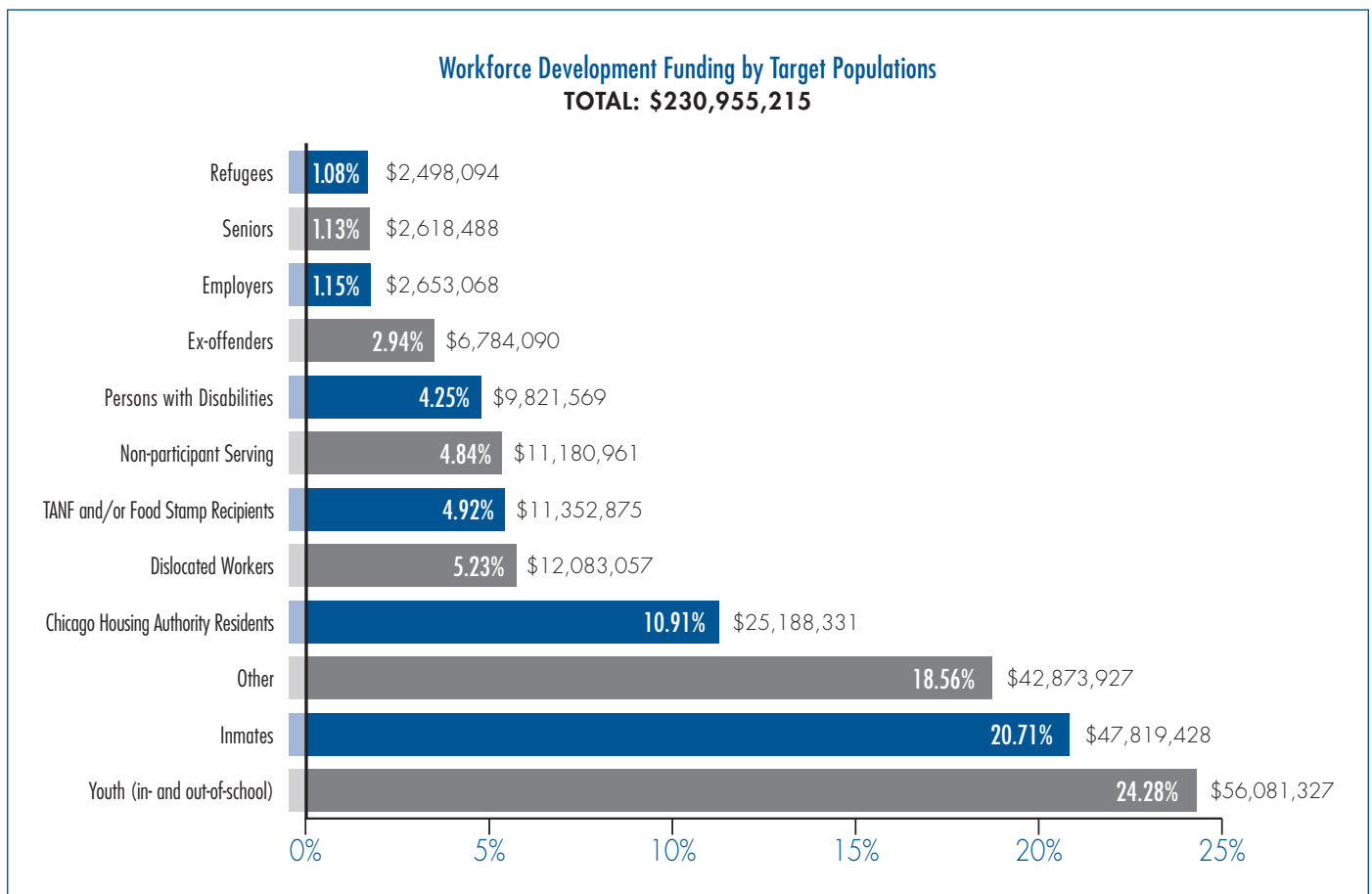
A program is included in the System Infrastructure category if its primary function is to improve the systems and agencies through which program participants seek workforce development services. Because of the dynamic nature of the labor and job markets, investment in ongoing planning is critical to the workforce development system.

ADMINISTRATING AGENCY	PROGRAM NAME	BUDGET
Chicago Mayor's Office of People with Disabilities	Benefits Planning Assistance and Outreach	\$275,296
Chicago Mayor's Office of People with Disabilities	Work Incentives Planning and Assistance	\$171,720
Chicago Mayor's Office of Workforce Development	Job Training – High Speed Internet Access Project	\$196,658
Chicago Workforce Board	Board Staff and Related Costs	\$1,025,401
Chicago Workforce Board	Customized Employment Grant	\$667,500
City Colleges of Chicago	Program Improvement Grant	\$124,435
City Colleges of Chicago	Carl D. Perkins Vocational Act Program	\$3,792,448
City Colleges of Chicago	Technical Preparation and Support	\$569,497
City Colleges of Chicago	Workforce Development Grant (Business and Industry Services)	\$247,726
Illinois State Board of Education	Career and Technical Education Improvement Grant	\$5,472,522
<b>TOTAL:</b>		<b>\$12,543,203</b>

## TARGET POPULATIONS



Unfortunately, it is difficult to know for certain what populations benefit from public investment, because too few agencies collect demographic data on who they serve. However, we were able to draw some conclusions by analyzing each program's targeted population. Youth have the most public workforce development funding targeted specifically to serve them. The bulk of this funding is divided among the Chicago Public Schools, Job Corps, and contracts with community-based providers. The next largest amounts of public workforce development funding go to programs that target state prison inmates,<sup>13</sup> current and former Chicago Housing Authority residents, dislocated workers, and TANF and/or Food Stamp recipients. WIA programs targeting adults are meant to provide universal access and are therefore included in the "other"<sup>14</sup> category. Noticeably missing from the target list are immigrants and people who are homeless. This is not to suggest that members of these populations do not receive employment services, but that there is limited funding specifically targeted to serving them.



<sup>13</sup> Inmates receive such a high level of funding in part because we included three Adult Transition Centers' entire budgets (\$15,773,467). These budgets were included because IDOC considers labor market attachment for inmates housed in these centers to be the centers' primary mission.

<sup>14</sup> Please see the full list of programs and their descriptions, available at [www.cjc.net/bsbc\\_update.php](http://www.cjc.net/bsbc_update.php), to learn which additional programs are included in the "other" category.

## RECOMMENDATIONS FOR IMPROVING CHICAGO'S WORKFORCE DEVELOPMENT SYSTEM



The following recommendations were developed through analysis of the funding research and from discussions with CJC organizational members.

### 1) Increase employment services for special populations

The Mayoral Policy Caucus on Prisoner Re-Entry and *Opportunity Chicago* are examples of successful collaborative efforts designed to address the workforce development needs of ex-offenders and CHA residents, respectively. Employment services for these two populations should continue to be evaluated, improved, and expanded.

In addition, these two initiative models should be used to evaluate and expand service provision for other special populations.<sup>15</sup> For example, we recommend that a mayoral task force be launched to discuss employment issues related to immigrants. This population accounted for 90 percent of the net growth in the labor force through the 1990s in the Chicago area,<sup>16</sup> and this trend has continued in subsequent years. However, our funding analysis revealed, as it did two years ago, that no dedicated public funding stream exists to serve the unique workforce development needs of this population.

The City should also dedicate more workforce development funding to serve those who are homeless, as there is currently minimal funding targeted to provide employment services to this population. Chicago's *Ten Year Plan to End Homelessness* prioritizes moving people who are homeless out of shelters and into various permanent housing models, many of which require families to contribute toward rent. To facilitate a successful transition into permanent housing, people who are homeless need access to employment services that enable them to obtain and retain jobs that will help them move toward self-sufficiency.

By leading and funding initiatives designed to meet the needs of these, and other, disadvantaged populations, the City would better prepare its residents to enter and contribute to the local labor market.

### 2) Target underserved communities for capacity building efforts

In FY 2006, as in FY 2004, there were some Chicago communities that received little public funding to support workforce development services. Though there may be providers located in these underserved communities that are uniquely able to address the employment needs of area residents, many of these organizations lack the capacity to meet workforce development grant requirements. Until we enable organizations in these communities to serve their constituents, there will continue to be large numbers of Chicago residents who cannot access the services they need to participate fully in the labor market.

As recommended previously, to address the inequity in service distribution across Chicago, city and state agencies need to support capacity building efforts in underserved communities. Public agencies should provide

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<sup>15</sup> In Illinois, special populations that face multiple barriers to employment are populations of low-income individuals that are included in one or more of the following categories: individuals with substantial language or cultural barriers; offenders; homeless individuals; and individuals with disabilities.

<sup>16</sup> James Lewis and Rob Paral, *Immigrants and the Illinois Labor Force: The Potential Impact of Immigration Reform on Illinois Industries*, Roosevelt University Institute for Metropolitan Affairs, 2004.

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technical assistance to existing community-based organizations to enable them to broaden their range of workforce development services. These organizations would benefit from professional development training for their staff on best practices, strategies for working with special populations, and regional labor market information. Alternatively, the City could support the replication of proven successful workforce development programs within these communities. Investing in the expansion of employment services in underserved areas will increase local residents' labor market attachment by enabling them to access the same quality services as residents in other parts of the city.

### 3) Assess and evaluate promising program models for expansion potential

Transitional jobs and bridge programs are promising program models for preparing disadvantaged job seekers for employment. There is documentation that transitional jobs programs significantly reduce the recidivism rate among ex-offender participants. In fact, in one program, participants with criminal records have a three percent recidivism rate at one year, compared to the state's 37 percent rate.<sup>17</sup> Transitional jobs programs are designed to overcome employment obstacles by using time-limited, wage-paying jobs and combining real work, skill development, and supportive services to transition participants successfully into the labor market.

Since 2004, the City has invested in several pilot transitional jobs programs designed to serve people with criminal backgrounds. These programs, now in their third year of operation, should be assessed to determine not only their effect on recidivism rates, but also on labor market attachment and wage increases for their participants. The City should evaluate the programs it currently funds, assessing for improvements in labor market outcomes and the potential for scalability of this program model to serve additional ex-offenders as well as other disadvantaged populations, such as persons who are homeless and out-of-school youth.

Another promising model for serving disadvantaged job seekers is bridge programs. These programs are developed by partnerships of community colleges, community-based organizations, and employers to meet local labor market needs. Bridge programs use learning within an occupational context to prepare individuals, particularly those with low literacy levels, to enter and succeed in postsecondary education and training, leading to career-path employment. Program participants are involved in occupational activities, at times and places convenient to those already working, and receive needed supports and job or college placement assistance.<sup>18</sup> This model has led to some very positive preliminary outcomes. For example, of the 150 graduates of one of Illinois' earliest bridge programs in manufacturing, 85 percent gained employment with an average wage of \$9.46 per hour and 95 percent of those jobs included health care benefits.<sup>19</sup> Beginning this fall, the City Colleges of Chicago is encouraging all of its campuses to develop adult education bridge programs both in general workforce development and in specific high-demand sectors.

As with transitional jobs programs, it is now time to comprehensively evaluate Chicago's bridge programs. Ideally, such an assessment would compare the completion rates and employment outcomes for City Colleges of Chicago students in traditional adult education courses with those participating in bridge programs. After evaluating the impact of these programs on student outcomes, the City will be better able to make the case for their expansion to serve additional disadvantaged job seekers.

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<sup>17</sup> Data provided by the Career Advancement Network, February 2007.

<sup>18</sup> Women Employed with contributions from the Chicago Jobs Council and UIC Great Cities Institute, *Bridges to Careers for Low-Skilled Adults: A Program Development Guide*, 2005.

<sup>19</sup> Academy for Educational Development, *Bridge to Advanced Technological Education Project: External Evaluation of the Chicago Manufacturing Technology Bridge Program 1997-1999*, available at: [www.uic.edu/cuppa/techbridge/PDF/AED\\_evaluation0200.PDF](http://www.uic.edu/cuppa/techbridge/PDF/AED_evaluation0200.PDF).

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#### 4) Secure community-based access to Workforce Investment Act (WIA) services

As part of the City's local implementation plan for the federal WIA program, the Mayor's Office of Workforce Development (MOWD) designed and funds Mayor Daley's WorkNet Chicago. This is a service delivery system that includes five Workforce Centers (or One Stops) where job seekers can receive assistance with a wide range of employment needs, including skill level assessment, technology-assisted job search, individual resume assistance, and job placement. MOWD and the Department of Children and Youth Services (which began administering WIA youth funding in July 2006) also fund numerous community-based affiliate sites that are selected competitively. These affiliates help to ensure that residents in Chicago's diverse neighborhoods have access to WIA services and that special populations are served.

In just two years, between 2004 and 2006, Chicago's total WIA allocation was cut by nearly eight percent, from approximately \$39.7 to \$36.6 million. As federal cuts continue, it becomes even more critical that the City prioritize using its WIA funding to serve job seekers with the most barriers to employment. To facilitate this, the City must ensure that community-based affiliates receive WIA funding and are able to effectively serve diverse neighborhoods and special populations. While it is important that the City spend its WIA dollars to serve its most disadvantaged residents, we know that WIA funding alone is not enough. Therefore, it is also crucial that the City utilizes other sources of funding to make sure that community-based providers across Chicago can serve their clients with multiple barriers to employment.

#### 5) Enhance TIF Works in order to better link job training to economic development

TIF Works, launched by the City of Chicago in 2003, is a proven successful program model for engaging employers while also upgrading the skills of their workers. Chicago made a substantial investment in job training and career advancement when the City Council approved the use of tax increment financing to better prepare workers for jobs located in TIF districts in Chicago. MOWD administrates the TIF Works program, which gives primary consideration for funding to manufacturing companies and businesses that demonstrate that training for incumbent workers will make them more competitive.

There are currently 153 TIF districts in Chicago, 44 of which are eligible for TIF Works training dollars. However, in 2006, only 24 businesses in 12 TIF districts received TIF Works funding, leading to the training of 1,806 employees.<sup>20</sup> The number of businesses and employees served by this innovative program could be enhanced by increasing the number of TIF districts that qualify for the TIF Works program, expanding to additional high growth industries (such as retail; healthcare; construction; and transportation, warehousing and logistics), and streamlining the application process. Additionally, there should be a concerted effort to educate employers within eligible TIF districts about how to best avail themselves of and utilize these funds. This should include technical assistance to help employers navigate the application process, to confirm that employers are able to train the number of employees they propose, and to ensure that employees are working in high-quality jobs as a result of their training.

#### 6) Foster the development of career advancement opportunities for the working poor

Low-wage work contributes to one-third of all Chicagoans struggling to pay for their living expenses, which means that nearly 600,000 working Chicago residents struggle to make ends meet.<sup>21</sup> This working poor population faces numerous challenges that can affect their career advancement potential: many employers are

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<sup>20</sup> Data provided by the Mayor's Office of Workforce Development, September 2007.

<sup>21</sup> Mid-America Institute on Poverty of Heartland Alliance, *Low Wage Work in Chicago: Shifting Jobs, Stagnating Earnings, Shrinking Middle Class*, October 2007.



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reluctant to invest resources in their low-wage workforce, workers may lack the education and skills needed to advance into better paying, higher quality occupations; and they may be unaware of other available public benefits that would support their employment.

It is imperative that the City begins to address the multidimensional employment needs of Chicago's working poor. Currently, there are several city- and state-supported programs that seek to advance the skills of incumbent workers, such as TIF Works and the Job Training and Economic Development Program. However, these training programs are relatively small-scale, and lack the ability to reach the vast majority of Chicago's working poor.

In addition to supporting these targeted programs, the City must lead large-scale efforts that engage employers and meet the training needs of low-wage workers. With employers, the City should play an active role in educating them about the benefits of investing resources in career advancement opportunities for the low-wage workforce. Additionally, in all of its initiatives designed to support employers, the City should require those employers to provide career advancement and training opportunities for their low-wage workers. Regarding training, the City must work collaboratively with providers to make sure that the training opportunities available to low-wage workers are high quality and adequately prepare them to advance and earn higher wages. In the interim, until we can ensure that workers earn adequate income to meet their basic needs, the City should continue partnering with service providers to ensure that low-wage workers who may be eligible for other public benefits (such as the Earned Income Tax Credit, TANF, and Food Stamps) are informed of their potential eligibility and encouraged to apply.

## CONCLUSION



Chicago is still the flourishing city it was two years ago when we released our original *Big Shoulders, Big Challenges* report. However, we also continue to face many of the same potential labor market challenges: large numbers of individuals return from prison to Chicago neighborhoods, the public schools have alarmingly high dropout rates, and a sizeable portion of the labor market has limited English proficiency. It becomes even more critical that we address these challenges as large numbers of baby boomers reach retirement age and as employers increasingly require higher education levels and technological skills of their workers.

This updated report reveals that the overall public investment in Chicago's workforce development system is still considerable, though there have been significant increases and decreases in specific programmatic investments. Notably, we have seen disinvestment from the federal level, especially in Workforce Investment Act funding. Fortunately, we have seen an increase in investment from the City, indicating that our local leaders know the importance of investing in Chicago's workforce. But, despite these local efforts, there are still underserved populations and communities. We commend city leaders on their commitment to strengthening the workforce development system, but also call on them to heed our recommendations for further improvement to ensure that all Chicagoans and Chicago area businesses can share in the prosperity of our thriving city.

## **ABOUT CJC**

The Chicago Jobs Council works with its members to ensure access to employment and career advancement opportunities for people in poverty.

Founded in 1981 with 18 original members, CJC has grown to include over 100 community-based organizations, civic groups, businesses, and individuals committed to helping disadvantaged Illinoisans gain access to the education and training they need to enter the labor market, secure stable employment at a living wage, and pursue sustainable careers.

CJC advances its mission through advocacy, applied research, public education, and capacity-building initiatives focused on influencing the development or reform of public policies and programs.

CJC's work is grounded in the perspectives of its members, who contribute their expertise as direct service practitioners, advocates, and researchers. By organizing members and other interested parties around workforce, economic, and community development issues, CJC fosters dialogue and cooperative strategies to effect change.



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