

**Comments to the US Department of Labor  
By Whitney Smith, Director of Policy, Chicago Jobs Council  
Rosemont, IL - WIA Reauthorization Forum  
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Thank you for giving me an opportunity to comment this morning on WIA Reauthorization and for deciding to host a forum in the Chicago area. My name is Whitney Smith. I am the Director of Policy for the Chicago Jobs Council (CJC), an advocacy organization that works to ensure access to employment and career advancement opportunities for people living in poverty.

Our policy recommendations are developed with ongoing input from CJC member organizations, which include community-based employment and training agencies, civic groups, businesses, and others in the workforce development arena. Together, with our members, we have actively monitored and shaped local implementation of WIA from 1998 until now. Our recommendations are also guided by the following five core beliefs and principles:

- 1. Since no one should live in poverty, a safety net of income support must be maintained for those unable to work and for low-wage workers.*
- 2. As everyone has an individual path to becoming employed and achieving self-sufficiency, income assistance and workforce development systems must offer a menu of flexible, non-time limited support and service options which can be "packaged" to accommodate their diverse needs.*
- 3. A comprehensive workforce development system must encompass traditionally separate arenas of income assistance, job training, education and economic development to meet the needs of its dual customers: individuals seeking training and employment, and employers.*
- 4. Funding for income assistance and workforce development programs should be based on need and achievement of performance measures.*
- 5. Communities and/or constituencies to be served by any workforce development or income assistance system must share in decision-making regarding program design and delivery.*

Of the many important questions raised in the discussion guide provided for these forums, CJC has the most to say about improving service delivery under WIA, particularly opportunities for training. My comments today will focus primarily on that topic, but in doing so will also touch on improving business engagement and career advancement strategies. I will close with a few thoughts on coordination of WIA and TANF and the ongoing need for unified planning.

## Improving Service Delivery, Particularly Opportunities for Training

### A. Patient Funding and Increased Investment Needed

WIA represents the first major reform of our nation's public workforce system in fifteen years. It required local areas to build new systems for program service delivery, performance tracking and funding. While local areas embraced this ambitious task, including developing Memorandas of Understanding between traditionally isolated partner agencies, the federal commitment to WIA has been unstable, as ongoing budget cuts have and continue to threaten the program. Local areas need patient money. Chicago, a city that has an effective workforce development agency *and* workforce board, has experienced several start-up challenges. We are working with an antiquated case management tracking system which makes collecting and analyzing data difficult; most of our One Stop Centers are operating with too little space making some of their continuous improvement plans not viable; and, training providers have been slow to get certified. But, with each of these challenges, there are committed plans that will take staff time to address them.

In addition to patient money, we need more of it. Local areas have spent a lot of WIA funds building the system infrastructure leaving little left over for much needed programs for customers (job-seekers and employers). According to a report prepared for the state workforce board on adult literacy, almost half of Illinois adults (4.3million) lack the basic skills needed to acquire jobs that will pay enough to support their families. And, many employers report job openings that have gone unfilled because a dearth of qualified candidates. For example, Chicago's trucking companies report that 20% of their vehicles are not in use because of a limited supply of qualified drivers. And, according to the Manufacturing Workforce Development Project, which the Department funded, half of manufacturing job openings will go unfilled because of a lack of a skilled pipeline of workers. This is true even after accounting for graduates of manufacturing education and training programs. Again, the city has begun to address these and other industry's labor supply problems, but the capacity to address the size of the skill shortage is limited.

### B. Local Flexibility & Benefiting from a Sector Intervention Strategy in Chicago

While we consider the diversification of Chicago's economy to be one of its many assets, it also makes workforce development program delivery challenging. Labor market intermediaries have worked for many years prior to WIA to develop relationships with industries and to implement strategies that effectively address their labor needs. As just one example, the Jane Addams Resource Corporation located on Chicago's Northwest side has worked for the past 15 years with metalworking firms in the Chicagoland region to assess the current workforce for upgrade training, develop and conduct pre-employment training and improve productivity. No *one* Chicago-based intermediary has attempted to understand the business needs of *every* sector but have instead concentrated on developing relationships with one or two growing sectors, strategic to Chicago's economy. By doing so, these intermediaries have engaged business effectively, intervened to create new access to well-paid jobs, helped restructure low-wage jobs to improve advancement opportunities, and achieved better economic and working conditions, while contributing to the strength and competitiveness of the industry. With the passage of WIA, however, an unrealistic expectation was set that One Stop Centers be the primary broker of these labor market exchanges. We hope the Department and Congress will allow for even more local flexibility in the future to allow local areas to use program models that have been proven effective in the local context, such as the Community-Business Partnership model used here. Further, we hope the Department will continue its targeted funding for sector-specific projects.

### C. Eliminating Sequential Access to Services

The current prescription of a sequential access to services has limited customer choice, been a barrier to needed skills training, and has provided a disincentive to register people into the system. Despite the Department's guidance that movement from one service to the next does not require set time periods but can be instead the result of assessment, most local areas including Chicago have implemented time periods. This has caused a range of problems from individuals missing registration for training programs to having to repeat intensive services they have recently received elsewhere in the system. As a result, many providers avoid the ITA system altogether and refer to more accessible skills training programs that are subsidized with other limited federal and state or foundation dollars. Perhaps, even more problematic, customers of the system have little "choice" and employers are not getting the qualified workers they need. We recommend broadening the concept of a continuum of services to allow customers to receive an array of services (including core, intensive and training) based on an individual's assessed need.

### D. Promoting Training Stipends & Transitional Jobs Programs

Providers tell us that while they see the long-term value of education for their clients, many of their clients choose "any job" over training because of the immediate need for income. This seems to be particularly true among immigrant populations. We understand the law to allow stipends for individuals while they participate in training (as an intensive service) but local areas have not taken advantage of this option in part because of limited funding. We hope an increased investment in the program as well as guidance from the Department will result in the offering of stipends. We also support the use of WIA dollars for transitional jobs (also known as publicly funded jobs) programs that allow people with multiple barriers to employment combine supported work and training. The earnings outcomes of Chicago's transitional jobs pilot, which is paid for with Welfare-to-Work funds, are encouraging, but its capacity is very small. Additional WIA dollars are needed to bring pilots such as Chicago's to scale.

### E. Addressing the Employment Needs of Ex-offenders, Particularly in Major Urban Centers

The increasing number of people with criminal backgrounds in Chicago, predominantly living in five city zip codes, presents major community development and labor issues for the city. 28,000 people with criminal records alone will be released from Illinois prisons this year. To give you a better sense of proportion, as of April, there were 27,478 adults left on the welfare rolls in Illinois who are available to work. We support increased funding for TANF participants as well, but the number of programs available to serve them far outweighs the numbers targeted for ex-offenders. The vast majority of ex-offenders need holistic services including family reunification and/or help navigating child support, community reintegration, substance abuse, housing, literacy, training, and employment placement services. We realize that offenders were listed as a special population in the WIA legislation and that rules and regulations allow local areas discretion to contract services for the offender population. However, we believe this acknowledgement of the population does not go nearly far enough. As mentioned before, limited funds have hindered local areas from scratching the surface of this critical problem. We hope the Department will introduce a separate competitive, targeted program that targets the employability needs of ex-offenders.

### F. Career Advancement Linked to Up-Front Skill Building

Research tells us wages of low-income workers increase little over time despite steady work and that starting out in a better job (with benefits, for instance) or in certain occupations is

linked to longer-term retention and earnings gains than starting off in a bad quality job. If the Department is truly committed to advancement of low-wage workers then up-front or pre-employment skills training and better career counseling is critical.

### **Linking WIA with TANF and other Partner Programs Requires Alignment of Goals**

We support coordination of the WIA and TANF programs in order to afford TANF participants equal access to consumer information, opportunity and customer choice as other low-income job seekers. In order to achieve this, the following is needed:

- A. Alignment of the mission/goals of partner agencies and programs to ensure that they are not working at cross-purposes. Although WIA encouraged states to do unified planning, conflicting program goals adopted at the federal level discouraged it. WIA and TANF provide a good case in point. Coordination of outcome measures between federal workforce development programs will also be necessary to achieve program coordination. Through CJC's TANF reauthorization advocacy efforts, we have advocated that the TANF program measure progress toward self-sufficiency rather than caseload reduction. Similarly, with WIA, we would recommend that a self-sufficiency measure be adopted.
- B. Creation of standards for assessment so that one-stop partners, operators and affiliates collect uniform information, which is recognized system-wide. These standards would help ensure uniform collection of data and would prevent job seekers from being continually re-assessed at multiple points in the system to collect duplicative information. The results of an individual assessment should drive the service plan and funding to support that plan.
- C. A stronger linkage between supportive services and employment services, recognizing that job placement is one goal in a broader service plan.
- D. Delivery of program services by the organizations and institutions best suited to the job.

These represent only our initial thoughts on WIA and TANF coordination. We do intend to submit more detailed written comments by June 30<sup>th</sup> and hope to dialogue with the Department about WIA reauthorization again in the future. On behalf of our member organizations, thank you again for giving me an opportunity to provide comments today.