

### **MANY ILLINOIS WORKING FAMILIES STRUGGLE TO MAKE ENDS MEET**

Not every job guarantees economic security for Illinois' working families. In Illinois one in four (25%) working families struggle to make ends meet, an increase from 23% in 2002. These more than 365,000 low-income working families try to survive on incomes below 200% of the federal poverty line — approximately \$42,000 per year for a family of four.<sup>1</sup> According to the Illinois Family Economic Self-Sufficiency Standard this is the minimum amount that a working family needs to meet its most basic needs.

The increase in working families who are low-income occurred despite an economic recovery between 2002 and the beginning of the current recession. Further indicators of economic stress in Illinois include:

- **Minority households are worse off.** Families with a minority parent are more than twice as likely as white-headed families to have incomes below 200% of poverty: 16% of working families with a white parent have incomes below 200% of federal poverty line while nearly 40% of minority-headed families have low incomes. This is an increase from 36% in 2002.
- **Illinois children are worse off.** 29% of children in Illinois live in low-income working families, up from 27% in 2002.
- **Housing costs consume more family income.** Two-thirds (65%) of low-income working families spend more than one-third of their family income on housing. This is an increase from 56% of families in 2002.
- **Workers with less education are more likely to be unemployed.** Among workers over 25 the jobless rate for December 2008 for those without a high school diploma was 10.9%, while the unemployment rate for those with at least a 4 year college degree was 3.9%.

The precarious economic state of many workers and their families calls for immediate action. The demand for skills in the Illinois labor market is a key opportunity for policymakers to advance opportunities for thousands of workers to prepare for better-paying jobs to support their families.

<sup>1</sup> "Low-income" refers to any household or individual whose income falls below 200% of the federal poverty line.

Illinois faces a workforce challenge. A "skills mismatch" threatens to leave good-paying, skilled jobs unfilled at the same time that some working families struggle to make ends meet on low-paying jobs. To make matters worse a deficit in resources limits the state's ability to respond to these workforce challenges. As Congress and the new Administration respond to the economic crisis with infrastructure investments, Illinois must create new revenue streams to invest in workforce development and be prepared to leverage new federal resources for education and skills training.

### **ILLINOIS' ECONOMY REQUIRES SKILLED WORKERS**

Illinois businesses continue to call for skilled workers even in the face of rising unemployment. Projections of future skill demands in the economy show that jobs requiring at least some education beyond high school will make up the majority of jobs in Illinois for the foreseeable future.

The recently released report, *Illinois' Forgotten Middle-skill Jobs*, outlines the mismatch between the skills needed in the labor market and the educational attainment of the Illinois workforce. The report found that the demand for skill attainment beyond high school will continue into the foreseeable future with nearly 80% of all job openings in Illinois until 2014 requiring more than a high school degree. Unless Illinois increases access to workforce education and training, many new opportunities for low-income workers to support their families will be lost.

### **LOW SKILLS ARE A BARRIER TO JOB OPPORTUNITIES**

The challenge is great. In contrast to an increased demand for skills in the labor market, more than two million adults 25 and older (39%) have no education beyond high school. Of those, more than 650,000 don't have a high school degree or the equivalent. When the economy rebounds these workers may still be left out if they don't have sufficient education to get a job that requires it.

Low-skill levels limit job opportunities for adult workers and remain a barrier to economic security for many families in Illinois:

- One third of all low-income working families have at least one parent without a high school degree or the equivalent.
- In more than half of low-income working families (55%) no parent has any post-secondary education at all.
- In 31% of low-income working families at least one parent has difficulty speaking English.

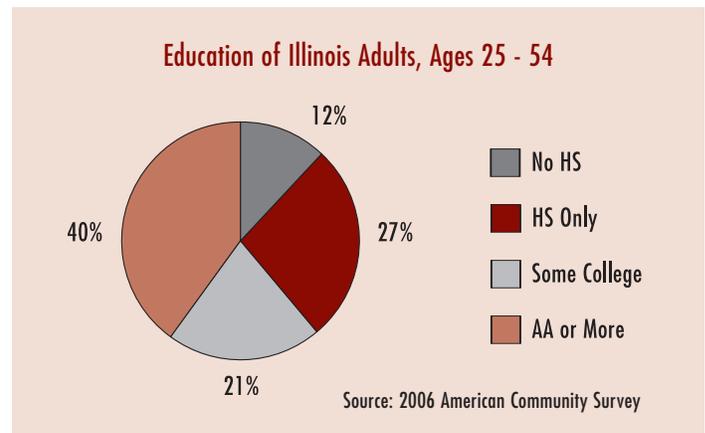
Low-income working adults with basic skills and education needs are beyond the traditional K-12 education systems. They must turn to the limited workforce education and training services most often delivered through community-based organizations and community colleges. These are the key systems that Illinois will rely on to build a more skilled workforce. Because more than two-thirds of the workers that Illinois needs in 2020 are currently in the workforce, the state must look beyond the K-12 system to prepare skilled workers.

### MAJOR RESOURCE DEFICIT IMPEDES ILLINOIS ABILITY TO SOLVE SKILLS DEFICIT

Illinois has taken key steps to advance job skills training through the Illinois Department of Commerce and Economic Opportunity's Critical Skills Shortage Initiative and Illinois Community College Board's Shifting Gears Initiative. Both have developed new workforce training strategies and targeted more of the limited federal funds for training. But the steady and steep decline in federal funding coupled with budget cuts to key state workforce education and training programs leaves Illinois in a weak position to develop a skilled workforce for the future.

A snapshot of three key workforce education and training funding streams that are intended to reach low-skill adults reveals how serious the funding gap is:

- Data from the federally-funded WIA Adult program shows that fewer than 3,000 adults received individual training accounts in program year 2006 — less than one percent of the working age adults in Illinois without a high school degree.



- The combination of state and federal funds for Illinois' Adult Education Program was enough to help only 115,000 adults complete their high school education, get a GED or learn English — less than 20% of adults without a high school degree; and
- In 2008 the state's Job Training and Economic Development (JTED) grant program made 24 grants, totaling \$1.9 million and resulting in training for about 600 individuals. However the need was much greater, with applications for funding totaling \$5.5m. If all these projects had been funded, more than 1100 additional individuals could have been trained.

### BUILDING NEW RESOURCES FOR WORKFORCE AND ECONOMIC DEVELOPMENT

States can and do set aside resources in dedicated funds for workforce and economic development strategies. Twenty-four states

### KEY WORKFORCE STRATEGIES FOR ILLINOIS' ECONOMIC DEVELOPMENT

**TRANSITIONAL JOBS** are time-limited, subsidized jobs that combine real work, skill development and support services. Transitional Jobs programs serve a broad range of hard-to-employ individuals including welfare recipients, people with criminal records, at-risk youth, refugees, people with disabilities, and others. Illinois currently operates one-time funded transitional jobs programs through IDOC and IDHS.

**JOB TRAINING AND ECONOMIC DEVELOPMENT PROGRAM** makes grants to partnerships between community-based job training programs and local businesses to develop effective training to meet business needs. JTED was created to serve vulnerable populations such as TANF recipients, ex-offenders, the homeless, immigrants, and dislocated workers, many of whom face barriers such as illiteracy, a poor work history, and limited English proficiency. Under the program, unemployed adults are provided with skills training, case management and job placement services, while low-skilled incumbent workers get skills training that improves the productivity of their employers.

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have leveraged the unemployment insurance taxing infrastructure to create funds for training, layoff aversion and other workforce services. A number of state and local entities have structured dedicated training funds by setting aside a portion of funds used for building new public infrastructure. Some states have set up dedicated funds that can receive money from a variety of sources including private foundations and federal grants. For example:

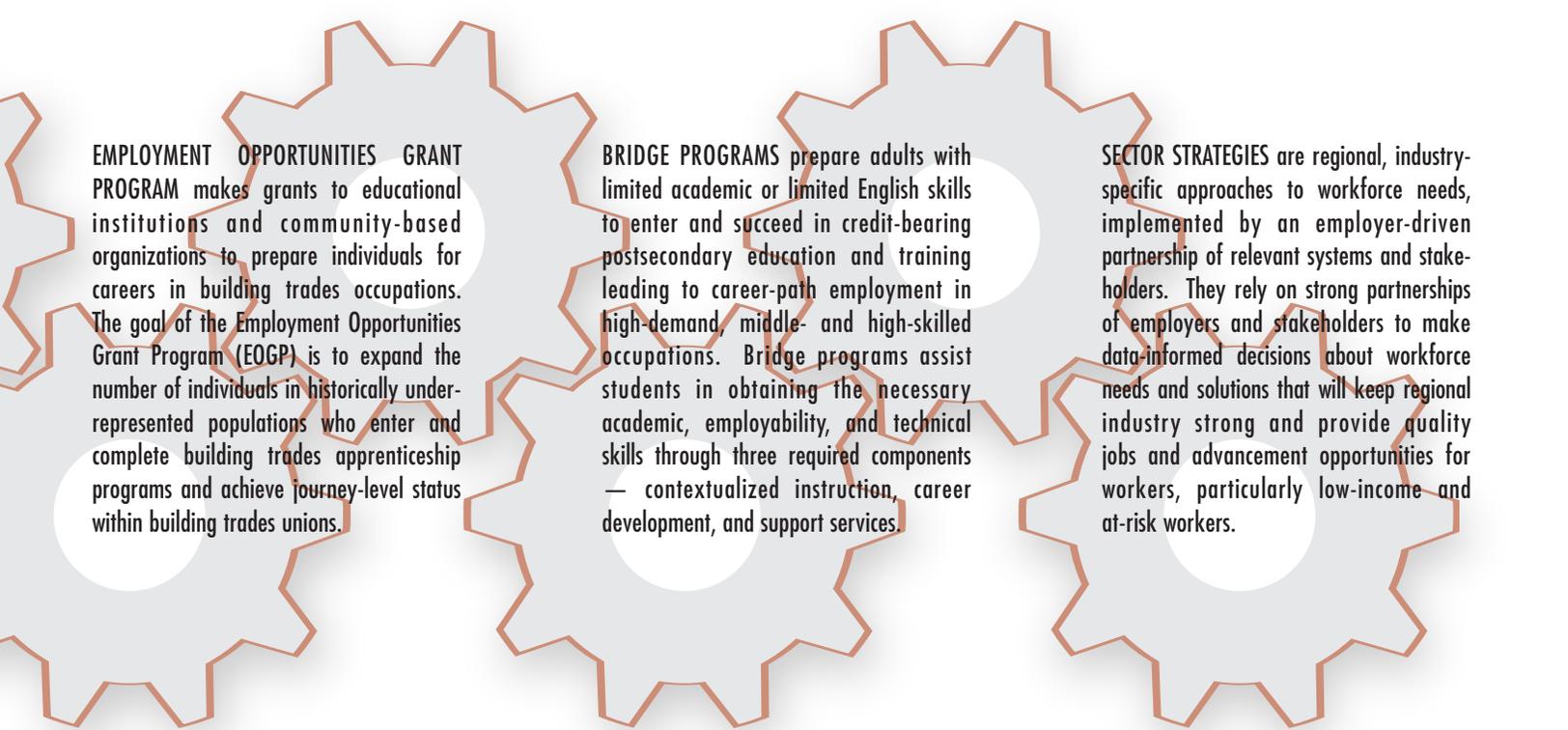
- In 2006, Massachusetts created the Workforce Competitiveness Trust Fund (WCTF) to support projects that provide education and training for critical and emerging industry sectors. The fund is designed to support training programs that give workers skills that will qualify them for jobs that employers are seeking to fill and help them advance to self sufficiency. The fund was started with an appropriation of \$11 million.
- Since 1991 Minnesota has had a Workforce Development Fund. Resources are generated through a fee that “piggy-backs” on employer unemployment insurance taxes, but goes directly into a dedicated fund in the state treasury. Since 2000 the fund has been overseen by an independent state board which has the authority to receive additional funds from any source, including contributions, foundation grants and federal sources. Funds are used to: augment federal funding for dislocated worker services; pay for training grants for low-skilled workers; and fund employer-educational training partnerships.
- Since 2005 advocates across the country have sought funding set-asides from funding sources for transportation and other

capital investment projects. The set-asides are used to train people for jobs on those projects. Set-aside funds have been created in both Minnesota and Michigan to pay for training workers for transportation projects. Set-asides from capital improvement investments could also be used to contribute to a workforce and economic development fund set up for broader purposes.

Right now, new resources in Illinois are vitally needed to:

- Take successful state-level workforce and economic strategies from pilots to scale. These include: sector strategies developed through the Critical Skills Shortage Initiative; components of bridge programming piloted through the Shifting Gears Initiative; and transitional jobs programs that, up to now, have only had one-time funding sources.
- Develop and fund innovative workforce and economic development strategies in underserved communities; and
- Reduce instability of local workforce development infrastructure due to the risk of federal and state budgeting processes.

A new workforce development fund must have a sustainable funding source and be flexible to meet the needs of communities throughout Illinois. Funding could be distributed through a competitive grant process, overseen by an independent board and distributed throughout the state to local providers who, working with local employers, best understand workforce education and training needs in their communities.



**EMPLOYMENT OPPORTUNITIES GRANT PROGRAM** makes grants to educational institutions and community-based organizations to prepare individuals for careers in building trades occupations. The goal of the Employment Opportunities Grant Program (EOGP) is to expand the number of individuals in historically under-represented populations who enter and complete building trades apprenticeship programs and achieve journey-level status within building trades unions.

**BRIDGE PROGRAMS** prepare adults with limited academic or limited English skills to enter and succeed in credit-bearing postsecondary education and training leading to career-path employment in high-demand, middle- and high-skilled occupations. Bridge programs assist students in obtaining the necessary academic, employability, and technical skills through three required components — contextualized instruction, career development, and support services.

**SECTOR STRATEGIES** are regional, industry-specific approaches to workforce needs, implemented by an employer-driven partnership of relevant systems and stakeholders. They rely on strong partnerships of employers and stakeholders to make data-informed decisions about workforce needs and solutions that will keep regional industry strong and provide quality jobs and advancement opportunities for workers, particularly low-income and at-risk workers.

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## RECOMMENDATIONS FOR POLICYMAKERS:

Building a skilled workforce in Illinois is a challenge that requires immediate action by policy-makers. While state agencies further expand innovative programming developed through the Critical Skills Shortage Initiative and the Shifting Gears Initiative, these efforts will be limited by a critical funding shortage. Without dedicated and sustainable resources current workforce education and training programs will lose ground and innovative strategies cannot be taken to scale. Immediately, policymakers must:

- Maintain funding for key workforce education and training programs like the Job Training and Economic Development grants, and the Employment Opportunity Grant Program and expand their reach statewide;
- Tie economic development investments to workforce development including setting aside a portion of expenditures for capital projects for workforce education and training; and
- Create a dedicated, state-level workforce development fund to drive Illinois' 21st century workforce and economic development strategies.

Without economic development strategies that prioritize workforce development, Illinois will be a less attractive place to locate or grow a business. By taking immediate steps to invest in workforce education and training, policymakers can position Illinois for jobs that result from federal infrastructure investments and open opportunities to low-income workers. Failure to do so will further deepen skilled labor shortages and threaten Illinois' economic prosperity into the future.

### FOR MORE INFORMATION, PLEASE CONTACT:

Rev. Jennifer Kottler, Campaign Director  
Illinois Works for the Future  
Chicago Jobs Council  
29 E. Madison, Suite 1700  
Chicago, IL 60602  
jkottler@cjcc.net  
312-252-0461

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## SOURCES:

All population and demographic data is from the American Community Survey and was provided through the Working Poor Families Project.

Workforce Investment Act data compiled from State Annual WIA Performance Reports, 2006 as provided by FRED, <http://www.fred-info.org>

Adult Education data compiled by the WFPF from the U.S. Department of Education, Office of Adult and Vocational Education

Job Training and Economic Development grant program data provided by program administrators.

Skills2Compete-Illinois: [http://www.skills2compete.org/site/c.fhLKYPLLuF/b.4137765/k.9AF6/State\\_Campaigns.htm](http://www.skills2compete.org/site/c.fhLKYPLLuF/b.4137765/k.9AF6/State_Campaigns.htm)

Critical Skills Shortage Initiative: final reports on the Health Care, Manufacturing and Transportation industries from this initiative of the Illinois Department of Commerce and Economic Opportunity can be found at: [http://www.commerce.state.il.us/dceo/Bureaus/Workforce\\_Development/Resources/](http://www.commerce.state.il.us/dceo/Bureaus/Workforce_Development/Resources/)

Shifting Gears: more information on this multi-state initiative of the Joyce Foundation can be found at: <http://www.joycefdn.org/Programs/Employment/ViewSubProgram.aspx?SubProgId=10>. The lead state agency in Illinois is the Illinois Community College Board: <http://www.iccb.org/index.html>

Poverty measurements: <http://aspe.hhs.gov/poverty/>

Unemployment data: Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov)

Setting aside capital funds for job training: the JOBS NOW Campaign has promoted the use of transportation funds for workforce development training; more information about the campaign is found at: [http://transportationequity.org/index.php?option=com\\_content&task=view&id=17&Itemid=34](http://transportationequity.org/index.php?option=com_content&task=view&id=17&Itemid=34)

Minnesota Workforce Development Fund: <http://www.deed.state.mn.us/mjsp/general.htm>

Massachusetts Workforce Development Trust Fund: <http://www.commcorp.org/wctf/index.html>

National Employment Law Project, "Expanding State Education and Training By Partnering with the Unemployment Insurance Program" September 2008

Illinois Family Economic Self-Sufficiency Standard calculated by the Mid-America Institute on Poverty, <http://www.heartlandalliance.org/maip/family-economic-self-sufficiency/>