



Making the Pieces Fit

***A Plan for Ensuring
a Prosperous Illinois***

***Women Employed Institute
Chicago Jobs Council***

February 2004

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Women Employed (WE) is one of the nation's foremost advocates for women's economic advancement. Since its founding in 1973, the organization has won historic changes in public and private sector policies that have expanded women's opportunities and improved workplaces throughout the country. Women Employed has two main goals: to create pathways to good jobs for low-income people and to ensure equal employment opportunity and fair workplace practices. The organization promotes changes in both government and business practices and develops innovative programs to overcome employment barriers.

Founded in 1981, the **Chicago Jobs Council (CJC)** is an organization that works with its members to ensure access to employment and



career advancement opportunities for people in poverty. With 18 original members, CJC has grown to include 100 community-based organizations (CBOs), civic groups, businesses and individuals committed to helping disadvantaged Chicagoans gain access to the jobs and training they need to enter the labor market, secure stable employment at a living wage, and pursue sustainable careers.

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

In 2003, Women Employed and the Chicago Jobs Council launched the Illinois Career Pathways Initiative to increase certificate and degree completion among low-income women and minorities, leading to good jobs in fields of economic importance to Illinois. For more information about the Illinois Career Pathways Initiative, please visit the Women Employed website at www.womenemployed.org or contact Toni Henle, Director of Workforce Development Policy at 312-782-3902 or thenle@womenemployed.org.

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Executive Summary

The prosperity of Illinois' families, communities and economy are inextricably linked. When families prosper, Illinois' tax base expands, public dependence declines, and local communities are stable and thrive. Illinois has a history of prosperity and a high standard of living. But we are facing challenges. Many working adults are not able to access jobs with family-supporting wages because



they lack the education and skills training needed to advance. At the same time, many employers are finding it increasingly difficult to find the skilled employees they need. Both trends have a direct and negative impact on our economy and our communities.

As we try to address these challenges as a state, we do so with extremely

limited resources. More than ever, we must invest wisely, in ways that will yield the greatest returns. This requires a thorough analysis of how we distribute our resources, the policies that affect how they are used, and the outcomes for Illinois. To this end, the Women Employed Institute and the Chicago Jobs Council offer this report, which assesses how Illinois' workforce and economic development policies serve the needs of our families and the state as a whole. In this analysis we highlight Illinois' strengths as well as opportunities to better leverage our workforce and economic development dollars.

Major Findings

1. Illinois is a prosperous state, but far too many of Illinois' working families are not prospering.

- ◆ Too many working families in Illinois do not earn a living wage.
- ◆ Illinois faces a growing income disparity among its residents that threatens the stability of our communities and has negative economic and social repercussions.

2. In Illinois, there is a mismatch between worker skills and employer needs.

- ◆ Employers are struggling to find workers with the necessary skills and education.
- ◆ Low-income Illinoisans are experiencing increasingly limited access to education and training.
- ◆ Illinois' education and training programmatic outcomes can better meet the needs of workers or employers.
- ◆ Illinois' education and training system can be better aligned with the economic development needs of the state and the skill development needs of its workforce.

3. Illinois' economic development strategies do not ensure the creation of jobs that help families advance to economic self-sufficiency.

- ◆ Illinois does not link its business assistance efforts to job creation goals that target disadvantaged workers.
- ◆ Companies that benefit from business assistance programs are not required to invest in worker training.

4. To achieve the maximum impact of workforce and economic development programs, Illinois must invest in vital work supports and ensure that workplaces allow individuals to fulfill their dual role as worker and family member.

- ◆ Illinois' work support system will continue to be at risk if the state does not reform its tax system and the structural issues that led to the current fiscal crisis.
- ◆ Illinois does not currently support a program that allows families to take time off to care for sick family members, newborns, or recently adopted children without loss of wages.

Recommendations

Illinois can solve the mismatch between worker skill and employer demand through its education and training system

1. Integrate adult and vocational education.

Programs that teach basic literacy, numeracy, and language skills in a vocational skills training context produce greater educational and employment outcomes for the many adults who wish to enter occupational training but cannot meet entrance requirements due to low basic skills.

2. Meet the demand for need-based financial aid.

Every year an increasing number of Illinoisans are denied access to need-based financial aid because of inadequate program funding. Cuts in program funding have resulted in early suspension of awards, shrinking grant amounts, and elimination of grants for those most in need of higher education assistance. In addition to making a college education less accessible, these cuts are disproportionately affecting the state's most disadvantaged residents, those most in need of preparation to meet employer demand for a skilled workforce.

3. Improve performance accountability.

Illinois should track and regularly report on the earnings of students in all areas of the postsecondary education and training system, particularly low-income students. This is the only way to know if our postsecondary education and training system is preparing students for good jobs with family supporting wages.

4. Link education and training to economic development by supporting short-term non-credit coursework.

Often the mismatch between the skills an employer needs and the skills an employee has can be solved with short-term non-credit coursework. Illinois can better integrate its postsecondary education system with economic development goals by providing support to institutions and students for this type of training. When possible, noncredit coursework should be linked to credit coursework as part of a career pathway approach.

5. Leverage Workforce Investment Act (WIA) and TANF (Temporary Assistance for Needy Families) dollars to build skills.

WIA and TANF funds should be used by local areas and the state to bridge individuals with limited skills into intensive vocational training for career path jobs and/or postsecondary education.

Illinois can ensure that the resources invested in business assistance programs add value to Illinois' economy, communities, and families

Ensure business assistance programs add value to Illinois.

If Illinois is to address unemployment and underemployment issues it must have business assistance programs with job creation goals that are linked to wage and disadvantaged population targets. The first and fundamental step in accountability is measuring and reporting the impact of business assistance efforts. While Illinois law will soon require business that receive incentives to track job creation and report wage ranges, Illinois should require these businesses to track and report investment in upgrade training and the degree to which disadvantaged workers benefit from job creation.

Illinois can invest in vital work supports and ensure that workplaces allow individuals to fulfill their dual role as worker and family member.

1. Reform Illinois' tax system to support vital work support programs.

Continued support for health, human service and education programs means addressing Illinois' structural deficit. Illinois must reform its tax system so it can generate enough revenue to protect core programs that positively impact our communities.

2. Create a Family Medical Leave Insurance Program in Illinois.

At some point, most adults need time off from work to deal with a serious personal or family medical emergency. And new parents need time off to nurture and bond with their newborn or newly adopted children. The federal Family Medical Leave Act helps some workers, but is not a financially viable option for most working families. Illinois

Making the Pieces Fit is based on over 100 data, policy, and performance indicators. For a full list of indicators and sources please visit the Publications section at www.womenemployed.org or www.cjc.net.

needs to institute a Family Medical Leave Insurance program so that individuals do not have to choose between work and family.

Methodology

For the last three years, the Annie E. Casey Working Poor Families project has worked to develop an assessment tool to evaluate states' efforts to address the needs of working families and the economy. Each year, five states have been selected to participate in the project. A guiding philosophy of the project is that states need good data and information to make good policy decisions. Over 100 indicators form the basis of this report: data-based indicators, policy indicators, and performance indicators. The data-based indicators are obtained primarily from the American Community Survey (ACS) and the Current Population Survey (CPS). Policy indicators have been obtained from various sources including public code and regulations, published reports, and policy advocates and analysts. Whenever possible, these indicators have been confirmed by state and federal agencies. Performance indicators are obtained from official performance reports as well as independent published assessments. Because of the large number of indicators that support our analysis, we have chosen not to cite sources in the text. However, a full list of indicators with citations and dates appears in an online appendix available in the Publications sections at www.womenemployed.org and www.cjc.net.

Acknowledgements

The Women Employed Institute and the Chicago Jobs Council gratefully acknowledge the support of our project funders, The Annie E. Casey Foundation and the Ford Foundation, as well as the national project team including Brandon Roberts, Andrew Reamer, and Sarah Rab of Brandon Roberts and Associates, and Kerri Rivers at the Population Reference Bureau. We would also like to thank the state agencies who provided the data, information, and feedback that made this report possible, including the Illinois Board of Higher Education, the Illinois Community College Board, the Illinois Community College Trustees Association, the Illinois Department of Commerce and Economic Opportunity, the Illinois Department of Employment Security, the Illinois Department of Human Services, Secretary of State Jesse White's office, the Illinois State Board of Education, and the Illinois Student Assistance Commission. We also thank the numerous organizations who offered information and insight including the AFL-CIO, the Center for Tax and Budget Accountability, Chicago Women in Trades, the Day Care Action Council of Illinois, Erie Neighborhood House, Good Jobs Illinois, the Health and Medicine Policy Research Group, Laborer's International Union, the Legal Assistance Foundation, the Sargent Shriver National Center on Poverty Law, UIC Great Cities Institute, Voices for Illinois Children, and Work, Welfare and Families. In addition to the national project team, Benna Lehrer of WEI and Lisa Hampton of CJC collected and confirmed project indicators.

Inextricably Linked: Illinois' Families and Economy

Finding: We can increase the prosperity of Illinois' families, communities, and economy.

Increased prosperity for our families means decreased reliance on public assistance, an expanded tax base, and the ability to attract and retain employers. But many working families in Illinois are not prospering. Illinois has a strong economic history, but there is a growing income disparity in the state and far too many working families are not able to make ends meet. There are nearly 100,000 working families in Illinois living below poverty. Nearly one-quarter of Illinois' working families are in low-wage jobs and do not earn enough money to be economically self-sufficient.

As more and more working families struggle to make ends meet, Illinois suffers social and economic consequences. Currently, Illinois is experiencing a growing disparity in income between its lowest- and highest-income residents. In fact, Illinois has the unfortunate rank of 45th in the nation when it



A MISSING PIECE

Illinois is a Prosperous State But Too Many Working Families Are Not Prospering

- ◆ In Illinois, nearly 100,000 working families are living in poverty.
- ◆ In Illinois, nearly 350,000 working families have annual incomes less than double the poverty level. This means that almost one-quarter of working families do not have an income that is commonly referred to as self-sufficient.
- ◆ In Illinois, the most affluent working families have income 8.6 times that of the least affluent working families. Illinois ranks 45th in the nation for income disparity between these groups.

comes to income disparity between these groups.

Income disparity has demonstrated negative social effects on our communities.¹ But it also has a direct impact on our ability to generate revenue. This year, if all ethnic groups in Illinois had the same educational and earnings attainment as whites, total personal income would be \$12.9 billion higher and the state would realize an estimated \$4.5 billion in additional tax revenue.²

Given the current economic crisis, Illinois cannot afford to lose out on the revenue generated when families prosper. At the same time, Illinois is being forced to make some very difficult fiscal decisions and must invest limited resources wisely. Investments with the greatest returns are ones that help working families achieve economic independence.

Table I: What Does It Really Take to Make Ends Meet?

The Illinois Self Sufficiency Standard, which calculates the basic cost of living by region and family type, reveals that in most Illinois communities, the wage a parent of two needs to support a family is significantly higher than the minimum wage or the federal poverty line.

The 2001 Self-Sufficiency Standard for One Adult, One Preschooler and One School-Age Child in Chicago, Decatur, and Franklin County

Monthly Costs	Chicago	Decatur	Franklin County
Housing	\$891	\$475	\$395
Child Care	\$888	\$691	\$643
Food \$396	\$396	\$396	
Transportation	\$75	\$208	\$202
Health Care	\$237	\$206	\$206
Miscellaneous	\$249	\$198	\$184
Taxes \$634	\$410	\$351	
Earned Income			
Tax Credit (-)	\$0	-\$68	-\$114
Child Care			
Tax Credit (-)	-\$80	-\$80	-\$88
Child Tax			
Credit (-)	-\$100	-\$81	-\$40
Self-Sufficiency Wage:			
<i>Hourly</i>	\$18.13	\$13.38	\$12.13
<i>Monthly</i>	\$3,190	\$2,354	\$2,135
<i>Annual</i>	\$38,281	\$28,254	\$25,620

Education and Training: A Sound Investment in Illinois

Finding: Illinois can better align its education and training system with the needs of workers and employers.

Illinois' mismatch: Workforce skills and employer needs

In deciding the best way to invest our limited resources, we must first determine why Illinois and its families are struggling. A comparison of the skills status of Illinois' workforce and the skills needed by Illinois' current and prospective employers, suggests several reasons why prosperity is becoming more elusive for families and the state.

Education and training is a proven strategy for raising incomes. An adult with a two-year associate's degree earns 28 percent more and an adult with a bachelor's degree earns 75 percent more than an adult with a high school education.³ But a significant segment of Illinois' workforce does not have the educational attainment necessary to access jobs with family-supporting wages.

An educated workforce is also a proven strategy for states to attract and retain employers. An increasing number of jobs require some amount of postsecondary education. By 2006, nearly two-thirds of all jobs in the United States will require workers to have some education beyond high school, even for jobs at the entry level, and by 2013, more than 80 percent of 23 million new jobs in this country will require some postsecondary education.⁴ In addition to lacking the education and training needed to access well-paying jobs, a large segment of Illinois' workforce is not prepared to meet the demands of current and prospective employers.

Despite the increasing demand for workers with some postsecondary education, over two million Illinois adults between ages 25 and 54, or 39 percent, have no postsecondary experience. Only 40 percent of working age adults have an associate's degree or higher. These numbers put Illinois at a disadvantage for attracting and retaining employers. Illinois ranks below the national average and the average for Midwest states in the percentage of 25- to 34-year-olds with some college or an associate's degree.⁵

Illinois' poorest residents, those most in need of good-paying jobs, face even greater challenges in meeting employer demands for education and skills. Over 60 percent of working families whose incomes are less than the poverty threshold do not have a resident parent with postsecondary experience, while over one-third of these families have a parent without a high school degree or GED.

The Education and Skills Status of Illinois' Workforce: Are We Prepared?

By 2006, nearly two-thirds of all jobs will require workers to have some education beyond high school, even for jobs at the entry level, and by 2013, more than 80 percent of 23 million new jobs will require some postsecondary education. The most recent data suggest we are not prepared to meet this demand.

Illinois' workforce

- ◆ Nearly half of Illinois' residents (16 and over) have literacy skills below the level needed to function adequately in today's society.
- ◆ Nearly three-quarters of a million Illinois adults between age 25 and 54 do not have a high school degree or General Educational Development (GED) credential.
- ◆ Over 2 million adults (39%) between age 25 and 54 have no postsecondary experience.

Illinois families in poverty

- ◆ Over one-third of working families in poverty have a parent without a high school degree or GED.
- ◆ 68% of working families in poverty do not have a resident parent with postsecondary experience.

Minorities

- ◆ 27% of minorities compared to 6% of whites have no high school diploma or GED.
- ◆ 51% of minorities compared to 33% of whites have no postsecondary experience.

The education and skills status of Illinois' minority residents is even more troubling. Over half of Illinois' minority population has no postsecondary experience, compared to one-third of whites. More than one-quarter of minorities have no high school diploma or GED compared to just 6 percent of whites.

Further examination of Illinois' workforce reveals that too many of our residents are not prepared to obtain postsecondary experience. Before entering postsecondary education and training, individuals must have a high school diploma or GED. But nearly three-quarters of a million of Illinois' working-age adults (25-54), or 700,000, do not have this credential. In addition, the literacy level of Illinois' adults makes obtaining the credential a challenge. Nearly half of adults have literacy skills below that of the average high school graduate.⁶ Last year, nearly 100,000 of Illinois' community college students enrolled in remedial coursework, meaning that 14 percent of students did not have sufficient basic skills to effectively undertake college level work.

Clearly, Illinois' workforce will need skills upgrading if we are to compete with other states for good jobs and revenue. However, enrollment trends in Illinois indicate that the skills status of the workforce will not improve unless these trends are reversed. Of all Illinois adults who lack a high school credential, only 11 percent are enrolled in adult basic education programs and less than one percent are engaged in training supported under Title I of the Workforce Investment Act (WIA). WIA Title I is the main federal program for employment and job training programs. Less than half of high school freshman enter a degree granting institution four years later and working aged adults are not enrolling in postsecondary education and training at a rate that will correct Illinois' skills mismatch.

In an effort to explain this mismatch of workforce skill and employer need, we must have a full understanding of Illinois' education and training

Students are Underprepared to Undertake Education and Training

- ◆ In FY 2002 94,637 community college students (14%) did not have sufficient basic skills to effectively undertake college work and had to enroll in remedial coursework.

Illinois' Education and Training Enrollment Patterns Need to Improve

- ◆ Less than half of high school freshmen enter into a degree granting institution four years later.
- ◆ Only one-third of young adults age 18-24 are enrolled in postsecondary institutions.
- ◆ Only one in six TANF (federal welfare) recipients are engaged in education and training activities in Illinois
- ◆ Only 11% of adults who may need adult education programs (due to the absence of a high school completion) are enrolled in such training.
- ◆ Less than 1% of adults who may need training (due to the absence of a high school completion) are engaged in Workforce Investment Act (WIA) Title I-supported training.
- ◆ Less than 10% of adults 18-64 who may need Perkins-supported vocational programs (due to absence of a postsecondary degree) are enrolled.

system, both its outcomes and policies. In the remainder of this chapter, we look closely at three sectors of Illinois' education and training system: adult basic education and literacy programs, postsecondary education including career and technical education, and training supported under Title I of the Workforce Investment Act.

Solving the mismatch through education and training

As our economy demands more skills, thousands of workers in Illinois lack the basic skills to qualify for well-paying and high-demand jobs. The educational status of a large segment of Illinois' workforce is reflected in persistent poverty and dependence among Illinois workers and families.

Adult education

Within Illinois' education and training system, adult basic education programs serve students with some of the greatest barriers to advancement. In FY2002, these programs served over 150,000 students seeking to improve their basic skills (reading, writing, numeracy or command of the English language). Those workers who seek to improve

these skills do so for a variety of reasons, including improving their economic prospects by attaining employment or advancing in their current employment to better wages. Yet adult basic education and English as a Second Language (ESL) programs alone have little impact on annual earnings.⁷ One reason is that too few individuals who enter adult basic education programs end up advancing to better jobs, earning GEDs or going on to post-secondary education and training.⁸

Moreover, adults who have low basic skills often spend lengthy periods of time in adult education before qualifying for vocational training programs or further education, if they ever do. There are few

clear connections within and among institutions and programs that guide and support students from one level of education to the next and into career-path jobs.⁹ It is, then, unsurprising that few transition from adult education to further training and education.

Illinois can improve the outcomes of its adult basic education system. In comparison to the other parts of the state education and training system, this sector faces some of the greatest challenges and serves students with some of the greatest barriers to advancement. These students are not experiencing improved literacy levels, a minority obtains a GED, and very few move on to further education and training. Adult basic education must become a gateway to postsecondary education and training.

An analysis of Illinois' adult education and literacy policies reveals opportunities to improve outcomes. Illinois can invest more in adult education programs. Illinois invests poorly compared to other states in the funding it allocates for adult education and literacy. The amount of state adult education and literacy resources allocated each year for each adult in the state over 18 without a high school degree or GED ranges from \$3.76 to \$172.50 among the fifty states. The top one-third states allocate \$39.27 or more per adult. Illinois allocates far below this figure at \$6.59. Illinois also allocates very little for workplace literacy programs with an annual expenditure of only around \$400,000.

Adequate funding is a key aspect of improving the outcomes of Illinois' adult basic education programs. However, money alone will not improve outcomes. Professional standards for teachers, more training for teachers, more program accountability, and better data collection, to name a few, will help to improve services to adult education students.

More specifically, adult education programs must be integrated into programs that provide further education and training. Programs that teach basic literacy, numeracy, and language skills in a vocational skills training context produce greater educational and employment outcomes for the many adults who wish to enter occupational training but cannot meet entrance requirements due to low basic skills. For those whose primary motivation is better employment and for states whose goal is economic development, such programs have the potential to more effectively connect people to jobs with better wages and to ongoing advancement and thus more

Adult Education in Illinois

- ◆ Illinois served 151,000 adult education students in FY2002.
- ◆ Many beginning literacy students face significant barriers and only 14% complete this first functional level.
- ◆ Less than one-third of those enrolled in adult education programs who seek a GED or high school diploma are successful.
- ◆ Less than 20% of students enrolled in adult education programs who seek to enter postsecondary education or training end up doing so.
- ◆ One-third of adult education completers earn above 200% of poverty, or economic self-sufficiency for a family of two, while less than 10% earn above this level for a family of four.



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Creating Bridge Programs Through Integrated Adult & Vocational Education

Programs that teach basic literacy, numeracy, and language skills in a vocational skills training context and are linked to employment produce greater educational and employment outcomes for the many adults who wish to enter occupational training but cannot meet entrance requirements due to low basic skills.

See Women Employed Institute's forthcoming report on creating bridge programs in Illinois.

effectively spend public dollars.¹⁰ Illinois must address the barriers that prevent this kind of integration.

Finally, Illinois does not guarantee that members of the workforce with some of the greatest barriers — incarcerated adults — have adequate access to adult education programs. Illinois requires that state prison inmates who are deficient in basic skills receive adult educational services while incarcerated. However, there is a waiting list for these services and many eligible individuals are not served due to inadequate funding. This limited capacity is particularly disappointing because of the high rates of GED attainment among incarcerated students. Over 80 percent of enrolled inmates passed the GED in FY2003, with pass rates of up to 100 percent at some facilities.

Postsecondary education

Given the national projection that in the next ten years, more than 80 percent of 23 million new jobs will require some postsecondary education, it is vital that Illinois guarantee a workforce with postsecondary experience. In addition, it is crucial that working adults have access to a postsecondary system that can help them obtain jobs that lead to economic self-sufficiency.

Illinois needs to address persistence and completion issues in its postsecondary system. In Illinois, only 52 percent of first-year community college students return for a second year and only half of full-time first-time degree-seeking students obtain a credential or transfer to a four-year program. Illinois ranks below the national average and below other Midwest states (except Ohio) in the number of bachelor's degrees awarded per 100 high school graduates six years later.¹¹ Illinois also ranks below the national average in the number of associate's degrees awarded per 100 high school graduates three years later.

Illinois can improve outcomes for its career and technical education programs.

Postsecondary Education in Illinois

- ◆ Just over half of first-year community college students return for a second year.
- ◆ Half of full-time degree-seeking community college students obtain a credential or transfer to a four-year college.
- ◆ 56% of career and technical education program participants achieve a degree or certified credential.

Improving outcomes will ensure that limited funds have a maximum impact. Just over half of career and technical education students in Illinois complete their programs through the achievement of a degree or certified credentials.

In order to ensure that Illinois' postsecondary system serves the needs of families and employers, we must look at the policies that affect these outcomes. In an effort to identify opportunities for intervention, we have analyzed Illinois' postsecondary policies in three crucial areas: access, accountability, and integration with economic development efforts.

Access

Illinois has a strong history of ensuring residents can access a college education regardless of income, however this is changing. Illinois has relatively low

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Table 2: Meeting Demand for Need-Based Financial Aid

In FY2002, 141,000 students received a MAP grant. At the same time, every year an increasing number of Illinoisans are denied access to need-based financial aid because of inadequate program funding.

School Year	Suspension Date	Number of Students Who Did Not Receive a Grant (between suspension date and June 30)
2000-01	No suspension	0
2001-02	December 7	16,000
2002-03	August 13	44,000
2003-04	August 2	40,000 as of 1/6/04

tuition rates. The expense for attending an Illinois community college minus financial aid is 19 percent of the median family income in the state. Among other states in the nation, the percentage of family income required ranges from 16 to 30 percent. Illinois also has taken steps to control tuition. The Governor and General Assembly recently passed legislation that freezes tuition for public university students at their freshman year rate. Despite Illinois' tuition control efforts, continued funding cuts to state schools will make it increasingly challenging to ensure that college expenses are affordable for Illinois' families.

In addition to efforts to control tuition, Illinois has worked to develop a solid and flexible financial assistance system for low-income students. Illinois provides a state need-based grant — the Monetary Award Program (MAP) — to assist low-income students with tuition and fees. Over 140,000 students received the grant in FY2002. Illinois set itself apart from most states by making this grant available to students attending college less-than-half-time, an important policy for making education and training accessible to working adults. In addition to the MAP grant, Illinois offers the Silas Purnell Illinois Incentive for Access stipend, which served over 21,000 of Illinois' lowest-income students in FY2002, assisting them with non-tuition expenses such as books, transportation, and child care. Finally, Illinois offers a child care stipend for low-income adults in education and training programs serving 3,367 adults in FY2003. This program is vital for ensuring access to postsecondary education.

Despite Illinois' notable performance in postsecondary access policies, Illinois has recently fallen behind in this area, particularly in monetary support for need-based financial aid. Illinois once had a model financial aid system, noted nationwide for its ability to make postsecondary education accessible to all, regardless of income. However, a national state-by-state analysis recently noted deterioration brought on in large part by MAP cuts, downgrading Illinois from an A to a B for affordability between 2000 and 2002.¹² Cuts in program funding have resulted in early suspension of awards, shrinking grant amounts, and elimination of grants for those most in need of higher education assistance. The number of students left without aid increased between the 2001–02 and 2002–03 school years from 16,000 to over 44,000 and is expected to be even higher for the 2003–04 year. In



addition to making a college education less accessible, these cuts are disproportionately affecting the state's most disadvantaged residents, those most in need of preparation to meet employer demand for a skilled workforce.¹³

Financial assistance policies are not the only opportunity to improve the accessibility of postsecondary education for Illinois residents. Illinois must ensure that adults with the greatest barriers to economic self-sufficiency have an opportunity to access education and job training. Illinois has implemented policies that make it possible for individuals who receive Temporary Assistance for Needy Families (TANF) to attend education and training and improve their employment and earning prospects. TANF is the federal block grant program that funds states' welfare programs. States have flexibility in administering the program, which generally involves time limits (a 60-month time clock for recipients) and various work requirements.

In Illinois, postsecondary education and training alone can stop a TANF recipient's time clock and satisfy the work requirement for up to 36 months. A recently enacted law eliminates the requirement that TANF participants must be employed part-time in order to enroll in a less than full-time postsecondary education program and adds education and training opportunities to the categories of information the Illinois Department of

Human Services is required to explain to participants. Despite these progressive policies, in practice, clients are not encouraged and sometimes not allowed to pursue an education track. An emphasis on finding any job regardless of pay or advancement opportunities is reflected in the fact that only one in six TANF recipients are engaged in education and training activities in Illinois.

Finally, Illinois has implemented policies to increase access to postsecondary education for inmates; however inadequate funding has kept these policies from having maximum impact. Illinois has vocational skills training programs for state prison inmates that award educational credits that can be applied to postsecondary certificates and degrees. However, offerings depend on the state budget and are not uniformly offered at all prison locations. In addition, Illinois used to use general funds to support work toward associate's and bachelor's degrees for inmates, however this support has been eliminated. It is vital that these programs receive adequate funding. Ex-offenders must have access to postsecondary education if they are to obtain self-sufficiency employment. When ex-offenders work it has economic payoffs for the state, but also social payoffs as reincarceration rates drop dramatically when ex-offenders work.¹⁴

Accountability

In addition to guaranteeing access to education and training to all residents, Illinois can improve its postsecondary outcomes by ensuring accountability of the system. Illinois has established an important

foundational first step for doing this. In order to make improvements, it is critical to have basic performance data. Illinois' Common Performance Management System can track crucial outcomes and ensure that reform is targeted strategically.

Despite this strong foundation, Illinois does not track some outcomes that are necessary if we are to make best use of our limited resources and have true accountability. In particular, Illinois can better track completion rates of those who enroll in remedial education at community colleges. It is important to know if these students are obtaining credentials or moving on to four-year programs. Illinois should also make a concerted effort to track the earnings of students who exit the postsecondary education and training system. This is the only way to ensure that our publicly funded education system is preparing students for jobs that allow families to be economically self-sufficient.

Integrating postsecondary education and economic development

Finally, to get the most from its investment and ensure outcomes that serve both families and the economy, Illinois should ensure that postsecondary policies consider the state's economic development needs. Our analysis reveals that Illinois can more closely align its postsecondary policies with the needs of employers, specifically regional needs of employers.

A postsecondary system that is aligned with the state's economic development needs to support programs that help move low-income adults into

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What We Need to Know About...

Completion

- ◆ Illinois does not track the percent of community college students initially enrolled in developmental or remedial education who go on to obtain a credential or transfer to a four-year school.

Earnings

- ◆ Illinois does not track the percent of community college students who gain employment in a job that pays wages and benefits that are considered within the state as exceeding low-wage employment.

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Support for Short-Term Non-Credit Coursework

Often the mismatch between the skills an employer needs and the skills an employee has can be solved with short-term non-credit coursework. Illinois can better integrate its postsecondary education system with economic development goals by providing support to institutions and students for this type of training. When possible, noncredit coursework should be linked to credit coursework as part of a career pathway approach.



high demand jobs as quickly as possible. These programs include non-credit career classes and short-term non-degree training programs that are important for workers who want to move up to a higher paying job that does not require an additional degree. While Illinois community colleges receive credit hour grants from the state for credit programs, there is no parallel reimbursement system for non-credit courses. At the same time, Illinois does not provide tuition assistance for adults seeking short-term career training in non-degree classes for which traditional scholarship and support dollars (e.g., Pell grants) are not generally available. Other providers that offer non-credit career training should also be eligible for public support.

In addition, Illinois can more closely align its federally funded Perkins career and technical education policies with state economic development needs. Illinois allocates only 40 percent of its Perkins resources to postsecondary education, while 60 percent goes to secondary education. A greater distribution of resources to postsecondary programs could help address the skills mismatch in Illinois' adult workforce. In addition, Illinois does not require that all local applications to the state for Perkins resources first be reviewed and approved by the local workforce board. This can help ensure that resources are targeted at regionally specific skill needs.

Workforce Investment Act (WIA) Title I

The Workforce Investment Act Title I is the main federal program for employment and job training programs. In 2002, close to 11,000 Illinois adults were registered under WIA Title I training and employment programs. Although Illinois has met its federal performance requirements for job placement, job retention, and earnings gains each year, the majority of WIA Title I participants are not obtaining jobs with wages that allow them to fully support their families. In Illinois, only one-third of employed adult WIA Title I participants earn above poverty for a family of two one year after placement; less than one-quarter earn above poverty for a family of four. Program dollars should be used to increase the percentage of WIA Title I participants in training that will lead to jobs with higher earnings potential.¹⁵ In FY 2002, less than one-fifth of total WIA dollars received by Illinois were used to support adult participants in skills training. Some states in the nation require at least half of funds to be dedicated to skills training, but Illinois does not.

A thorough analysis of WIA policies reveals additional opportunities for improving access to training and career path jobs. For instance, Illinois should consider requiring basic skills assessments

WIA Title I Funded Training in Illinois

- ◆ Less than half of WIA adult exiters have received training services.
- ◆ Less than 20% of WIA dollars are spent on training.
- ◆ 58% of adults who engaged in training were employed in the first quarter after exit and received a training credential by the end of the third quarter after exit.
- ◆ Over three-quarters of adult WIA participants who enter work retain employment six months after initial placement.
- ◆ 88% of WIA exiters who were unemployed at entry received intensive or training services (91% of those employed at entry received these services).
- ◆ 15% of WIA exiters earned above 200% of poverty, or economic self-sufficiency for a family of 2. Less than 5% earned above this level for a family of 4.

for those customers and encouraging local workforce investment boards to financially support programs that prepare people with limited work experience and limited skills for the workforce. In particular, proven program strategies include transitional jobs programs that offer time limited paid work opportunities and programs that coordinate vocational literacy, vocational skills training, and supportive services for those individuals. Additionally, WIA program dollars can be leveraged to move more people into postsecondary credit programs. The Illinois Workforce Investment Board's requirement that local areas with high demand for services spend at least fifty percent of their adult WIA funds for intensive and training services on TANF participants and other low-income individuals is a good policy and should be maintained.

Illinois recently launched the Critical Skills Shortage Initiative, which will lead to a more strategic utilization of the state's 15 percent WIA funding set aside to support regions throughout the state in addressing skill shortages in key labor market sectors. To fully implement this new vision, state WIA policies will need reform and the state workforce board will need to assist local areas with better coordination of one stop partner funding streams. In particular, the state workforce investment board should require local areas to reevaluate their provider certification policies to ensure that the list of qualified trainers supports the region's strategies to address critical skill shortages. Where there are gaps, the local boards should be encouraged to work with partner programs to fill those gaps. In addition to those federally required partner programs, TANF and Food Stamp Employment and Training programs have been identified as mandatory partners in Illinois' one stop system and should be included in this planning.

The Governor and the Illinois Workforce Investment Board should also continue to support local efforts to improve one stop centers in Illinois. Charged with the responsibility of meeting the employment needs of job seekers and businesses, local areas should have flexibility in determining the best way to meet those needs. These strategies could include physical co-location, a virtual system with electronic referrals to services, or satellite registration sites. A study by the Corporation for a Skilled Workforce in 2002, suggested that centers that aim for co-location could benefit from having a

clearly identified manager, functional alignment of staff, unified data collection tools or processes, common intake, common assessment tools or processes, common measures/indicators, and common customer satisfaction tools.¹⁶

Illinois' education and training system is the key to solving the mismatch between the skills that employers need and the skills of our current workforce. Until we solve this mismatch we will face a continued threat of losing current employers and failing to attract new ones. This will have a direct and negative impact on our economy, our families, and our communities. Illinois should invest more in its education and training system and align programs with economic development needs for the maximum outcome.



A MISSING PIECE

Leverage WIA Dollars to Build Skills

WIA funds should be used by local areas to bridge individuals with limited skills into intensive vocational training for career path jobs and/or postsecondary education.

Business Assistance that Benefits All: A Strategic Approach to Economic Development

Finding: Illinois can better address the needs of workers and employers through strategic economic development programs.

In the previous chapter we discussed ways in which Illinois can attract and retain employers while spurring economic development by investing in a skilled workforce. At the same time, Illinois must address unemployment and underemployment in the state, as this affects our ability to generate revenue. Illinois needs to ensure that the employers it attracts and retains are helping to reduce unemployment, hiring disadvantaged workers, and providing jobs that allow families to make ends meet. In addition, while Illinois must invest in the education and training of its workforce, it can implement economic development strategies that encourage employers to share the cost of this investment.

Who's working in Illinois and who's not

Nearly one-third of Illinois adults are not engaged in the labor force, meaning that they are not currently employed or looking for employment. Participation is even lower for non-whites with over one-third of minority adults not participating.

While Illinois has a relatively high overall labor force participation rate, our workers are unemployed and underemployed at a higher rate than the nation. Illinois' unemployed workers are also more likely to be out of work for an extended period. Although Illinois ranks fourth in the nation for the average duration of unemployment benefits (19 weeks),¹⁷ a greater percent of Illinois' unemployed exhaust their unemployment benefits before finding work than among unemployed workers in the nation as a whole. When Illinois' workers are not fully employed, the state shoulders a higher public assistance burden and loses out on important tax revenue. When adults are unemployed or underemployed, their families struggle to make ends meet and their communities suffer. In addition, Illinois' ability to generate

revenue is severely hampered when families are not working.

Making Illinois work: A better approach to business assistance

Illinois has an opportunity to address underemployment and unemployment issues, while meeting the needs of employers through sound and targeted economic development strategies. Illinois has invested considerable resources in economic development programs that keep businesses in the state, spur economic development in distressed regions, link regional workforce needs with job training programs, and provide additional training opportunities for current workers. However, Illinois has failed to link these programs to job creation goals or wage standards in ways that would address the state's employment problems. In addition, these programs generally do not target low-skill or low-income workers in an attempt to link them with high wage jobs. If Illinois wants to see its economic development dollars have a maximum payoff for families and the economy, standards linking economic development to employment goals must be established and enforced.

Illinois has two business assistance programs for

Labor Force Participation in Illinois

- ◆ Overall 69%
- ◆ Female 62%
- ◆ Male 77%
- ◆ Non-white 64%

Unemployment and Underemployment in Illinois

- ◆ 10% of Illinois' workers are not fully employed
- ◆ In December 2003, Illinois had an unemployment rate of 6.4% compared to 5.7% for the nation.
- ◆ 14% of Illinois' unemployed workers are out of work for more than 26 weeks compared to 11.8% of the nation's unemployed workers.

distressed places. Enterprise Zones are created in economically disadvantaged areas to offer incentives for businesses to remain or move into the zone. The Tax Increment Financing (TIF) program helps communities raise funds to make improvements and offer assistance to businesses in distressed areas. However, the TIF program does not include job creation goals and neither program includes wage standards or targets entry-level and low-income workers. Creating these targets would increase the impact of economic development dollars in distressed areas. Conversely, when these targets do not exist, Illinois in effect double subsidizes the business by providing direct incentives as well as providing income supports to employees who cannot earn a living wage in the newly created jobs.

In addition to programs for distressed areas, Illinois has business assistance programs focused on attracting firms and averting a loss of jobs from existing firms. The Economic Development for a Growing Economy (EDGE) program provides tax credits to businesses that would move out of Illinois or go out of business without the assistance. The High Impact Business program provides tax



A MISSING PIECE

Business Assistance that Adds Value to Illinois

The first and fundamental step in accountability is measuring and reporting the impact of business assistance efforts. While Illinois law will soon require business subsidy recipients to track job creation and report wage ranges, Illinois should require businesses to track and report investment in upgrade training and the degree to which low-income workers benefit from job creation.

incentives to businesses that will retain jobs in the state. While these business assistance efforts are tied to job creation goals, there are no wage standards for these jobs nor are there requirements that benefiting companies target disadvantaged populations in hiring. The absence of these targets minimizes their economic development impact.

Illinois has invested some of its resources in sectoral economic development projects that target low-wage and disadvantaged workers. The Job Training and Economic Development Grant Program (JTED) supports training programs that link the work force needs of local industries with the job training and placement needs of disadvantaged members in the community. However, with only \$1.45 million allotted, the funding for this program has been minimal compared to state need and needs to be significantly increased. All new money for sectoral projects has been routed through the newly launched Illinois Critical Skills Shortage Initiative, an \$18 million program, which lacks a requirement that the initiative target low-skill, low-wage workers. In addition, Illinois' recently launched Opportunity Returns initiative — a regionally focused economic development strategy — lacks such targets. For maximum benefit, Illinois should include such targets in these programs.

Ensuring wage and job creation goals as well as disadvantaged population targets in business assistance programs is a critical step in solving Illinois' unemployment and underemployment issues. But Illinois can create even more employment opportunities by investing more of its

own resources in job training and incenting businesses to do the same. Illinois does not provide targeted tax credits to businesses that direct upgrade training and education to entry-level or low-wage workers. Adopting such targeted credits would help ensure that low-wage populations have access to higher paying jobs.

In addition, Illinois does not provide resources for transitional jobs programs, which currently rely on welfare-to-work dollars and private foundations. Transitional jobs programs offer individuals who have little work experience and significant related barriers time-limited work experience with subsidized wages, employee mentorship, and job placement assistance. Like upgrade training, transitional jobs have helped move low-skilled workers into jobs with family-supporting wages.

Finally, when Illinois provides support to businesses through incentives and credits, it must ensure that promises are kept. The first and fundamental step in accountability is measuring and reporting the impact of business assistance efforts.

Beginning in 2005, a recently passed corporate accountability bill will require benefiting companies to post wage ranges for employees as well as the number of jobs projected compared to those actually created annually during the life of the subsidy. However, the new law does not require disadvantaged population targets or company investment in job training.¹⁸

Illinois has invested considerable resources in economic development strategies. Recent reforms will ensure increased accountability and strengthen reporting requirements for companies that benefit from business assistance programs. However, when these programs are not specifically tied to wage and population targets, the resources we invest bring smaller returns for our families and economy. While Illinois must attract and retain business to foster economic growth, these businesses must be an asset to our communities by creating good jobs and sharing in the costs of upgrading the education and skills status of Illinois' workforce.

Along the way to prosperity: Work supports and workplaces

Finding: Illinois can strengthen its workforce and economic development efforts through a sound system of work supports and productive workplaces.

Lower-wage workers need to have access to the education and training that is essential for career path jobs. Illinois can help ensure various kinds of supports as these workers move along the path to economic self-sufficiency. These supports have the potential to provide the stability families need to raise children in a healthy and nurturing environment, to seek additional education and training for family members, and eventually to leave poverty. In addition, as these workers transition to employment with family-supporting wages, Illinois must ensure they are entering workplaces that allow workers to maintain economic stability while balancing the demands of family. Without these protections, Illinois' families and economy cannot prosper.

Supporting work

An assessment of Illinois' economic and workforce development efforts would not be complete without an assessment of the state's work supports network. These are important supports given that 17 percent of jobs in Illinois pay below the poverty level, and low-wage jobs often do not provide benefits. Work supports help families meet their basic needs for adequate nutrition, safe day care, and access to health care. But they have broader

Healthcare in Illinois

- ◆ 16% of adult workers do not have health insurance.
- ◆ 44% of working families who earn less than poverty have at least one parent without health insurance.
- ◆ Illinois provides Medicaid only to those earning up to 72% of poverty, which does not approximate self-sufficiency (200% of poverty).
- ◆ Illinois set eligibility for the state insurance program for children, Kid Care, at 200% of poverty.
- ◆ Illinois sets eligibility for FamilyCare, the state insurance program covering the parents of Kid Care eligible children, at 90 percent of poverty.

effects as well: work supports can enable family members to keep working — for example, parents who cannot otherwise afford to pay child care providers can work if they receive child care subsidies. Work supports promote family stability by helping to meet basic family needs, and stability in turn allows parents to consider income-building activities such as education and training.

While Illinois has made some important steps in ensuring a strong system of supports, these programs are threatened by the state's fiscal crisis. However, it is precisely during times of economic strain that workers must have access to these vital programs. There is a range of work supports available to working families in Illinois and across the nation. Here we focus on some key supports for Illinois' families.

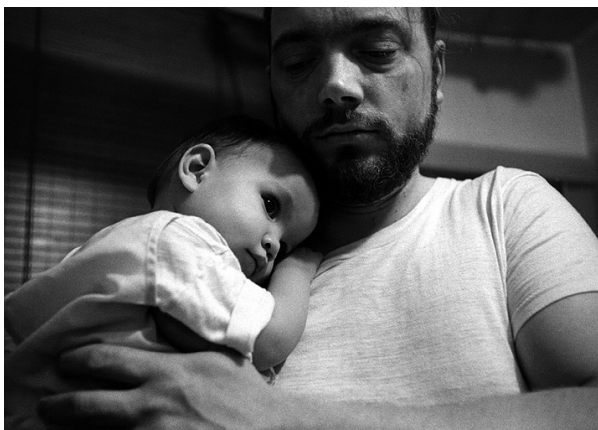
Illinois has a strong child care support system. Of note, Illinois does not limit this assistance to those who are employed, extending assistance to adults participating in education and training programs. This is a vital work support for families trying to achieve self-sufficiency jobs through education and training. In addition, Illinois has no waiting list for child care assistance. Illinois could improve its child care program by eliminating copays for families earning below poverty.

Child Care in Illinois

- ◆ Illinois' eligibility guideline is set at at least 50% of the current state median income, evaluated annually. The range among states is 36%-94%.
- ◆ Illinois requires copayments based on a sliding scale formula.
- ◆ Illinois provides child care assistance to adults participating in education and training programs.

Illinois has taken important steps in providing health insurance to needy families. Of note is the expansion of Illinois' FamilyCare program, which covers parents of children who participate in the State Children's Health Insurance Program (SCHIP) up to 90 percent of poverty. However, too many working families are still uninsured. In Illinois, 44 percent of working families living below poverty have at least one parent without health insurance. Illinois provides Medicaid only to working adults earning up to 72 percent of poverty. If we consider that only those earning 200 percent of poverty are close to self-sufficiency, this means a large number of low-income working adults are not receiving Medicaid. Illinois does not track how many workers without private health insurance are utilizing state Medicaid. It would be extremely useful for Illinois to track this to determine how public dollars are being used and to incent companies to provide private insurance, particularly those that benefit from business assistance efforts.

Illinois' unemployment insurance system has significant room for improvement as well. Illinois can improve its unemployment eligibility requirements to make them more supportive of low-income workers. Illinois has a low quarterly income eligibility requirement of \$1,600. Illinois has also made recent changes to unemployment insurance that allow workers to count their most recently earned income, however this change from the current system will not be phased in until 2008. Until then, the system does not count the most recent income earned by a worker, and temporary



Tax Relief for Low-Income Workers

- ◆ Illinois' average state and local tax burden (including sales, excise, property, and income taxes) for families in the lowest quintile of earnings is 13%. The range among states is 4% to 18%. Illinois ranks poorly compared to other states.
- ◆ In tax year 2001, about 584,000 Illinois families claimed the Illinois EITC while 750,000 Illinois families were able to claim the federal EITC.

Unemployment Insurance, Workers' Compensation, Disability, and Pensions

- ◆ 58% of unemployed workers do not receive unemployment insurance.
- ◆ 7% of workers are not covered by workers' compensation.
- ◆ Illinois does not provide temporary disability insurance.
- ◆ 52% of Illinois workers do not have employer provided pensions.

workers are subject to the same regulations as other workers for unemployment insurance eligibility. Illinois provides a maximum weekly unemployment insurance benefit of \$326, which is above the poverty level for a single parent with two children (\$274.40/week). However, Illinois does not provide a benefit that meets 200 percent of poverty. Finally, Illinois' unemployment benefits are available to workers leaving employment for a limited number of domestic reasons. Currently, Illinois law recognizes physical health, care for a sick relative, childcare issues related to shift changes, and domestic violence, but it does not cover transportation issues, spousal move, or lost childcare. Illinois law should allow for these circumstances.

Illinois performs better than the national average in the percent of workers covered by workers compensation insurance. However, the minimum benefit level is less than 200 percent of poverty, a common measure of self-sufficiency, or even 100 percent of poverty, which is far below what it takes to make ends meet. This means that these families cannot come close to meeting their needs.



Education and training pays off in terms of increased earnings. However, the initial stages of increased earnings can actually be detrimental for low-income families as they lose eligibility for programs and pay more in taxes. Illinois' tax burden for families in the lowest quintile of earnings is high compared to other states (13 percent compared to a range of 4–18 percent for other states)¹⁹, however Illinois has taken very important steps in alleviating this burden. Illinois recently made the state Earned Income Tax Credit permanent and refundable (i.e., those who do not earn enough to pay taxes can receive it) for low-income wage earners and extended it to assist an additional 150,000 to 200,000 families.

Illinois has a notably strong system of work supports in place for individuals on the path to economic self-sufficiency. However, Illinois is finding it increasingly difficult to fund these vital programs in the current fiscal crisis. In order to meet the human service and educational needs of Illinois' residents, we must consider revenue ideas that would eliminate the need to make cuts in health care, human services and education. In addition, lawmakers must address the long-term, structural

A MISSING PIECE

Tax Reform to Support Core Programs

Continued support for health, human service and education programs means addressing Illinois' structural deficit. Illinois must reform its tax system so it can generate enough revenue to protect core programs that positively impact our communities.

issues of state funding that brought about the rapid decline in state revenues²⁰.

Productive workplaces

To achieve the maximum benefit from economic and workforce development dollars, Illinois must ensure that its workplaces truly allow individuals to work. This means that workplaces must be free from discrimination. But it also means that workplaces must accommodate family responsibilities so that these responsibilities do not become crises that lead to unemployment or lost earnings.

Illinois has enacted some important measures to ensure fair compensation and workplace protections. Illinois recently enacted a state minimum wage law that will phase in an increase in the Illinois minimum wage from the federally required \$5.15 to \$6.50 an hour in 2005. In addition, Illinois has backed fair compensation with the recently passed Equal Pay Act, which provides protection for more than 300,000 workers not covered by federal law, makes employers subject to a penalty of up to \$5,000 for each violation, and provides for increased awareness and education efforts.

Illinois has been identified as a model state for its extensive regulations protecting the employment rights of day laborers. The Day and Temporary Labor Services Act requires disclosure statements by day labor agencies and an itemized statement of workers' wages, noting all deductions made. The law prohibits excessive charges, such as charging workers unreasonable expenses for safety equipment and tool use, cashing paychecks or transportation services. Companies that use day or temporary laborers must register with the Illinois Department of Labor, which enforces the provisions of the Act. The Center for Policy Alternatives has called the Illinois act the most comprehensive in the nation.²¹

Despite these important policies, Illinois workers are still vulnerable to lost earnings and unemployment if the worker becomes a parent or if the worker or a family member becomes ill. Illinois can take an important step in improving workplaces by improving family leave policies in the state. Currently, Illinois does not provide wage replacement for parental leave and does not require greater coverage for family and medical leave than

the federal law. Legislating a paid family leave policy in Illinois would ensure that working adults do not have to choose between caring for an ill family member or parenting a newborn and continuing to work. Illinois recently enacted the family-friendly workplace initiative in which the Illinois Department of Commerce and Economic Opportunity awards private or public employers in the state for providing the most family-friendly benefits to their employees. This is an important precedent for the state to set, however, working families need a guarantee of a paid family leave policy.

Finally, Illinois must ensure that its low-wage workers, particularly those overcoming some of the greatest barriers, are not subject to discrimination as they try to obtain jobs with family-supporting wages. Currently, Illinois offers very limited employment discrimination protections for ex-offenders. Although the law prohibits discrimination, there is little enforcement.

Work supports and better workplaces are the final piece of Illinois' prosperity puzzle. When these are in place, along with fully funded and integrated workforce and economic development strategies, we will all prosper.



A MISSING PIECE

Paid Family Leave in Illinois

At some point, most adults need time off from work to deal with a serious personal or family medical emergency. And new parents need time off to nurture and bond with their newborn or newly adopted children. The federal Family Medical Leave Act helps some workers, but is not a financially viable option for most working families. Illinois needs to institute a Family Medical Leave Insurance program.

Conclusion: Putting the Pieces Together

WEI and CJC offer the preceding analysis and recommendations in an effort to increase the prosperity of Illinois and its families. The recommendations throughout this report (summarized in the Executive Summary) suggest ways that Illinois can integrate its workforce and economic development needs with the result of decreased reliance on public welfare and services, an increased number of taxpayers, and a supply of workers to fill high demand jobs. As Illinois continues to face the challenge of distributing its limited resources, we hope that this report will serve as a tool and indicator of ways to invest these

limited resources in ways that will have the greatest return for our families, community, and economy.



Endnotes

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