

Chapter 2

Matching skills to jobs in the Tri-State Region

This chapter focuses on workforce development issues. It first describes the regional context. The financial crisis has highlighted the skill mismatches hobbling regional growth, and this weakness is exacerbated by its relative incapacity to attract and retain high-skilled labour. The chapter then analyses current workforce development efforts and offers a diagnostic on a possible way forward. Public stakeholders need to engage the private sector more systematically in providing ongoing support – both financial and curriculum-based – for skills upgrading. Workforce boards and agencies need to work across county and state boundaries to streamline processes and programming and improve data-gathering and information-sharing capacity.

Key findings

- *The region benefits from a large and well-educated workforce, but recent job-creation and labour-productivity performance has been sluggish. The financial crisis has highlighted weaknesses in the region’s labour market, in particular skill mismatches that in fact pre-date it.*
- *The region is failing to attract and retain high-skilled labour, and low and medium skills training has suffered from a fragmented workforce development infrastructure. For the region’s highly educated workers, career opportunities have been insufficient to retain this “creative class”, suggesting a need to focus on creating conditions to spur innovation, green growth and entrepreneurship (Chapters 3 and 5).*
- *Compounding the skills mismatch is race: African-Americans in particular are underemployed, face greater barriers in acquiring quality basic education, and achieve lower educational outcomes than their non-African-American neighbours. Many low-skilled African Americans and Latinos live in geographically concentrated areas that are underserved with respect to basic public educational, housing, transit and health services. As a result, key parts of the region’s talent pool are being wasted.*
- *The region has, in recent years, launched ambitious and innovative training and workforce-development initiatives; yet monitoring and evaluating their performance against economic development outcomes has been difficult, resulting in lessons learned from successes in neighbourhoods not being scaled to secure greater, region-wide benefits. The huge number of workforce-development players and complexity of the training-service networks suggest that scarce resources are not being maximized.*
- *Funding for workforce development is likely to remain tight. At the same time plugging skill gaps and retraining workers will remain an urgent challenge. Public stakeholders in the region will need to engage the private sector more systematically in providing ongoing support – both financial and curriculum-based – for skills upgrading. With input of the private sector, career advice and pathway mapping can generate realistic career aspirations as well as ensure that the demand for skills from individuals is aligned to the demands for skills from industry.*
- *The region needs to articulate and implement workforce development strategies that respond effectively to the region’s business needs at all levels of activity. Workforce boards and agencies need to work across county and state boundaries to streamline processes and programming and improve data-gathering and information-sharing capacity. Public authorities need to build on existing mechanisms to sustain a true region-wide dialogue between business and training service providers so that training services better address skills needs in the region.*

The Chicago Tri-State Metro-Region displays key strengths in its workforce and training capacity. With nearly 5 million workers the region boasts the third largest labour market in the US and draws workers from beyond the metropolitan area's outlying counties. Over 21 000 workers living in the Milwaukee Metropolitan Region (part of the 21-county Tri-State region) commute to work in metropolitan Chicago, around 17% of these workers travel into the City of Chicago. An equal number commute from the Indianapolis Metro-Region (which lies beyond the 21-county region) into the Chicago Metro-Region. The region offers a large, diversified pool of highly qualified workers, with a diverse and rich set of skills and attributes. The Tri-State Region benefits from over 200 postsecondary education and training institutions, both publicly and privately funded, that enrol over 660 000 students each year and graduate 140 000 annually. Their educational attainment is above the national average; indeed, of the 20 most populous Metro-Regions in the United States, the Tri-State Region ranks fourth in educational attainment. Thirty-two percent of the region's workers hold a BA degree or higher.

Despite the advantages of the educated local workforce and the availability of a wide array of professional and leisure amenities, the region has fallen, in recent years, behind several other large US metropolitan areas in attracting and retaining young, educated adults.¹ At the same time, Chicago has under-performed relative to the US economy as a whole, and other US Metro-Regions, in terms of job creation over the last decade. Over this period, the region lost jobs across all major industrial sectors but two – education and health, and leisure and hospitality - and even in these sectors growth in the region did not match that at the national level. This reflects to two factors above all:

- *Demand is limited.* As chapter 1 highlighted, despite the advantages of a highly educated workforce, the Tri-State Region presents lower-than-optimal labour productivity and the competitiveness of the region's businesses generally lags behind that of their counterparts in other Metro-Regions across the country. This means that demand for labour, regardless of skill-levels, is lagging relative to Chicago's metropolitan peers.
- *Demand is mismatched with supply.* Significant restructuring of the region's economy over the past twenty years has transformed the demand for skills, making it more difficult for low-skilled workers to find employment in more knowledge-based, innovation-driven, growing sectors. Despite the higher-than-average levels of educational attainment in the region, chronic low graduation rates from the region's public post-secondary educational institutions, particularly community colleges, slows the upgrading of the region's workforce. If growth in high-skilled occupations significantly outpaces growth in low-skilled occupations, this mismatch of skill supply and demand is likely to worsen.

As highlighted in Chapter 1, given the numbers of high-skilled graduates produced by the region's universities, the evidence of a skill shortage among high-skilled labour may indicate that the Tri-State Region is facing an attraction issue, a mismatch between the nature of the skills being supplied by the region's universities and the nature of the region's demand for high-skilled labour, or both. If high-skilled labour trained in the region is leaving, it is because they cannot find meaningful employment in their field in the region, causing them to migrate to regions that can offer them such employment. If exogenously trained high-skilled labour is not moving into the region in sufficient numbers to fill the labour shortages, the region needs to examine why: is it a cost-of-living issue? Does it have to do with the nature of the employment on offer? Key

stakeholders involved in workforce development in the Tri-State Region should focus on examining the issues associated with *attraction* and *retention* of high-skilled labour in addition to its *formation* in the region.

While high-skilled labour issues are vitally important to understanding what sustains innovation-driven growth, this chapter will focus primarily on low- and medium-skill formation because workers in these occupations represent the bulk of the Tri-State Region's workforce; they face the most severe challenges in finding meaningful work leading to a satisfying career, particularly in manufacturing, and because it is these workers who are likely to be the least mobile – thereby representing a perennial policy challenge to the region's public and private stakeholders. In addition, local responses – in terms of education, training and active labour market policies – are most likely to be efficient in addressing this issue. That said this chapter does address the skills mismatch issue with advice that is applicable at all skills levels.

The chapter begins by providing a picture of the labour market in the Tri-State Metro-Region. It continues, in section 2.2 with an overview of the major programmes, players, and the policy co-ordination among them.² Section 2.3 then turns to the supply-demand mismatch. Finally section 2.4 looks at how the co-ordination of workforce development efforts could be improved.

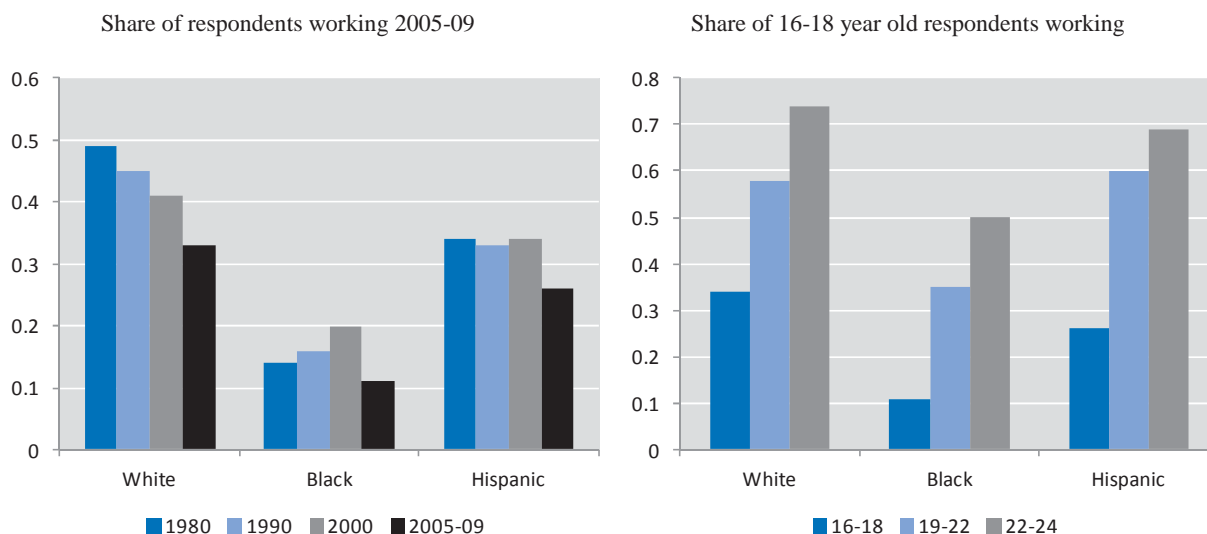
2.1. The region's workforce is ageing and fragmented

Between 2000 and 2010 the Tri-State Region saw a decrease in both its labour force and its employment rate. In 2009, the unemployment rate for the Chicago Tri State metro area, which had been increasing since late 2006 jumped sharply from 4.9% to 10%. During this period, the total number of unemployed rose from 217 350 to 487 453. Unemployment in 2010 rose further to 10.2% and the total number of unemployed increased to 496 036. (Bureau of Labor Statistics). In the seven months following the financial crisis (between October 2008 and May 2009) the unemployment rate in the city of Chicago rose from 7 to 12% – an increase of 70% (Weigensberg, *et al.*, 2011). However, these labour market trends cannot adequately be understood looking at aggregate figures; employment patterns across categories – in terms of age, education and race – are strikingly heterogeneous in the Tri-State Region.

The proportion of young people in work has been falling over the past 30 years. This is, in part, driven by an increase in enrolment in education among this age group. However, the disparate employment trends prior to the crisis, among White, Hispanic, and Black 16-18 year olds (Figure 2.1), suggest that the crisis may also be a driver of falling employment rates among Hispanic and Black youth.

Disparities by race manifest themselves, in the Tri-State Region, in differential labour market experiences. The roots of these different experiences, however, extend far deeper; race, in the Tri-State Metro-Region, is systematically associated with affluence, educational opportunities, and location (Chapter 1). Employment rates among Black males have reached lows of 49.8% and have remained consistently below employment rates among White and Hispanic males. Hispanic males have maintained the highest employment rates, remaining at or above 75% in the 20 years prior to 2009 (Census data, Weigensberg, *et al.*, 2011). Employment rates among women have, on the whole been lower (fluctuating around 50-55%), but exhibit smaller imbalances along race lines.

Figure 2.1. Chicago employment patterns by age and race



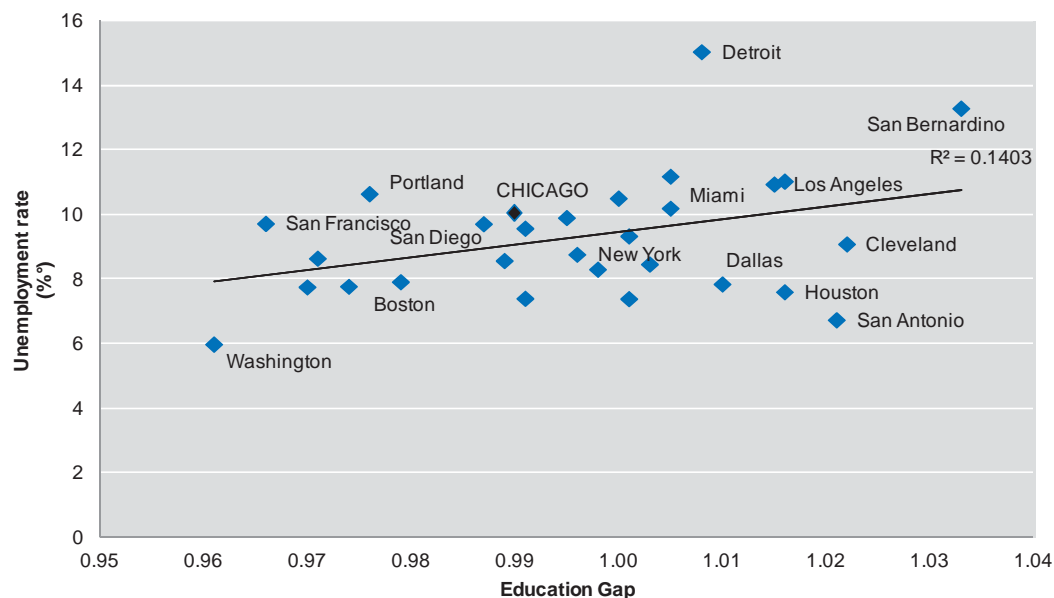
Source: US Census data, Weighted ACS, (1980, 1990, 2000, 2005-2009); (Weigensberg, *et al.*, 2011).

In other words, in the region, ethno-cultural minorities, in particular African-Americans are underemployed; they face greater barriers in acquiring quality basic education, are incarcerated at higher rates, and achieve lower educational attainment than their non-African-American neighbours. In addition, many low-skilled African-Americans find themselves living in geographically concentrated areas of the Tri-State Region that are underserved with respect to basic public educational, housing, transit and health services. As a result, key parts of the region’s talent pool are being wasted.

Skills are generally understood to be a combination of formal training and the experience required to perform a job effectively. Referring to the tacit knowledge transferred between individuals or through training mechanisms administered inside firms, the experience component of skills is difficult to measure. As a result, skills mismatch analyses often concentrate on years of formal education and thus refer, in fact, to an education gap, understood as the extent to which demand for certain type of educated workers exceeds the supply of those workers in a particular labour market (Rothwell and Berube, 2011).³

As expected, the US metro-areas with larger “education gaps” – shortages of educated workers relative to employer demand – tend to display higher unemployment rates than other metro-areas. The years of education demanded by the average US job grew slowly but steadily from 2005 to 2009 and slightly surpassed growth in educated labour supply during the recession (Rothwell and Berube, 2011). In 2009, Chicago ranked 29th among the 100 largest metropolitan regions in the United States with an educational gap of 0.99. In other words, the typical worker in the Tri-State Region has enough formal education to do the average job in the region. This suggests that the region has, on average, a better labour market balance in terms of supply of skills than other important Metro-Regions such as Los Angeles, New York, Houston, Detroit, or Miami (Figure 2.2).

Figure 2.2. Unemployment and education gap, 2009



Note: The education gap is defined as the extent to which demand for educated workers outstrips the supply of those workers in a given regional labour market. This education gap is calculated as the years of education required to do the average job in a metropolitan area divided by the average working-age person in that metropolitan area. Values of the education gap above one signal an insufficient supply of educated workers in the regional labour market relative to demand. Values below one indicate that the average typical worker has enough formal education to do the average job (Rothwell and Berube, 2011:3).

Source: OECD calculations using data from Rothwell J. and A. Berube (2011) “Education, Demand, and Unemployment in Metropolitan America”, Brookings Institution, Washington, DC in combination with information from the OECD Metropolitan Regions Database.

However, despite the apparent balance between skills supply and demand for the average job available in the Tri-State Region, such figures mask, to some degree, the realities of the local labour market. The labour market in the Tri-State Region is characterised by a large number of people who have not completed high school and individuals who have had limited access to quality education, who co-exist with a pool of highly skilled, highly educated workers.

2.2 The training system: multiple programmes and players with little policy co-ordination

The workforce development infrastructure in the Tri-State Region is characterised by a wide variety of public and private programmes geared towards preparing youth and adults to enter the workforce or to upgrade their skills. These programmes tend to focus on the provision of the following services: adult or youth education, job readiness and/or job placement, supportive services, vocational training and career-related information. Service recipients vary greatly depending on the programme, and whilst federal policy or state law often establishes participation criteria, there remains flexibility at the local area regarding precise criteria.⁴

A multiplicity of programmes

Federal impact on workforce development is primarily channelled through programmes administered under the Workforce Investment Act (WIA). The WIA, passed in 1998, has decentralised the administration of training programmes (beyond existing decentralisation of its predecessor, the JTPA) so that, following the establishment of broad programme parameters by the Employment and Training Administration (ETA) of the United States Department of Labor (USDOL), the strategy and provision of local services is left to state and local agencies. The WIA programmes target three population groups: disadvantaged adults, dislocated workers and youth offering job search assistance, occupational training, and educational opportunities. These three programmes have performance goals of job attainment, job retention, earnings and educational attainment for youth.

WIA programme funds flow from the federal government through the states to the local Workforce Investment Boards (WIBs) that administer the programmes in their jurisdictions and contract with local organisations to provide services. The 21-county region is served by thirteen WIBs who typically contract with local community colleges, local secondary school districts and private companies to provide training. Additionally, states can enter into contracts with institutions of higher education, such as community colleges, or other eligible training providers to facilitate the training of a group of individuals in high-demand occupations.

The workforce development programming “ecosystem” in the 21-county region is as complex as it is fragmented (Figure 2.3). This creates great challenges for policymakers and those delivering services as well for those who are the intended beneficiaries of the workforce system.⁵ While WIA services are structured around the “one-stop” delivery model, not all programmes are delivered in this manner. For example, a recent inventory of workforce development programmes tallied 83 separate programmes for residents of the City of Chicago alone.⁶ Of these, the City of Chicago administers 39 – through a combination of 13 city agencies working with counterparts at both state and, in some cases, federal level.⁷ A further 41 programmes in Chicago are administered by the state of Illinois – primarily through the state Department of Employment Security and the Department of Human Services (though 8 other state departments are also involved).⁸ The remaining three programmes are administered by the USDOL, either directly by federal employees or through contractors.

On top of this complexity in federal, state and local government funded programmes, many distinct private initiatives do not rely on government funds. Many non-profits, relying on foundation funding or direct fundraising add a further element of fragmentation to the workforce development ecosystem. A 2007 study revealed that in southeast Wisconsin alone there are a total of 85 public and non-profit entities providing workforce development and training services (Helen Bader Foundation). In Illinois, the agencies engaged in workforce development (other than education) are the Department of Commerce and Economic Opportunity (Workforce Investment Act and other state-funded job training initiatives), the Department of Employment Security (labour market exchange) and the Department of Human Resources (welfare-related programming). In Wisconsin and Indiana, the lead agencies are each state’s Department of Workforce Development. Indiana provides welfare-related services through the Family and Social Services Administration. Wisconsin provides welfare-related services through the Department of Children and Families.

Local contracting, of both private NGOs and companies, can be a necessary part of ensuring that policies are tailored to local needs and access. However, in the absence of clearly defined and delineated roles and responsibilities, the plethora of subcontractors engaged under Federal and Chicago City funding risks further complicating the system and the sheer number of “doors-to-go-to” risks undermining the success of any one initiative. A recent attempt to incorporate local actors into a system-wide programme in which responsibilities are clearly demarcated is currently being rolled out in the UK.

Box 2.1. UK prime contractor model: a unified view utilising local knowledge

Support in a single programme: ‘The Work Programme’, the recently launched initiative by the UK coalition government, is an attempt to bring together a range of employment support services previously provided to unemployed people under several different contracted employment programmes. The policy represents an attempt to develop a single nationwide programme that allows for a locally tailored approach that will enable workforce development to remain flexible to local conditions. It is hoped that by bringing support together into one programme the policy will reduce the confusion stemming from a host of programmes whilst saving money on transaction costs by having a single tendering process.

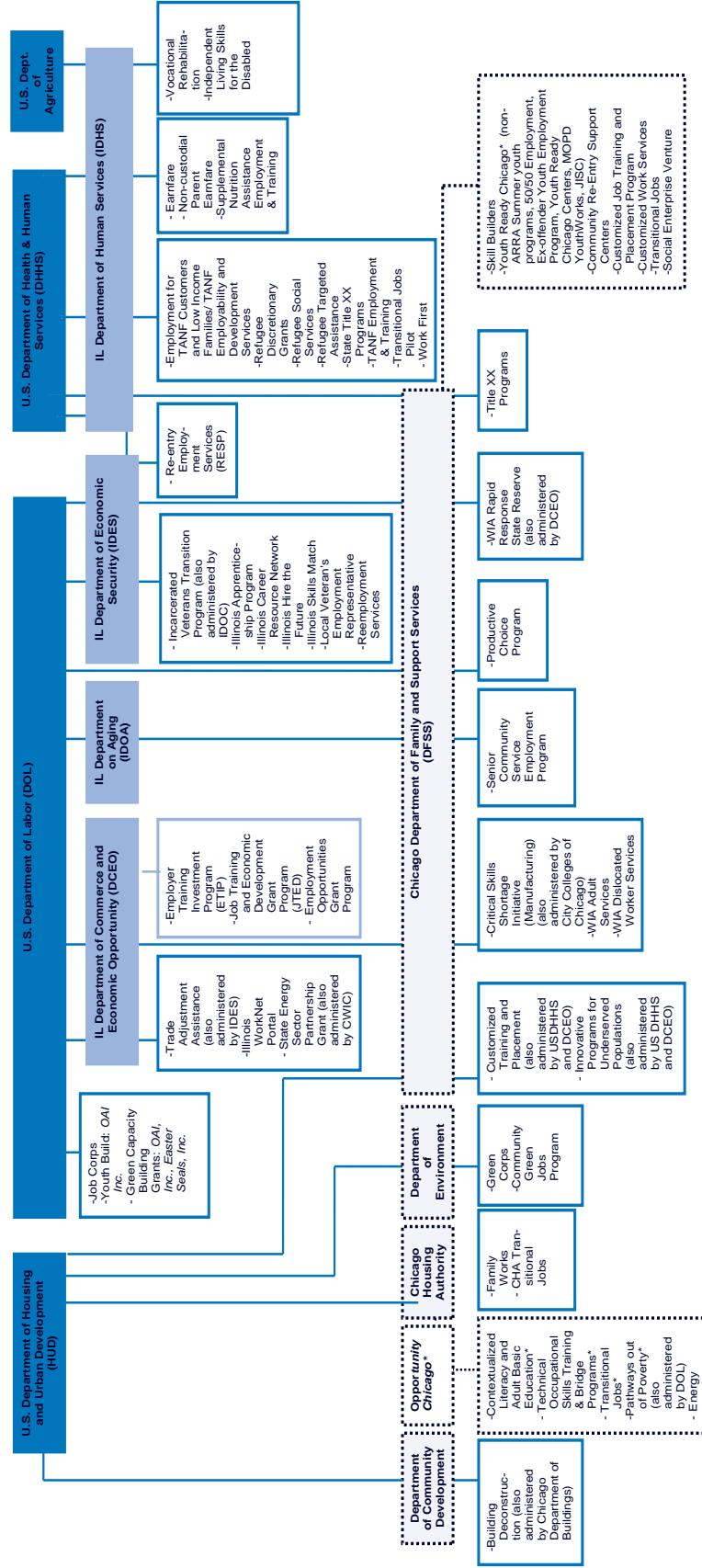
Local Flexibility: The Work Programme has divided the UK in to 18 ‘package areas’. In each area there are at least two prime providers contracted to deliver services across the locality. Each prime contractor will work with local organisations of all sizes from the public, private and voluntary sectors. By working with local partners, the work programme hopes that prime contractors will be responsive to local circumstances and ensure flexibility and the ability to integrate with local services. To ensure that the level of community involvement is commensurate with the needs of the work programmes customers, details of the delivery partners and subcontractors with whom prime contractors intend to work have been a critical element in the assessment of their initial contract bid.

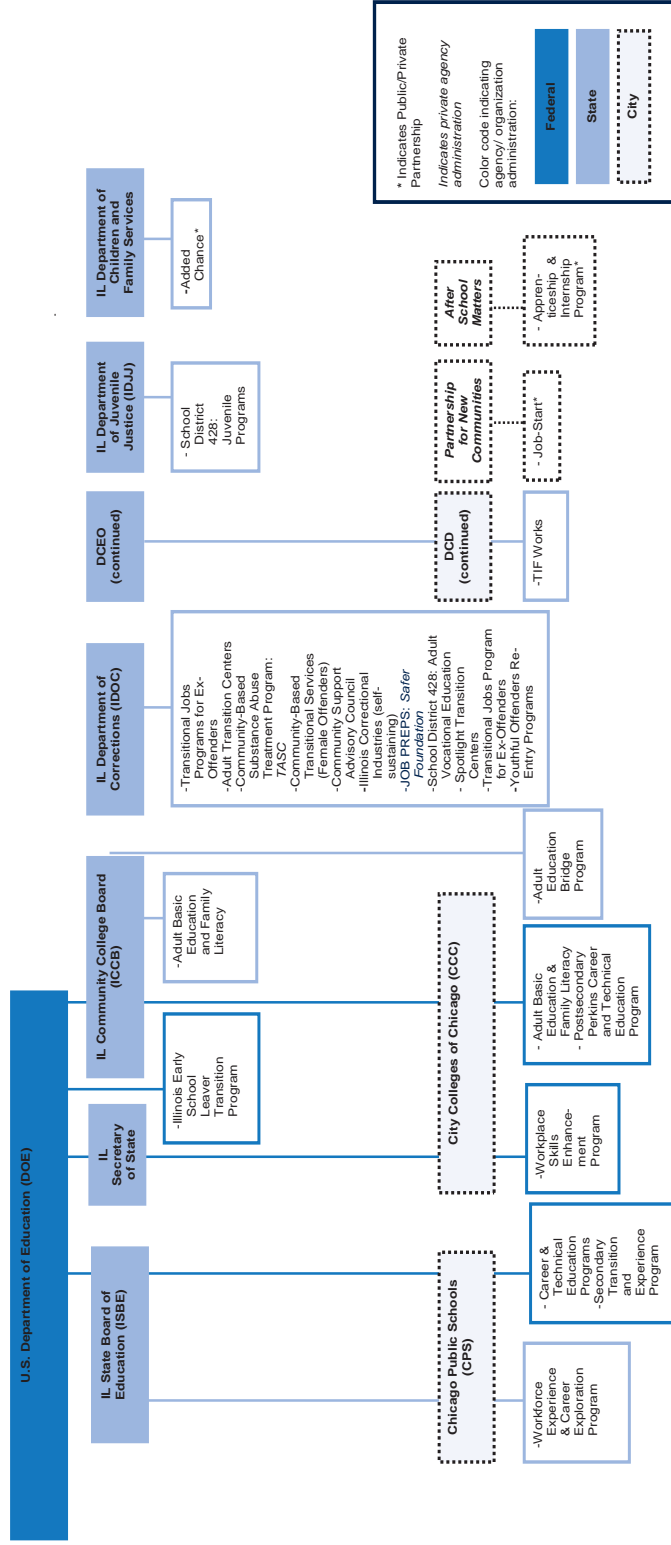
Local costs and competition: The cost of delivering the programme is likely to differ between locations due to differences in local employment conditions, cost of access, distances to travel. The locality specific bidding will enable providers to factor local markets. Furthermore, by providing multiple contracts within a locality ‘The Work Programme’ aims to avoid local monopolies. By shifting market share to providers that perform best the hope is that, not only will ongoing competition between providers drive up performance and keep costs down but, over time, a larger proportion of individuals will be served by the most effective providers.

Local Knowledge: In the belief that local level providers have more information than the government regarding what is likely to work in their area and given their local clients, the UK Government has adopted a black box approach. That is, they do not specify what providers should deliver; instead they set minimum performance levels and pay contractors according to their results.

The majority of financial support for these workforce development programmes comes from federal and state governments (though some are supported by large public-private-partnerships), and they are currently facing severe budget constraints as fiscal consolidation imperatives force federal funding cuts, while state and local governments do not have the means to make up the difference.⁹ The USDOL provides about a third of the federal funds for worker training, while the federal Department of Education funds the rest – primarily through educational reimbursement to individuals.¹⁰ Over the past decade, federal funding from USDOL has been reduced year after year, and the current federal and state fiscal situation ensures that funding will, almost certainly, be reduced even further.¹¹

Figure 2.3. Tri-State Region workforce development system maps

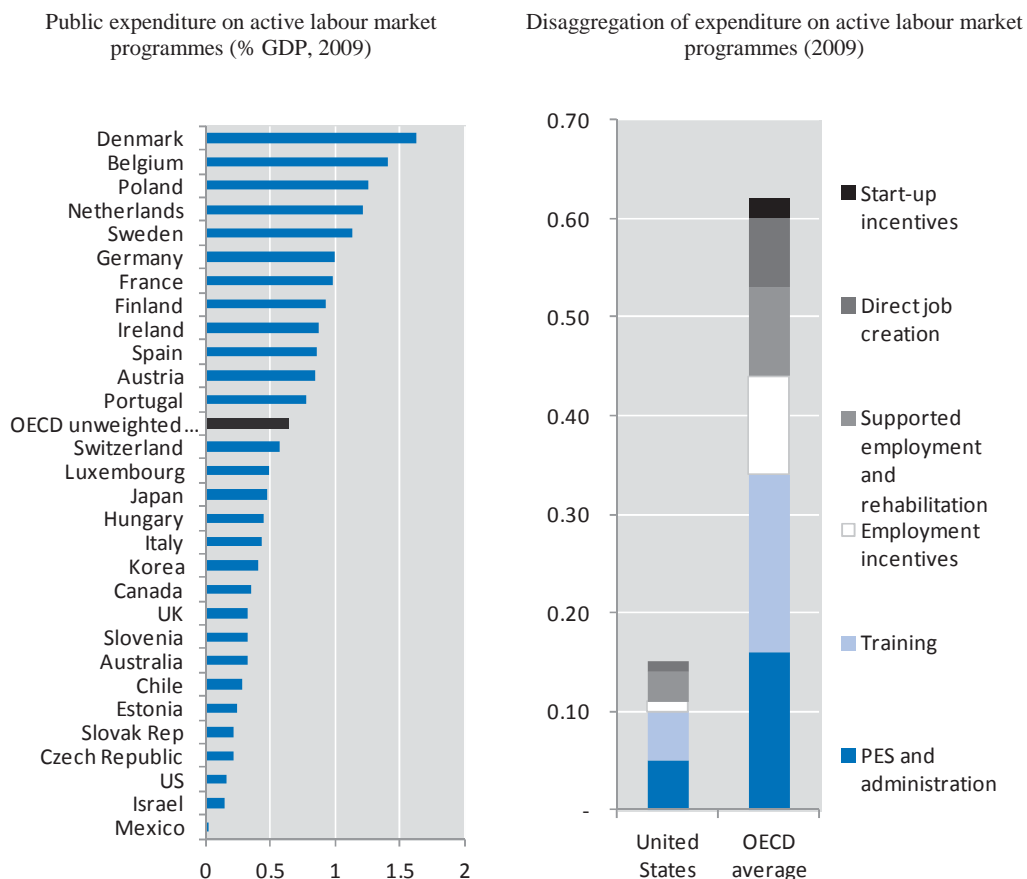




Source: Chapin Hall at the University of Chicago (2010) "Chicago Workforce Development Programs: System Map and Inventory", Chapin Hall at the University of Chicago, Chicago, IL, US, www.chapinhall.org/sites/default/files/Chicago_Workforce_Programs_Report_091610_print.pdf.

With public expenditure on labour market programmes at just 1.17% of GDP in 2009-10, the US ranks among the lowest spending in this area of OECD countries (Figure 2.4). In addition the US spends significantly less on employment incentives, start-up incentives and direct job creation than the OECD average, spending only 0.16% of GDP – just over one quarter of the OECD average – on Active Labour Market Programmes (ALMPs) (OECD Employment Outlook, 2011). Whilst this does not take into account private investments in workforce development, it can mean that small, publicly funded, labour market programmes are hard to scale up in response to labour market shocks. Indeed, where the OECD (unweighted) average of public expenditure on ALMPs increased from 0.5% to 0.62% in response to the crisis (between 2008 and 2009), the US response was to increase spending on ALMPs from 0.13% of GDP in 2007-08 to 0.18% in 2008-09.¹²

Figure 2.4. Expenditure on active labour-market policies

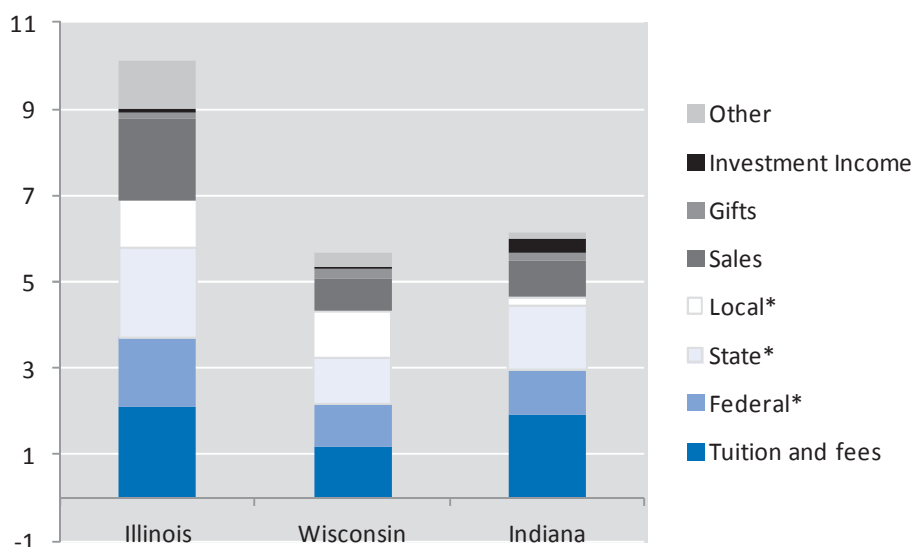


Note: definitions are based upon the OECD statistical database and may differ from country to country. That the US appears to invest no expenditure on start-ups refers to federal level funding, and does not imply that start-ups are not covered as part of other programmes.

Source: OECD (2011), OECD Employment Outlook 2011, OECD Publishing, Paris.

A large part of funding for primary and secondary education comes from local property taxes imposed by local school districts subject to state law and local referenda. Local property taxes also provide much of the non-tuition funding for community colleges in Illinois and technical colleges in Wisconsin. Ivy Tech, the largest state-wide community college system in the US, receives support from the State of Indiana. However, state support varies across the Tri-State Region (see Figure 2.5). Furthermore, the absence of strong state support leads to substantial inequalities in educational funding across the Tri-State Region. The other major funding source for public education is tuition fees (see Figure 2.4 above), in privately funded institutions student contributions make up an even larger proportion of funds (see Figure 2.5 below). Tight budget constraints and varying levels of provision is likely to have an impact on the quality of services and reduce the access by low- and middle-income students as higher tuition fees put higher education out of their reach.

Figure 2.5. Funding breakdown of publicly funded US colleges and universities, 2010

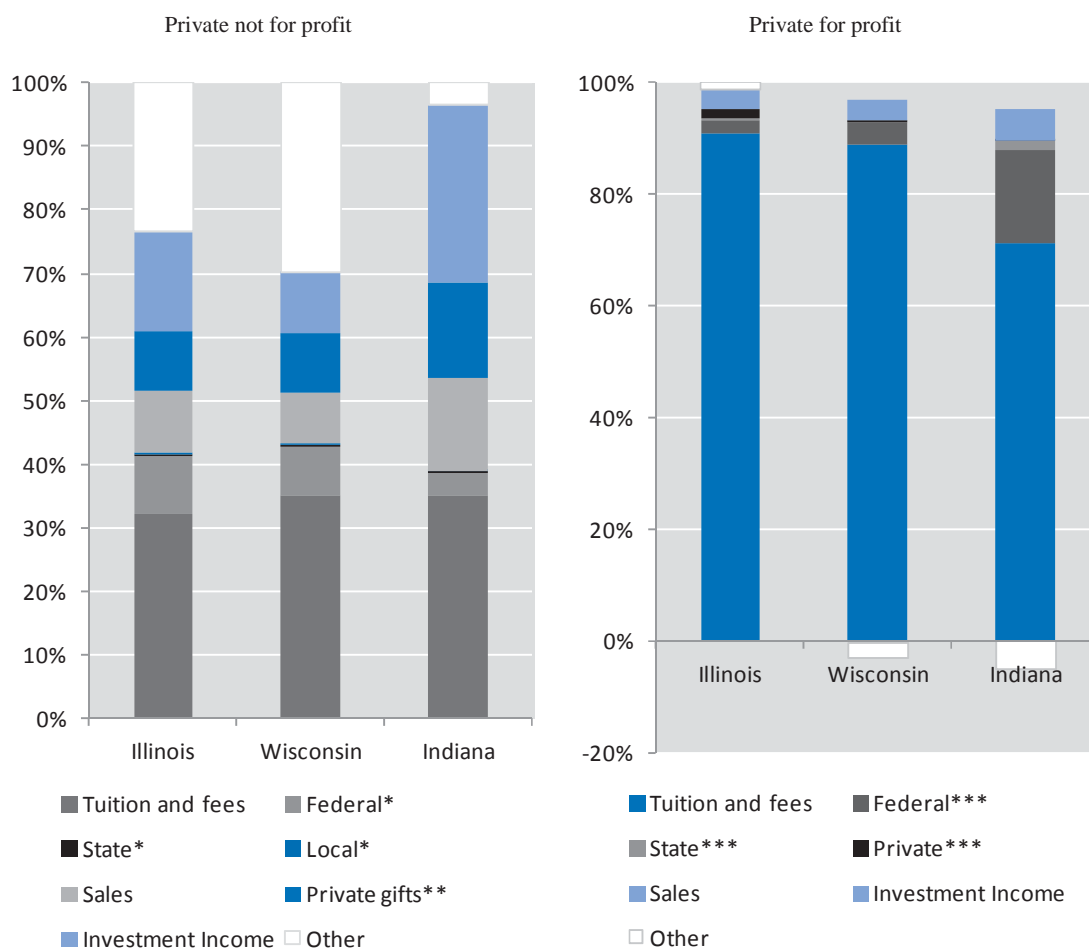


* Operating, non-operating and appropriations

Source: OECD calculations based upon data from Centre for Policy Analysis, American Council for Education.

In a crisis environment, workforce support systems to provide training and job-search assistance are essential. At the same time, budget cutbacks risk reducing the number of people who can receive such assistance. During the first quarter of 2010 only 215 000 individuals *nationwide* received training from USDOL funding,¹³ while 440 000 people were unemployed workers in the Tri-State Region alone. Not all unemployed workers will require re-training, but as time passes the unemployed will increasingly need to retool as their skills atrophy while the economy restructures. In the context of tight budgetary realities and this substantial demand for training, it is of upmost importance that workers are flexible enough to take advantage of new opportunities as the economy picks up. In practice this will mean that workers have sound basic and transferable skills to build upon and that a dialogue with business enables training to respond quickly to business requirements as they emerge.

Figure 2.6. Funding breakdown of private US colleges and universities, billion, 2010



* Appropriations and grants.

** Private gifts, grants, contracts and contributions.

*** Appropriations, grants and contracts.

Source: OECD calculations based upon data from the Centre for Policy Analysis, American Council for Education.

A multiplicity of actors are involved in a comprehensive skills policy framework (Table 2.1), horizontally – government, academic institutions, and social partners (including industry and community groups) – and vertically – throughout the levels of government, and the various stages of education. Over the fifty years since the USDOL began financing public training programmes in the US, the evolution of delivery has endowed local workforce investment areas with increasing autonomy over the design of the workforce strategy and the delivery of services. As a result regional players are taking on an increasingly determinant role in achieving workforce development outcomes in the regions they serve.

Table 2.1. Actors involved in skills policies

	Government	Social Partners	Individuals	Other
Training and Education	Education Ministry (schools) Labour Ministry (VET) Science, Technology and Innovation Ministry (HE) Municipalities Local government	Employer Organisations Trade Unions Firms	Students Apprentices Mentors	Schools Universities Providers
Information Exchange	Education Ministry Labour Ministry	Sector Skills Councils Employer Organisations Trade Unions Firms	Mentors	Career guidance services
Support Services	Social Policy Ministry Family Ministry Labour Ministry			Communities NGOs Career guidance services

Source: OECD (2011), Towards an OECD Skills Strategy.

The decentralisation of workforce development programme delivery in the United States is as positive as it is crucial to achieving policy outcomes effectively. In many OECD countries policy implementation is highly centralised, with decision-making in the fields of employment and skills often managed by the central government. This means that local partnerships and local strategies can be largely meaningless, if participants are not able to influence the implementation of mainstream programmes and policies. In a study of 11 OECD countries, Froy and Giguère (2010) found that policy flexibility is the most important factor influencing local policy integration. However, the achievement of local flexibility does not necessarily imply political decentralisation – indeed flexibility at the local agency level is sometimes higher in centralised systems – but governments allow sufficient latitude when allocating responsibility for designing policies and programmes, managing budgets, setting performance targets, deciding on eligibility, and outsourcing services. Greater flexibility requires that local actors take more responsibility, which may imply a need for capacity-building and the creation of new mechanisms of accountability. Such decentralisation provides an opportunity for strengthened partnerships at the local level to enable the provision of skills at the local level; however, it also risks a degree of complication regarding the number of actors involved in service delivery.

The 21-county region is served by 13 workforce investment boards: eight of the nine workforce investment boards in Illinois, three in southeast Wisconsin, and one workforce investment board in Indiana. The nine boards in Illinois and their administrative staff work together through a consortium, the Workforce Boards of Metropolitan Chicago. Southeast Wisconsin workforce boards have not established a comparable consortium, but they have successfully collaborated in receiving a Workforce Innovation and Regional Economic Development (WIRED) grant through the US Employment and Training Administration. The State of Indiana has been aggressive in aligning local workforce areas with regional economic development areas.

Recent action by the US Congress allows state governors using money from the Workforce Investment Act to set aside a maximum of 5% (previously 15%) of allocated

funding for discretionary purposes and state administrative expenses. The state may use these funds to target incentives towards system innovation and inter-workforce area co-operation as well as target some added resources to areas of acute need. The states also work closely with local workforce agencies in addressing large plant closings and in securing additional funds through national emergency grants to address employment dislocations created by economic and natural disaster emergencies.

Local WIBs are to some extent held accountable through performance measures developed by the USDOL. Indeed local and state workforce agencies are monitored by USDOL through audits of selected programmes. For each programme year, the state negotiates goals for each WIB on such key measures as entered employment rate, retention rate and earnings level. Each state sets these goals for their WIBs after negotiating their own goals with the USDOL. The procedure is to set goals that reflect the prevalent labour market conditions and the qualifications of those looking for work, as well as to factor in a margin of continuous improvement for the system.¹⁴ While not a direct evaluation of the impact of the programmes they administer, the measures do provide a benchmark of performance. For instance, in 2009, the Chicago WIB met or exceeded the six goals for both its adult programmes with almost 73% of their people exiting their programmes finding a job, and over 73% retaining that job. The Dislocated Worker program was also successful in achieving outcomes within the target range of the goals.

Other actors engaged in the workforce development programmes include the delivery agents of a host of programmes; their funders and administrators in numerous agencies from various levels of government and finally post-secondary educational institutions – either through direct enrolment in the colleges and universities, or through providing the training services to those enrolled in workforce programmes. The multitude of actors involved in workforce training and development is driven, in the first place, by the large number of workforce development programmes and concomitantly large number of actors involved in their administration. The fact that the functional region crosses state lines further increases the complexity of the system, as it necessitates the involvement of numerous additional actors.

Limited policy co-ordination; limited region-wide performance indicators

Straddling state boundaries, the Tri-State Region operates in the context of a large number of governmental jurisdictions, many of which pursue distinct, often unco-ordinated economic development initiatives to promote growth. Whilst the success of workforce programmes hinges heavily on co-ordination within the functional region, states typically pursue their own workforce (and economic) development strategies, and there is little co-operation to co-ordinate these efforts (see Chapter 6 on Governance). Indeed, the environment to attract economic development projects is highly competitive between the three states making up the Metropolitan Region.¹⁵ Even within single states, the workforce and economic development systems do not match up seamlessly. In the Milwaukie area, for example, the misalignment of jurisdictions across related functions – such as planning, economic development, workforce development, and higher education – have further hindered the development of a cohesive economic and workforce development strategy.

An important question facing the Tri-State Region is how to connect these players and programmes and create a co-ordinated policy landscape. Improved coherence will be vital if organisations are to communicate and collaborate in order to make their work

more effective and to render the regional labour market more responsive to the needs of business and workers. Although individual local workforce agencies, such as the Chicago Workforce Investment Council, have promoted greater co-ordination in communication and policies among stakeholders, these efforts do not extend to the functional labour market of the Tri-State Region. CWICstats, likewise, is intended to co-ordinate fragmented data across various agencies for assessing performance and for conducting research and evaluation, but it, too, by virtue of its local sponsorship, is limited in scope to a portion of the Tri-State Region. The current lack of co-ordination inhibits the efficiency with which scarce regional resources can tackle the large and growing skills mismatch.

In addition to a lack of policy co-ordination across state lines, data and performance indicators providing a true region-wide snapshot of workforce development issues and the impact of programming on addressing them are virtually non-existent (see Chapter 6). To the extent that policy design and implementation are best based on accurate and reliable data and performance metrics that address the functionality of the region, the key public and private stakeholders across the Tri-State Region – indeed in the 21-county area – should focus on this issue as a top priority (see Chapter 6).

2.3. The result: a mismatch between skills supply and demand

The sheer number of players involved in skill development in the Chicago region makes for a fragmented approach in which co-ordination and communication among educational establishments including secondary school systems, community colleges, technical schools, and public and private universities is highly limited and institutions and programmes often operate independently of one other, despite sharing similar goals. Lacking a co-ordinated counterpart on the supply side, those that demand skills – both potential employees and employers – are unable to gain what they need from the system. This may be one factor behind the significant dropout rates that characterise the higher and tertiary educational establishments. Some steps have been taken in parts of the 21-county region. The Greater Milwaukee Committee has launched the “Milwaukee Talent Dividend.” These efforts include business, higher and secondary education, economic and workforce development agencies as well as chambers of commerce and not-for-profit organisations. They will collaborate on talent development initiatives designed to address the known skills gaps in the region and that will close the gap between supply-side talent and demand-side requirements.

Poor quality of mid-level skills

Community colleges (technical colleges in Wisconsin) provide two-year higher and lower-level tertiary education courses, following which some graduating students transfer to four-year universities for two to three years to complete a bachelor’s degree. The Illinois portion of the 21-county region is served by 13 independent suburban community colleges and a system of seven community colleges in the City of Chicago under the City Colleges of Chicago. Similar services are provided by a combination of four technical college districts in Wisconsin and the Ivy Tech system (with several campuses) in Indiana. The colleges in each of the states also offer a large number of non-degree certificate programmes that are not taken into consideration in traditional metrics. Illinois also operates its adult education programme through its community colleges, enabling adults to earn their high school equivalency degree. The Wisconsin technical colleges

administer the state's apprenticeship programmes, which were first established in Wisconsin in 1911.

Outcomes for students in Career and Technical Educational (CTE) institutions appear to be slightly more encouraging than outcomes in the Chicago public school system as a whole: across the district CTE course-takers have a slightly higher 4-year graduation rate and lower drop-out rate compared to all Chicago Public Schools (CPS) students (Unpublished analysis of Chicago Public Schools Data on Career and Technical Education, Chapin Hall, 2012). Of the 100 000 high school students served by the CPS, about 20% participate in CTE programmes, which provide them with industry-focused technical instruction and work-readiness preparation. The district currently offers 300+ vocational programmes spread across 70 city schools. Clear and simple qualifications frameworks help employers understand the value and level of a qualification and facilitate the match between employers and potential employees. Conversely a multitude of qualifications and titles complicate the hiring process for employers and have little value for the individual in the labour market. In such cases the plethora of vocational qualifications means little to employers because the value of those qualifications is not transparent (OECD, 2008).

To address the fragmentation of Chicago's CTE programmes, and the concomitant lack of efficiency, a recently announced overhaul will consolidate vocational programmes into 80 higher quality programmes in 35 schools with better trained staff, more focused curricula and more opportunities to earn vocational credentials in addition to a diploma. It is hoped that these changes will prepare graduates to enter those "middle-skill" careers that are currently facing labour shortages. Only 25% of Milwaukee-area high school students enrol in CTE course offerings. While enrolment is depressed principally because of the elective status of CTE courses in the standardised state curriculum, participation has been linked to an increased likelihood of completion, with CTE participants in Milwaukee public schools reporting an 85% graduation rate as compared to 67% district-wide in 2009.

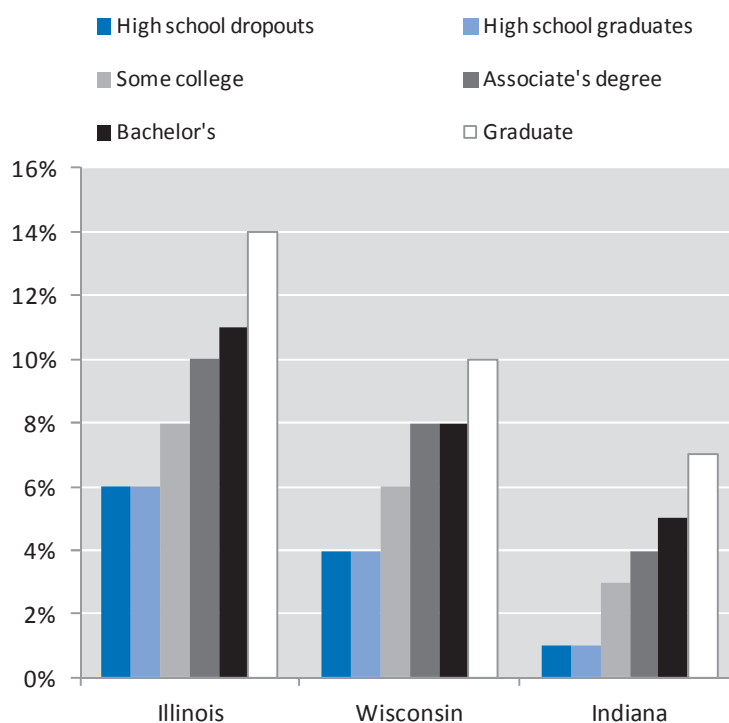
In Illinois, recent efforts at greater co-ordination across educational institutions and between levels of educational institutions may not be leading to a greater streamlining of curriculum offerings that is so badly needed in the region. These efforts are focused horizontally on the Illinois Community College Board (ICCB) and vertically on the P-20 Council, made up representatives from business, teachers, unions, faculty, school boards, parents' groups, private colleges and universities, community colleges, private foundations and state education and workforce agencies in Illinois. The ICCB, established in 1965, is a system of locally initiated and administered comprehensive community colleges. It covers the entire state with 48 colleges, and one multi-community college centre in each of 39 community college districts. The ICCB has the potential to reduce duplication of course offerings among community colleges in Chicago; to fill gaps in instruction and certification programmes; to offer a standard curriculum for various certification programmes; and to work closely with four-year public universities to provide a seamless transfer of credits. There is little evidence, however, that the ICCB has taken on this potential role.¹⁶ Vertical co-ordination efforts within the state are focused on the P-20 Council, established in 2008 to improve the alignment of education systems, from preschool through graduate schools, to ensure that individuals are not left behind by the education system.¹⁷ Equally, little evidence exists to suggest that so far this alignment is producing results. That said the P-20 council was only established in 2008. In Wisconsin, the degree of industry advocacy in vocational/technical education is significant as each programme area is monitored by an industry advisory board, which

reports on industry skills needs and makes recommendations on curricula. This model has been in place at both the state and local levels since 1961.

Skill demand not being met

Currently, only 36% of residents age 25 to 64 in the Metro Chicago Tri-State region hold at least a bachelor's degree (Source: 2006-2010 American Community Survey, 5-Year Estimates, US Census) while a recent study conducted by Georgetown University anticipates that 64% of jobs in Illinois will require a post-secondary degree by 2018 (Figure 2.7). Indeed, growing at 14%, 10% and 7% in Illinois, Wisconsin and Indiana respectively, those jobs requiring a graduate degree are expected to grow the fastest in percentage terms over the coming years (Carnevale and Smith, 2011). According to the Wisconsin Department of Workforce Development, 29% of all southeastern Wisconsin residents hold a college degree, whereas 31.5% of all jobs in Wisconsin will require some post-secondary education in 2018.

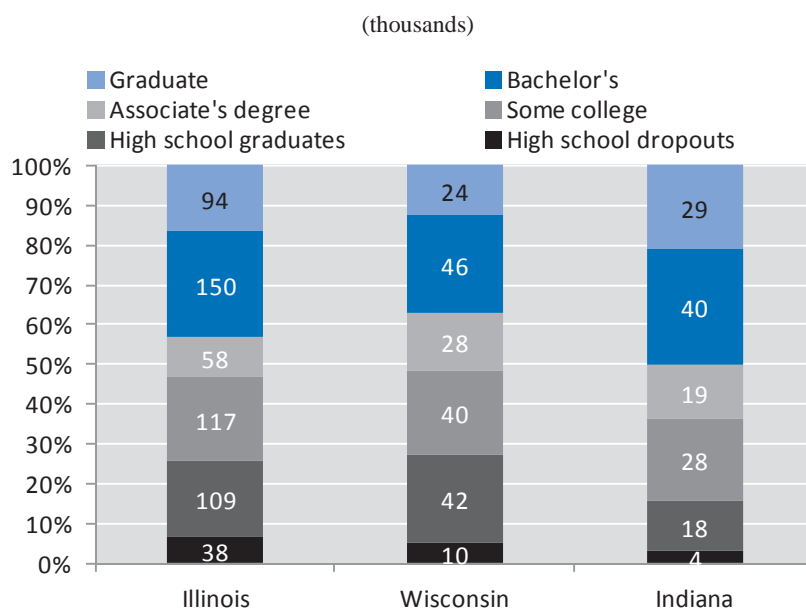
Figure 2.7. **Percentage change in educational demand, 2008-18**



Source: OECD, based upon data from Carnevale and Smith (2011).

However, the small increase in low and medium skilled jobs in percentage terms does not indicate that there will be no jobs demanding such skills in the future. Indeed, jobs which do not require a post secondary degree will account for 26%, 27% and 16% of new jobs in Illinois, Wisconsin, and Indiana, respectively (Figure 2.8). If employees currently in low skilled jobs up-skill and undertake on-the-job training to pursue meaningful career pathways there will still be labour demand at the lower end of the skill spectrum.

Figure 2.8. Educational demand by new jobs created, 2008-18



Source: OECD, based upon data from Carnevale and Smith (2011).

In the absence of placement rates, an indication of the mismatch between business needs and college output is provided by a recent summit on the healthcare industry, commissioned by the Workforce Boards of Metropolitan Chicago (WBMC),¹⁸ which identified 32 occupations experiencing skill shortages (Box 2.2). Furthermore, the results of a survey administered among clinics/medical groups, long-term care facilities and acute-care hospitals found that more than 90% of the long-term care facilities and acute-care hospitals cited a “small labour pool” as a major obstacle to recruitment. Similarly, a manufacturing summit two years later found that, despite the declining trend in manufacturing jobs in the region, firms complained of a shortage of skilled workers.¹⁹ Clearly, there are mismatches between the skills that employers need and the focus of education and training programmes. Ironically, this is particularly true in fast-growing industries, because education and workforce development programmes do not adapt quickly enough to changing business needs (CMAP, 2010).

Convening the key stakeholders and comparing business demands with workforce providers’ supply, the WBMC has made a useful start towards highlighting the need for a link between skill supply and demand. Yet WBMC summits, whilst useful, lack the necessary scope and continuity for regional policy going forward. The Tri-State Region will require co-ordination across a host of critical industry clusters. Rather than one-time studies which provide a static picture of skill shortages and will periodically require updating, it is important to set up channels through which training institutions and industry can continue a constant dialogue regarding the needs, techniques and equipment necessary for targeted skill upgrading. True region-wide co-operation is crucial: currently, CPS, the Chicago City Colleges, CWIC and the state of Illinois all have business advisory panels that assist public agencies in developing relevant programming and curricula. Rather than duplicating these efforts, true co-ordination between these actors would make much sense.

Box 2.2. Healthcare worker shortages

As the population ages and people live longer, the demand for healthcare steadily increases. The US Census projects that between 2000 and 2030, the number of people between the ages of 65 and 84 will more than double, while the population of 20-44 year olds will increase by only 10%. Currently, the Chicago region experiences critical shortages for registered nurses, licensed practical nurses, technicians and technologists, therapists, medical record clerks, and certified nursing assistants. At the same time many other healthcare jobs are low-paying low-skill jobs (this is particularly true in assisted living facilities, nursing homes, and some private practices) and employees working in these positions are often keen to seek training to qualify for the more skilled positions in which the region's experience shortages. This career ladder approach to upskilling workers with initially little experience or skills can be positive both from the perspective of the employee – who gains access to a more meaningful career – and the employer – who benefits from reduced staff turnover and enhanced employee incentives. However, it requires a pool of entry level workers with the appropriate basic skills that can fill the positions vacated by those moving to higher paid positions.

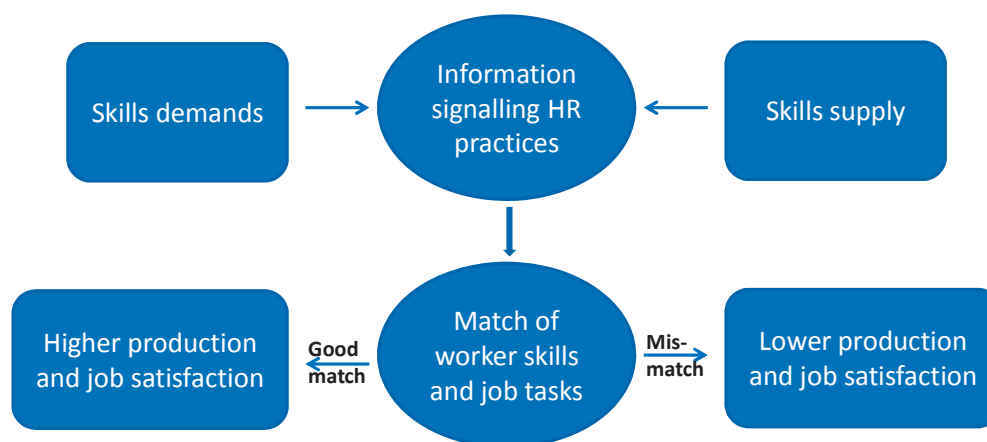
Source : Illinois Critical Skills Shortage Initiative.

Matching supply and demand – initial efforts

In the context of rapidly changing labour market demand and imprecise occupational projections, upgrading training alone is not sufficient to ensure that workers' skills are well suited to job requirements. The key is ensuring that the content of the training accurately reflects business needs across the region at all levels of business activity (Figure 2.9). In Wisconsin, co-ordination of economic and workforce development is accomplished through the Milwaukee 7 regional economic partnership. The Wisconsin governor's Council on Workforce Investment also has actively solicited input from industry leaders, economic developers and other stakeholders in order to better align workforce development efforts around industry growth sectors. A cluster-based strategy has identified four core clusters: advanced manufacturing, healthcare, data centres/distribution, and food processing. The workforce development boards are mandated to promote high-skill, high-wage positions in these clusters. In Illinois, the Northern Illinois Workforce Coalition comprised of fourteen suburban community colleges, the City Colleges of Chicago and nine local workforce boards, was organised to work collaboratively to significantly increase the number of post-secondary degrees and certificates awarded over the decade. The goals are: *i*) to graduate more than 85 thousand students by 2020, a proportionate share of President Obama's goal of 5 million additional graduates by 2020; and, *ii*) to close the skills gap in the regional workforce, including the gap between the skills that will be needed by the area's emerging economy and those of its current workforce.

The City of Chicago has called for improvements in the alignment between the city's workforce development programme and business hiring needs.²⁰ It hopes to facilitate partnerships to address skill gaps and to overhaul the system of administering Workforce Investment Act funding to ensure that it is maximally leveraged to address these gaps. The Chicago Workforce Investment Council (CWIC) will be charged with tailoring workforce programmes to the needs of Chicago's businesses, whilst at the same time preparing city residents for higher-skilled, high-demand jobs.²¹ Although this plan includes only the City, its dominance of the region will hopefully encourage other communities to follow its lead.

Figure 2.9. Matching skill supply with demand



Source: OECD (2011), *Towards an OECD Skills Strategy*.

In order to ensure that residents are equipped with the necessary pre-requisites to benefit from business training, CWIC has proposed a strategy targeting two groups. The first “Complete the Degree Chicago” (the official name of the “Back to College” initiative spearheaded by the CWIC) will help individuals, who have earned some college credit to return to college to complete their degree, and the second, “Literacy to Work” will promote literacy and workforce training among the 23% of Chicago residents who dropped out of high school prematurely. Some features that could make the return to learning easier for adults include: *i*) a modular structure allowing learners to take only the parts of a course they need to re-qualify; *ii*) high-quality recognition of non formal and informal learning (RNFIL) systems to provide learning credits for transferable skills; and *iii*) part-time learning opportunities for those wanting to continue working. In addition, Mayor Rahm Emanuel announced in mid-December a new City Colleges of Chicago initiative, “College to Careers”, that will be a partnership between City Colleges, corporations and other organisational partners to “drive the creation of jobs in growing fields and help increase the competitiveness of Chicago’s companies” (Mayor Rahm Emanuel, 12 December 2011, Official Press Release). The initial focus will be on the health care and transportation and logistics clusters. The partnerships will concentrate on curriculum design and creation of certificate programmes, curriculum delivery, and access to internships, interviews and facilities.

Literacy is, indisputably, an indispensable pre-requisite before the fine-tuning of business-relevant occupation-specific skills becomes appropriate. Alone, however, it remains insufficient. Broad consensus within the academic and policy making community focusing on workforce development has now emerged on the generic competencies that must be developed alongside occupation-specific skills in order to underpin employment preparation for young people. Key skill-sets include: basic or foundation skills, such as literacy and numeracy; higher-level cognitive skills, such as problem-solving and analytic reasoning; interpersonal skills, including communication skills; working in teams and ability to negotiate; ability to use technology, particularly ICTs; and learning skills, essentially knowing how to learn (OECD, 2011). These complementary non-cognitive skills should also be further emphasised in the CWIC strategy, which currently provides contextualised learning and bridging through the above-mentioned programmes.

In the Tri-State Region, lack of access to quality basic education is undermining the ability of the home-grown low- and medium-skilled workforce to benefit fully from current investments in training and skill upgrading because they lack the basic cognitive and behavioural tools required to fully profit from the more advanced training offered by these services. In addition, the advanced training services offered often do not reflect the skills needs of the private sector across the region: in other words, a skills-training mismatch persists. Whilst private-sector involvement may address the skills mismatch – it will only be forthcoming if its training investments efficiently translate into skill formation. This will require the public sector to provide sound and universal basic skills to all in the region.

2.4. A way forward: greater co-ordination and deeper private-public engagement

The co-existence of skill vacancies in the high- and medium-skilled sector with unemployment among the low-skilled presents a serious challenge for labour force policy in the region, and the two aspects of this disequilibrium will require quite different policy responses. In addressing low-skilled unemployment, population groups with little educational achievement due to high dropout rates with poor access, as well as recently arriving immigrants who enter with low skills, require a second chance at education; workers displaced by restructuring will require re-training, and both those students with basic skills in place and incumbent workers need the encouragement to pursue high levels of technical training to meet employers' demands for higher skills.

Addressing these difficulties will require: co-ordination, co-operation and creativity. Co-ordination around coherent goals, and supported by harmonised and transparent indicators of progress; co-operation, to foster a dynamic relationship between academia, government and industry - between the providers of skills training and those that demand its output; and, finally, creativity, to achieve these goals in the context of tightened budgets.

Co-ordination to define goals and indicators of success

The Tri-State Region's various partnerships, vertical – federal, state, and local agencies – and horizontal – educational institutions, business, non-profits and the workforce - represent a system that is complex by necessity. For any co-ordination to be viable, the system requires, at a minimum, a common goal: a vision combined with objective performance indicators, to ensure that stakeholders are united behind that vision and that tangible progress is transparent.

“GO TO 2040”, the comprehensive regional plan launched in October 2010 by the Chicago Metropolitan Agency for Planning, makes a sound step towards establishing such a goal.²² Recognising the bi-modal nature of the distribution of human capital in the region the recommended actions of the plan are organised into two areas. The first relates to the improvement of education and workforce development and the second to support for economic innovation. However, policy proposals need to be developed further and could benefit from a more concrete implementation plan.²³

Similarly, the Plan 2040 for northwest Indiana recommended the following strategies to realise the region's economic objectives:

- Work with the region's stakeholders, continue to seek state and federal funding and create programmes to support job and economic growth

- Work with regional partners and support implementation of regional development priorities
- Enhance economic competitiveness through the co-ordination of business, labour and education
- Support strategies for reinvestment, retention and attraction of jobs and businesses for the Core Communities
- Support existing plans, projects and initiatives
- Promote co-ordination between education (universities), workforce development and economic development leaders
- Promote innovation in emerging technologies and industries
- Support new investments
- Support agri-business and foster planning for local food systems.

The Milwaukee 7 adopted a strategic framework on May 30, 2007 calling for greater co-ordination along three dimensions: assets, export markets and opportunity zones.²⁴ Among the principal opportunities identified was the development of an experienced workforce to meet the region's growing labour needs. The group has released a series of annual reports including a performance scorecard that tracks a series of metrics related to the framework's objectives.²⁵

Whilst a single region-wide institutional arrangement to co-ordinate workforce development activities throughout the region may be overly ambitious in the short-term²⁶ (see Chapter 6), enhanced clarity, co-ordination and information flows will be an urgent priority if the region is to capitalise and expand on its successes, and stem those projects that are not achieving measurable results. The challenge of consolidation across the Tri-State Region is that while the area functions as an integrated economic region, there are many sub-regional labour markets that require highly targeted services. Combining consolidation with a local flexibility – of design and delivery of specific services within neighbourhoods and communities – will require not only commonly-defined policy objectives, but a robust and transparent reporting regime, based upon common performance indicators and data and transparent information.

As mentioned in the previous section, a performance monitoring system that establishes measurable performance indicators, tracks progress, and enables monitoring and publishing of results can not only improve outcomes by ensuring strategies can be altered if they are not meeting policy objectives, but also give cohesion to a system united by common goal (see Chapter 6). Such a system could build on CWICstats which has already begun the work of integrating data and administrative systems for performance monitoring and evaluation, albeit in Chicago. Establishing integrated data systems across administrative, educational and industry results will be central to ensuring a continuous flow of information, a flow that will be critical to meaningful co-ordination in the context of the region's complex system of governance, actors, and funding mechanisms.²⁷

Re-focus training programming and services to meet current business needs

The structural changes characterising the Chicago Metro-Region's labour markets ensure that a static approach to matching skill supply with industry demand cannot hope to provide a long-term solution. An adaptable workforce, able to remain flexible to market needs as they change will require, in the first place, the sound basic skills – both cognitive and non-cognitive – that act as a necessary pre-requisite for the efficient use of further training. However, it will also require a flexible workforce development system of technical and vocational education that remains responsive to the changing climate via an ongoing dialogue with the private sector.

Yet these two aspects of labour force development are not mutually exclusive. Previous OECD work has found that the probability of receiving employer-sponsored training is estimated to be on average 9% points smaller for workers with less than upper secondary education than for individuals with a tertiary qualification (OECD, 2003a). This disadvantageous relation may be due, in part, to the inefficient nature of internalising further training when basic skills are lacking. The provision of basic skills and more advanced technical training must be pursued in tandem. Whilst public provision must remain at the heart of the former, the private sector must play an increasing role in directing the latter.

Interaction between technical and vocational institutions and industry in, updating training content, equipment and facilities, as well as providing career guidance and introducing new programmes and cost effective delivery approaches, has become a key feature of technical and vocational systems across the World (Box 2.3). Such communication enables programme providers to learn what skills are in demand and to train their students for jobs that change on a regular basis, while concurrently giving employers an opportunity to provide input into the curriculum and a recruiting tool to attract appropriately skilled workers. Labour-market outcomes, especially for the first transition from education to the workforce, have been found to be much better in (vocational) education systems that collaborate with employers and include some element of workplace training (OECD, 2010). Furthermore, employers are more likely to provide education and training if they understand the system – a process facilitated by including them, both as individual firms and through related associations, as the system is being designed.

Development of a coherent and accessible database of programme participants – tracking their progress and achievements through educational and workforce development programmes as well as their subsequent employment patterns and wage rates – can provide an indirect channel for industry input, allowing future students to see what skills are valued by the market, and what programmes are most likely to equip them with the skills for job market success. The City of Chicago's CWICStats programme is currently collating statistics along these lines, going forward the region should look at expanding this programme as well as strengthening dispersion of its results.

It is important to recognise that skill formation and skill demand are undergoing long-term changes somewhat independently of one another. Population ageing affects skills supply while globalisation and technological change drive the occupational structure of employment (Handel, 2011). In order to be effective, the policy interventions that govern their matching process must be sensitive to these trends and responsive to their changing requirements.

Box 2.3. International models to target training to business needs

The policy systems that govern private sector involvement in training vary widely from country to country.

- The “dual system” of private engagement in technical training, adopted in Germany, Austria and Switzerland, delegates responsibility for curriculum and assessment to a coalition of labour representatives, businesses and educators, business associations then manage the system by monitoring the quality of training provided by firms (Gill & Dar, 2000). However, this dual system relies heavily on ability of business to see it in their best interests to pay for the training of vocational graduates and, the need to lower labour costs to keep with manufacturing intensive countries may undermine the viability of a total reliance on the private sector.
- A second model of private sector involvement relies on a strong network of relationships between educators and employers. Manufacturing labour in Japan has historically come from high schools with a strong network of relationships with hiring managers in industry; in this manner high school staff are able to place their most accomplished students preferentially. This system, however, relies on the ability of high school staff to correctly analyse the skills of their graduates, and their fit with industry needs. Furthermore communication remains unidirectional and does not adequately allow for industry input into curriculums.
- A third model: “Human Resource Development” focuses on encouraging firm level training through government policies. HRD strategies, pursued for example in South Korea, Malaysia and Singapore involve the taxation firms with the resultant revenues available for use within the firm to train workers within their own companies (Gill, Fluitman, and Dar, 2000).
- The Swedish model of the ‘Triple Helix’ aims to create a dynamic relationship between academia, industry and government. Whilst this tri-partite relation was initially focused on fostering innovation and creativity amongst the high-skilled, its insights (and those of its successor, the “quadruple helix” – which brings civil society into the picture) provide a useful basis for thinking about communication, and potential synergies in the provision of appropriate education and skills, accessible to all.

Public support for universal basic education; private support for advanced training

There is an important rationale for government involvement in providing skills to the labour force and, public funds must continue to play a central role: in overcoming the market failures associated with the externalities of education; in ensuring the availability of information about the quality and benefits of education to enable individuals and businesses to make informed investments of their own; and finally, in ensuring equitable access, by subsidising participation for disadvantaged groups or providing access to credit. However, in the context of tightened budgets, the Tri-State Region must harness market forces encouraging incentives for investments – both financial investments and investments of effort – from those who demand labour market skills: potential employees and potential employers.

In general, small and medium-sized enterprises (SMEs) have a particularly difficult time accessing education and skills development programmes. The reasons include: *i*) lack of time, workload pressures, resources and cost; *ii*) complicated paperwork/red tape; *iii*) lack of enterprise/managers skills, experience, data and support; *iv*) operational culture does not include training; *v*) learning preferences differ from what is offered; *vi*) different training needs; *vii*) lack of awareness; *viii*) market position (Martinez-Fernandez, 2008). More recent analysis in selected OECD countries shows that one of the most important obstacles for SMEs to participate in skills and training activities is the lack of customised training (Martinez-Fernandez and Sharpe, 2010). Firms indicate that available training is often generic, and the more sophisticated management and technical training they require is either not available or too expensive (Kubitz, 2011). Public support for apprenticeship programmes in small firms can address this challenge (Box 2.4). The UK Work Programme launched in June 2011, represents an innovative attempt to bring together a range of private, public and voluntary sector providers to match labour supply with employer demand (Box 2.5 and Figure 2.10). The aim is to deliver a more coherent and flexible system heavily reliant on the use of output-based-financing to align provider incentives with long-term labour force goals.

Box 2.4. Examples of apprenticeship/mentoring services

The use of apprenticeships, in easing the transition of young people from education to the labour market, at the same time as ensuring that their vocational training is highly focused on the skills required by employers is now widespread in many OECD countries. In some, such as Austria, Germany and Switzerland, apprenticeships represent the main vocational route to an upper secondary qualification.

On-the-job training is usually combined with at least one day a week (less in England and Australia) of off-the-job training, providing core skills and underpinning knowledge in publicly-administered vocational colleges. In France, however, off-the-job training centres are run by employer organisations, in England and Australia, providers of such training can be private or public, and in Ireland skill training is shared between employers and the technical colleges.

Career guidance provided by publicly funded careers offices and employer organisations is necessary to inform potential applicants of the factors to be considered in making a choice of occupation. Whilst Austria, Germany and Switzerland have a strong record of providing such advice, both France and England suffer from indifference (at best) towards work-based training in schools, this attitude is reflected in the paucity of advice.

Funding for on-the-job training provided by employers is often shouldered by the employer, though off-the-job training funds - paid directly to vocational colleges - are often publicly funded. Employers' paperwork is kept to a minimum and, whilst on average employers in Austria and Germany incur some net costs, government payments to employers are available in all apprentice countries - except England - to encourage demand.

Employer demand varies with the burden of training that must be covered by the employed but, in most cases, remains inadequate to cover demand for apprenticeships. And in Austria, Germany and Switzerland in addition to a longer apprenticeship period (of 3 to 4 years), an apprentice wage, calculated as a fraction of the wage for a skilled employee, enables employers to recoup some of the training costs they incur. As a result, while in Austria, Germany and Switzerland around a quarter of firms offer apprenticeships and this figure rises to 30% in Australia, in England only 8% of employers offered apprenticeships in 2009.

Source: "The State of Apprenticeship in 2010", LSE Centre for Economic Performance, London.

Box 2.5. The UK Work Programme for the long-term unemployed

The Work Programme is an attempt to help 2.4 million of Britain’s long-term unemployed people find work over the next seven years. Under this ambitious scheme, private and not-for-profit providers will be paid for each jobseeker they get back into work. The aim of the scheme is to tap into provider incentives in order to make the most efficient use of limited public funds in a time of tight budgets.

Coherent? In contrast with previous UK welfare programmes, designed for specific groups, the “Work Programme” aims at creating a single programme under which different groups – including those at risk of long-term unemployment, younger and older unemployed people, those with limited work capabilities and lone parents – will access the programme in different ways.

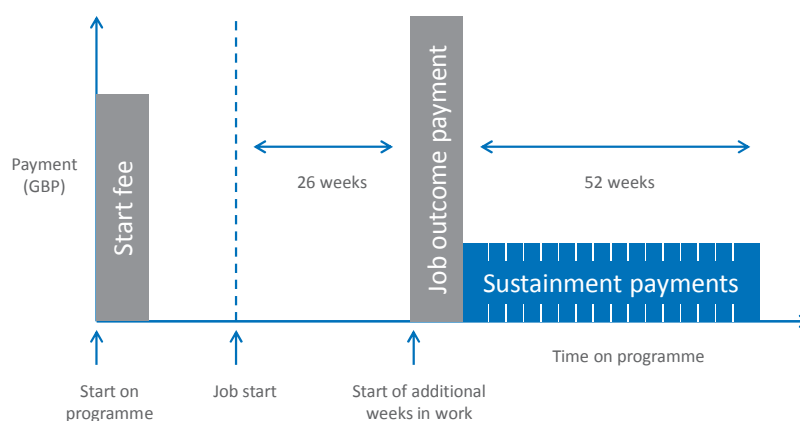
Long term? The scheme will be based on an output-based-financing model, with only 10% of contract money paid up front (Figure 2.5). The aim is to engender long-term horizons among service providers. Previous incentive mechanisms utilised under the Job Training Partnership Act were criticised on the basis that the short-run measures used to monitor performance were only weakly, and sometimes perversely, related to long-run impacts (Heckman, Heinrich and Smith, 2002)

Flexible? It is hoped that payment-by-results will enable a black box approach, ending suppliers with flexibility regarding what kind of support they to give. Following the second year of the contract, market share of each of each provider will be shifted each year by 5% from low-performing to high-performing providers thereby rewarding success and allowing more participants to access the services of successful providers.

Cream-skimming? Cream-skimming – whereby providers target their services towards the lowest hanging fruit – is always a risk with output-based financing. The “Work Programme” attempts to surmount this potential hazard by randomly assigning participants to a provider in their area.²⁸ However, concerns have emerged regarding the potential for cream-skimming on a geographic basis: The government has set national performance expectations, and a national payment structure that takes no account of local and regional variations in labour demand. Whether contractors invest enough in the tough areas, where they know there will be fewer job outcomes, remains to be seen.

Source: UK Department of Work and Pensions (2011).

Figure 2.10. Incentives for sustained work under the UK Work Programme



Source: Department for Work and Pensions (DWP) (2011), The Work Programme, Department for Work and Pensions, www.dwp.gov.uk.

Harnessing worker incentives will also be central in making the most efficient use of limited funds. Career pathways programming provides a system of connected education and training programmes and student support services aimed at enabling individuals to secure a job or advance in an industry. By making explicit the routes and potential rewards associated with moves up the career ladder, the articulation of career pathways can engender enhanced aspirations, ensuring, not only that workers are motivated to make the most of their training, but also that they are able to choose the most appropriate path to achieve these aspirations (Box 2.6).

Box 2.6. Examples of career guidance across the OECD

The extent to which OECD member states use labour-market information to inform students, parents, workers and firms about skills supply and demand issues, and to guide policy, varies across the OECD. A review of career-guidance policies in OECD countries concludes that, at present, services are available only to limited numbers of groups, at fixed points in life, and are focused upon immediate decisions (OECD, 2004). Conversely, systematic career guidance from competent personnel and informed by up-to-date labour-market information, possibly combined with brief workplace experience, help reduce the incidence of dropout from post-compulsory education and later mismatch.

Some OECD countries have launched initiatives, in collaboration with industry bodies, to map job profiles more precisely across sectors and clusters, while encouraging those who provide training to offer modular, flexible training that will allow individuals to increase their mobility within and between sectors over their lifetimes (Froy and Giguère, 2010). This can help support school-to-work transitions and foster lifelong learning. In some countries, brokerage agencies support skills-policy development by linking information from external research agencies to the administration (OECD/PSD, forthcoming).

Source: OECD (2011), "Towards an OECD Skills Strategy".

The region needs to inject a greater degree of coherence into the various career pathway initiatives operating in the Tri-State Region (Box 2.7). Currently, they are, on the whole, independent ventures, each with its own organisation, board of directors, and need for funding. Whilst they provide on-the-ground evidence that co-operation and co-ordination can and do work to achieve commonly-defined workforce development objectives, there is often little communication among the various organisations, and information does not flow freely throughout their loosely knit networks. Their limited scale, along with this lack of co-ordination, means that there remain many who do not benefit from their success. A greater degree of co-ordination region-wide might be a useful first step in addressing this challenge.

Box 2.7. Examples of career pathway initiatives in the Tri-State Region

The Workforce Boards of Metropolitan Chicago (WBMC) has begun attempts to identify common competencies of workers within key sectors (for example the finance and insurance sector), mapping career pathways to show how workers can potentially move across industries within broad sectors.²⁹ The University of Illinois has similarly developed career pathways for several sectors of the regional economy, including advanced manufacturing. And, whilst limited in scale the small geographical area around the University of Chicago which it covers is one of the poorest areas in the city.

Box 2.7. Examples of career pathway initiatives in the Tri-State Region (*cont.*)

Other initiatives include “The Career Pathways Initiative” which helps residents of the poorer neighbourhoods around the University of Chicago find jobs at the University and its medical centre training employees with the aim that they can be promoted one or two positions above entry level. The Initiative is a partnership between the University, the City of Chicago’s Department of Community Development, Worknet Chicago, Illinois Worknet, and the Cara Program. Of the more than 500 candidates admitted to the programme, the Initiative has placed 280 in jobs with a 70% retention rate at the end of one year. Initiatives aimed at particular industries include: *Carreras en Salud* at the *Instituto del Progreso Latino* which, operating with seed money from the State’s Critical Skills Shortage Initiative, has served more than a thousand participants with a cumulative completion rate of 94%. Its nursing programme has graduated 350 Licensed Practical Nurses (LPN) and Certified Nursing Assistant (CNA), with a graduation rate of 95% and a placement rate of 100%; and the Jane Addams Resource Corporation (JARC) which focuses on local manufacturing providing technical assistance to manufacturers and job training to incumbent workers.

The Institute of Health Science Careers Academy (IHSCA), opened in September 2010, represents a further attempt at the promotion of career pathways in the healthcare. The IHSCA currently serves 346 youths with places allocated by lottery. The IHSCA offers a college preparatory and health sciences curriculum the dual aims of *i*) enabling students to succeed in competitive colleges and universities, and *ii*) providing job readiness certifications for entry-level positions with higher. In order to remain relevant to the demand for healthcare workers the IHSCA reaches out to partners to participate in the curriculum development, to teach in the school, to donate equipment and to provide mentoring, internship opportunities (paid or unpaid) and job shadowing. Through the creation of partnerships that integrate industry needs with the educational aspirations of urban youth, IHSCA hopes to widen access for youth to begin careers as doctors, nurses, informatics professionals and bio-technicians. The IHSCA has recently moved to new premises from where it hopes to serve 600 students, however, the initiative is focused on Latino youth and remains limited in scale.

The Milwaukee Talent Dividend initiative is founded upon the belief that identifying and directing students and parents to career pathways is paramount to building a strong regional workforce. The Wisconsin Department of Workforce Development has recently instituted several programmes which are designed to enhance youth apprenticeship opportunities and career readiness training. Historically, The Youth Apprenticeship (YA) programmes were designed to integrate in-school learning with work-based learning at employer worksites for high school juniors and seniors in skilled trades, over two years, in preparation for hiring directly into the workforce. Now students can enter into one OR two year YA programmes and use that training to go to work, into the military, and/or into any type of certification, adult apprenticeship, or technical/university college programme. Students still acquire entry-level, career ready skills in employability and in technical occupations of their choice, but the choices now range from auto mechanics, collision repair, manufacturing machining and hospitality to engineering design, biotechnology, and IT. Key elements of the YA programme include: local consortium management, skills developed with industry and educational partnership, skilled mentors to train the students, related classroom instruction concurrent with work-based learning, and performance-based assessment of the skills at the worksite by the employer. As of October 2010, almost 15 000 YA students have graduated the programme working in 22 different programmes with a majority continuing to work in Wisconsin in a field related to their YA programme. Since 2006, the YA programme has updated, and expanded its occupational offerings to 39 different career options aligned with current national occupational standards. Wisconsin’s YA programme was identified as an exemplar of employer engagement in the February 2011 Harvard Graduate School of Education “Pathways to Prosperity” Project.

Incumbent worker training can enable a similar sense of career ownership and progress for those who undertake their training on-the-job. It can also provide a route through which low skilled workers, who have demonstrated their reliability, can be channelled towards plugging the skill gaps created by the shortage of workers with mid-level skills. In combination with career pathways programming, the benefits of incumbent worker training need not be confined to the static equity benefits of improved standards of living for the worker, or the static efficiency benefits of providing qualified workers for businesses.³⁰

Private funding will need to remain as the cornerstone of incumbent training. However, given the externalities associated with an increasingly efficient work force the concomitant implications for business location decisions it is clear that, in some form, a role for public funding remains. With the USD 1.6 million received by the Tri-State Region under the *Recovery Act* stimulus programme over the two-year period ending January 2010, the region was able to train 3 400 incumbent workers - 420 of whom were in the healthcare sector with a further 2 000 in manufacturing. These workers came from 16 health care companies and 68 manufacturing firms, an average of 28 employers trained per participating business.³¹ However, as *Recovery Act* funding comes to an end, the volume of funds for incumbent worker training, and training overall, will be cut in half.

In the long run, in order to ensure the match of local skill supply with local skill demand – and hence secure the region’s resilience to external trends and shocks – the Tri-State Region will need to train a labour force that is adaptable to the changing needs of the market, and build skill-supply systems that are responsive to the changing needs of business. Engendering this adaptability will require a dual approach:

- First, by ensuring that basic educational establishments are of sufficient quality to guarantee that the labour force – both skilled and unskilled – can leave school with a high level of basic skills, both cognitive (literacy and numeracy) and non-cognitive (the ability to analyse, problem-solve, communicate).
- Secondly, workforce adaptability will require an ongoing dialogue with the private sector. Both priorities will require supply co-ordination; vertically – in order to ensure that individuals are not left behind, falling through the cracks between educational progression and job market entry, and horizontally – in order to ensure that the private sector is able to interact with the disparate training and education service providers – both public and private – to ensure that their skills needs are being met on an ongoing basis.

Most organisations across the Tri-State Region are in fact well versed in the various practices and methods that can bring about success in meeting its workforce needs. Indeed, in its world-class educational institutions, businesses, and non-profit sector, the region has the resources to provide the necessary expertise, and it has launched many innovative initiatives to promote collaboration and co-ordination. It is not a single, region-wide institution that will be best suited to pursue these objectives, but a network of partnerships, each focused on achieving practical, integrated policy objectives for its specific cluster of customers.

Create region-wide capacity to match skills supply with demand

Recent experience in Toronto might be instructive for key public and private actors in the Tri-State Region wishing to broaden and deepen ongoing dialogue aimed at matching skills supply and demand effectively. The Toronto Region Immigrant Employment Council (TRIEC) was set up in 2003 by the private sector – the Metropolitan Toronto Board of Trade (the equivalent of the Chicagoland Chamber of Commerce) – to address a critical need in the metropolitan labour market: how to recognise the skills and credentials of immigrants – who represent a significant and increasing proportion of the working-age population in the Metropolitan Region - in a way that allows them to obtain long-term employment in occupations for which they have been trained. The issue of credential recognition is a key stumbling block in semi- and high-skilled workers' efforts to obtain initial Canadian work experience. Having been trained outside Canada, employers are either ignorant of the value of - or reluctant to recognise - credentials from abroad and therefore tend not to hire immigrants in semi- or high-skilled occupations. Without Canadian work experience, it becomes that much more difficult for an immigrant to enter the Toronto labour force in his or her chosen field.

TRIEC was established to link together employers, training institutions and service providers, unions and community groups representing immigrants. The Board of Trade established a “table” around which these key stakeholders discuss business needs and skills availability in targeted immigrant population groups across metropolitan Toronto. The focus is on getting individual companies either to hire or, more critically, provide apprenticeship and mentoring opportunities for immigrants in the occupational field for which they have been trained abroad so that they gain their first – critical – Canadian work experience (Box 2.8).

Box 2.8. Toronto Region Immigrant Employment Council, 2003

Toronto Region Immigrant Employment Council (TRIEC) has, since 2003, been bringing together multiple stakeholders – employers, regulatory bodies, professional associations, educators, labour, community groups, government and immigrants – to build understanding and develop local and practical solutions to integrate Toronto's immigrant community into the labour force.

Objectives: TRIEC's work is focused on three objectives:

1. To increase access and availability of services and programmes that help skilled immigrants effectively enter the local labour market
2. To work with key stakeholders, particularly employers, to build their capacity to work better with skilled immigrants
3. To work with all levels of government to increase local co-ordination of public policy and programming

Whilst TRIEC's goals are focused on integrating immigrants, their methods are widely applicable to the broader objective of re-integrating those who have become isolated from the labour market.

Box 2.8. Toronto Region Immigrant Employment Council, 2003 (cont.)

Mutual Benefits: The forum for dialogue is beneficial to all stakeholders: Employers benefit from improved recruitment channels, and access to new distribution; potential employees benefit through building their professional connections and experience through mentoring; educational institutions benefit from help with the development and distribution of learning tools and the curriculum, and finally government benefits through increased support from the private sector and independent interaction between those that supply and those that demand labour force skills.

Harnessing Networks: TRIEC relies heavily on the support of mentors within the business community, this can include immigrants who have successfully integrated with the labour force and former ‘mentees’ – graduates of TRIEC’s mentorship programme. These mentoring schemes fulfil the dual role of enhancing the networks of new immigrants, whilst at the same time providing them with role models to focus their aspirations.

Data: Through the Workplace and Employee Survey (WES) – panel data covering 24 197 employees within 6 693 workplaces annually since 1999 – TRIEC is able to supplement its qualitative ‘histories’ of the successful trajectories of its participants with data matching detailed employee characteristics with search methods and labour market outcomes. In this manner TRIEC is able to provide tangible evidence of what works as well as identifying industries in which employee skill levels are best (and worst) matched to the requirements of the position.

The issue in the Tri-State Region is not so much foreign credential recognition but the dual challenge associated with ensuring that the supply of training services accurately reflects current and projected business needs across the region and effectively matching skills supply and demand in the region at all levels of business activity. Yet the principle of a private-sector led initiative to establish a forum for this type of mapping exercise on an ongoing basis, like the one in Toronto, could be adapted to meet the specific challenges in the Tri-State Region.

That said it is not even necessary to look beyond the Tri-State Region to find examples of this type of initiative that has worked successfully: the Jane Addams Resource Corporation and the *Carreras en Salud* initiatives mentioned earlier can equally serve as home-grown, neighbourhood-focused examples on which to build lasting, more region-wide arrangements. With this in mind, this Review suggests the following:

- The region’s key stakeholders – from the chambers of commerce to the sector business associations, the WIBs and the academic institutions focusing on workforce development – should lead a joint effort to define a common, region-wide strategic approach to workforce development that focuses on issues of common, region-wide concern (see Chapter 6) by priority business cluster. Core issues have already been identified in *Goto2040* and other work; discussion could centre around broadening and deepening the scope of the analysis to cover the Tri-State or 21-county region where this makes sense. The approach should seek to address the skills needs in key future-oriented business clusters as well as in the region’s major legacy clusters. The approach should articulate a set of policy outcomes for the region along with the strategies and plans aimed at achieving them.
- Together, they should approach the state governments to work together to increase region-wide planning in a way that ensures that education and training

service providers are reflecting the actual needs of businesses across the region by business cluster in the curricula they dispense.

- Key public and private stakeholders should seek resources (including from foundations and the private sector) to set up arrangements that will sustain this dialogue between business and training service providers along with institutionalising region-wide skills-mapping capacity in established and emerging business sectors of strategic importance to the region.
- This approach should also focus on how best to ensure data and performance indicator development to inform policy design and implementation on an ongoing basis. Stakeholders should therefore underline to the state and federal governments, particularly USDOL, the crucial importance of region-wide performance measurement data for effective strategic planning and implementation, and argue that all due efforts be made to ensure that region-wide data sets and performance indicators are collected and shared with all stakeholders on an ongoing basis. As chapter 6 suggests, this function might best be served by a university centre located in the Tri-State Region dedicated to this task as well as to advising key regional public and private stakeholders regularly on policy design and implementation in a manner that truly reflects the Tri-State Region's workforce and economic development challenges.

This advice mirrors that contained at the end of the next chapter on Innovation (see section 3.4). As is the case for innovation policy, and as the final chapter on governance points out, at issue in the Tri-State Metropolitan Region is not the *what* or even the *why* of workforce development (or indeed of any of the policy issues covered in this Review), it is the *how*. Key public and private stakeholders across the 21 counties know what is to be done to enhance workforce performance, and they know why it needs to be done. What is needed is the will to engage key actors at the federal, state and metropolitan levels to work together on common, region-wide workforce-development issues. As in the past, in the Tri-State Region, it might be the private sector and non-governmental actors that are best positioned to lead this effort and to convince public authorities to act for the common good of the Tri-State Region as a whole.

Notes

1. Such as Boston, Los Angeles, San Francisco and Houston (see Chapter 1).
2. In preparing this Review, research was conducted with regional banks, insurance companies, security firms and trade organisations, along with private employment service providers, educational and training institutions and workforce development agencies, to profile major employment groupings, recruitment and advancement practices, existing and potential career pathways, employment challenges for employers and individuals, and the potential for using career pathways to strengthen the supply of highly skilled employees and increase access to employment and careers.
3. In practice, some recent research casts doubt on the degree to which recent rises in unemployment can really be said to be the product of such mismatches (Şahin et al, 2011)
4. For example, Federal requirements for participation in WIA funded ‘youth programs require the participant to be aged between 14-21; Illinois Hire the Future program further restricts this to individuals aged 16-21 who attend school and meet minimum academic criteria.
5. For example, in addressing the needs of consumers, Chapin Hall at the University of Chicago worked with the Chicago Department of Family and Support Services to develop a website to inform consumers about making an informed decision about training programs. The site includes details on the training programs as well as completion and employment outcomes (www.ChicagolandWIAtraining.com)
6. Chapin Hall at the University of Chicago, Chicago Workforce Development Programs: System Map and Inventory 2010.
7. Primarily through the Chicago Department of Family and Support Services, though other agencies include: City Colleges of Chicago, Chicago Housing Authority, Chicago Public Schools, Chicago Workforce Investment Council, Chicago Department for Community Development, After School Matters, Partnership for New Communities, Opportunity Chicago, the Department of Buildings, the Department of streets and Sanitation and the Department of the Environment.
8. The Department of Employment Security operates the unemployment insurance system and the labour market information system. Human Services provides welfare assistance and other support services. The state workforce development agency responsible for the Workforce Investment Act is the Department of Commerce and Economic Opportunity which also operates other training related initiatives in addition.
9. The States of Illinois, Indiana and Wisconsin provide some additional funding for workforce services; however, they allocate significantly greater resources to education.

10. Mikelson, Kelly S. And Demetra Smith Nightingale, *Estimating Public and Private Expenditures on Occupational Training in the United States*. ETA Occasional Paper 2006-01. Washington, DC: US Department of Labor, Employment and Training Administration, 2006.
11. Since federal funding for workforce development is distributed mostly on a formula basis, local workforce boards can do little to increase the inflow of federal funds. A small portion of federal funds is available through competitive bidding; however, pursuing these funds, which local workforce boards do, would not add much to the total federal inflow into the region.
12. A relatively larger increase in percentage terms, but necessarily small, given the initial spending levels.
13. WIASRD Summary Reports, Employment and Training Administration, US Department of Labor.
14. Adjusting the targets for factors outside the control of administrators offers a crude measure of the value added of the local workforce boards. In the case of the Chicago Workforce Investment Board, such adjustments would lower their targets, since the personal characteristics of those exiting the program and the local economic conditions are less favourable to finding and retaining a job than the national average.
15. For example, in an effort to lure Illinois businesses to resettle in Indiana, the state of Indiana sponsored billboards along the major freeways going into the Chicago area that asked: "Illinnoyed by Higher Taxes?" The billboard offers a website www.solutionindiana.com, which is sponsored by the Indiana Economic Development Corporation, the state economic development agency. Meanwhile in Wisconsin, at a press event which highlighted a company moving from Illinois to Wisconsin, Wisconsin's Governor was reported to say "We really are a place that is open for business. Contrast that to Illinois, where they're not only raising taxes, but where they've got a pension system that's less than half-funded. We've got a fully funded pension system. We've got long-term stability." (<http://abclocal.go.com/wls/story?section=news/local/wisconsin&id=8018703>). Illinois Governor Quinn, in a March 11, 2011 interview on WBEZ radio in Chicago, criticised Wisconsin Governor Walker for legislation limiting collective bargaining rights of public employees in Wisconsin: He said, "When somebody tries to take away your right to band together and organise, that's not healthy," Quinn said. "And it's very bad. And I think what went on in Wisconsin yesterday is something that the governor there, really, should be ashamed of himself." (<http://www.wbez.org/story/democrats/quinn-wisconsin-governor-should-be-ashamed>).
16. For more information see <http://www.iccb.org/index.html>.
17. The Illinois P-20 Council released the following 10 recommendations for a state-wide education system: (i) Align student learning standards and assessments (ii) develop a system of assessment of student learning that fulfils two purposes: accountability and to guide and inform teachers (iii) develop an integrated accountability system (iv) coordinate education data systems and workforce data systems to improve career counselling (v) channel high quality candidates into teacher (vi) improve training and certification for teachers (vii) improve teacher evaluation and professional development (viii) improve retention, intervention, and re-engagement (ix) increase public engagement (x) track and report progress toward the goal: to increase the proportion of Illinoisans with high-quality degrees and credentials to 60% by the year 2025.

18. A voluntary association of Chicago local workforce investment boards
19. In a follow up study employers complained of a lack of basic and technical skills when hiring: www.workforceboardsmetrochicago.org/upload/MFGemployers-final6-27-04.pdf.
20. Rahm Emanuel, Chicago 2011 Transition Plan, City of Chicago
21. The recent announcement by the City and Cook County that the WIBs serving the City of Chicago and Cook County will be merging with the CWIC to create a single operator is a step in the right direction. The first step has been accomplished with the appointment of a single Executive Director for both boards.
22. Workforce Development Report, Chicago Metropolis Strategies, 2009. On October 13, 2010, the governing board of the Chicago Metropolitan Agency for Planning unanimously adopted *GO TO 2040*. The aim of CMAP and its partners is to remove barriers to cooperation across geographical boundaries and subject areas such as land use, transportation, natural resources, housing, and economic development.
23. Education and Workforce Development: (i) improve data and administration systems, (ii) improve workforce services, (iii) co-ordinate education with employers. Innovation Support: (i) improve data and administration systems, (ii) nurture regional industry clusters, (iii) create a culture of innovation.
24. For more information see <http://www.choosemilwaukee.com>.
25. For more information see <http://www.choosemilwaukee.com/upload/documents/Performance%20Scorecard%20May%202%202011.pdf>.
26. The announced merger between the 3 city WIBs and the CWIC is a good step forward.
27. The region missed a great opportunity to jump start this process when the state did not succeed in its application for federal funds that were available under the Data Quality Initiative to integrate education and workforce data.
28. Random assignment will also facilitate performance comparisons
29. Finance and Insurance Career Pathways, The Workforce Boards of Metropolitan Chicago, prepared by Judith Kossy, Policy Planning Partners, Greg Schrock, UIC Center for Urban Economic Development, January 2009.
30. The federal government, through Workforce Investment Act funding, has allowed local workforce boards to use part of their funds for incumbent worker training, however, recent federal government directives have called for more restrictive use of these funds.
31. The Workforce Boards of Metropolitan Chicago, Workforce Indicator Report 08, May 2010.

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ANNEX 2A.1

Workforce Development Programmes in the 11-county Chicago Region of the Workforce Boards of Metropolitan Chicago

Programme	Funding Source	Administering Agency	Primary Focus of Services	Primary Target Population (Stated)	Programme Description
Added Chance Career Education and Development Adult Basic Education/GED	State - Department of Children and Family Services State - State General Revenue Fund & Public Grants	Department of Children and Family Services Illinois Department of Corrections	Job Readiness/Placement Adult Education/Literacy	Youth People with Criminal Records	Prepares youth for work by providing employment preparation workshops and job placement services. Provides basic education and GED preparation to inmates.
Adult Education and Family Literacy (WIA Title II)	Federal & State - Department of Education, Office of Vocational and Adult Education and State General Revenue	Illinois Community College Board	Adult Education/Literacy	Low-Literacy	Provides educational services to persons needing to enhance their basic literacy skills, improve English language proficiencies, or prepare for the GED examination.
Adult Vocational Education	State - State General Revenue Fund & Public Grants	Illinois Department of Corrections	Occupational Training	People with Criminal Records	Provides vocational education to adult inmates.
Carl D. Perkins Career & Technical Education (Postsecondary)	Federal - US Department of Education	Illinois Community College Board	Occupational Training	Other (Adults in Ed. Institutions)	Provides an increased focus on the academic achievement of career and technical education students at postsecondary institutions.
Carl D. Perkins Career & Technical Education (Secondary)	Federal - US Department of Education	Illinois State Board of Education	Occupational Training	Youth	Provides an increased focus on the academic achievement of career and technical education students within secondary institutions.
City Ex-Offender Programs*	Local - City of Chicago - Corporate	Chicago Department of Family & Support Services	Job Readiness/Placement - Occupational Training	People with Criminal Records	Programmes here include customised work services, a transitional jobs pilot programme, customised job training, and community re-entry support centres. These programmes provide a range of training and placement services to people with criminal records.
Community Development Block Grant (CDBG)	Federal - US Department of Housing and Urban Development	Illinois Department of Commerce & Economic Opportunity	Job Readiness/Placement	Low-Income Adults	The Community Development Block Grant (CDBG) programme is a flexible programme that provides communities with resources to address a wide range of unique community development needs. Communities differ in the amount of funding directed toward workforce development activities.

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Programme	Funding Source	Administering Agency	Primary Focus of Services	Primary Target Population (Stated)	Programme Description
Community Services Block Grant (CSBG)	Federal - US Department of Health & Human Services - Administration for Children & Families	Illinois Department of Commerce & Economic Opportunity	Job Readiness/Placement	Low-Income Adults	The CSBG programme is designed to provide a range of services which assist low-income people to attain skills, knowledge and motivation necessary to achieve self-sufficiency. The programme also may provide low-income people immediate life necessities such as food, shelter, medicine, etc.
Delancey Social Enterprise Model (at a Safe Haven Found.)	State - State General Revenue Fund	Illinois Department of Corrections	Job Readiness/Placement	People with Criminal Records	Dedicated to working with parolees that have a history of substance abuse and/or have currently relapsed and begun using drugs again. The programme provides a combination of services that include soft skills training, job training and in house job placement leading to job placement in the community.
Disabled Veterans' Outreach Program	Federal - US Department of Labor - Veterans Employment and Training Service	Illinois Department of Employment Security	Job Readiness/Placement	Veterans	Provides direct services to veterans to help them to compete in the labour market.
Earnfare	State - State General Revenue Fund	Illinois Department of Human Services	Job Readiness/Placement	TANF and/or SNAP Recipients	Provides adult Food Stamp recipients the opportunity to gain work experience and earn cash assistance at Earnfare work assignments.
Employer Training Investment Program (ETIP)	State - State General Revenue Fund	Illinois Department of Commerce & Economic Opportunity	Occupational Training	Incumbent Workers	Funds companies to train incumbent workers to help them keep pace with new technologies and business practices.
Employment Opportunity Grant Program (EOGP)	State - State General Revenue Fund	Illinois Department of Commerce & Economic Opportunity	Occupational Training	Other (African-Americans, Hispanics, females, African-American & Hispanic youth)	Prepares participants for placement in high wage union construction jobs and access to public as well as private construction jobs throughout the State.
Family Literacy Project	State - Secretary of State Literacy Office	Secretary of State's Office - Illinois State Library	Adult Education/Literacy	Low-Literacy	Provides instructional services to parents and children to enhance their basic reading, math, writing or language skills together and separately. Participation by the entire family increases the benefits of the instruction. Projects must partner with an adult literacy provider, a child-at-risk organisation and a library.
FamilyWorks	Federal - US Department of Housing and Urban Development	Chicago Housing Authority	Job Readiness/Placement	Public Housing Residents	A case management programme that provides Chicago Housing Authority residents with employment services including career preparation & placement. Participants develop employment goals with the help of their case manager.
Greencorps	Local - City of Chicago - Corporate	Chicago Department of Environment	Occupational Training	Low-Income Adults	Provides field and classroom experience in five technical areas: landscaping and horticulture, tree care training, environmental health and safety, warehousing and electronics recycling, and weatherisation. Professional development along with life and academic skills are integrated into the training season over the nearly year-long training program.

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Programme	Funding Source	Administering Agency	Primary Focus of Services	Primary Target Population (Stated)	Programme Description
Hispanic-Serving Institutions Assisting Communities	Federal - US Department of Housing and Urban Development	United States Department of Housing & Urban Development	Occupational Training	Low-Income Adults	Given to institutions of higher education serving Hispanic individuals in order to focus on critical social and economic issues such as poverty, education, housing, and employment. Illinois' grantee focuses solely on employment. Provides employment assistance to homeless veterans.
Homeless Veterans' Reintegration Project	Federal - US Department of Labor - Veterans Employment Training Service	US Department of Labor	Job Readiness/Placement	Veterans	
Job Corps	Federal - US Department of Labor	US Department of Labor	Job Readiness/Placement - Occupational Training	Youth	Provides integrated academic, vocational, and social skills training to help youth gain independence and get quality, long-term jobs or further their education. Aims to provide treatment, re-entry services, and employment assistance to incarcerated men with substance abuse addictions.
Job Preparedness Program	State - State General Revenue Fund	Illinois Department of Corrections	Job Readiness/Placement	People with Criminal Records	Community-based providers work in partnership with local businesses to provide training and act as a connection between local employers and low wage/low skill workers. Individuals receive many services including job referrals and individual counselling.
Job Training & Economic Development	State & Federal Funding - State General Revenue Fund (80%) and WIA Discretionary Funding (~20%)	Illinois Department of Commerce & Economic Opportunity	Occupational Training	Low-Income Adults	
Life Skills Services	State & Federal - State General Revenue Fund & State Grant and Federal Grant (33%)	Illinois Department of Corrections	Job Readiness/Placement	People with Criminal Records	
Local Veterans' Employment Representative Program	Federal - US Department of Labor - Veterans Employment & Training Service	Illinois Department of Employment Security	Job Readiness/Placement	Veterans	Provides funding to support dedicated staff positions to provide job development, placement, and support services directly to qualified veterans. Provides court ordered, unemployed non-custodial parents receiving TANF the opportunity to gain work experience and earn cash assistance while meeting a portion of their child support obligation.
Non-custodial Parent Earnfare	State - State General Revenue Fund	Illinois Department of Human Services	Job Readiness/Placement	TANF and/or SNAP Recipients	
Partnerships for College & Career Success (Formerly TechPrep)	Federal - US Dept of Education	Illinois Educational Institution Board	Occupational Training	Youth	Provide CTE Pathway models for individuals who are members of special populations, ensuring they have the opportunity to access a career and succeed in it. The programme provides job placement assistance and services such as mentoring, job-training, bus passes and financial literacy for ex-offenders between the ages of 18-29 recently released from State or Federal prison.
Productive Choice	Federal - US Department of Labor	Chicago Department of Family & Support Services	Job Readiness/Placement	People with Criminal Records	Provides job development, job placement, career advancement, and training services for programme participants, many of whom are individuals with significant disabilities. Provides case management, ESL training, and employment services
Projects with Industry	Federal - US Department of Education	US Department of Education	Job Readiness/Placement - Occupational Training	People with Disabilities	Employment-centred programme that incorporates mentoring, job training, and other comprehensive transitional services in order to reduce recidivism for former inmates returning to their communities.
Refugee Services*	Federal - Office of Refugee Resettlement	Illinois Department of Human Services	Job Readiness/Placement	Refugees	
Reintegration of Ex-Offenders (REXO)	Federal - US Department of Labor	US Department of Labor	Job Readiness/Placement - Occupational Training	People with Criminal Records	

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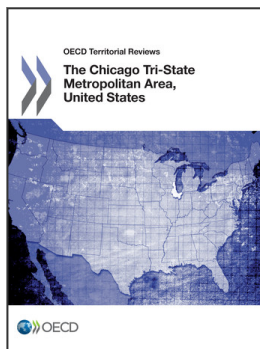
Programme	Funding Source	Administering Agency	Primary Focus of Services	Primary Target Population (Stated)	Programme Description
Second Chance Act/Prisoner Re-entry Initiative	Federal - US Department of Justice	Cook County Sheriff's Office	Job Readiness/Placement	People with Criminal Records	Serves approximately 300 individuals a year, and provides 30 jobs to formerly incarcerated individuals.
Secondary Transitional Experience Program	Federal - US Department of Labor - Employment & Training Administration (WIA Title IV)	Illinois Department of Human Services - Division of Rehabilitative Services	Job Readiness/Placement	People with Disabilities	Helps high school students who have disabilities plan for their futures after high school graduation.
Senior Community Service Employment Program (SCSEP)	Federal - US Department of Labor - Employment & Training Administration	Illinois Department on Aging	Job Readiness/Placement	Seniors	Program transitions seniors into unsubsidised jobs, beginning by placing them in community service agencies to work 20 hours per week.
Supplemental Nutrition Assistance Program (SNAP) - Employment and Training	Federal & State - US Department of Agriculture - Food & Nutrition Service (80%) and State General Revenue Fund (20%)	Illinois Department of Human Services	Occupational Training - Job Readiness/Placement	TANF and/or SNAP Recipients	Provides special target populations of Food Stamp recipients with intensive education, job skills training, pre-employment services, and unsubsidised job placement.
Temporary Assistance for Needy Families (TANF) Job Placement	Federal & State - US Department of Health & Human Services (80%) and State General Revenue Fund (20%)	Illinois Department of Human Services	Job Readiness/Placement	TANF and/or SNAP Recipients	Provides targeted employment services designed to address the needs of TANF recipients with significant employment barriers.
TIFWorks	Local - TIF - City of Chicago	Chicago Department of Housing & Economic Development	Occupational Training	Incumbent Workers	Provides businesses in TIF districts with funding to train incumbent workers.
Title XX - Social Services Block Grant	Federal - US Dept of Health & Human Services	Illinois Department of Human Services	Job Readiness/Placement	Low-income Adults	Funds used to assist individuals in achieving economic self support. Some funds used for youth development programmes.
Trade & Globalisation Adjustment Assistance	Federal - US Department of Labor	Illinois Department of Commerce & Economic Opportunity	Occupational Training - Job Readiness/Placement	Dislocated Workers	Provides services, including training scholarships, to dislocated workers who have been found to be adversely impacted by increased imports or by a shift of production to another country.
Trade Adjustment Assistance	Federal - US Department of Labor	Illinois Department of Commerce & Economic Opportunity	Occupational Training - Job Readiness/Placement	Dislocated Workers	Provides benefits and services to workers who become unemployed due to the impact of international trade.
Training for Tomorrow	State - State General Revenue Fund	Illinois Department of Commerce & Economic Opportunity	Occupational Training	Low-income Adults	Provides employment and training opportunities that meet the specific skill needs of local employers and residents.
Transitional Jobs (CHA)	Federal - US Department of Housing & Urban Development	Chicago Housing Authority	Job Readiness/Placement	Public Housing Residents	Provides disadvantaged job seekers with time-limited, wage-paying jobs and combines real work, skill development, and supportive services to transition participants successfully into the labour market.
Transitional Jobs (IDOC)	State - State General Revenue Fund	Illinois Department of Human Services	Job Readiness/Placement	TANF and/or SNAP Recipients	See above
Transitional Jobs (TANF)	State - State General Revenue Fund	Illinois Department of Human Services	Job Readiness/Placement	TANF and/or SNAP Recipients	See above
Vocational Rehabilitation	Federal & State - US Department of Ed, Office of Special Education & Rehabilitative Services and 20% match from State General Revenue Fund	Illinois Department of Human Services - Division of Rehabilitative Services	Job Readiness/Placement	People with Disabilities	Assists people with disabilities in preparing for and finding quality employment.

Programme	Funding Source	Administering Agency	Primary Focus of Services	Primary Target Population (Stated)	Programme Description
Wagner-Peyser/Employment Services (7A)	Federal - U.S Dept of Labor - Employment & Training Administration	Illinois Department of Employment Security	Job Readiness/Placement	Dislocated Workers	Provides a variety of job search assistance and information services without charge to job seekers.
Wagner-Peyser/Employment Services (7B)	Federal - U.S Dept of Labor - Employment & Training Administration	Illinois Department of Employment Security	Job Readiness/Placement	Youth	Assists high school students in their transition to the workplace, providing exposure to the workplace environment and an understanding of the education and skills needed to succeed.
WIA Discretionary - 15% Set Aside	Federal - U.S Dept of Labor - Employment & Training Administration	Illinois Department of Commerce & Economic Opportunity	Job Readiness/Placement - Occupational Training	Low-Income Adults, Dislocated Workers, or Youth	States may reserve up to 15% of each of their separate adult, youth, and dislocated worker WIA allotments to 'carry out statewide employment and training activities.'
WIA Title I - Adult	Federal - U.S Dept of Labor - Employment & Training Administration	Illinois Department of Commerce & Economic Opportunity	Job Readiness/Placement - Occupational Training	Low-Income Adults	- Department of Labor Provides core, intensive, and training services to adults through the One-Stop Centers and affiliated sites.
WIA Title I - Dislocated Workers	Federal - U.S Dept of Labor - Employment & Training Administration	Illinois Department of Commerce & Economic Opportunity	Job Readiness/Placement - Occupational Training	Dislocated Workers	Provides core, intensive, and training services to dislocated workers through the One-Stop Centers and affiliated sites.
WIA Title I - Youth	Federal - U.S Dept of Labor - Employment & Training Administration	Illinois Department of Commerce & Economic Opportunity	Job Readiness/Placement	Youth	Provides core, intensive, and training services to youth through the One-Stop Centers and affiliated sites.
Women in Apprenticeship & Non-Traditional Occupations (WANTO)	Federal - US Department of Labor	US Department of Labor	Job Readiness/Placement - Occupational Training	Other (Women)	Assisting employers and labour management organisations in the placement and retention of women in apprenticeship and non-traditional occupations.
Work Experience and Career Exploration Program	State - State General Revenue Fund	Illinois State Board of Education	Occupational Training	Youth	A one to two year school-to-work transition programme that provides intensive intervention strategies to encourage at-risk students to improve their academic class and develop a career plan that guides them toward work.
Work First	State & Federal - State General Revenue Fund (90%) and US Department of Health & Human Services (10%)	Illinois Department of Human Services	Job Readiness/Placement	TANF and/or SNAP Recipients	Pay-after-performance programme for TANF recipients, which includes activities such as work experience, community service, vocational training, basic education, job skills, and treatment programmes.
Work Incentives Planning & Assistance	Federal - Social Security Administration	Illinois Department of Human Services - Division of Rehabilitative Services	Job Readiness/Placement	People with Disabilities	One-on-one consultation provided to jobseekers with disabilities meant to ensure a beneficiary's success in regards to employment. Services include general work to outline employment options and the development of long-term supports.
Workplace Skills Enhancement Program	State - Secretary of State Literacy Office	Secretary of State's Office - Illinois State Library	Adult Education/Literacy	Low-Literacy	Provides on-site instructional services to employees of Illinois businesses to enable them to increase their basic reading, math, writing, or language skills, maintain their employment and increase their eligibility for promotion. Eligible employees read at or below the 9th grade level. The fiscal agent and submitting agency may be either the educational partner or the business partner.

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Programme	Funding Source	Administering Agency	Primary Focus of Services	Primary Target Population (Stated)	Programme Description
Youth Build	Federal - US Department of Labor	US Department of Labor	Occupational Training	Youth	Empowers teens and young adults by focusing on academic goals while also helping youth to develop job skills by building homes for low-income families.
Youth Ready Chicago - Career Development Centers	Local - City of Chicago - Corporate	Chicago Department of Family & Support Services	Job Readiness/Placement	Youth	Connects young people, ages 14 - 21, with internships, apprenticeships and jobs within Chicago's public and private business sectors. Each opportunity offers youth hands-on experience and an opportunity to gain marketable skills.
Youth Ready Chicago - CHA Earn & Learn Program	Federal - Department of Housing and Urban Development	Chicago Department of Family & Support Services	Job Readiness/Placement	Youth	Provides CHA youth aged 13 to 15 with academic enrichment, experiential learning focused on career exploration, and field trips that complement class activities.
Youth Ready Chicago - Head Start Youth Initiative	Federal - US Department of Health & Human Services - Admin. for Children & Families	Chicago Department of Family & Support Services	Job Readiness/Placement	Youth	Provides teens, primarily CHA residents, with meaningful and valued work experience.
Youth Ready Chicago - Summer Jobs Program	Local - After School Matters Operating Budget	After School Matters	Job Readiness/Placement	Youth	Provides students with summer internships with a number of city departments, thus offering, meaningful, challenging and rewarding work experience.
Youth Ready Chicago - Summer Mini-Grants	Local - City of Chicago - Corporate	Chicago Department of Family & Support Services	Job Readiness/Placement	Youth	Offers youth (10-18) a chance to explore vocational, recreational, and educational opportunities.

Source: Chicago Jobs Council (unpublished) for the Workforce Boards of Metropolitan Chicago, 2010 data.



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