

**OPPORTUNITIES IN MANUFACTURING:
A FUTURE FOR OUR REGION AND ITS WORKERS**

A Report Prepared by The Policy Research Action Group (PRAG) for
The Regional Manufacturing Training Collaborative (RMTC)
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Executive Summary

The purpose of this paper is to raise the question of how to effectively address the dual challenge of meeting the needs of companies that produce wealth that fuels economic prosperity and making sure all the citizens of this country have the opportunity to contribute to and benefit from that prosperity. Furthermore, these challenges are addressed in the context of Chicago, a city and region that is rooted in a manufacturing environment that is re-inventing itself in a higher technological world and is struggling to find enough skilled workers to keep them competitive in this new economy.

Findings

While this may no longer be Carl Sandburg's Chicago, where hogs, wheat and railroads were dominant, today's Chicago is still a city of big shoulders -- metal fabricator, printer, woodworker, and food processor -- that pump millions of dollars into the economy. Based on the most recent statistics reported (1996), over 400,000 people in Chicago work in manufacturing; over 600,000 in the six county SMSA; over 900,000 in the state. Almost 18,000 manufacturing companies in Illinois generated a payroll of over \$33 billion. Cook County average annual manufacturing salaries (\$40,840) are 20% better than salaries in the service sector (\$32,251).

Nevertheless, the hum of production in the currently robust economy may be silenced if, as the manufacturing firms are telling us, they cannot find workers with skills crucial for today's and more importantly, tomorrow's, shop floor. Surveys by the Illinois Manufacturers Association (IMA) and the Management Association of Illinois (MAI, serving northern Cook County) highlight the skill shortage crisis. We have a Gray2K problem and an educational problem. As we move into the 21st century, waves of workers hired in the 1950's, when a high school diploma

was an indicator of twelfth grade skills, are retiring. Their replacements are not waiting in the wings. In 1999, the Illinois State Board of Education reported that 47% of adults in the state lacked the literacy skills to access decent jobs with living wages. In Chicago, 50% of the city's high school students are still dropping out. Immigrants, who have always been the backbone of Chicago's workforce, are finding that mastering rudimentary English is no longer enough. Employers are not only looking for decent reading and math skills, but for workers who can solve problems and utilize new technological tools in a production environment.

So, how do we catch up? We need a public policy in workforce development that recognizes both the opportunities in manufacturing and the deficits in the labor pool and makes resources available to bridge the gap. However, based on the review of Workforce Development policy included in this paper, policy seems to be marching in the wrong direction. The Workforce Investment Act (WIA) is not about investing in the workforce; it is about placement. With only a 50% requirement for serving the economically disadvantaged, it is less interested in this population than its predecessor, JTPA (Job Training Partnership Act). When training is recognized as a need for multiple-barriered individuals who present themselves for service at one of the WIA-funded Employment Training Centers, funds for training are so limited it often will not cover the cost of the longer term technical training it takes to access skilled positions in manufacturing. So, borrowing from Welfare Reform, WIA promotes the concept that any job is a good job, and we watch with concern a swelling of the ranks of the working poor.

What is needed is a policy that recognizes the findings of the Annie E. Casey Foundation, the work of NCLR (National Center for La Raza), research done by the University of Illinois, Chicago's Center for Urban Economic Development (CUED) and the Great Cities Institute, as well as PRAG, which are referred to in this report. Whether you call it economic development,

community development, or workforce development, it is about **income**. In other words, if our strategies are not about improving earning power, not just in the first job, but over the longer term, we are setting ourselves up for a citizenry that will always be dependant on some public subsidy to survive. It may not be TANF (Temporary Assistance to Needy Families) but it will definitely not be temporary.

Recommendations

- 1) In this report, we suggest the need for job centered economic development, based on community/business partnerships, that provide sectorally focused training to fill skilled positions with a living wage and a career path.
- 2) We recommend that, while manufacturing is not the only sector, it is a critical one for Chicago and Illinois, and probably, the nation
- 3) We recommend allocation of funds outside of WIA that are prioritized for longer term skills training, tapping into such sources as TIF set-asides for training and Empowerment Zone funds, and that funding for the Job Training and Economic Development (JTED) state initiative be greatly expanded.
- 4) We recommend support for intermediaries like the newly created Regional Manufacturing Training Collaborative (RMTC) that recognize both the supply and demand side of the workforce equation, promote the sector, advocate for increasing resources for best practice providers, and can mentor and support new providers.
- 5) The best workforce solution is based on strategic community/business partnerships like the RMTC.
- 6) Sustain experienced training providers, preserving over twenty years of effective practice.

- 7) Fund new groups—so we increase their capacity, along the same lines as the RMTC model, for under-served industry sectors and geographic areas, especially the South and far West sides
- 8) Form a Mayoral task force to take initiative and pursue Opportunities in Manufacturing.

I. Introduction

Carl Sandburg called Chicago

Hog Butcher for the World,
Tool Maker, Stacker of Wheat,
Player with Railroads – The Nation’s Freight Handler,
Stormy, husky, brawling,
City of the Big Shoulders.

We agreed with pride—until the 1970’s and 80’s. Then, Chicago and other cities suffered setbacks, as smokestack industries retooled, and a “rustbelt” epithet tarnished Sandburg’s image of power and production.

Images like “Hog Butcher” may no longer apply, but Chicago resurrected in the 1990’s with its manufacturing muscle rebuilt. Despite losing jobs and companies for two decades, manufacturing firms still employ more than 420,000 people in the city (Exhibit 1) and 654,000 in the six-county (Cook, Lake, DuPage, McHenry, Kane, and Will Counties) Chicagoland region (Exhibit 2). Productivity increases and skyrocketing value of products made in this region gives Chicago the opportunity to regain its former status as the largest production region in the U.S., and second largest in the world.¹

Our city is still a catalyst for growth at home and abroad. According to a recent survey of manufacturers in *Industry Week*, Chicago remains a classic American manufacturing city, with a full range of firms, from large international corporations to small family-owned businesses. The editors also noted that the Chicago metropolitan statistical area tops the U.S. in its share of gross domestic product from manufacturing.

While the Illinois and Chicago economies are among the most diversified, with a mix of manufacturing, financial services, distribution, retail, transportation, energy, and agriculture-

related industries, there has been a serious lack of understanding of the importance of manufacturing. Just as Mark Twain noted that rumors of his death had been greatly exaggerated, so too have been the perceptions that manufacturing is a thing of the past. This kind of thinking leads to neglect and this neglect is exacerbated by an evolving workforce that lacks the skills necessary to support the kind of manufacturing sector that will prosper in the new century. A skill shortage crisis is shaping up that threatens to undermine a productive future.

How has this crisis come about? What makes preparation of skilled workers for the manufacturing sector so important? What must be done to respond to these challenges? These are some of the questions this report addresses.

II. Manufacturing: Prosperity, Decline, and Resurgence

Following World War II, manufacturers, especially employers in the Chicago area, tapped into a pool of veterans who had a better education foundation for on-the-job vocational skills training. Back then a high school diploma was more valuable for blue-collar workers who needed less development than in today's high-tech environment. Skilled labor thrived in a post-war economy as we moved into the mass marketing age with mostly insignificant foreign competition. Eventually, other nations rebuilt, and then retooled, passing America. But the post-war open market placed the U.S. in an enviable position. Our companies dominated most of the global production from the mid-1950's until 1980. That period saw manufacturing companies/owners locate headquarters in Chicago because of a sizable production base. The city was a one-day flight to nearly anywhere in the world and had transportation hubs, suppliers, customers, similar businesses, and skilled workers.²

Our diverse ethnic and racial mix was a product of immigration and migration of groups seeking jobs in various manufacturing sectors, swelling the Chicago labor pool. Their

employment paid enough to support families and buy houses. Additionally, manufacturing jobs often had career tracks that did not require college degrees. This city profited, as skilled workers contributed to local economic growth through consumer spending and taxes. Wealth accrued in the 1950's and 60's.

In the 1970's and 80's critical factors challenged this prosperity. Suburban development spread rapidly. When company owners sought new homes for their families, large tracts of affordable land suggested the possibility of new homes for their companies as well. Many firms moved to the suburbs to lower costs and remain close to owners' homes. The suburban inner-ring was still accessible to city residents and blue-collar workers. But as companies moved to outlying areas, and then to the Sunbelt or offshore, Chicago witnessed major declines in manufacturing employment.³

The city suffered a net loss of 151,744 manufacturing jobs due to technology change and economic global integration from 1979 to 1989. As manufacturing was historically critical for low-income African-American and Hispanic males between the ages of 18-54, they were disproportionately affected, suffering over half of this employment loss.⁴

But manufacturing re-emerged. Entering the 1990's, manufacturing benefited from the overall robustness of our economy and from companies' ability to adjust, especially with more technology. Despite high-tech industry grabbing media headlines in 1999, it was still blue-collar manufacturing and agriculture that led Midwest regional job creation and production growth.⁵ For five years the national trend has seen a more productive manufacturing sector drive national growth to greater levels, the highest achieved since the 1960's.

In 1996, manufacturing represented \$74.43 billion of the Illinois gross product. Almost 16% of Illinois workers (952,000) worked in 17,975 manufacturing companies, which generated

a payroll of \$33.32 billion. It was almost 19% of the total wages paid to Illinois labor.⁶ Unlike most “new economy” industries, which only employ the top 10% of the population, manufacturing provides a range of jobs for people of all capabilities. Manufacturing gives blue-collar workers throughout Illinois good wages. The average weekly manufacturing pay in Illinois (\$563.40) is better than services (\$400.30) and finance, insurance, and real estate (\$480.50). Cook County average annual manufacturing salaries (\$40,840) are 20% better than service jobs (\$32,251).⁷

Manufacturing is distributed throughout Illinois, in small to large urban areas. For example:

Bloomington-Normal MSA, 8,900 manufacturing jobs, 10.2% of local labor

Champaign-Urbana MSA, 12,500 manufacturing jobs, 12.41% of local labor

Chicago MSA, 640,400 manufacturing jobs, 15.1% of local labor

Davenport-Moline-Rock Island MSA, 31,300 manufacturing jobs, 16.7% of local

labor

Decatur MSA, 14,200 manufacturing jobs, 23.5% of local labor

Kankakee MSA, 7,200 manufacturing jobs, 16.4% of local labor

Peoria MSA, 33,600 manufacturing jobs, 19.1% of local labor

Rockford MSA, 48,800 manufacturing jobs, 27.3% of local labor

Springfield MSA, 4,500 manufacturing jobs, 3.7% of local labor

The average Illinois House District has over 8,067 manufacturing workers and over 152 manufacturing firms that generate over \$282,364,406 in payroll.

Although manufacturing labor and plants are down from historic peaks, the sector continues to generate the same historic 17-19% of Illinois real gross product.⁸ Although

employment layoffs and plant closings hurt, Illinois manufacturing output grew 36%, and durable goods manufacturing grew a fantastic 68%!⁹

Wages and size alone, however, still undervalues manufacturing. It generates \$2.19 of economic activity per dollar of sales over \$1.94 for all sectors and \$1.77 for services. One million dollars in manufacturing sales supported six manufacturing jobs and ten jobs in other sectors. It contributed 29% to our national economic growth from 1992 to 1997, more than services (19%), retail (16%), wholesale (13%), and FIRE (13%).¹⁰

Moreover, Illinois manufacturing continues to raise output and productivity, adopting advanced production and methods. Advanced manufacturing requires workers that are increasingly highly skilled. But a skill shortage of manufacturing workers provides another incentive for companies to relocate, or delay implementing advanced manufacturing, which requires highly skilled workers, who are paid high wages. Statewide, projections indicate manufacturing job growth between 1996 and 2006 will be in skilled occupations—Precision Production occupations (2,578), Industrial Machinery Mechanics (1,501) and Operators, Fabricators and Laborers occupations (119,809)¹¹—that are already facing a skill shortage.

Throughout Illinois, over the last decade, unemployment rates have dropped significantly and employment has increased. A recent survey of Chicago-area companies, by the Management Association of Illinois found the shortage of skilled manufacturing labor is generating top wage increases for skilled manufacturing workers. Tool and die and gauge makers' wages are up 17.1% to more than \$21/hour and three other manufacturing jobs are in the top ten of wage increases.¹²

Skill shortages particularly impact small and medium-sized manufacturing firms that have fewer resources. Most Illinois manufacturers (11,407) employ fewer than 20 workers.

In 1996, Chicago manufacturing consisted of nineteen industries, which employed from 2,000 to 99,000 workers (Exhibit 3). The six largest manufacturing industrial sectors, based on jobs were: electronics/electrical equipment (standard industry classification [SIC Code 3600]), industrial machinery (3500), printing/publishing (2700), metals (3400), foods (2000), and chemicals (2800).

Illinois Department of Employment Security (IDES) projected manufacturing job creation growth will be highest in electronics, rubber/plastics (3000), metals, chemicals, and foods; four of the six largest (Exhibit 4). Wages vary significantly by and within manufacturing industries (Exhibit 5) yet highest average salary exceeded \$35,000/year in 1993, for: petroleum/coal (2900), chemicals, paper (2600), industrial machinery, instruments (3800), metals, electronics, rubbers/plastics, metals, foods, stone/clay/glass (3200), miscellaneous manufacturing (3900), furniture/fixtures (2500) and printing/publishing.

IDES projected occupational clusters—industrial categories defined by USDOL—that employ the greatest skilled labor were machine tool operations (cluster 1343), printing/graphic arts (1263), foods (1177), industrial equipment operations (1357), industrial electronics (1319), welding/brazing/soldering (1349), sheet metal (1345), tool and die making (1347), and industrial machine maintenance repair (1331) (Exhibit 6). These jobs are also best in projected employment openings through 2005 (Exhibit 7).

Average wages for manufacturing occupational clusters ranged from \$8.02/hour to \$26.31/hour in 1992 (Exhibit 8). The wages tended to be higher than the service sector and comparable to construction, without seasonal disadvantages. While manufacturing provides fewer jobs than in the past, it is vital to our economy, remaining a viable source of good jobs with career tracks to support families, especially for African-American and Hispanic males. More

skilled and experienced manufacturing labor, as with any other sector, had usually greater average hourly wages.

Besides the opportunities embodied in resurgent manufacturing, and despite an outflow of firms in the 1970's and 80's, many city neighborhoods still have a significant number of companies nearby. Firms within specific manufacturing industries often cluster together geographically. Using the zip code of the aldermanic office for the fifty wards, the average ward has 64 manufacturing firms and over 4,000 within ten miles [a reasonable commute] of that zip code (Exhibit 9). Mapping the location of firms in our city (Exhibit 10) shows that manufacturing distribution is mostly North and West, except for printing, which is concentrated downtown. Nevertheless, many of these jobs are accessible by public transportation from the South and West sides.

A. Current Workforce Challenges

1. Gray2K

As it revives, manufacturing faces major workforce challenges, as it competes with technology industries for skilled labor. For example, manufacturing faces a "Gray2k" problem with its experienced and skilled workers, such as tool and die makers, machine set-up operators, cabinetmakers, and journeyman printers, who have been the backbone of manufacturing firms since the 1940's and 50's, start retiring over the next five years.¹³ The Gray2K problem may prove to be more ominous than Y2K turned out to be.

2. Educational Deficits: Individual and Institutional

The source of their replacements remains unclear and a cause for critical concern. A new crop of skilled labor is not ready to take their place. One reason must be attributed to a general failure of Chicago public schools. Too many graduates do not achieve 12th grade skill levels, and

our high school dropout rate still hovers around 50%! While on-the-job training has worked for companies in the past, it is difficult to carry out in the face of very low literacy and math skills. About 60% of U.S. employers interviewed in a National Association of Manufacturers survey said that current workers lack basic math skills. The USDOL revealed a third of U.S. employers believe high school graduates are not prepared to hold down jobs in their industry.¹⁴

Additionally, our public schools have virtually abandoned vocational skills training. In 1993, Chicago Manufacturing Institute (CMI) Director, Ric Gudell, identified this alarming trend in a lecture at the “Linking School and Work in Urban Areas” Chicago conference. As public schools ended metalworking classes, for example, they contributed to a skill shortage crisis. Students lost the opportunity to develop occupational skills for a sector suffering from a chronic shortage of skilled labor.

Chicago Commons Association (CCA), a consortium of settlement houses, and CMI sponsor, provided a post-secondary alternative. They subcontracted with Daley College, a Chicago City College (CCC) south-side campus, to host multiple spindle screw machine-training classes that employed metalworking industrial instructors. The vocational skills program initially enrolled about 45 students at Daley College, with a goal to graduate 50-70 adults. (Impetus came from a 1990 Chicago Economic Development Commission study urging funding for the third-largest manufacturing sector—metalworking.¹⁵)

But the CCC, the city’s largest and best-funded adult educator, insisted on prioritizing their traditional product, Associate Arts (AA) degrees, while expanding remedial education in their Adult Learning Skills Program (ALSP). The remedial skills program, however, did not connect to the Chicago City Colleges vocational offerings. In 1993, the problem was documented in a study of the drop-off in enrollment of Latinos in the English as a Second Language (ESL)

program compared to enrollment in city-college vocational programs.¹⁶ Daley College officials wanted screw machine trainees to earn AA degrees before certification; trainees had a greater priority on securing wages. Furthermore, City Colleges wrangled over their requirements for credit courses and college instructor qualifications versus CMI's commitment to job placement and instructors with industrial experience. Chicago Commons Association withdrew their program from Daley College, returning to their initial community-based provider strategy for job training.

3. The Unions' Role

Furthermore, unions, which have historically provided training through their apprenticeship system, has reduced their role, or moved apprenticeships to suburban locations, where young adults are often counseled by schools and pressured by parents to see college as their only option for a worthwhile career. Only the construction industry has maintained apprenticeships and hiring halls that were typical of the 1940's and 50's. Fortunately, as we enter the 21st century, the Chicago Federation of Labor, working in partnership with Chicago's Center for Labor and Community Research, has announced its intention to reverse that trend, and look closely at how unions can support training in the manufacturing sector.

4. Manufacturing's Image

Finally, the all too prevalent image of factory employment as low-status is a contributing factor to the skill shortage crisis. University graduates do not want factory jobs. The industrial plant is not viewed as a glamorous, high-tech place. The public is not aware of the introduction of computer-aided design (CAD) and computer-aided manufacturing (CAM) to the shop floor. Parents, teachers, and guidance counselors do not understand that manufacturing is appropriate for many bright young adults. If education leaders were more familiar with an updated

manufacturing sector, schools could give students helpful guidance and skills they need to compete in the 21st century.

To highlight our challenge, the Great Cities Institute at the University of Illinois at Chicago (UIC) held a focus group of manufacturers in disadvantaged communities. All companies represented had hired employees in the past year for skilled and semi-skilled jobs. In their recruitment, employers looked for a strong work ethic, basic education skills [e.g., blueprint reading, shop math, and precision measurement], and strong communication. Promotion came from industry experience and knowledge. Owners said they had trouble hiring for unskilled, entry-level, and highly skilled jobs. Their common recruitment practice of hiring friends and relatives of current employees was not yielding the results it had in the past. However, the focus group found a consensus among manufacturers. Those who consistently hired from community-based, long term, intensive training programs, were quite satisfied with the product these programs produced.

So, as the dust settled, and prosperity returned in the 90's, survivor companies found themselves in a strong manufacturing city, but faced two problems: **a skill shortage and no public policy in sight to resolve it.**¹⁷

B. Defining the Skill Shortage

In the past, any hard working person with a decent high school education and a positive attitude who showed up reliably could enter a plant and earn good wages and advance, especially at large companies. Davis Jenkins, Great Cities Institute at University of Illinois in Chicago (UIC) Senior Associate says that is not so today. He believes that factories still need unskilled and low-skilled labor for such employment as packing boxes or doing repetitive assembly-line work. Yet menial, dead-end jobs are vanishing.¹⁸

African-American and Latino males, primarily living in the city, face many barriers to keeping or accessing manufacturing jobs in the evolving industrial work environment. They lack advanced vocational skills; have relatively lower education levels; have seen commutes lengthen; lack information about job openings; and, African-Americans especially, experience racism.¹⁹ Most face difficulties finding new employment, with more than one-third still jobless when interviewed one-to-three years after displacement.²⁰

Today, Jenkins argues, skilled laborers are *knowledge workers* with a capacity for continuous learning. However, about half of all adults in the U.S. today have a high school degree or less. A study done by the Illinois State Board of Education in 1998 found that 47% of the state's adults lacked the literacy level required to access jobs with family support wages.²¹ The less educated people have a serious disadvantage in an era when the fastest growing jobs of the future require not only a good basic skills foundation, but also some post-secondary training.²²

Some companies found *knowledge workers* overseas. In September 1997, we reached the cap of 65,000 for foreign labor visas. About 25% of this quota went to the technology industry. Recently, firms have begun to petition Congress to lift or increase the cap. Others argue that this approach is unwise and simply skirts around the real issue: America needs to train American workers

Some employers continually hire skilled workers away from others by bidding up their wages. While incumbent workers may benefit, this strategy does nothing to expand a skilled labor pool!

Massachusetts Institute of Technology economist, Lester Thurow, postulates, "The skills of the workforce are going to be the key competitive weapon in the 21st century. Brainpower will

create new technologies, but skilled labor will be the arms and legs that allow one to employ the new product and process technologies that are being generated. Skilled people ... become the only ... sustainable competitive advantage.”

Company owners fear that despite the manufacturing rebound, current production rates cannot be maintained in the face of skill shortages. Almost nine out of ten U.S. manufacturers surveyed had complained about lacking qualified, highly skilled labor. Over 60% of 400 human resource chiefs surveyed reported a crisis. And, the Bureau of Labor Statistics projects that over the next ten years 1.3 million high-tech jobs will be created.²³ Yet without expanding a skilled labor pool, American—and global—economic growth will be hampered.

Two significant examples reveal the cost of a skill shortage.²⁴ The Boeing Company’s inability to find qualified workers led to late-order backlogs that were partly responsible for a \$696-million-dollar loss in 1997. In Morgan City, Louisiana, Marine Service Industries, Inc., experiencing skill shortages since 1996, was forced to reject hundreds of millions of dollars worth of projects.

We suggest that public policy around workforce development has contributed to the problem these companies face.

III. The Failed Policy Response

To date, the response to skill shortages, on the part of a variety of institutions, has been woefully inadequate. We have not met business demand or community need.

While universities produce good engineers, there is no such thing as a similar, reliable source for skilled labor. High schools and city colleges do not generate a sufficient number of consistently qualified graduates. Too few successful community-based vocational skills training providers exist. Where they do, however, student populations are relatively small due to

inadequate funding. Furthermore, the four top Chicago community-based manufacturing skills training providers are on the North Side and near West Side. But today's disadvantaged workers are typically on the South Side or mid-to-far West Side. Part of this labor discrepancy is due to historic patterns of segregation and racism. But availability of high quality skills training has been shown to go a long way in removing that barrier.

Chicago has companies in significant manufacturing sectors—such as metalworking and woodworking—that need skilled labor. Employers pay good wages and offer career tracks, but have not or cannot tap into a pool of unskilled labor right outside their door. The missing ingredient is a comprehensive, integrated literacy/vocational skill program, located nearby, to help bridge the gap between their needs and the deficits in the labor pool.

Most federally funded job-training participants would be better off today if programs had never existed, according to James Bovard, a Washington journalist who has written on workforce development for the *Wall Street Journal*, *New Republic*, and other publications. Aside from wasting vital public and private resources, Bovard said policymakers distorted lives with false promises. Some disadvantaged people thought time in a program opened future doors. Valuable investments were lost on people in programs that gave them nothing more than a certificate for jobs that did not exist, while great opportunities were missed for teaching skills that were actually needed and associated with good jobs.²⁵

A. JTPA, 1982-2000

Bovard's biting criticisms were not unfounded. On the other hand, such sweeping statements tend to influence policymakers to trash all previous programs, without regard for the few successful elements that lurk in the corners of every failed policy. Such was the fate of the Job Training Partnership Act (JTPA), which governed workforce preparation in our country from

1982-2000. A review of JTPA benefits and flaws reveals how it supported *job-centered economic development* as well as created barriers.

In 1982, U.S. Congress enacted JTPA to replace the Comprehensive Employment Training Act (CETA). Critics said training under CETA often limited participants to job readiness, bypassing occupation skills. CETA featured subsidized opportunities, known as “make work,” without hope for improving long-term employability.

JTPA targeted economically disadvantaged adult/youth for workforce participation, occupational skills training, and instituted accountability for results by requiring reports on placement and retention outcomes, and connecting payment with outcomes. When used properly, JTPA supported *job-centered economic development*. Such sectorally focused service providers as CMI and Greater West Town Project (GWTP) exemplified what could and should be done under JTPA. In addition to a sectoral focus, they built in support services required to successfully train multi-barriered populations. It generally meant tapping alternative funding or, eventually, incorporating these costs into the cost of training.

However, when training did not relate to sectors, it frequently did not result in decent employment with good wages and future opportunities for advancement. According to a University of Chicago study (1985) directed by political science professor, Gary Orfield, graduates often obtained low-paying positions with fast-food outlets. Such jobs required little training. Or, in some cases, sectors were poorly researched. Providers did not determine actual job availability in a particular industry, did not consider career tracks and wage advancement, or the potential for industry growth.

“Creaming” was another criticism of JTPA. Orfield denounced what the federal government had failed to do. In many instances they mostly helped those who were best educated

and easy to place, who needed less training.²⁶ While everyone wants outcomes and accountability, if that requirement is not offset by a reward mechanism for attempting to serve multi-barriered populations, creaming will occur or organizations will go bankrupt as they try to compete with those that cream.

Critics also cited business owners' dissatisfaction with the quality of worker preparation under JTPA. It was apparently inconsistent. The inconsistency was rooted in politics, as some JTPA providers were refunded every year, regardless of outcomes, but due instead to political clout. However, those employers who linked up with providers who designed training programs to fit their needs had a totally different and positive experience. But their stories were too few and not told loudly enough.

Orfield's report cited other major barriers, such as unequal access to the best training programs for minorities and ignoring school dropouts. Orfield recommended that funding must be increased. "Resources were sharply cut, and that has had dramatic impacts on the program," according to the report.²⁷

The JTPA first year (1982) saw the Reagan Administration allocate only \$2+ billion to states, compared to \$5+ billion the previous year under CETA. The private sector was to create more jobs but supply-side economics, with its trickle-down theory, failed.

In subsequent years, funding plummeted. Reviewing the JTPA data for Title 2A (economically disadvantaged adults) in Chicago illustrates our point. From 1992 to 1996, funding for delegate agencies doing training under Title 2A went from \$28+ million to \$4+ million, a decline of about 84%. The number of providers went from 89 to 23.²⁸

Policy makers have incorrectly thought that "too much money has been spent for employment and training programs, and that a much less costly program would suffice."²⁹ In

spite of its very real flaws, JTPA was undoubtedly further undermined by dramatically reduced resources.

Despite being an imperfect tool, one aspect of JTPA that was impressive, but seldom discussed, was the return-on-investment from long-term training. JTPA allocated public funds for employment and training as an “investment in human capital and not an expense,” according to legislation.³⁰ By making American taxpayers investors, citizens could expect return-on-investment. During the Illinois fiscal year ending June 30, 1998, our state gave employment and training in the JTPA Title I program to over 7,000 low-income clients at a total cost of \$32.2 million.³¹

The Illinois Department of Commerce and Community Affairs (DCCA) calculated the return-on-investment for state taxpayer contribution, and overall economic impact for a twelve-year period, due to profits accruing after the first year and lasting for nearly twelve to twenty years. For Illinois, the return-on-investment was \$56.5 million. Graduates paid more in state and federal income taxes by contributing more to FICA, as fewer dollars went to welfare and food stamps. Disposable income for graduates increased to \$165+ million, which would have been added to the local economy. The overall financial impact of JTPA investments exceeded \$501 million. That money came from the greater disposable income and the ripple effect of re-spending dollars.

The return-on-investment is one of the best arguments to support longer-term, sectorally focused training—called *job-centered economic development*. It should have led to more effective workforce development policy built on lessons learned under JTPA. But that did not happen.

B. Welfare Reform

While JTPA was being criticized for its flaws, and while positive results were being ignored, matters worsened. The Clinton Administration launched “welfare reform.” States began to move disadvantaged people into dead-end, menial labor, under the rubric of “work first.” That policy places multi-barriered people into jobs without addressing their literacy or vocational skill deficits.

Greater West Town Project’s Executive Director, William Leavy, had first-hand experience watching federal, state, and local efforts fail to turn welfare recipients into skilled workers. Many states, including Illinois, are meeting the reduced welfare roll requirement of the 1996 federal welfare reform law (The Personal Responsibility and Work Opportunity Reconciliation Act), “not by increasing the number of people working but by decreasing the number of people who receive financial assistance.”³² Even those who made it to work, without educational and vocational training, ended up in low skill/low wage jobs. Leavy said disadvantaged families remained in poverty, whether on or off welfare.

Leavy’s perception is supported by a 1997 study conducted by the Center for Urban Research and Learning (CURL) at Loyola University in Chicago. With community partners, Organization of the Northeast and Howard Area Community Center, CURL studied tragic consequences of the 1996 welfare reform package. The report investigated the reliability of government statistics touting the success of welfare reform. It revealed people cut off from bureaucratic errors, missed appointments, or unanswered questions.

But even for those who were truly off welfare, their outlook was grim. Many former recipients placed in their first job got significantly less than the federal poverty wage. Philip Nyden, CURL Director and sociology professor at Loyola University, said that the federal government stressed reducing numbers of recipients and ignored long-term literacy and

occupation skills training. Most recipients of Temporary Assistance for Needy Families (TANF) believed that the system barred them from going to good paying jobs by denying them adequate skills training. They felt under pressure by bureaucrats who forced them into dead-end, menial labor. The study concluded that if welfare reform's goal was self-sufficiency, it had missed its mark.

While “work first” penalizes those who need literacy and vocational skills training to access better-paying jobs with career paths, it also penalizes employers. In its emphasis on short-term job-readiness, Illinois Department of Human Services (IDHS), which administers TANF, is leading employers to believe they are being sent “job ready” workers. These are people who spent 40 hours learning how to write a resume that has little to say in the face of a non-existent work history; people who have been lectured on the work ethic but have no role models to exemplify this behavior; people who have spent many years not working, but miraculously changed that behavior in one week; people who, in spite of a great desire to work, have not been able, in 5 days, to overcome barriers that kept them out of the workplace for years—such as substance abuse, domestic violence, lack of child care, low literacy, etc.

In addition to the shortcomings of welfare reform itself, it has had a most disturbing, if unattended, influence on workforce preparation policy in general, due to its “work first” mantra, accompanied by its dubious assumption that “any job is a good job.” It implies that *job-centered economic development* and sectorally focused training are unnecessary. In cities across America, community groups are losing funding to implement long-term training. In Chicago, delegate agencies are being squeezed out, while policy has been skewed away from funding company owners' need for skilled workers in favor of reducing taxes employers pay for the “high cost of dependency.” The business community has been the victim of a shell game.

C. Illinois Employment Training Centers (IETCs): The One-Stop Approach

While employers and TANF job seekers struggled with welfare reform and JTPA flaws, another idea for solving the skill shortage crisis was put on the policy table. For several years, the USDOL encouraged states to develop one-stop career centers to streamline service. But it is not focused on the economically disadvantaged. Policymakers called for services to be “universal,” not needs based. Chicago has five one-stop centers, with two more on the drawing board. Other cities invited community-based job trainers into the one-stops as partners. Chicago failed to do this.

There are three tiers of services available at the one-stops, and training is available only at the final tier. Individuals coming into a one-stop for employment assistance must go through the first two levels before they get trained. The first tier is Core Services, and it offers basics: assistance with searching help-wanted ads in newspapers, online postings, or MOWD data on employment growth in our economy. The next tier is called Intensive Services, and it offers job counseling and very basic job-readiness, such as learning Microsoft. After exhausting those services then there is skills training subsidized by vouchers. The voucher, officially known as an Individual Training Account (ITA), allows disadvantaged people to shop and choose providers that they hope will best meet their needs. Lists of approved training providers are available at one-stops. What information is received by or used by case managers to counsel clients in search of a good training program is often unclear. Thus, informed customer choice is a problem.

There are other problems with vouchers. First, vouchers were initially limited to around \$1,500. If the candidate identified a training program that cost more than that, as many longer-term occupational skills training programs do, especially in the manufacturing sector, customer choice disappears. Second, most of the one-stops used up vouchers before the fiscal year ended—

an indicator of demand for training exceeding supply over ITA funding. The one-stops were not prepared to deal with any volume demand from multi-barriered people. They were designed for universal service, i.e., minimal service to those least in need of assistance.

The biggest beneficiary of vouchers has been Chicago City Colleges. Because they have so many other public resources, the vouchers are used just to cover the tuition portion of a city college course. Also, one-stop case managers are generally more familiar with the community college concept, rather than community-based sectoral training programs.

On the other hand, for the most economically and educationally disadvantaged job seekers, a community college course may not be the most effective strategy for them. First, Chicago City Colleges generally require a minimum 8th grade reading level, which disqualifies many of them. Second, disadvantaged job seekers need an environment with support services and a commitment to serve multi-barriered populations. While this is often where community-based organizations (CBO) excel, as noted by Illinois Community College Board President, Joseph Cipfl, CBO training providers receive few referrals from Chicago IETCs.³³

One explanation may be due to the emphasis put on placement over training. The second is possible discouragement of people alienated by a process moving them from tier to tier before it is ever determined that they are eligible for skills training. Finally, it is argued that many economically disadvantaged adults never get to the one-stops, which are too far removed, geographically and culturally from their community.

Vouchers also cause logistical and financial problems, as trainers cannot predict how many clients will walk through their door. Formerly, service providers received contracts up front to train a class. Now, they are to depend on referrals from the one-stops. The lack of certainty severely hurts non-profits that plan and budget annually. For example, a CBO cannot buy a three-

year lease, which is usually a better rate, if they do not know enrollment. They face severe cash flow barriers due to serving more people in shorter periods with fewer resources.³⁴

The Chicago Jobs Council, a coalition of community-based training and support service providers, found in their study *Five Stops on the Road to Improving Chicago's One-Stops* (1998) that, through April 1998, the city's one-stops neither satisfied the business demand for skilled workers nor customer choice in selecting service providers.³⁵

D. The Workforce Investment Act of 1998

On August 7, 1998, President Clinton signed the Workforce Investment Act (WIA). Cities and states are implementing the act, which went into effect on July 1, 2000. The legislation consolidates more than 70 federal job-training programs, gives cities and states flexibility to spend federal money, and has created a market-driven system to satisfy job seekers and employers.

In theory, WIA lets people shop and choose a service provider they believe meets their needs. It gives money to states, and calls for strict performance conformity by all providers. However, if the only outcome valued by the system is placement, successful long-term, intensive service providers will suffer as they become incorporated into a statewide coordinated system that prioritizes the short-term. This will penalize the multi-barriered/economically disadvantaged jobseeker as well as employers.

This short term view has already hurt a state program that industrial training organizations fought for and won to support skills training based on community/business partnerships: Job Training and Economic Development (JTED) program. In their contract negotiations, the Illinois Department of Commerce and Community Affairs (DCCA) capped the

per unit cost of eligible training at \$3,500. But Greater West Town woodworking, for example, costs \$7,000 per person.

Furthermore, job training funded through JTPA was earmarked for economically disadvantaged people. Under WIA, states are only required to serve at least 51% economically disadvantaged. In cases where success is defined as meeting minimum requirements, funding for the economically disadvantaged may fall to 50%, in proportion to what was available under JTPA. So, those hard-to-serve populations who are not benefiting from our robust economy will lose under WIA. The smaller, community-based training providers who were successful in training and placing multi-barriered populations under JTPA will also suffer under WIA.

IV. More Effective Response

A. Job-Centered Economic Development

There is a movement happening today to improve connections between disadvantaged communities and industries providing livable wages, based on revisions of a traditional idea. The Annie E. Casey Foundation's *Jobs Initiative* Director, Robert P. Giloth, defines a set of practices as *job-centered economic development* to explain how we produce economic development in low-income communities by accessing real income over real estate. Giloth's concept is a brilliant example of grounded theory, rooted in practice, because it is based on observation from twenty years of what works. It includes demand-side economic development strategies with education, human services, job creation, and skills training as the only approach that achieves good wages and career tracks for low-income people. The achievement has come by linking job seekers with employer networks, thus improving placement and retention. The need to balance the employer's needs with those of the community was cited as critical. Most programs fail because they either only understand the employer side or do not create enough value for participants. Or they start

with participants' side of the equation and provide too many social services at the expense of skill development.

The Casey study also highlights the role of “intermediary” actors in the economy who facilitate the conversations that bring together workers and companies for skills training.³⁶ There is an array of projects located in different regional, institutional, and market contexts that represent *job-centered economic development*. The emergent quality of many of the innovations, as well as their focus on particular places, makes description and analysis difficult. The Casey Foundation *Jobs Initiative* studied six cities (Denver, Milwaukee, New Orleans, Philadelphia, St. Louis, and Seattle) that implemented job training. Starting in 1995, Casey supported, assisted, and studied the community groups, city agencies, foundations, and other players to help unskilled workers secure livable wages with benefits and career tracks.

A key corollary concept is what is called the “subsector” approach to facilitating those conversations. While organizations like CMI have been using it for more than fifteen years, the National Council for La Raza (NCLR) has recently published a report,³⁷ describing the subsector approach as a holistic integrated system to empower low-income laborers and satisfy employer demand, positively impacting our economy. The subsector approach links industries to neighborhoods, challenging the idea that disadvantaged communities have no capacity to train workers in skills that companies require.

There are three critical elements embodied in this strategy. First, intermediaries help communities to see the multiple and interwoven regional economic system of suppliers, producers, and distributors for goods and services in industry subsectors. Metalworking, food processing, and printing are examples of subsectors. Subsector projects must be undertaken on a

regional basis because subsector members are scattered throughout the region. Industry, capital, products, and workers are not limited to neighborhood boundaries.

Second, trainers find opportunities and solve obstacles when working in subsectors. We collect data in field interviews with entrepreneurs, managers, workers, and other players in the region.

Third, intermediary organizations join traditionally isolated groups as strategic partners, forging coalitions and political alliances. The collaboration includes economic development groups, faith-based groups, and other community groups, training institutions (such as Chicago City Colleges), research institutions (such as PRAG—usually university-based), and regional commercial banks. They work together to bring projects to fruition. Strategic partners leverage such scarce community resources as funding and political clout to position subsector partnerships for success. In other words, *Job-centered economic development* relies on our skills to forge partnerships linking business, education, community, and government.

B. A Local Workforce Solution: The RMTC

In Chicago, the Regional Manufacturing Training Collaborative (RMTC) is promoting *job-centered economic development*. The RMTC began in 1999. The founders envisioned a regional, sectorally focused skills training system, for manufacturing as a whole, similar to the MAGIC strategy for printing in Milwaukee. (The Milwaukee Area Graphic Industry Center is one of the aforementioned Casey initiatives.) The Policy Research Action Group (PRAG)³⁸ and the Management Association of Illinois (MAI)³⁹ brought together the Chicago Manufacturing Institute (CMI), Greater West Town Project (GWTP), and Jane Addams Resource Corporation (JARC). Early on, the Mayor's Office of Workforce Development (MOWD) also came to the table. Joining the RMTC since its founding are three more sectorally focused skill training

organizations: the Instituto del Progreso Latino (Manufacturing Bridge Program), Humboldt Park Economic Development Corporation (Graphic Link), and the DiTrollo Flexographic Institute. The Center for Labor and Community Research, Candy Institute, South Suburban College, the Marquette Center, Greater North Pulaski Development Corporation, and Northwest Suburban Manufacturers Association are also members.

The RMTC promotes the training model espoused by Giloth and NCLR. It meets specific needs of both Chicago employers and job seekers, with a comprehensive occupational skills training strategy.⁴⁰ It is a model that teaches basic applied literacy and vocational skills drawn from sector-based, demand-driven analysis. The RMTC focuses on small manufacturers who face barriers in recruiting and hiring. The RMTC links multi-barriered populations to companies. The success of the classroom training in leading to placement in living wage jobs with career paths is enhanced by an array of support services, beginning with effective recruitment and assessment, and continuing with cultivation of industry partnerships for future employment. Aid in overcoming such typical barriers to employment as a lack of previous work experience, finding adequate and affordable child/health care, struggling with English as the second language, learning literacy and math skills, overcoming drugs, coping with domestic violence, paying for transportation to training, and surviving with aid-to-first-pay, come with the RMTC model.

In summary, the training organizations that belong to the RMTC provide effective workforce preparation, in accordance with the effectiveness model outlined by the Policy Research Action Group (PRAG) in its 1996 report “Models of Effective Workforce Preparation Programs.”⁴¹ Such effectiveness involves the following inputs and outcomes:

Inputs

- Intensive outreach and recruitment

- Appropriate assessment, not only of basic skills, but also of career interests and aptitudes
- A classroom curriculum that is sectorally focused and developed with industry participation, often employing instructors with industry experience
- Cultivation of relationships with individual companies within a sector as well as trade associations representing that sector
- Integration of basic skills, job readiness, and vocational skills in the curriculum
- Case management support in areas like child care, transportation, and coping with personal and family issues such as substance abuse and domestic violence
- Placement assistance with companies already associated with the program

Outcomes

- 60-70% program completion rate
- 80-90% placement rate in jobs with a career track
- Good wages at placement
- Capacity to earn wages approaching the self-sufficiency standard in 3-5 years of initial placement

To better understand how this model is put into practice, and because these stories need to be told, a second report has been prepared by PRAG that provides case studies of three community-based, sectorally focused job training providers that are veterans of job centered economic development approaches in Chicago. Please contact Maureen Hellwig, Ph.D. for information on how to obtain the case studies report: Mhellwi@luc.edu

Even though a recent study by James Lewis (Institute for Metropolitan Affairs, Roosevelt University) and Nikolas Theodore (Center for Urban Economic Development, University of Illinois at Chicago) “*Measuring the Performance of Job Trainers Under WIA: Survey of Chicago Providers*” (February 2000)⁴² shows the positive relationship between long term training and higher returns to participants and society, the current climate, as noted above, has shifted away from both policy support and funding for this type of training. Always under pressure to focus on survival, smaller, community-based programs, in particular, feel compelled to respond to government legislation and demand from other factions for shorter-term programs, with less

financial investment, and more immediate placement outcomes.

The RMTC remains committed to long-term sectorally focused training.

V. Conclusion

A. Findings

While this may no longer be Carl Sandburg's Chicago, where hogs, wheat and railroads were dominant, today's Chicago is still a city of big shoulders—metal fabricator, printer, woodworker, and food processor—that pumps millions of dollars into the economy. Based on the most recent statistics reported (1996), over 400,000 people in Chicago work in manufacturing; over 600,000 in the six county SMSA; over 900,000 in the state. Almost 18,000 manufacturing companies in Illinois generated a payroll of over \$33 billion. Cook County average annual manufacturing salaries (\$40,840) are 20% better than salaries in the service sector (\$32,251).

Nevertheless, the hum of production in the currently robust economy may be silenced if, as the manufacturing firms are telling us, they cannot find workers with skills crucial for today's and more importantly, tomorrow's, shop floor. Surveys by the Illinois Manufacturers Association (IMA) and the Management Association of Illinois (MAI, serving northern Cook County) highlight the skill shortage crisis. We have a Gray2K problem and an educational problem. As we move into the 21st century, waves of workers hired in the 1950's, when a high school diploma was an indicator of twelfth grade skills, are retiring. Their replacements are not waiting in the wings. In 1999, the Illinois State Board of Education reported that 47% of adults in the state lacked the literacy skills to access decent jobs with living wages. In Chicago, 50% of the city's high school students are still dropping out. Immigrants, who have always been the backbone of Chicago's workforce, are finding that mastering rudimentary English is no longer enough.

Employers are not only looking for decent reading and math skills, but for workers who can solve problems and utilize new technological tools in a production environment.

So, how do we catch up? We need a public policy in workforce development that recognizes both the opportunities in manufacturing and the deficits in the labor pool and makes resources available to bridge the gap. However, based on the review of Workforce Development policy included in this paper, policy seems to be marching in the wrong direction. The Workforce Investment Act (WIA) is not about investing in the workforce; it is about placement. With only a 50% requirement for serving the economically disadvantaged, it is less interested in this population than its predecessor, JTPA (Job Training Partnership Act). When training is recognized as a need for multiple-barriered individuals, funds for training are so limited they often will not cover the cost of the longer term technical training it takes to access skilled positions in manufacturing. So, borrowing from Welfare Reform, WIA promotes the concept that any job is a good job, and we watch with concern a swelling of the ranks of the working poor.

What is needed is a policy that recognizes the findings of the Annie E. Casey Foundation, the work of NCLR (National Center for La Raza), research done by the University of Illinois, Chicago's Center for Urban Economic Development (CUED) and the Great Cities Institute, as well as PRAG, which are referred to in this report. Whether you call it economic development, community development, or workforce development, it is about **income**. In other words, if our strategies are not about improving earning power, not just in the first job, but over the longer term, we are setting ourselves up for a citizenry that will always be dependant on some public subsidy to survive. It may not be TANF (Temporary Assistance to Needy Families) but it will definitely not be temporary.

Recommendations

- 1) In this report, we suggest the need for job centered economic development, based on community/business partnerships, that provide sectorally focused training to fill skilled positions with a living wage and a career path.
- 2) We recommend that, while manufacturing is not the only sector, it is a critical one for Chicago and Illinois, and probably, the nation
- 3) We recommend allocation of funds outside of WIA that are prioritized for longer term skills training, tapping into such sources as TIF set-asides for training and Empowerment Zone funds, and that funding for the Job Training and Economic Development (JTED) state initiative be greatly expanded.
- 4) We recommend support for intermediaries like the newly created Regional Manufacturing Training Collaborative (RMTC) that recognize both the supply and demand side of the workforce equation, promote the sector, advocate for increasing resources for best practice providers, and can mentor and support new providers.
- 5) The best workforce solution is based on strategic community/business partnerships like the RMTC.
- 6) Sustain experienced training providers, preserving over twenty years of effective practice.
- 7) Fund new groups—so we increase their capacity, along the same lines as the RMTC model, for under-served industry sectors and geographic areas, especially the South and far West sides
- 8) Form a Mayoral task force to take initiative and pursue Opportunities in Manufacturing.

Notes

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² Israilevich, Philip R., Kenneth N. Kuttner, and Robert H. Schnorbus, “Tracking Midwest Manufacturing and Productivity Growth,” *Economic Perspectives* 9; “Chicago Manufacturing,” *Industry Week* (April 16, 1999), 4.

³ Phillips-Fein, Kim, “The Still-Industrialized City: Why Cities Shouldn’t just let Manufacturing go,” *American Prospect* 40 (September 1998), 1-2.

⁴ Ranney, David C., Patricia A. Wright and Tingwei Zhang *Citizens, Local Government and the Development of Chicago’s Near South Side* (United Nations Research Institute for Social Development, Discussion Paper No. 90, November 1997); Ranney, David C., *Transnational Investment and Job Loss: The Case of Chicago* (University of Illinois at Chicago Center for Urban Economic Development, October 1992), 3, Ranney, David C. and William Cecil *Transnational Investment and Job Loss in Chicago: Impacts on Women, African-Americans and Latinos* (University of Illinois at Chicago Center for Urban Economic Development, January 1993).

⁵ Testa, William, “How the Midwest has won,” *World and I*, Volume 14: Issue 8 (August 1, 1999), 42.

⁶ Illinois Department of Employment Security (August 2000); U.S. States Census Bureau, Illinois Major Industry Group (1998).

⁷ Illinois Department of Labor, "Highlights of the Progress of Women and Minorities in the Workforce" (April 2000).

⁸ U.S. Department of Commerce Bureau of Economic Analysis.

⁹ Siekman, Philip, "The Manufacturing Myth: The Big Myth About U.S. Manufacturing Imports are pouring in, and "everybody know" that a service-oriented America is retreating from manufacturing. The reality: By a wide margin the U.S. is still the world's No. 1 industrial superpower," *Fortune Magazine* (October 2, 2000), 244.

¹⁰ U.S. Department of Commerce Bureau of Economic Analysis.

¹¹ Economic Information and Analysis Division Illinois Department of Employment Security.

¹² Gallaro, Vince, "Follow the Money Skilled Manufacturing, Info Tech see big raises," *Chicago Daily Herald* (May 20, 2000).

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¹⁶ Carmona, Claudia Gomez, “Latinos and Vocational Education in Chicago City Colleges.” Prepared for Erie Neighborhood House under the direction of Maureen Hellwig, Ph.D., Director of Community Economic Development, (Spring 1993).

¹⁷ <http://www.naco.org/pubs/releases/11-24-99.cfm>.

¹⁸ Gaines, “A New Breed.”

¹⁹ Immergluck, Daniel and Marti Wiles, *A Rising Tide ... but some Leaky Boats: The 1990 Economic Expansion and Job Sprawl in the Chicago Region* (Chicago: The Woodstock Institute, November, 1998), Virginia Carlson and Nikolas Theodore, *Employment Availability for Entry-*

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²⁰ Mishel, Lawrence, Jared Bernstein and John Schmitt, *The State of Working America 1998-99* (Economic Policy Institute, Cornell University Press, 1999), 236.

²¹ Illinois Human Resource Investment Council Literacy Report, November 1998 Conference.

²² "America's Skills Shortage," *Business Perspectives* 3 (August 22, 1999).

²³ Ibid.

²⁴ Ibid.

²⁵ <http://www.cato.org/pubs/pas/pa077.html>.

²⁶ "U. of C. study critical of U.S. jobs program," Chicago *Sun-Times* (October 10, 1985).

²⁷ Ibid.

²⁸ Report prepared for PRAG by Davis Jenkins, UIC, (August, 1996) based on data provided by the Mayor's Office of Employment and Training.

²⁹ "U of C" Study.

³⁰ Report prepared by DCCA, "DCCA Reports the return on investment for job training program to be a half-billion dollars."

³¹ Ibid.

³² "Without Training, Success of Welfare Overhaul May Falter," *New York Times* (August 26, 1999).

³³ Statements made at a meeting with community providers at PRAG (August 1999).

³⁴ Theodore, Nikolas, "Workforce Investment Act: Recommendations for Implementation in Illinois."

³⁵ Chicago Jobs Council, *Five Steps on the Road to Improving Chicago's One-Stops: Strategies from the Midwest to Make Chicago's workforce System Work for Everyone* (April 1998).

³⁶ Giloth, Robert P., *Jobs & Economic Development* (Thousand Oaks, CA: Sage, 1998), 2-3.

³⁷ See *An Introductory Guide to The Subsector Approach to Community Economic Development*, (Washington, DC: National Council of La Raza, 1999).

³⁸ PRAG is a consortium of four Chicago universities (Loyola, DePaul, UIC, and Chicago State) working with more than twenty community-based organizations on policy issues. PRAG was formed in 1989.

³⁹ MAI is a business coalition that represents 850 small and mid-sized manufacturers in the State of Illinois.

⁴⁰ <http://www.wdsc.org/sga/awards/99-001award.htm>.

⁴¹ "Models of Effective Workforce Preparation Programs." Policy Research Action Group, 1996.

⁴² Lewis, James, Nikolas Theodore, "Measuring the Performance of Job Trainers Under WIA: Survey of Chicago Providers" (February 2000).

Appendix I

The PRAG Core Group:

Stephen Alexander, Chicago State University-Center for Urban Politics & Public Policy

Brian Banks/Maureen Hellwig/Martin Mercado, PRAG

Mary Ann Bolton, Bolton Consulting

Johnny Cole, Community Workshop on Economic Development

Jennifer Connors, Uptown Community Development Corp.

William Howard, West Humboldt Park Family & Community Development Council

Katy Jacob, Woodstock Institute

Claire Kohrman, West Side Health Authority

John Lukehart, Leadership Council for Metropolitan Open Communities

Art Lyons, Center for Economic Policy Analysis

Mike Maly, Roosevelt University

Cynthia Milsap, The Night Ministry

Silvia Nebel, West Town Leadership United

Phil Nyden/Lin Von Dreele, Center for Urban Research & Learning, Loyola University

Bill Peterman, Neighborhood Assistance Center, Chicago State University

Kim Richardson, Westside Business Improvement Association

Alfred Saucedo, Citizens Information Service

Janet Smith, College of Urban Planning and Public Affairs, University of Illinois, Chicago

Clinton Stockwell, Chicago Metropolitan Center

Bernice Taylor, Egan Urban Center, DePaul University

Appendix II

Regional Manufacturing Training Collaborative Members (in alphabetical order):

The Candy Institute, a not-for-profit organization committed to helping the candy industry survive and flourish so that it can help to make Chicago the candy capital of the world and continue to provide solid, family supporting jobs to local communities. www.candyinstitute.org

Center for Labor and Community Research (CLCR) is a not-for-profit corporation. Their goal is to assist labor, communities, and business to pursue the high road of economic development, guaranteeing the building of a strong, participative and productive economy. www.clcr.org

Chicago Manufacturing Institute (CMI) provides training in the metal fabricating industry: automatic screw machine set-up, spring and coil machine set-up, electroplating, industrial mechanics and quality control. CMI is one of the award-winning training organizations to currently offer no-cost training under the Department of Labor grant. www.chicagocommons.org

DiTrollo Flexographic Institute, Inc. (DFI) offers industry-specific training seminars for all skill levels—from beginning press operations to advanced printing applications for the flexographic sub-sector of the printing industry. www.flexotraining.com

Greater North Pulaski Development Corporation (GNPDC) is a neighborhood based economic development organization serving Chicago's Northwest side communities and is a Chicago leader and a national model in nonprofit industrial retention and community development. www.gnpdc.org

Greater West Town Project (GWTP) is a not-for-profit community organization that provides training in the woodworking/architectural millwork industry and in shipping and receiving. GWTP also operates a welfare-to-work program, an employment placement service, and an alternative high school. www.greaterwesttownproject.org

Humboldt Park Economic Development Corporation (HPEDC) seeks to improve the economic condition of area residents by offering a sectoral approach to skills training. HPEDC is a member of the Printing Industry Collaborative along with Centers for New Horizons, Kennedy King College, The Printing Industry Association of Illinois and Indiana, and PRAG. It is a founding partner of Graphic Link, a training program focused on the printing industry. 773-782-2560.

Instituto del Progreso Latino (IPL) is dedicated to the development of Latino adults and their families through programs in education, leadership development, vocational training and job placement assistance. With the Great Cities Institute of the University of Illinois, Chicago it created and operates the Manufacturing Bridge program. www.idpl.org

Jane Addams Resource Corporation (JARC) provides training for the metal stamping subsector of the metal fabricating industry. They also have a long history of providing training for incumbent workers. JARC is one of the few training organizations to provide training in multiple languages. www.jane-addams.org

Marquette Development Center is a new organization that meets the needs of job seekers through quality training, education and employment opportunities for a variety of manufacturing sectors. 773-434-0316.

Mayor's Office of Workforce Development (MOWD). MOWD is responsible for managing the city's commitment to job training, and, as such, sponsors a wide range of programs. Its role in the RMTC demonstrates its support of the manufacturing sector and facilitates connections between RMTC members and its programs. <http://w5.ci.chi.il.us/WorkforceDevelopment/About.html>

Northwest Suburban Manufacturers Association (NSMA) is dedicated to promoting cooperation in all matters of interest among the industries in the Northwest suburban area, to help maintain high business standards and ethics, to aid and assist one another in common problems and to develop an interest in civic affairs for the betterment and welfare of its members and the community. www.nsmaweb.com

Policy Research Action Group (PRAG). PRAG helped found the RMTC and secure its initial funding. Through its mission to promote university/community partnerships, PRAG provides research and advocacy support for the RMTC and its members. www.luc.edu/depts/curl/prag

South Suburban College's Business & Career Institute (BCI) offers customized training programs designed to meet the special needs of business and industry. Courses, seminars, and workshops are offered on a variety of relevant topics. www.ssc.cc.il.us

EXHIBIT 1