

# Making the Workforce System Work for Public Housing Residents

## How Lessons from Opportunity Chicago Can Inform Rethinking the Workforce Investment Act of 1998

### Cities in a Bind

Cities across the country are running into the same problem: resources to help low-income, low-skilled individuals find and keep jobs are severely limited, and the current federal workforce legislation often inadvertently stifles local creativity and problem-solving.

Chicago has been an exception. Leaders have come together to create new pathways for public housing residents to connect to the labor market. It made helping low-income populations a priority. But to support innovative programs and create different funding streams, it has had to constantly push against federal workforce rules and regulations.

This brief outlines the experience of a unique workforce collaborative that helped train more than 5,000 Chicago public housing residents for jobs and suggests recommendations for changes to national workforce policies based on that experience.

**Opportunity Chicago** is a \$27.5 million public-private partnership addressing the training and employment needs of Chicago's public housing residents. In January 2006 three major partners — the Chicago Housing Authority (CHA), The Partnership for New Communities<sup>1</sup>, and the Chicago Department of Family and Support Services<sup>2</sup> — came together to create Opportunity Chicago and set an ambitious goal to connect 5,000 public housing residents to jobs through skills training and education by December 2010. Initiative leaders prioritized creating effective pathways to jobs and ensuring that promising programs and practices would be institutionalized through new resource allocations and public policy changes. Opportunity Chicago is managed by the Chicago Jobs Council, a well-respected advocacy organization that works to ensure employment and career advancement opportunities for people living in poverty.

Opportunity Chicago has helped thousands of public housing residents connect to an array of services designed to meet their employment needs. Programs include job-readiness training, transitional jobs, contextualized literacy and bridge programs, customized skills training, and technical skills training through the City Colleges of Chicago.

An important part of Opportunity Chicago's strategy was to ensure its programs prepared participants for career-path jobs in high-demand sectors in Chicago that need, or are anticipated to need, a skilled workforce from which to hire. Those five industries are: hospitality (retail, restaurant and hotel), healthcare, manufacturing, information technology, and energy efficiency.<sup>3</sup>

As of September 2010, more than 5,800 individuals found work through Opportunity Chicago. And Opportunity Chicago's goals to improve inter-agency coordination and streamline service delivery from entry-level through advanced skills training are well under way.

The initiative is being evaluated by the Center for Urban Economic Development at the University of Illinois at Chicago (CUED) and Abt Associates. The final report will be complete in 2011.

Where possible, Opportunity Chicago utilized current federal programs, such as the Workforce Investment Act (WIA) or Temporary Assistance to Needy Families (TANF). But faced with the realities of what it really takes to help public housing residents find and keep jobs, Opportunity Chicago and its partners found the rules stymied progress and that they needed to create and fund their own innovative solutions. Current federal workforce policy rules and regulations made it very difficult to implement changes that would allow the local workforce system to work better for public housing residents — many of whom would be considered among the "hard-to-employ."



# Falling Between Programs: The Hard-to-Employ

Many Chicago public housing residents face significant challenges to finding and keeping jobs. Low education levels, limited or no work experience, transportation hurdles, child care issues and more make the journey to a job a difficult one. And new CHA work requirements mean that more public housing residents than ever are actively seeking employment.

Through Opportunity Chicago, major public agencies were committed to helping residents successfully connect to the labor market. Yet in addition to the personal barriers residents faced, another problem arose: *how to fund innovative approaches to help public housing residents make that connection to the labor market.*

Unfortunately, three major pieces of federal legislation aimed at helping low-income individuals do not have an explicit focus on helping the hardest-to-employ find work. And the notion that the federal government spends billions on job training for the poor is simply a myth.

The federal workforce program — the Workforce Investment Act (WIA) — allocates only \$3 billion for all 50 states (with \$1.2 billion for youth activities; \$1.25 billion for dislocated workers; and \$500 million for adult activities). Within the adult activities category, the federal requirement targets only 51 percent of funding toward low-

income individuals. Despite the fact that Chicago has long reserved 75 percent of its WIA resources for jobseekers below the poverty line, its WIA system served only about 1.4 percent (7,600) of the approximately 550,000 Chicagoans who live below the federal poverty line in 2008.<sup>4</sup> Out of the \$27.5 million raised for the five-year Opportunity Chicago budget, roughly 14 percent (\$3.8 million) came from the City's WIA resources.

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And federal WIA spending is dwarfed by two other federal programs designed to help low-income families — TANF and EITC — but these programs do not help individuals prepare for and find jobs. The TANF program (approximately \$16 billion nationally per year) does not function as a workforce development program for the hardest-to-employ. While TANF has a work requirement, most TANF funds are used to pay for critical support services necessary to keep a job — such as child care — and explicitly do not fund employment education and training. And while many CHA residents may be eligible for TANF, many do not apply or receive work-related supports or assistance with job preparation. The Earned Income Tax Credit (EITC) is a hugely important \$45 billion annual federal expenditure that provides an income supplement to boost low wages once an individual is employed, but it is not used for workforce preparation.

So while it may seem like there are a lot of resources designated to help low-income individuals, the fact is that only limited resources from these funding streams are available to help hard-to-employ populations, including public housing residents, prepare for and connect to jobs. In response, Opportunity Chicago rallied to combine a wide range of public and private resources to create and deliver these services.

But resources are not the only challenge.

## Collaboration at Work: Opportunity Chicago's Strategic Advisers Group

- ◆ Annie E. Casey Foundation
- ◆ Chicago Department of Community Development
- ◆ Chicago Department of Family and Support Services
- ◆ Chicago Housing Authority
- ◆ Chicago Workforce Investment Council (CWIC) / Chicago Workforce Board
- ◆ Chicagoland Chamber of Commerce
- ◆ City Colleges of Chicago
- ◆ City of Chicago, Office of the Mayor
- ◆ The Illinois Department of Commerce and Economic Opportunity
- ◆ The John D. and Catherine T. MacArthur Foundation
- ◆ The Joyce Foundation
- ◆ The Lloyd A. Fry Foundation
- ◆ The Partnership for New Communities
- ◆ U.S. Department of Labor
- ◆ Women Employed

# Designed to **Fail** for the Hardest-to-Employ

Given there is no other major federal program to help prepare low-income individuals for work, the WIA system is the logical place to turn when thinking about how to connect public housing residents to skills training and jobs. And Chicago did commit significant WIA resources to hard-to-employ individuals. However, in addition to a limited pool of WIA resources, the structure of the program itself is incompatible with the workforce needs of public housing residents and other low-skilled, low-income people.

## Why doesn't WIA work for public housing residents and other hard-to-employ individuals?

Current performance measurement penalizes providers who work with higher-risk populations

Performance goals are not weighted for differences in population, which means providers may not get compensated or could lose contracts for serving individuals who are harder to employ.

Cross-system coordination and connection to necessary support services - transportation, child care, etc. - is weak

There are no requirements or guidelines to encourage welfare and workforce agencies to collaborate and coordinate services, which can lead to interruptions in training or work for participants.

Single and rapid job placement focus is not realistic for this population

The hard-to-employ may cycle in and out of multiple job placements, and the current system rewards providers for rapid attachment to a job, not multiple jobs.

Title I (workforce systems) and Title II (adult education and literacy) are not synchronized

There are few formal connections between workforce services and adult education. Strides in occupationally-focused contextualized literacy make the connection between workforce and education a must.

Lack of appropriate "on-ramps" to workforce system services

Services often do not start at an appropriate level for hard to employ jobseekers. Funding for services at the lowest rungs of the job training ladder are often inadequate or do not even exist.

# Designed to **Work**: Innovations Developed Outside the “System”

Opportunity Chicago blended public and private resources to experiment with **three pilot training and education models** that help connect public housing residents to work. Far from perfect, these programs are continuously improving and adapting to best serve public housing residents’ employment needs. The employment outcomes from these pilots will be part of the final evaluation report. Outcomes aside, these models illustrate how resources were used to address both resource constraints and structural barriers preventing public housing residents from preparing for and finding jobs.

## Transitional Jobs

**Transitional Jobs (TJ) programs** combine temporary subsidized employment with job readiness and support services. One research study has found that program participants are more likely to get and keep a job, increase wages over time, and rely less on public benefits.

Without a TJ program, chronically unemployed public housing residents would be unlikely to access other workforce programs or succeed in finding a job because these services do not exist elsewhere.

TJs are targeted toward individuals with little to no work history. Seventy-two percent of individuals placed through Opportunity Chicago were consistently unemployed or sporadically employed when they began.

Through Opportunity Chicago there were 900 TJ placements between 2006 and 2009. Most jobs were in administrative, janitorial and customer services occupations, and many were within the hospitality, healthcare, and information technology sectors.

More research is needed to understand the effectiveness of these programs for extremely disadvantaged individuals, as preliminary data show many are still unemployed after working in a TJ.

Primary resources to support TJ programs came from the Chicago Housing Authority, The Partnership for New Communities and the State of Illinois.

## Industry-Specific Training or “Sector” Programs

There is growing evidence of the effectiveness of **industry-specific training programs** designed in conjunction with employers.<sup>5</sup> An evaluation of Illinois’ Job Training and Economic Development program, which provides industry-specific training to low-income jobseekers and incumbent workers, shows that program participants increase their earnings by nearly \$2,500 per year (nearly 40%) compared to demographically similar non-participants.<sup>6</sup> The forthcoming Opportunity Chicago evaluation will examine outcomes from sector programs.

Opportunity Chicago focused on five primary sectors: hospitality (retail, restaurant and hotel), healthcare, manufacturing, information technology, and energy efficiency.

Industry skills training was supported primarily through a combination of private foundation funds (The Partnership for New Communities), the Chicago Housing Authority, and the State of Illinois. These programs that serve public housing residents would not exist if not for the Opportunity Chicago collaboration.

## Contextualized Literacy and Bridge Programs

**Bridge programs** combine contextualized literacy and adult basic education programming with occupationally-relevant coursework. Opportunity Chicago expanded contextualized literacy programming to feature programs that provide training in reading, writing, math, and computer skills and have a direct connection to industry training and placement.

Contextualized literacy programs were operated by non-profit providers as well as the City Colleges of Chicago. As of September 2010, nearly 1,000 residents completed certificate and degree training programs through the City Colleges of Chicago.

Two Opportunity Chicago providers — Association House and Heartland Human Care Services — have embedded a high-impact adult literacy component into their transitional jobs programs.

Bridge programs could be financed using resources from Titles I and II of WIA — blending resources and rules to allow remedial education and training to be combined with occupationally-focused coursework that may lead to a certificate or degree. Lack of federal guidance means that these funding streams are not coming together to support such programs on the ground.

Funding came primarily from a combination of private foundation funds (The Partnership for New Communities), Chicago Housing Authority, and the State of Illinois.

# Making the System Work: Opportunity Chicago's Recommendations for Change

## STRUCTURAL

- 1** Increase workforce investments and ensure that resources explicitly target the hardest-to-employ.
- 2** Weight performance measures so that providers with disadvantaged populations are not penalized for taking longer to achieve outcomes, and create new measures for other positive outcomes (e.g., attaining additional skills and credentials or achieving self sufficiency).
- 3** Allow categorical eligibility for specific groups of jobseekers (i.e. those already deemed eligible for free/reduced-price lunch, TANF, public housing, etc. are automatically eligible for WIA with no additional documentation required).

## PROGRAMMATIC

- 4** Expand resources for transitional jobs for the hardest-to-employ and incentivize ways for WIA and TANF resources to be used to fund these programs.
- 5** Expand and reward the use of sector-based strategies where training providers and industry-specific employers in high demand industries collaborate.
- 6** Formalize coordination between the WIA Title I (workforce development systems) and WIA Title II (adult education and literacy) systems to link low-skilled individuals with occupational training and career pathways (bridge programs).

# Closing the Gap: Shouldn't WIA support employment and training models for public housing residents?

The intention of this policy brief is to highlight resource and rule constraints faced by Opportunity Chicago and to offer reflections and recommendations for public leaders as they reevaluate the nation's workforce legislation.

Opportunity Chicago is a five-year demonstration project slated to end in December 2010. It rallied Chicago leaders to combine over \$27.5 million in public and private resources to experiment and test innovative employment approaches and evaluate the results. One of the primary goals of this effort was to offer promising systemic solutions — ones that could be incorporated and integrated into the public workforce system over time. Local-level decisions are beginning to reflect Opportunity Chicago lessons, but federal level decisions are not. It is not realistic to think that an initiative like Opportunity Chicago could permanently fund these employment approaches.

Federal WIA dollars, as allocated by the City of Chicago, supported 14 percent of this five-year demonstration. While this is a low percentage of the total cost, it comprised a significant portion of the City's limited WIA resources. But how can innovative efforts like the ones started by Opportunity Chicago continue without greater public workforce resources allocated to them? And if the nation's leaders decide to invest more resources into WIA or other workforce programs, will the rules and regulations change to better meet the needs of public housing residents, some of whom are among the hardest-to-employ?

Finally, the cost of inaction is too great. There are many reasons job attainment is important for public housing residents. In fact, new welfare rules and housing authority work requirements make it essential. Having a job promotes community stability, confidence and self-esteem and adds to the economic well-being of the city and nation. But given Chicago's long history of intergenerational poverty and public housing residency, there is another critical reason why job training and labor market attachment is paramount: research suggests that a cycle of intergenerational poverty and reliance on public supports, such as housing, can be broken, in part, with a job. And more than 5,000 public housing residents found employment through this initiative.

Opportunity Chicago set a course for innovation and experimentation, yielding many lessons about what works and what doesn't. Federal workforce legislation changes should reflect what pioneering local efforts around the country have learned. Changing the federal workforce system based on lessons learned from initiatives like Opportunity Chicago makes good sense and could ultimately lead to dramatic changes for low-income individuals and their children, our society and our economy. ▲

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<sup>1</sup> The Partnership for New Communities is a funder group of business, civic and foundation leaders. Its investment partners include: Bank of America, The Chicago Community Trust, ComEd, an Exelon Company, Harris Bank, The Illinois Department of Commerce and Economic Development, The John D. and Catherine T. MacArthur Foundation, The Joyce Foundation, Living Cities, The Lloyd A. Fry Foundation, McCormick Foundation, National Fund for Workforce Solutions, Peoples Gas, Polk Bros. Foundation, State of Illinois, State Street Foundation-State Street Global Advisors, the US Department of Housing and Urban Development, and the US Department of Labor.

<sup>2</sup> The Mayor's Office of Workforce Development was the original City of Chicago partner. The Mayor's Office of Workforce Development merged with the Chicago Department of Community Development (DCD) in 2008, and then DCD transitioned its workforce development programs to the Chicago Department of Family and Support Services in January 2010.

<sup>3</sup> The industries were selected using regional labor market information. Transportation, Distribution and Logistics or TDL was identified as a high-demand industry early on but was not pursued because of an interest and skills mismatch with public housing residents.

<sup>4</sup> Poverty Trends in Chicago, Illinois. Fact sheet at: [www.heartlandalliance.org/research/data/chicagocity07.pdf](http://www.heartlandalliance.org/research/data/chicagocity07.pdf).

<sup>5</sup> *Tuning In to Local Labor Markets: Findings from the Sectoral Employment Impact Study*. Sheila Maguire, Joshua Freely, Carol Clymer, Maureen Conway, and Deena Schwartz. Public Private Ventures. July 2010.

<sup>6</sup> Schrock, G. and Jenkins, D. (2006). *An Evaluation of Illinois' JTED Program*. Chicago, IL: Chicago Jobs Council.

CHICAGO HOUSING AUTHORITY

312.786.4034

[www.thecha.org](http://www.thecha.org)

CHICAGO DEPARTMENT OF FAMILY AND SUPPORT SERVICES

312.743.0300

[www.cityofchicago.org](http://www.cityofchicago.org)

THE PARTNERSHIP FOR NEW COMMUNITIES

312.616.6680

[www.thepartnershipfornewcommunities.org](http://www.thepartnershipfornewcommunities.org)

CHICAGO JOBS COUNCIL

312.252.0460

[www.cjc.net](http://www.cjc.net)

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