

ECONOMIC SELF-SUFFICIENCY

UNITED WAY TAKES COMPREHENSIVE APPROACH TO HELPING PEOPLE FIND AND KEEP JOBS

Considerable resources are dedicated to comprehensive programs offering specialized job training, counseling and social welfare services aimed to help people get the start they need to be successful. While special emphasis is placed on the working poor, immigrant populations and institutionalized individuals, United Way of Metropolitan Chicago also funds programs across the spectrum—from those harder to employ, like ex-offenders, people with disabilities and those with substance abuse issues, to moving people from hourly to higher paying jobs, and increasingly, to those needing support with middle-class job placement. The goal is not only to help people find a job but to help people keep a job for longer than a year.

For those who have never worked before and need more intensive help, United Way funds bridge programs to upgrade the skill levels of workers, supporting one-on-one case management focused on job preparedness, resume writing and job placement. In some cases, United Way will pay the first few months of a worker's salary to encourage employers to hire them. In other cases, daycare is either heavily subsidized or free to eliminate yet another barrier to employment. All of these program and support services provide fundamental resources people need to become self-sufficient and support their families.

In the aftermath of Katrina, employment was one of the main challenges facing evacuees. A large proportion of individuals have needed extensive support, including specialized training, try-out-employment positions and transitional job programs. Special attention has been paid to long-term assistance since up to 30% of the evacuee households have histories of chronic unemployment and could easily fall into homelessness without effective support and case management assistance.

The region's need to meet the employment challenges faced by these families, and so many others across the Chicago region, is critical not only for those who receive service but for everyone in the region, to keep metropolitan Chicago healthy, safe and prosperous.

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When most people think about job-related problems they generally think about the unemployed. Long-term unemployment, defined as joblessness for six months or more, is at record rates in this country. This is clearly an issue in the Chicagoland area where the unemployment rate—calculated as joblessness for less than six months—is 6.8%, considerably higher than the national rate, which ranged from 4.9% to 5.1% during most of 2005. Further, the state's unemployment insurance system provides benefits to less than half of all unemployed workers, suggesting that there are barriers to accessing benefits.

But there's an additional twist: an unusually large number of people who are chronically out of work are from middle class jobs. Even with better-than-expected job growth, large numbers of people with college

degrees have quit job hunting and dropped out of the labor force, according to U.S. Labor Department reports. An even larger and more looming issue, however, concerns the growing challenges faced by the working poor. One key issue is the loss of jobs paying a living wage. The poverty threshold for a family of four is \$19,350 a year. In metropolitan Chicago, 10.7% of working families have incomes less than 150% of poverty, up from 8.1% 10 years earlier. There is a significant gap between the wages low-income families earn and the income they need to become financially self-sufficient. Many are working hard but find themselves under considerable pressure to cover basic costs, sometimes needing to hold down multiple jobs just to make ends meet.

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Overall, nationwide and across the Chicago area, there has been a movement toward fewer manufacturing jobs with an increase in the growth of service jobs.

Manufacturing jobs dropped by 3.3 million nationwide. In Illinois alone, the nation's fourth largest manufacturing state, more than 150,000 manufacturing jobs have vanished since the middle of 2000—an average of more than 100 a day.

And while new jobs are being introduced, they don't pay as well as the manufacturing and union-based jobs they have replaced. A report from the U.S. Conference of Mayors said jobs lost between 2001 and 2003 were being replaced with jobs paying 20% less. For some, the drop has been much steeper. The jobs where the state forecasts the most growth—cashiers, retail, warehouse work and janitorial jobs—have starting pay of only \$6 to \$7 an hour. Not only does this put increased pressure on these workers' ability to pay

for essentials like transportation, food and shelter, but competition for those jobs is high as former white-collar and manufacturing workers are now battling with traditional entry-level jobs.

Further complicating matters, many low wage employees face limited promotion opportunities or compensation increases given the deficiencies in their skill sets. In addition, affordable housing is more and more likely to be far from job opportunities and lack of public transportation restricts access to those jobs; transportation costs can be prohibitive for low wage workers.

JOB READINESS A SIGNIFICANT WORKFORCE BARRIER

A 2005 report released by the Chicago Jobs Council indicates that nearly 250,000 working families are in low-wage jobs and do not have the education to move up. Many lack the work skills necessary to thrive in today's labor market and have trouble accessing the kinds of programs that would help them prepare for a career. Citing those problems, the report says the future of Chicago's economy depends on investing in services that help people gain job skills.

Many industries nationwide are currently facing skill shortages. As baby boomers retire over the next decade—which is 41%

of the workforce in metropolitan Chicago—the skill shortages are expected to further worsen. While employers will need new skilled workers to take their place, many job seekers have only limited basic skills and English proficiency. And 46% of the city's youth are not completing high school, which is already a requirement for two-thirds of the jobs in the metropolitan area. By 2013, more than 80% of the 23 million jobs expected to be created will also require some postsecondary schooling—a significant hurdle given that much of the workforce across the region lacks even a GED.

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Employment training is a major issue because a job can alleviate a number of other critical needs. The situation facing as many as 100,000 of Illinois' current and former welfare participants, ex-offenders and other low-income residents would improve considerably with access to skills training that would qualify them for higher-paying, higher-skilled jobs. Yet only 1% of federal welfare dollars were spent on education and training in 2000.

Illinois is ranked 32nd among states nationwide for the percentage of unemployed adults who enter federally-funded job training. Without access to education and training people have few prospects to increase their earning potential and move out of poverty.

BETTER EDUCATION AND SKILLS MAKE FAMILIES BETTER OFF

Skills training has a direct impact on increasing earnings. Recent studies of training programs serving low-income adults have documented annual earnings impacts of anywhere from 10% to 156% beyond what similar job seekers had been able to gain without training or with job search services only. Many of these increases were the result of access to jobs with higher hourly wages as well as increases in the number of work hours available to them. Skills training can also improve access to employer-paid benefits and increase steady work.

Bridge programs, which facilitate skills development that helps qualify low-skilled workers for employer-driven vocational training and post-secondary education, are a key first step to developing career paths that pay a living wage. In fact, bridge programs are proving to be more effective with potentially better outcomes than traditional adult education.