



Chicago Metropolitan Agency for Planning

233 South Wacker Drive
Suite 800
Chicago, IL 60606

312-454-0400 (voice)
312-454-0411 (fax)
www.cmap.illinois.gov

MEMORANDUM

To: CMAP Board

Date: March 31, 2010

From: Annie Byrne, Associate Regional Planner

Re: *GO TO 2040* Policy Briefing: Education and Workforce Development

From fall 2009 to spring 2010, CMAP staff will brief the Board on key policy areas that are recommended to be among the priorities of *GO TO 2040*. At the April meeting, one of the key policy issues discussed will be **Education and Workforce Development**. It is expected that the *GO TO 2040* plan will recommend strengthening the quality and access to education and the workforce development system. Integrated data and planning across the education, workforce development, and economic development systems should identify gaps and barriers and promote innovative solutions.

Chicago Community Trust Partnership

Early in the plan development process, several community and human development topics emerged as important areas for CMAP to address in *GO TO 2040*. To cover these non-traditional regional planning topics, CMAP partnered with the Chicago Community Trust to identify experts in the field to write a series of strategy papers, two of which focused on education and workforce development.¹ These reports are meant to provide a detailed description of the topic, challenges, and opportunities; to identify goals and objectives; and to recommend strategies for consideration in the *GO TO 2040* plan. Each report had a lead agency that convened an advisory council several times over the course of a year and collectively developed a set of recommendations for the region to pursue to help achieve the Regional Vision. The strategies focus on building on the region's existing frameworks and strengths to thoughtfully add value rather than being duplicative. These reports and their recommendations are used to directly inform this recommendation.

¹ Topics include human relations, arts and culture, public safety/crime and justice, emergency preparedness, food policy hunger, public health, education, and workforce development. The reports can be found here: <http://www.gototo2040.org/ideazone/default.aspx?id=19435>.

Importance of Education and Workforce Development

An educated and employed populace is linked to prosperity, quality of life, and economic competitiveness. Businesses of all types consistently rate the quality and availability of a diverse and talented workforce as one of the most important factors influencing their location decisions and ability to succeed. For our region's economy to grow, the labor force must offer the skills necessary for businesses to prosper and industries to innovate. More importantly, access to a high-quality education is the most important factor in personal growth. This recommendation covers a spectrum of human capital strategies, from early childhood to primary and secondary education to job training and workforce development. A commitment to addressing these issues and improving the quality of our educational and workforce system is a key component to achieving our Regional Vision.

Education is found to be the one policy variable that consistently shows strong positive effects in studies on metropolitan growth rates. In addition, recent evidence suggests that it is more costly *not* to ensure successful early-childhood to post-secondary education for all children and young adults. Lower educational attainment leads to poorer health, increased rates of incarceration, decreased rates of civic participation and lower earnings over a lifetime. Fifteen percent of the region's workforce over the age of 25 does not have a high school diploma, and certain communities are especially challenged by high dropout rates; nearly 50 percent of high school students drop out of the Chicago Public Schools system.ⁱ Over a lifetime, an 18-year-old who does not complete high school earns approximately \$260,000 less than someone with a high school diploma and contributes about \$60,000 less in lifetime federal and state income taxes. The combined income and tax losses aggregated for the national cohort of 18-year-olds who did not complete high school is more than \$156 billion, or 1.3 percent of GDP. Furthermore, dropouts are incarcerated at twice the rate of those who graduate from high school, leading to increased public spending on law enforcement.ⁱⁱ It is in the region's best interest to break from these trends and commit to improve our educational system.

The connection between education and the economy is clear, and because our region's workforce is currently underutilized, the regional economy is not meeting its full potential. The Chicago region's 2001-2008 GDP growth rate of 31 percent lags behind the national average; it also trails New York, Los Angeles, and Washington, D.C., all of which had growth rates over 40 percent. In Illinois, 52 percent of jobs require more than a high school diploma but less than a four-year degree, yet only 43 percent of Illinois workers meet these criteria. Labor shortages are experienced by industries that are growing and serve as a backbone to the regional economy including health care and freight. Meanwhile, income and employment data indicate too many residents are not fully participating in the economy, and nearly 12 percent of the region's residents are living below the poverty level.

These troubling statistics are felt throughout the region, and participants in CMAP's *GO TO 2040* "Invent the Future" workshops consistently discussed the need for a strong economy. Residents and stakeholders desire to have better educational opportunities and to create a strong employment base so that the region will be economically competitive.

Summary of Education and Workforce Development Issues

Over the next three decades, education and workforce development in the seven-county region will need to meet the challenges created by changing demographics, industry trends, increased global competition, and advances in technology. Increasingly, it is expected that all workers will hold multiple jobs over a lifetime and that new skills will likely accompany these changes. As robotics increasingly replace workers in some sectors, jobs requiring rote tasks will likely decrease and the demand for workers will continue to shift towards those with college degrees.ⁱⁱⁱ These trends heighten the importance of education and training strategies that are flexible enough to adapt to changing skill requirements demanded by businesses and industries, at the same time that education and training opportunities need to be accessible to individuals over the course of their careers. The world is changing too fast to think that today's skills will match tomorrow's workforce needs.

Although the Chicago region is home to many outstanding early childhood programs, elementary and secondary schools, and postsecondary education institutions, consistent access to high-quality education at all those levels is at present uneven. Equitable access to education for low-income and minority students is a challenge nationwide that begins in preschool, and many have argued even from birth. In 2000, only 44 percent of three- and four-year old children from families earning less than half of the state median income were enrolled in preschool compared to 66 percent of those from families earning over 125 percent of the state median income.^{iv} Higher education attainment rates are disproportionate across race and ethnic groups. For example, in 2004-2005, the high school graduation rate of African Americans in Illinois was 44 percent, compared to 83 percent for whites.^v At the college level, for that same year, U.S. Census Bureau data show that only 12 percent of African Americans and 8 percent of Hispanics in Illinois had achieved bachelor's degrees compared to the state average of 34 percent.

In terms of education quality and achievement, trends indicate that our ability to be a competitive marketplace is at risk. The U.S. lags behind other nations in educational achievement and has slipped further behind in recent years on important measures, including high school and college graduation rates and math and science scores on international tests. Forty years ago, the U.S. was a leader in high school graduation rates. Today it ranks 18th out of 24 industrialized nations.

Education financing is a patchwork with different levels receiving funds from various sources. More critically, education funding in Illinois and the U.S. in general is not where it needs to be nor is it targeted where it is most needed. Funding inequality is a key contextual item that needs to be understood by more people and addressed in the near term. The achievement gaps between the poor and affluent and across race and ethnic groups will not disappear until these groups are provided adequate funding to improve educational outcomes for the students. Increased funding alone will not resolve achievement gaps; investment in effective strategies is a critical component to addressing this priority. This is of particular interest to *GO TO 2040* as it relates to tax policy, equity, and residential location decisions.

Coordinating reforms throughout the region's many educational institutions and organizations is a complex undertaking. The region is home to nearly 2,100 public K-12 schools in 287 school districts serving 1.4 million students from diverse backgrounds. Early childhood education is provided by a number of different state and federal programs.^{vi} Higher education institutions in the region include four major public universities, one-third of the state's community colleges and many private colleges and universities.^{vii} Each school district and institution has a different governing body and funding streams.

The education system is an important part of the workforce development system, which has a significant role in sustaining economic growth. The workforce development system in the northeastern Illinois region is a vast, complex, and fragmented network in which institutions, programs, and policies operate largely independent of each other despite inherent intersections and similar goals. Our region's educational institutions have a critical function in the workforce development system, and our community colleges hold a particularly important role as the need for post-secondary education increases. In addition, a multitude of state and local economic development programs work to attract and retain jobs, and these services are delivered through a wide range of public and private driven initiatives. There is a single source of federal funding that has a primary focus on workforce development, although this represents a small percent of total funding for workforce development. Nine federal agencies administer 20 programs related to economic development, and six federal agencies administer 15 programs related to workforce development. In addition, the State of Illinois, local governments, and philanthropy add to the myriad of workforce development programs and services.

This multi-system, fragmented network presents several issues. Collaboration across systems is challenged, and consistent delivery of effective services that correspond to the needs of both employers and workers is lacking. Incomplete and uncoordinated information systems prevent employers, workers, service providers, and other entities with a role in the workforce development system to design, deliver, and utilize effective services. The complexity of the system requires both workers and employers to navigate a maze of systems and programs, and insufficient guidance limits their success in doing so. Inflexible public funding streams compound matters by inhibiting programs and services to adapt and be innovative.

Several initiatives to coordinate across systems show a promising way forward, however a lack of a strategy to guide and help support coordination across the region exists. In addition, innovative approaches that clearly communicate the paths from education and training to jobs and career advancement help articulate linkages and support students, workers, and employers. Yet these emerging strategies are not fully developed and may not be accessible to all individuals and businesses and duplicative efforts may diminish the effectiveness of limited resources.

Recommended direction for *GO TO 2040*

The quality of education in the seven-county region of northeastern Illinois and equitable access to that education are central to the development and vitality of our communities and the region as a whole. It is therefore a public responsibility that extends beyond a few individuals or

agencies. Improving the quality of education and equitable access to it will require major collaboration of a new and unprecedented sort across our governmental bodies, educational institutions, civic and business organizations and leaders, community organizations, and other human development service institutions.

The function of the workforce development system, the key challenges, and recommended solutions should also be elevated by *GO TO 2040*. We should pursue integration of education, workforce development, and economic development data to help guide appropriate workforce solutions. *GO TO 2040* should support a mechanism to facilitate coordinated planning across systems so workforce development, education, and economic development goals and strategies are more aligned and collaborative.

All entities with a role in the workforce development system, including workers and employers, can benefit from a better understanding of the skills required for different occupations and the current resources that provide occupational training and lead to job opportunities. *GO TO 2040* should support this effective approach to understand “career pathways” and should recommend existing initiatives be expanded and coordinated to ensure a more adaptive and responsive workforce.

Overall, our work locally needs to be aligned with efforts at the state and regional level to create policy supports for better practices. A swift and systematic approach to region wide education reform is essential to addressing both today’s issues and the demographic and technological challenges of the coming decades. This includes strengthening the academic links between higher education institutions and secondary school programming as well as within higher education to support successful transitions between high school, community colleges, colleges and universities and technical schools and the workforce. Integrating planning efforts across institutions and education levels through individual partnerships and through state-level policy will be a key component to achieving the kind of deep and lasting change that can impact the region’s long-term prosperity. To achieve these ambitious yet feasible objectives, *GO TO 2040* should be leveraged, and the recommendations to increase coordinated planning and investment and improved data sharing and transparency will be vital.

Key Recommendations

Overall Recommendations

Coordinate education, workforce development, and economic development planning

To develop a prepared workforce and support the economy, the barriers to cross-system coordination across the region need to be identified and addressed. Common goals should be established and used to align all systems in the workforce development network. We should create mechanisms for cross-system collaboration and build coordination into the education, workforce, and economic development systems. Incentives and pilot programs that engage all systems and focus on particular sectors or occupations should be developed. Where appropriate, consolidation opportunities should be explored.

Establish a Regional Integrated and Transparent Information Network

Our region needs a greater integration of data across the education, workforce development, and economic development systems to allow our educators, workers, and businesses to be proactive and not reactive. To achieve this kind of collaboration, we need to better understand where the systems intersect and what type of information is needed to make better decisions. Data alone will not address this issue; we need to turn the data into useful information and communicate it in a way that it can be used to help shape policy, programs, investment choices, and planning within and across systems. Existing integrated data initiatives should be leveraged, and we should support the State's initiatives to build a more comprehensive data system.

Education Recommendations

Raise the Quality of Education in the Region

Educational institutions provide the framework and platform for residents' preparedness as adults. As expectations for learning expand and increase in a complex and global world, so do expectations for teaching. We need to expect more of our educational system in teaching and preparing our children by focusing on improving the quality of our teachers through a performance-based system, starting with the training of teachers and throughout their career.

Access to High Quality Education for All

Improving the quality of schooling from early childhood through postsecondary education will achieve only limited impact unless all individuals in our communities have equal access to quality education and are well prepared to succeed at each stage of their education and in the careers and work that follows. Our region needs to address the inequitable access by increasing and improving strategies targeted towards decreasing disparities, particularly for African Americans and Hispanics. We should invest in strategies that expand access to postsecondary opportunities, improve college readiness, and provide incentives to students for degree completion targeted to the populations that are most affected by these discrepancies.

Create Greater Coherence, Coordination and Efficiency Within and Across Agencies

Even though learning begins at birth and continues through adulthood, educational institutions and agencies that support learning have evolved over the last century and continue to function in separate silos of governance, funding, mission, and standards. As individuals move from one level to the next, the transitions are particularly challenging if students are not well-prepared or if the institution is not ready to provide the supports they need to succeed. At those moments of transition, students are vulnerable and more likely to begin a downward spiral of attainment. We need to close the gaps in educational access, achievement, and attainment by improving transitions from one level to the next and improving student preparedness.

Workforce Development Recommendations:

Develop Career and Education Pathways

The links or paths between training and learning to skills and knowledge for future education and employment should be understood and used to promote coordination and an adaptive system. A working group that brings together entities from all systems in the workforce development network should be involved and existing initiatives should be incorporated.

Strengthen Local Service Delivery

To ensure training and other services are responsive to current business needs, and so they are accessible to more workers, they should depend on a local delivery system. To build on what works and make changes to what is not working, we need to have a better understanding of the extent existing community-focused workforce development entities provide an “on ramp” to a career or education path. This understanding should be used to identify strengths and weaknesses of local service delivery networks, and then determine and recommend optimal community-focused service delivery.

Establish Flexible Funding and Programs

To implement optimal service delivery, public funding and policies need to provide the flexibility needed at the local level. There are numerous funding sources and policies that intersect the workforce development system and a comprehensive evaluation for the region, similar to an existing evaluation for the City of Chicago, should be used to help to shape future policy and funding opportunities.

ACTION REQUESTED: Discussion and direction to staff.

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ⁱ See Appendix VI for North East Region High School Drop Out Number in 2006-07.

ⁱⁱ McKinsey and Company, “The Economic Impact of the Achievement Gap in America’s Schools,” April 2009.

ⁱⁱⁱ [David H. Autor](#), [Frank Levy](#), [Richard J. Murnane](#), “The Skill Content of Recent Technological Change: An Empirical Exploration,” Federal Reserve Bank of San Francisco, Nov. 2003. The authors found that computerization between 1970 and 1998 decreased the demand for rote manual and cognitive labor and increased demand for workers with college degrees.

^{iv} See Appendix III for Percent of 3 and 4 Year-Old Children Enrolled in Preschool by Family Income as Percent of State Median Income. (From Metro Chicago Information Center, using Census 2000 SFI files and 5-percent PUMS file.)

^v *The Schott 50 State Report* (2008).

** See Appendix III for Preschool for All, Early Head Start and Head Start Sites and Enrollment by county.

^{vii} For a list of colleges and universities in the region, see Appendix VIII.