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Making TIFWorks Work for Chicago

An examination of Illinois Workforce Development Programs

Amanda Hudson
Capstone Project
Political Science
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National and state governments understand the importance of an educated skilled workforce and have implemented support and training programs to assure the well-being of our nation and its employees. Listening to the news, it is impossible to ignore the headlines. Jobs are going overseas. “Any worker whose job does not require daily face-to-face interaction is now in jeopardy of being replaced by a lower-paid equally skilled worker thousands of miles away.” (Farnsworth. 2004.) According to Greg Mankiw the chairman of the White House Council of Economic Advisors, “outsourcing white-collar jobs is inevitable.” (Farnsworth. 2004.) America needs to create and maintain a skilled workforce. Skilled baby-boomers are retiring and not being replaced. “The American workplace is undergoing profound changes that are requiring all workers to acquire advanced skills to stay competitive in a global economy.” (Simon 1997, 1) “If Illinois is to remain competitive, workers must have access to and participate in ongoing education and training.” (Measuring Progress 2006, 12) American workers, and business owners alike, hear these headlines and worry about the future of their country and industry. The programs that are developed to help these workers and businesses need to be held to high standards and be able to prove their benefit and effectiveness.

Community colleges have long been a key participant in workforce development and job training. Beyond classroom and credit programs, business training programs offer training and services to area businesses. The Illinois Report on Workforce Development published by the Department of Commerce and Economic Opportunity recognizes the size and importance of the Illinois Community College System in workforce development. For eleven months, I worked as a graduate intern at Wright College Business and Industry Services (BIS), my main duties were assisting with grant writing
and processing as well as undertaking a variety of marketing tasks. In my work at BIS, the primary focus has been on incumbent worker training, serving the people and employees on which the governments focus their energies, funded through a number of city and state grants and programs. I will be using the grant activities of Wright College Business and Industry Services as a case study to analyze the assessment of Workforce Development grant programs.

Wright College was established in 1934 as a junior college for Chicago residents. In 1996 all community colleges within Chicago bounds were united into the City Colleges of Chicago system. Wright College teaches over 6000 credit students and an additional 4000 continuing education students. (Wilbur Wright College 2006) Business and Industry Services acts under the non-credit Continuing Education branch, reaching out to meet the needs of area businesses. One of my first tasks upon arrival was to update the department’s mission statement. It now reads: The mission of Business and Industry Services is to design, develop, and deliver high quality training programs and services to businesses and the community. We achieve this mission by identifying and addressing the ever changing needs of industries, employers, and their workforce. Our goal is to be the preferred partner in training. BIS is approached by businesses seeking training, while also engaging in outreach by approaching businesses offering training.

As the third largest community college system in the country, Illinois’ 48 comprehensive community colleges and one multi-college center play a vital role in the state’s educational, economic development, and workforce preparation partnership. Each year, they serve nearly one million Illinois residents. In the system’s strategic plan, the community colleges pledge to “address workforce development needs with flexible, responsive and progressive programs...offer rigorous courses and programs designed for college and university transfer... expand adult education and literacy
programs ...and escalate efforts to meet the growing demand for trained workers in high demand occupations. (DCEO. 2005. 17)

In this paper, I will argue that Business and Industry Services consistently funds the same companies and provides the same training, often providing required skills such as OSHA basics, English as a Second Language (ESL) or other requisite job skills, not the ‘upgrade’ skills or new technologies that grantors usually recommend. I am skeptical about the repetitive use of these funds, and the recurrence of topics such as OSHA and ESL with little or no follow-up as to the long term success and development of the individual learner.

I will explain the history of Workforce Development as well as its goals, followed by a brief description of grant programs available both state-wide and city-wide. My primary focus will be on the city of Chicago’s TIFWorks grant program, its strengths and weaknesses. In the conclusion I will propose revisions which could improve TIFWorks’ effectiveness and transparency.

Workforce Development History

The history of formal Workforce Development in the United States goes back to 1913 when Howard Taft formed the Department of Labor (MacLaury. 1998.). The original act known as Department of Labor Organic Act was created to “foster, promote and develop the welfare of working people, to improve their working conditions, and to enhance their opportunities for profitable employment.” (MacLaury. 1998.) In the early 1900s, the main focus for the Department of Labor included issues of wages and workers rights, women’s rights, and unemployment through the depression era. In the late 1950s,
a problem arose with an increasingly limited supply of skilled workers due to the increase in labor strikes, issues of workplace safety, and continuing wage struggles. In 1961, the young and eager President Kennedy was ready to “implement his New Frontier.” (MacLaury) Two acts were passed within a year of each other addressing the issues of a skilled workforce. The Area Redevelopment Act of 1961 offered training and aid to regions with substantial unemployment (MacLaury). The Manpower Development and Training Act was passed in 1962, further widening the scope of the Area Redevelopment Act (Almanac of Policy Issues). It is believed by some that the numerous acts and legislation that followed began the disconnect and overlap of workforce development in the United States (Almanac of Policy Issues).

In 1996, President Clinton sought to improve the condition of industry and the unemployed. Training programs varied from very specific industry focused to the quick fix of ‘work first’, the idea that any job is a good job. “The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the stress on education and training has largely been supplanted in favor of ‘work first’ approaches. The ‘work first’ philosophy places cash assistance recipients as soon as possible into jobs, where, it is believed, they will develop the skills necessary to sustain employment and eventually get a "good" job.” (Hotz. 2001.) Community service providers and local economists alike agree that many costs and barriers are created with the perpetuated focus on unskilled jobs.

A more individual and focused training program is necessary to avoid the hasty ‘dead-end’ job placement that arose out of President Clinton’s Personal Responsibility and Work Opportunity Relocation Act. Hope came in 1998 with one of the largest pieces
of legislation to date addressing job training, the Workforce Investment Act (WIA). WIA was created with the goal of consolidating and reorganizing federal bureaucracy of disconnected programs. (Almanac of Policy Issues) The WIA legislation brought seventeen different Federal programs together and gave more power to state and local governments. The implementation of workforce development programs vary by state. Some notable states including California and Virginia, utilize their community college system as a liaison between individual and business. “Jobs provide an excellent opportunity for learning. Training that is provided close to the job, with content directly related to the job and with fairly immediate application on the job, is most likely to result in learning that adds value to the job.” (Simon. 1997. 4) The decentralization allowed by WIA created more regional plans which allowed for flexibility in identifying and appropriately addressing local needs. (GAO Strategic Supplement 2007) Training varies widely by region with some areas of the United States focusing on Healthcare and Medical Technology on the East Coast, while others work in Manufacturing and other Skilled Labors in the Mid-west and West Coast.

The principles of WIA are summarized by the Department of Labor as follows;

- Training and employment programs must be designed and managed at the local level where the needs of businesses and individuals are best understood.
- Customers must be able to conveniently access the employment, education, training, and information services they need at a single location in their neighborhoods.
- Customers should have choices in deciding the training program that best fits their needs and the organizations that will provide that service. They should have control over their own career development.
- Customers have a right to information about how well training providers succeed in preparing people for jobs. Training providers will provide information on success rates.
• Businesses will provide information, and leadership, and will play an active role in ensuring that the system prepares people for current and future jobs.

Goals of Workforce Development

Modern workforce development seeks to link economic policy with community development. The health of a community and economy cannot be based on employment numbers alone. Rather than measuring job growth, community activists have started to look at quality of jobs. The Chicago Jobs Council, a nonprofit organization with a focus on employment and welfare has hosted multiple speakers who discuss the costs and burdens of low-skill, low-wage work. Today’s aims for workforce development strive to assure that jobs created through workforce development plans and programs continue to further the goals of economic development including job stability and self sufficiency. The National Governors Association, underwritten by the US Department of Labor and Department of Commerce, developed strategies for dealing with workforce development in their project “State Leadership in the Global Economy.” (Simon. 2005.) The six recommendations of the National Governors Association included: connecting workforce development with economic development, building a stronger pipeline to produce skilled workers, expanding opportunities for continuous learning, enhancing workers’ ability to manage their careers, strengthening work supports to promote employee retention and career advancement, and strengthening governance and accountability in the workforce system. (Simon. 2005.)

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Economic Development is not just about trying to recruit new companies to bring new jobs to a community. It is also about helping existing employers stay competitive in order to protect the jobs it already has. (Reid. 2003)

Illinois and Chicago Programs

Regionally, Illinois and Chicago have flexibility in their funding sources for workforce development. A report published by the Council for Adult and Experimental Learning (CAEL) examines funding sources in “There’s No Place Like Home: A Look at Local Support for Workforce Development.” CAEL discusses the six most common sources of funding from what they describe as a range of sources: General Revenue, Sales Tax Revenue, Tax Increment Financing, Tax Abatement, Real Estate Fees, and Tax Syndication. (Klein-Collins. 2006. 10) Briefly, the sources are defined as followed: general revenue, when governments have designated a portion of their general budget for workforce development; sales tax revenue, when cities allocate a portion of their income from sales tax to workforce development; tax increment financing, again, is when any future growth in a regions property taxes are diverted to community development; tax abatements, usually used to attract new businesses, occur when governments phases in taxes over time to encourage development; real estate fees, do just that, governments charge an additional fee for development and divert the funds to workforce; lastly, tax credit syndication, is the issuance of tax credits to businesses who hire and employee the ‘hard-to-serve.’ (10-14)

Illinois has enjoyed increased freedom regarding workforce development and job training programs since the implementation of the WIA legislation in 1998. The City of
Chicago, too, has created its own programs addressing the specific needs of the city, its businesses, and its eligible workers. The Illinois Department of Commerce and Economic Opportunity offers two training programs directly to employers or training institutions to support jobs and industry within the state, from the General Revenue Fund as delegated to the Department of Commerce and Economic Opportunity.

The Job Training and Economic Development (JTED) Grant Program assists low-wage, low-skilled workers to advance in their careers, and helps unemployed, disadvantaged people learn skills necessary to secure employment. The program provides grants to not-for-profit community-based organizations (CBOs), which work with small local businesses to develop curricula, train eligible workers, and provide ongoing support. CBOs can establish a partnership with a local business to provide training to its low-wage workers, thereby expanding their skills and advancing their career opportunities. In addition, CBOs can work with local economic development organizations and employers to identify local industries experiencing problems recruiting skilled entry-level workers, training economically disadvantaged individuals (including welfare recipients) in the needed skills and placing them in employment with these companies. (DCEO Employers)

The Job Training and Economic Development (JTED) program was created in 1998 with the intention of fostering “local economic development by linking the needs of the low wage/low skilled employed worker with the needs of local industry” and fostering “local economic development by linking the needs of the disadvantaged individual including welfare recipients with the work force needs of local industry.” (DCEO. Employers) The primary applicant for the JTED grant is a Community Based Organization (CBO) with a strong background in focused industrial training or strong alliances with area employers willing to hire and train low skilled workers, or upgrade the skills of incumbent workers. This program focuses on the low wage and disadvantaged
workforce. The following chart from a Chicago Jobs Council JTED analysis paper illustrates the use of JTED funds from 2000-2004. (Schrock. 2006. 9)

| JTED Grants, Funding, and Participants by Program Year and Category, 2000-2004 |
|---------------------------------|--------|--------|--------|--------|--------|--------|
| Program Year                   | 2000   | 2001   | 2002   | 2003   | 2004   | Total   |
|                                 | 2000-04|
| Grants Awarded                 | 10     | 15     | 19     | 8      | 31     | 83     |
| Incumbent (I)                  | 1      | 2      | 3      | 2      | 6      | 14     |
| Job Seeker (JS)                | 9      | 13     | 16     | 6      | 25     | 69     |
| Funding Awarded                | $1,422,138 | $2,421,533 | $2874,220 | $1,442,200 | $2,627,000 | $10,787,471 |
| I                              | $270,990 | $296,020 | $438,193 | $307,200 | $693,000 | $2,005,403 |
| JS                             | $1,151,148 | $2,125,513 | $2,436,407 | $1,135,000 | $1,934,000 | $8,782,068 |
| Participants                   | 543    | 1,258  | 1,412  | 508    | 1,903  | 5,624  |
| I                              | 147    | 272    | 362    | 149    | 650    | 1,580  |
| JS                             | 396    | 986    | 1,050  | 359    | 1,253  | 4,044  |

Source: UIC Analysis of data from Illinois Department of Commerce and Economic Opportunity

A second workforce development program offered by DCEO is The Employer Training Investment Program (ETIP)

The Employer Training Investment Program (ETIP) supports Illinois workers’ efforts to upgrade their skills in order to remain current in new technologies and business practices, enabling companies to remain competitive, expand into new markets and introduce more efficient technologies into their operations. ETIP grants may reimburse Illinois companies for up to 50 percent of the cost of training their employees. Grants may be awarded to individual businesses, intermediary organizations operating multi-company training projects and original equipment manufacturers sponsoring multi-company training projects for employees of their Illinois supplier companies. (DCEO Technology Grants)

The Employer Training Investment Program (ETIP) is focused on assisting local businesses through the maintenance of a strong industry and workforce, the converse of the JTED seeking to assist potential employees. Individual companies or training entities apply for this grant in order to encourage growth and innovation within their business.
Many local training providers can also apply for this grant to provide outsourced training to eligible businesses. This grant was frequently used during my time at Wright College to provide a wide variety of training: Supervisory Skills at Eli’s Cheesecake on Chicago’s Northwest side, ESL at Horween Leather on the North side, Metalworking at Columbia Craft Metal Spinning located on the Northwest Side, to Microsoft Office at Freedman Seating on Chicago’s Westside.

The Illinois Department of Commerce and Economic Opportunity gave nearly $5 million in training grants in 2005. (DCEO. 2005. 5)

- East Central Region (Healthcare) $14,000
- East Central Region (Manufacturing and Construction) $167,000
- Northeast Region (Transportation, Warehousing and Logistics) $1,374,115
- Northeast Region (Manufacturing) $1,775,885
- Northern Stateline Region (Healthcare) $240,000
- Northern Stateline Region (Manufacturing) $110,000
- Southern Region (Manufacturing) $240,000
- West Central Region (Healthcare) $215,000
- Northwest Region (Manufacturing) $166,188
- Northwest Region (Transportation and Logistics) $53,812
- Central Region (Healthcare) $350,000
- North Central Region (Manufacturing) $200,000
- Southeast Region (Healthcare) $150,000

TIFWorks is a City program that utilizes Tax Increment Financing (TIF) dollars to finance job training programs for companies in eligible districts across Chicago. The TIFWorks program aims to improve the quality of Chicago's workforce, promote business expansion and retention within the City's TIF areas, and increase jobs and advancement opportunities for Chicago residents. (TIF Works)

One known community development tool is the use of Tax Increment Financing, or TIF districts. “TIF is not a new tax; it is a reallocation of property tax revenues from a
city’s general fund to a smaller, more local jurisdiction – a TIF district. TIF allows a city to designate an area for improvement and then earmark any future growth in property tax revenues to pay for the initial and ongoing economic development expenditures.” (Weber. 1999. 2) Illinois passed its first TIF legislation in 1977 with the Tax Increment Allocation Redevelopment Act. (Illinois Tax Increment Association) This law is the primary legislation defining and allowing for the use of tax revenue throughout Illinois in blighted areas. (Tax Increment Allocation Redevelopment Act. No Date. - Appendix 1) Chicago first utilized TIFs in the 1980s to bring business back to the abandoned stockyards on the City’s Southside. “TIFs provided the funding mechanism to clean up the stockyards and prepare land for redevelopment. (Healey. 1999. 27)

Questions Regarding the Use of TIF Monies

The use of TIF funds is often controversial. Richard Dye and David Merriman of The Institute of Government and Public Affairs of the University of Illinois Chicago wrote on “The Effects of Tax Increment Financing on Economic Development” concluding that TIF districts stunt growth in the area. (Dye and Merriman. 1999. i) In their highly mathematical economics paper, Dye and Merriman examine economic development incentives (EDIs) and the reasons they are utilized. (1) Examining TIF districts, Dye and Merriman separate them from other EDIs because they “lack … direct subsidy from higher levels of government.” (3)

Dye and Merriman look at the direct causation between anticipated growth and TIF related growth. (5) Their theory is if TIF is designed to spark economic growth, then with all other factors held constant. There should be a positive correlation between TIF
creation and economic growth. By examining TIF districts in northern Illinois, they found “clear and consistent evidence that municipalities that adopt TIF grow more slowly after adoption than those that do not.” (Dye Merriman. 1999. 24) A chart on page 28 of their report summarizes their findings.

<table>
<thead>
<tr>
<th></th>
<th>Property Value in Year 1</th>
<th>Property Value in Year 2</th>
<th>Annual Growth in Property Value</th>
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</thead>
<tbody>
<tr>
<td>Growth in property value if TIF is not adopted:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non TIF Area</td>
<td>$95,000,000</td>
<td>$115,108,699</td>
<td>6.40%</td>
</tr>
<tr>
<td>TIF Area</td>
<td>$5,000,000</td>
<td>$6,058,353</td>
<td>6.40%</td>
</tr>
<tr>
<td>Total</td>
<td>$100,000,000</td>
<td>$121,167,052</td>
<td>6.40%</td>
</tr>
<tr>
<td>Growth in property value if TIF is adopted:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Non TIF Area</td>
<td>$95,000,000</td>
<td>$100,672,666</td>
<td>5.09%</td>
</tr>
<tr>
<td>TIF Area</td>
<td>$5,000,000</td>
<td>$7,656,488</td>
<td>14.20%</td>
</tr>
<tr>
<td>Total</td>
<td>$100,000,000</td>
<td>$118,329,154</td>
<td>5.61%</td>
</tr>
</tbody>
</table>

What is TIFWorks?

Chicago has created its own TIFWorks programs intended to meet both the economic development needs of the city and the training needs of the workforce. The use of TIF funds allows for the most flexible allocation of monies, not dependents on funding cycles and application deadlines. (Weber. 1999. 7) By aiding businesses with tax incentives through TIF districts Chicago also seeks to create and maintain a skilled workforce in the 22 designated industrial corridors out of the city’s 120 plus TIF Districts. (Neighborhood Capital Budget Group)
See Appendix 2 for Complete TIF Listing

Chicago’s Industrial Corridors

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addison</td>
<td>North Brach</td>
</tr>
<tr>
<td>Armitage</td>
<td>Northwest Corridor</td>
</tr>
<tr>
<td>Brighton Park</td>
<td>Peterson</td>
</tr>
<tr>
<td>Burnside</td>
<td>Pilson</td>
</tr>
<tr>
<td>Calumet</td>
<td>Pullman</td>
</tr>
<tr>
<td>Elston/Armstrong</td>
<td>Pulaski</td>
</tr>
<tr>
<td>Greater Southwest</td>
<td>Ravenswood</td>
</tr>
<tr>
<td>Harlem</td>
<td>Roosevelt/Cicero</td>
</tr>
<tr>
<td>Kennedy</td>
<td>Stevenson</td>
</tr>
<tr>
<td>Kinzie</td>
<td>Stockyards</td>
</tr>
<tr>
<td>Knox</td>
<td>Western/Ogden</td>
</tr>
</tbody>
</table>
The Mayor’s Office of Workforce Development (MOWD) administers the TIFWorks program. In a brochure answering frequently asked questions, MOWD explains how TIFWorks benefits Chicagoans. “By increasing access to job opportunities, encouraging job training, improving workforce quality and by promoting business expansion and retention within Chicago’s TIF districts, TIFWorks is designed to benefit all Chicagoans.” (MOWD. FAQ) The TIFWorks program can provide funding for up to 75% of eligible training costs. Wright College BIS has used these funds to issue training to a number of businesses in Chicago, funding basics such as OSHA and ESL to higher level machine programming and supervisory training.

The TIFWorks application includes many questions and inquiries into the business and its employees in an attempt to assure that limited funds are being spent in a meaningful and appropriate way. (Appendix 3) Section G of the application outlines the 16 points of information gathered about each training course. From the name and objective of the course to the benefit to the employee and impact on the company, MOWD tries to assure that programs and training are first, necessary, and second, beneficial.

Having assisted with numerous applications, I am familiar with what are known as the Section C’s, the pages that outline every proposed class. I know that there is a certain amount of wordsmithing when it comes to grant applications making projects seem very important, innovative, or essential. Question 17 of section C – Benefits to Employee – “Specify the benefits and employee will gain by successfully completing the training course listed above. Include items such as wage increase, promotion, increase in responsibility, job retention, etc. Describe how these benefits will be obtained.” (MOWD.
In my experience, question 17 has been one of the most challenging parts of every TIFWorks grant application.

One of the most controversial justifications in my mind is the use of the claim that the employee would otherwise lose his/her job if he/she did not receive this training, a claim I have seen used numerous times. The use of such an extreme outcome seems inflammatory and abusive. The threat of job loss is obviously central in the TIFWorks program and is one of the main reasons the grant was created. These grants are intended to improve the business and the employee, threatening termination is neither productive nor honest in most situations. If Business and Industry Services is using tactics like this to get classes and programs approved, I have to believe that other applicants and businesses have devised their own ways of overstating the importance of their classes.

In an email from a senior TIFWorks administrator, the review and follow-up process was summarized as follows.

All of our grants are reimbursed on a performance based schedule. So, for example, let's say a company wants to do 3 training classes--Safety, Workplace ESL Level 1 and Level 2. Before each training course is paid for the company must demonstrate the successful completion of each course. This may include attendance reports, pre- and post- tests, certificates of completion, etc. We do also ask for demographic info on the trainees and a summary of the number of individuals trained on a monthly and year-to-date basis.

Additionally, at the time of application the company tells us that they want to embark on a training program that will include Safety, Workplace ESL Level 1 and Level 2. The proposed training is expected to impact the company in specific and measurable ways such as a 10% decrease in accident claims in 2007. The most important documentation includes reports that demonstrate the company has reached the goals that the training completed was intended to impact. (MOWD. 2007.)
However, with little or no verification as to the original claims of need, the outcomes of the class can lead to minimal overall improvement within the company or for the individual worker. Companies that receive multiple grants year after year should be held accountable for their prior claims and students should be tracked to assure benefits such as wage increase, promotion, or at minimum job retention are achieved.
All companies are faced with the need to keep up with technology and all the new equipment coming out. The skills of the work force have to continue being upgraded to keep up with changes in technology. (Reid. 2003)

Program Impact

In 2002, Chicago’s TIFs covered approximately 30% of the city and generated more than $400 million dollars in TIF funds. Of that, the Neighborhood Capital Budget Group reports only .43% is spent on job training, which is roughly 1.7 million dollars in job training, as represented in the following chart by the NCBG.

The TIFWorks program is focused on assisting manufacturing companies, but any company that can prove training will make a company more competitive and benefit
Chicago, its residents, and its workers is eligible to apply. The advertised uses of TIFWorks funds include: developing and expanding product lines, adapting to changing technologies and equipment in the workforce, complying with occupational or industry-mandated regulations, and expanding into new markets. (MOWD TIFWorks)

A list of approved TIFWorks programs from 2003 through late 2006, made available to me showed that seventy-eight grants were approved with total spending of a little over $4.6 million dollars, an increase of over 3 million dollars from 2002 reports. Training topics ranged from personal development or soft skills with subjects like management training, conflict resolution, and leadership development; to hard skills including machine operating, blue print reading, and advanced electronics. Fourteen out of the seventy-eight grants, roughly 18% included English as a Second Language (ESL) funding, with a separate 18% receiving funding for Occupational Safety and Health Administration (OSHA) training and six of seventy-eight, roughly 8%, seeking funding for both ESL and OSHA training. (TIFWorks Projects - Appendix 4)
Concerns about TIF Funding

It is my opinion that the use of TIFWorks money is often provided to the same small group of businesses and training providers to continuously offer basic training such as ESL and OSHA with little follow-up as to the long term success of the employees. The purpose of the TIFWorks program is two-fold, promote industry and promote higher level employment. TIFWorks applicants are providing a disservice to the workers of Chicago, especially those within TIF districts, by not assuring their own personal growth and development. The focus of job training and workforce development programs needs to assure the economic and community development interest are both being met. It is the law that OSHA basics be provided to all employees. The employee’s skill set is not being improved by simply teaching OSHA basics. A number of community organizations are calling for more oversight into workforce development grant training programs. From the liberal archives of Ben Joravsky at the Chicago Reader to the Labor articles at the conservative Heritage Foundation, people are questioning whether programs such as TIFWorks provide the most potential benefit to the applying business, its employees, and employers.

The very proponents of the TIFWorks program are also its critics. The Neighborhood Capital Budget Group (NCGB) has written pages on the benefits of the TIFWorks program. The Greater Cities Institute, of the University of Illinois Chicago, has also written a number of articles praising the support of workforce and economic development. It is widely known that industrial development benefits a city with its ability to create good paying jobs. The NCBG TIF Almanac reports that TIF projects...
have created more than 12,000 jobs and have helped to retain over 21,000 more, with 3000 new jobs and 7000 retained jobs located in the industrial sector. (TIF Almanac. 2003. 55.) The issue of the type of jobs and the type of person who is able to access the newly created job is of concern to community development activists. Manufacturing jobs are considered to be very stable and well paying. The Department of Labor reports that a person working in manufacturing makes an average of $24 an hour compared to $14 for retail positions. (DOL 2001)

These programs serve a purpose for the businesses and employees they reach; however, more follow up about the success and impact of the classes is required. $56 Billion was budgeted for formal training across the United States in 2006. (Training Magazine. 2006.) Training Magazine reported that the manufacturing sector was the only industry to see a drop in training budgeting. (Training Magazine. 2006. 25) This suggests that grant programs such as TIFWorks, which focus on the Manufacturing sector, should not be eliminated. Manufacturing jobs provide living wages for Illinois employees and a healthy industry adds economic strength to the Illinois economy. Sales Training and Management/Supervisory Training accounted of over 60% of training priorities. Little research was gathered, however, as to the benefit of these trainings on the employee. One positive note includes the mention of the aging workforce, Training Magazine reports that “Management and supervisory training receives a great deal of funding due, in part, to the aging workforce. Census data shows that over the next 10 years there will be a market increase in retirements, causing a vacuum in the ranks of middle management. Smart companies are acting now to groom current and prospective managers.” (Training.
The following graph from Training Magazine illustrates the benefactors of training dollars.

The overriding problem with the job-creation and training components of the TIF program is tracking their performance over time. It is virtually impossible, for example to track job training dollars through the available public records. Discovering whether or not companies actually met their hiring agreements they made in their contracts with the City is usually just as difficult, and the City doesn’t even collect data on whether low-income or City residents got the TIF jobs, how much those individuals were paid, or how many people have remained with the company after the initial hiring period. (NCBG. 2005.)
Rachel Weber of the Urban Planning and Policy Program wrote, “Making Tax Increment Financing (TIF) Work for Workforce Development: The Case of Chicago” about the benefits and impact of TIF programs on the city. She, too, addressed the ‘limitations’ of TIF financing. “The flip side of TIF’s flexibility is its potential lack of accountability.” (Weber. 1999. 11) Weber talks specifically about the concern that the same companies have the potential to receive funding year after year. “TIF can be misused and abused. It is possible, after all, to take a demand-driven approach to the extreme, where the City loses its ability to judge which employers truly merit public investment and job training dollars.” (Weber. 1999. 11) In my experience, BIS has provided multiple TIFWorks grants to the same businesses in the city. Weber talks about the importance of a relationship between training providers and businesses calling for trainers to have a more vested interest in the outcomes of the students. “MOWD must perform a quality control role to ensure that providers are rewarded not only for placements but also for job quality or retention over time.” (Weber. 1999. 11) Job training programs face a variety of challenges, from funding to curriculum, challenges with potential employees and challenges with employers. “Financing, however, solves only one part of the problem. Creating a workforce system that delivers is the far more challenging task at hand.” (Weber. 1999. 17)

How TIFWorks Can Be Improved

What Weber and other TIF critics propose is a process called ‘outcome-based’ funding. Martha Miles, in a Working Ventures publication, talks about the importance of workforce development becoming outcomes driven. “In the nonprofit world, the
continuous improvement ethos is commonly expressed through the promotion of ‘outcomes-driven’ programs and policies. Unfortunately, for many workforce development organizations, the phrase ‘being outcomes driven’ conjures up images of staff scrambling to meet grant report deadlines, furiously pulling numbers from files and spreadsheets.” (Miles. 2006. 3)

Miles suggests a framework highlighting how organizations can go from their current system to a more outcome driven approach. (Miles. 2006. 4)

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<thead>
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<th>From:</th>
<th>To:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data collected for external reports</td>
<td>Data for internal improvement</td>
</tr>
<tr>
<td>Data as a burden</td>
<td>Data as a useful tool</td>
</tr>
<tr>
<td>Only the manager knows that</td>
<td>Knowledge sharing across staff</td>
</tr>
<tr>
<td>Culture of blame and excuses</td>
<td>Culture of shared accountability</td>
</tr>
<tr>
<td>Functional or program ‘silos’</td>
<td>Cross-functional teams</td>
</tr>
<tr>
<td>‘That’s doesn’t have anything to do with my job.’</td>
<td>‘How can I help us reach our team goal’</td>
</tr>
<tr>
<td>Fear of breaking rules and patterns</td>
<td>Support for making mistakes and trying new strategies</td>
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</table>

These suggestions could and should not only be implemented for the program provider but, as Weber states, would be helpful in developing a successful TIFWorks program. MOWD should examine who is receiving funding not only based on industry and location, but type of worker served and impact of the service. Limited information is required of the grantee thereby limiting the knowledge of MOWD regarding the success and impact as put forth in the application. In order for a company to receive additional grants for similar projects, MOWD should expect the impact of the project to go beyond the original grant. Miles highlights a situation that occurred almost monthly during my
time at Wright College; knowledge of programs and projects is often compartmentalized and limited to a few direct contacts.

The limited availability of TIF and workforce data can be attributed to a number of different causes. The Chicago Jobs Council address this in their “Big Shoulders, Big Challenges: Preparing Chicago’s Workforce for the New Economy” report about the change in program names, funding sources, and organization during the late 1990s into early 2000 making it “nearly impossible to do a comprehensive comparison.” (CJC. 2005. 9) There are many critics and skeptics of the TIF and TIF Works program in Chicago, from Community Based Organizations to Aldermen. The potential for a local funding source with direct knowledge to area employee and businesses needs provides great potential, but either limited knowledge or use seems to create the potential for abuse or at least careless use.

The Chicago Reader newspaper is a vocal critic of all things TIF; the TIFWorks program included. Staff writer Ben Joravsky has an entire archive filled with articles criticizing the creation of TIF districts and the use of their funds. Joravsky criticizes the potential created of a TIF in the blighted central loop, one of the wealthiest areas in the city, Joravsky calls on commissioners to take responsibility for a program which diverts millions from city parks and schools. “The more TIFs the city makes, the fewer the properties and taxing bodies can draw added revenue from. Thus, the schools and parks must raise their tax rates even more to compensate for the money they’re losing to the TIFs … [Mayor] Daley gets hundreds of millions of dollars and the other guys [aldermen and county commissioners] get blamed for raising taxes.” (Joravsky. 2006) This is, taking money away from schools and later giving it back as training grants.
One Cook County Commissioner did challenge Mayor Daley’s affection towards TIF districts as a key funding source. Commissioner Mike Quigley of the 10th District proposed legislation to require Cook County tax bills disclose how much money is being directed into TIF districts. (Quigley. 2006.) In a September 2006 press release, Commissioner Quigley states that county tax bills are falsely leading residents in TIF districts to believe that their taxes are going to local government. “In some cases, properties can pay as much as 100% of their taxes to TIF districts rather than the schools, the County, and other units of government – unbeknownst to taxpayers.” (Quigley. 2006.) Commissioner Quigley even goes so far as to call tax bills fraudulent. Quigley’s proposed legislation never made it through the County Board General Assembly. If TIF districts are as beneficial as their supporters purport, city and state government should work on creating or implementing systems of transparency to prove this to skeptics and assure tax payers that their tax dollars are not being diverted, stolen, wasted, or otherwise politically manipulated.

Dye and Merriman prove the suspicions of Quigley and other critics regarding the negative impact of TIF districts.

In summary, the empirical evidence suggests that TIF adoption has a real cost for municipal growth rates. Municipalities that elect to adopt TIF stimulate their growth of blighted areas at the expense of the larger town. We doubt that most municipal decision-makers are aware of this tradeoff or that they would willingly sacrifice significant municipal growth to create TIF districts. Our results present an opportunity to ponder the issue of whether, and how much, overall municipal growth should be sacrificed to encourage the development of blighted areas. (Dye Merriman. 1999. 25)

In October of 2005, the Illinois Workforce Investment Board (IWIB) in collaboration with the Department of Commerce and Economic Opportunity in response
to calls for a mechanism to measure the progress of workforce development systems published “Measuring Progress: Benchmarking Workforce Development in Illinois.” (Lavin. 2005.) The report defines and explains benchmarking as an evaluation tool to measure the progress of a situation in relation to similarly situated states. (Lavin. 2005. 1) The benchmarks used are separated into three categories: Workforce Quality Benchmarks, addressing on issues such as educational attainment and literacy; Earnings Benchmarks; and Competitive Business Advantage Benchmarks, addressing net job growth and worker productivity.

The ten benchmarks are divided by Lavin as follows:

Workforce Quality Benchmarks

1. Educational level of working-age adults
2. Percentage of the adult workforce in education or workforce training
3. Adult literacy
4. Percentage of high school graduates transitioning to education or workforce training
5. High school drop out rate
6. The number of youth transitioning from 8th to 9th grade

Earnings Benchmarks

7. Percentage of individuals and families at economic self-sufficiency
8. Average growth in pay

Competitive Business Advantage Benchmarks

9. Net job growth
10. Productivity per employee
   (Lavin. 2005. 2)

The report compared Illinois to nine other large population states and examined why each benchmark was important, how Illinois has performed in the area, and any challenges the IWIB had with gathering or analyzing data. (Lavin. 2005. 3-4)
These benchmarks could, and should, easily be used to evaluate the effectiveness of the TIFWorks job training program. By reading the fourth benchmark, percentage of High school graduates transitioning to education and workforce training, workforce development professionals can see that Illinois has not kept pace with high school transition to college. This may not be a wholly negative statistic for TIFWorks users. If providers and employers can prove that they are using this money as an alternative education for young workers, continued funding and increased support would be possible. The seventh benchmark, percentage of individuals and families at economic self-sufficiency, could be very valuable to support training programs. If MOWD can prove that training recipients are making a ‘living-wage’ and are able to live with minimal government assistance the personal and economic benefits maybe more broadly appreciated. The seventh benchmark is closely related to the eighth, growth in pay, this data is critical in assessing the personal and professional development of an individual worker. This also holds companies accepting TIFWorks accountable to their claims of employee benefit. One can maintain and upgrade an employee’s skills set, but if one is able to improve their living situation at the same time they are approaching the harmony between economic and workforce development. Tracking net job growth, the ninth benchmark, although not as valuable as tracking wages, assures the health of industry at least on a superficial level. If used in combination with wage growth, businesses would be able to prove a very effective use of government funds. Lastly, productivity, the tenth benchmark, assures the technological growth and innovation of a business and will always be considered when assessing the health of a business or industry.
Conclusion

The benchmarks of the Illinois Workforce Investment Board have been created to assess job training programs. They are endorsed by the Department of Commerce and Economic Opportunity and have been used widely by program managers seeking improvement. I have evaluated at a number of workforce development programs offered in Illinois, but this paper focuses on Chicago’s TIFWorks program.

By examining the data from the Mayors Office of Workforce Development for 2003-2006, I found areas that should be improved. Grantors should limit the repetitive use by a small number of companies. Funded programs should encourage creativity in training and minimize recurrence in training. Using systems and standards which have successfully reformed other programs, I believe that the TIFWorks program could be strengthened and provide excellent opportunities to Chicago’s businesses and employees.

The Mayor may enjoy his freedom when using TIF funds, but by either implementing or creating a similar system of benchmarking TIFWorks and similar programs can be vindicated from the shroud of skepticism. Programs can be highlighted for their impact both on an individual and corporate level. Increased transparency and accountability will significantly improve the perceived and actual outcomes of TIFWorks programs. Investment in a program and financial audit will assure the community, tax payers and trained employees, that TIFWorks is an appropriate use of city funds. The Department of Commerce and Economic Opportunity has a system in place to track Workforce Investment Act programs. WorkNet provides a wealth of resources for workers and trainers. This framework should be expanded to track all Illinois programs
and replicated on the city level for programs like TIFWorks. (DCEO. 2005. 10. Appendix 5) If the Mayor’s Office of Workforce Development is unwilling or unable to provide this information, the TIFWorks program should be re-examined and recreated to assure the proper and effective use of funds. Demands on our nation’s workforce are changing and programs such as TIFWorks can provide the necessary assistance to struggling companies. However the TIFWorks program should not be used like a crutch by a small group of companies receiving funding year after year. Rather, TIFWorks should be a clear competitive program with transparent systems in place to fund the most effective and innovative programs Chicago’s businesses have to offer.
Appendix 1

Short Title
(65 ILCS 5/11-74.4-1) (from Ch. 24, par. 11-74.4-1)
Sec. 11-74.4-1. This Division 74.4 shall be known and may be cited as the "Tax Increment Allocation Redevelopment Act".
(Source: P.A. 84-1417.)

Legislative Finding and Declaration
(65 ILCS 5/11-74.4-2) (from Ch. 24, par. 11-74.4-2)
Sec. 11-74.4-2.

(a) It is hereby found and declared that there exist in many municipalities within this State blighted conservation and industrial park conservation areas, as defined herein; that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked; that the stable economic and physical development of the blighted areas, conservation areas and industrial park conservation areas is endangered by the presence of blighting factors as manifested by progressive and advanced deterioration of structures, by the overuse of housing and other facilities, by a lack of physical maintenance of existing structures, by obsolete and inadequate community facilities and a lack of sound community planning, by obsolete platting, diversity of ownership, excessive tax and special assessment delinquencies, by the growth of a large surplus of workers who lack the skills to meet existing or potential employment opportunities or by a combination of these factors; that as a result of the existence of blighted areas and areas requiring conservation, there is an excessive and disproportionate expenditure of public funds, inadequate public and private investment, unmarketability of property, growth in delinquencies and crime, and housing and zoning law violations in such areas together with an abnormal exodus of families and businesses so that the decline of these areas impairs the value of private investments and threatens the sound growth and the tax base of taxing districts in such areas, and threatens the health, safety, morals, and welfare of the public and that the industrial park conservation areas include under-utilized areas which, if developed as industrial parks, will promote industrial and transportation activities, thereby reducing the evils attendant upon involuntary unemployment and enhancing the public health and welfare of this State.

(b) It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas. The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas by redevelopment projects is hereby declared to be essential to the public interest.

(c) It is found and declared that the use of incremental tax revenues derived from the tax rates of various taxing districts in redevelopment project areas for the payment of redevelopment project costs is of benefit to said taxing districts for the reasons that taxing districts located in redevelopment project areas would not derive the benefits of an increased assessment base without the benefits of tax increment financing, all surplus tax revenues are turned over to the taxing districts in redevelopment project areas and all said districts benefit from the removal of blighted conditions, the eradication of conditions requiring conservation measures, and the development of industrial parks.
### Appendix 2 Chicago TIF Districts

Appendix 3 TIF Application
Access through Technology
The need for flexible online workforce development is being fulfilled in Illinois by implementing programs and resources that provide options and access to individuals. Technologically-based solutions that overcome barriers to success are paramount to ensure inclusion of diverse populations across the State. These solutions have been the priority of the One-Stop Redesign Task Force. This task force focused on improvement of information systems to support local career decision-making and monitoring access that strengthens the linkages to employment opportunities and improves the overall success of the system. Through this task force Illinois workNet™ emerged.

Illinois workNet™ is a user-friendly online resource. For Illinois job seekers it provides career, education and work support information. For businesses, Illinois workNet™ provides assistance to recruit workers, find training resources and access other types of assistance to remain competitive. With a focus on web-based delivery of new and innovative career development services, Illinois workNet™ expands the Workforce Investment Act mandates to empower individuals and businesses. Illinois workNet™ changes the face of state support services by coupling them with good public- and private-sector career planning tools in a consumer-friendly way.

Illinois workNet™ is designed with the following goals in mind:

• **Integration of Services:** Expand the availability and delivery of workforce services through the development of a fully integrated, user-friendly, web-based service delivery system. This will increase access to career information, job seeker, and employer tools as well as enabling flexible interaction with external partners and Local Workforce Investment Boards (LWIBs.).

• **Reduction of Costs:** This project will enable the state to serve the growing population at a significantly reduced cost. By supplementing the existing physical One-Stop Centers and connecting on-line to an expanded network of agencies and partners (including community- and faith-based organizations, technology centers, schools, libraries, and community colleges), the project will extend the reach and expand the services of physical One-Stop Centers.

• **Improvement of Tracking:** Currently, the One-Stop System has different approaches for tracking the services they provide on a daily, weekly, or monthly basis. Illinois workNet™ will create a universal user and access repository, along with a standard for user access tracking of portal and external partner applications. The system will incorporate extensive
reporting in order to refine service delivery, functionality and content relevant to partners, employers, and residents.

• **Tailoring of Services:** Specific tools, such as on-line skills assessments and training, will be made available to job seekers in order to improve their employment potential. The system will be tailored regionally to match job seekers with employment opportunities and agency services. Online assistance and frequently asked questions (FAQs) will be available from the portal.

Statewide awareness on the benefits and accessing of Illinois workNet™ is addressed with a Public Education and Awareness plan that includes regional launch events and templates that may be customized at the local level. The templates include a variety of marketing pieces such as brochures, flyers, press releases, Internet banners, signs, and other promotional items.
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