

SHARED WORKFORCE DEVELOPMENT OPPORTUNITIES: CONNECTING CHICAGO AND MEXICO

By Oswaldo Alvarez

School of Social Service Administration

University of Chicago

Abstract

This paper was inspired by the desire to provide workforce development training programs to undocumented immigrants in Chicago. Based on an analysis of workforce development programs in the United States and Mexico, as well as observations from a field study in the state of Guanajuato, Mexico, the paper distills the areas of best practice within the respective local contexts. It identifies areas for potential collaboration within a newly conceptualized model of bi-national workforce development. The paper thus presents an outline of the necessary considerations for such a bi-national workforce development project to function and improve worker mobility in both countries.

There are an estimated 11 million undocumented immigrants now residing in the United States (Pew Hispanic Center). Many undocumented immigrants work low-skill jobs in the manufacturing, service, and agriculture sectors. Others remain stuck in entry-level positions despite the opportunities for advancement in their respective fields. Although undocumented workers pay taxes under phony social security numbers, they do not qualify for social programs, such as workforce development. Moreover, current workforce development efforts in the United States are generally designed to increase the high- and middle-skilled workforce. So while the private sector hires undocumented immigrants, and there continues to be a large supply of immigrants to fill these jobs, immigration policy prevents the labor market from functioning as fully as it might.

There remains the potential to create truly effective programs that would supplement the existing reliance of companies on immigrant labor. Instead of helping undocumented immigrants in the United States train for middle- and high-skilled jobs, it is possible to train people before they migrate. For example, an individual might train for an occupation that is high growth in the United States while remaining in their country of origin. If the individual then migrated, the skills gained could lead to a job in the United States that pays a sustaining wage. This proposed model would benefit both immigrant communities and the private sector that employs them.

Here it is appropriate to discuss employment issues apart from the specter of the ongoing immigration policy debate. Mexican migration often occurs because of the prospects of earning more in the United States (Passel and D'Vera 2011). In economic terms, migration occurs in spite of legal barriers because the labor market manifests a demand. To meet that demand through a bi-national workforce development program, we must first analyze current efforts in Mexico that develop skilled labor, identifying the particular areas that have the potential to complement international market forces.

This article presents the background necessary to understand the prospects of developing a workforce program in Mexico that would have bi-national implications. It begins by comparing the existing workforce development programs in the United States and Mexico in order to better understand how a program in Mexico might best operate. It includes the results of my own fact-finding trip to the Mexican state of Guanajuato, where I interviewed individuals about the economic prospects of various job sectors. The goal of this article is to contribute to a future workforce development program that would serve two equally important purposes: first, to demonstrate to companies and stakeholders that they may find skilled workers on either side of the border; and second, to increase the labor mobility of individuals seeking family-sustaining employment.

When individual workers have more employment options available to them, they have what is called "labor mobility." In the context of Mexican workers, labor mobility has two different, if related, meanings. It is first attributable to those willing to relocate and take work in areas of industrial growth within Mexico. Second, it is attributable to those workers, both documented and undocumented, willing to immigrate to the United States. This latter group hopes to find that migration provides them with an even wider range of employment options. Labor mobility is not so easily achieved when neoliberal policies allow for the movement of companies across national borders, while immigration laws limit individuals' movement. Too often, those who do find work in the United States are stuck in dead-end

jobs. While immigration reform debates simmer, workforce development is currently in action, affecting the mobility, labor prospects and lives of both Mexican and American workers.

A COMPARISON OF WORKFORCE DEVELOPMENT

Workforce development in Mexico is primarily about attracting companies to the country. Individual states offer different programs, each state collaborating directly with companies. Each state has a department that offers vocational education, responding to the strong demand for skilled workers created by the incoming companies. This is reflected in the recent implementation of training programs for incumbent workers.

In Guanajuato, for example, the State of Guanajuato Department of Job Training (ICATEG) was created to provide government-funded vocational training as a service to companies. In the case of Guanajuato, ICATEG was designed to meet the needs of precision manufacturers in the automotive industry. For example, American Axle, a foreign company, works with ICATEG to develop relevant curricula for their workers. Additionally, companies can send their newly hired employees for training at ICATEG at minimal cost.

Workforce development training in the United States comes from the federal Workforce Investment Act (WIA) and the Trade Adjustment Assistance (TAA) program created by the Trade Act of 1974. Many Americans also receive workforce development training dollars under the Free Application for Federal Student Aid (FAFSA), assuming they enroll in college-accredited courses that are in essence vocational training. Unlike WIA and TAA, FAFSA is not workforce-development specific.

The WIA funds training for incumbent workers (WIA Title I) and for low-skilled unemployed or underemployed adults (WIA Title II) and provides one-time grants to qualifying individuals who may select their vocational trainer of choice, provided they possess the English and mathematics skills necessary for the program. Universities, community-based organizations, and other educational institutions are all eligible vendors that offer vocational trainings under WIA. The WIA also funds other training such as on-the-job training and customized training. Employers can qualify for an up to 50 percent wage subsidy for an employee receiving on-the-job training while customized training is an individually tailored training program for any given company. In addition to hard-skills vocational training, WIA aims to strengthen the US workforce through case management, soft-skills training (such as resume writing and interview preparation), and hard-skills vocational training. It is designed to encourage

cooperation among states and agencies so as to foster economic growth across regional borders (Mason 2008).

The TAA program works as an extension of unemployment insurance (UI) for individuals affected negatively by outsourcing. It offers up to 78 weeks of additional unemployment compensation after the regular UI funds are depleted (Decker and Corson 1995). Thus, an individual could potentially receive income for 96 weeks. Additionally, if the recipient is in vocational training after the 96 weeks, an extension of 26 weeks (totaling to 130 weeks) is possible. TAA also offers a health coverage tax credit benefit during the time that people are enrolled. Finally, a one-time assistance of \$1,250 is available for job search purposes (Decker and Corson 1996).

Organizations that serve both WIA and TAA recipients are evaluated based on job placement and retention rates. Therefore, it is the responsibility of the vocational training organization to initiate partnerships with companies. In striking contrast to the Mexican workforce programs discussed above, US workforce development programs are mandated to serve disadvantaged individuals rather than companies. This difference may be characterized as a difference in the interpretation of "development"—personal advancement or regional economic growth.

A CLOSER EXAMINATION OF MEXICO'S WORKFORCE DEVELOPMENT

In the summer of 2010, I conducted a six-week research project in the state of Guanajuato, Mexico. The project had three major objectives: (1) to examine the existing workforce development infrastructure in the state, (2) to compare and contrast these workforce development initiatives to initiatives existing in metropolitan Chicago, and (3) to distill areas of best practice within the respective local contexts, identifying areas for potential collaboration through a newly conceptualized model of bi-national workforce development.

The Bajío region was chosen for this research because of its high levels of international migration and because many migrants use Chicago as their destination. In the case of Guanajuato, the majority of migrants come from rural areas of the state. This dynamic is fueled by the lack of employment prospects in Mexico and the belief that economic survival depends upon emigrating to the United States for work (Passel and D'Vera, 2011). To identify the most promising industries for the proposed bi-national workforce development model, taking into account human capital requirements as well as available resources such as already existing Mexican public policy and programming that addresses workforce development, I focused on the following four preconditions: high employer demand

coupled with the lack of a skilled workforce; jobs that offer family-sustaining wages and opportunities for advancement; jobs not reliant on a four-year college education; and availability of transportation to the job.

In Guanajuato, I met with professionals in the health care sector: a university administrator, a health facility inspector, and a human resources director at a hospital. In the manufacturing industry there I met with individuals in Mexican workforce development, manufacturing training facility administrators, and manufacturing company representatives. I met with two manufacturing employers: Kromberg & Schubert and American Axle & Manufacturing. I also met with representatives from the two governmental departments in Guanajuato that address workforce development: the *Instituto Estatal de Capacitación para el Trabajo del Estado de Guanajuato* (ICATEG) and the *Instituto de Planeación del Estado de Guanajuato* (IPLANEG).

The research presented here is designed to help develop a model for a full-fledged workforce program that connects people from rural areas to Mexico's existing vocational trainings. This program would be modeled on existing workforce development programs in the United States and would ideally offer a similar instructional and certification process. This bi-national program would fill the skilled-worker shortage in both countries. The results would ideally benefit Mexicans on both sides of the border to move more freely between nations and still have family-sustaining employment and allow companies to move without worrying about finding skilled workers.

MEXICO'S MIDDLE-SKILL JOBS IN MANUFACTURING

The greatest potential for individual and economic development exists in those jobs that do not require university level education, but do require some vocational training in order to perform the job. In Mexico, these jobs pay enough for a worker to sustain a family; currently, manufacturing provides the most opportunities for these types of jobs. The health care sector in Mexico, according to my investigations, does not fulfill the preconditions for my model of workforce development. First, the projected availability of health care jobs is low. Second, most health care career paths require a substantial amount of post-secondary education while a job like nursing remains entry-level and low-paying.

Comparatively, manufacturing offers a living wage, and typically comes with benefits such as a Christmas bonus (*aguinaldo*), a savings plan, and a social security/pension. Moreover, manufacturing operates on an Internal Labor Market (ILM) structure in which there is a "mutual dependence between firms and workers" (Jacobs 1994, 205). In other words, jobs are

typically obtained through family or social connections. An ILM structure is advantageous to workforce development efforts because the workforce program itself becomes the connection to the job. By contrast, the health care industries in Mexico have an Occupational Labor Market (OLM) structure. Although this may be healthy for the industry, it leaves less space for a workforce development program because credentialing tends to be dominated by the university system. Universities and medical institutions act as the gatekeepers of recognized credentials—which are generally inaccessible to the residents of migrant towns.

The area of greatest growth in the sector potential is in "precision manufacturing." The growth in the use of Computer Numerical Control (CNC) machines in sectors such as automotive, aerospace, tool making, and plastic production has led many low-income individuals to seek training and certification for their operation. General Motors, Chrysler, and other aerospace companies have expanded their resources, taking control of Mexico's metalworking industry. General Motors in Guanajuato, for example, hires Computer Numerical Control (CNC) operators regularly. CNC operators typically earn between \$4,500 and \$7,000 pesos per month. This is a decent wage, relative to Mexican earnings, where the minimum wage is \$1,740 pesos per month.

The State Institute of Job Training for the State of Guanajuato (ICATEG) is the government entity currently tasked with workforce development for this sector. Those who benefit the most from their programming are companies that train their own employees with government assistance. Individuals who aspire to receive training from ICATEG could enroll, but must pay tuition out of pocket. However, because ICATEG's focus is incumbent worker training, they do not have a job placement department.

In rural areas without a strong manufacturing presence, there are few growth prospects and ICATEG offers training courses like cooking, sewing, hair styling, computer skills, and English. These training courses are not necessarily beneficial for communities at large since they have not been linked with economic development. Classrooms throughout these facilities remain empty because the programs offer few prospects for employment. These spaces are underutilized and could be used as bridge program sites. In the case of manufacturing, a bridge program is one that equips individuals with the necessary skills to understand measurements, quality control, and safety standards. Large and expensive machinery is not needed for the bridge program, as the bulk of the instruction is classroom based. With appropriate levels of funding, these physical ICATEG spaces in rural towns could be transformed to vocational bridge programs that are connected to

manufacturing high growth mid-skilled jobs in both Mexico and the United States.

These potential bridge programs in migrant towns could then be connected to the larger ICATEG sites that have state-of-the-art equipment. The lowest rate ICATEG offers for a CNC training is \$115 pesos per level, and the highest rate is \$250 pesos. The rate is determined based on the person's salary. Each training offered has at least 10 levels—making it at the very least \$1150 pesos (equivalent to \$100 USD) to complete a training.

To put these figures in perspective, a direct investment of \$100,000 USD in ICATEG's existing program would fund training for approximately 1,000 residents of migrant towns in Mexico, increasing labor mobility with respect to jobs available in both nations. The improved cost efficiency could well lead to a Mexican workforce program that benefits US-based companies more per dollar spent than the equivalent workforce trainings within the United States. Indeed, the massive inefficiency of US workforce programming has not gone unnoticed by federal legislators. In early 2013, the Subcommittee on Higher Education and Workforce Training held a hearing on a number of legislative proposals intended to address flaws in federal job training policies, including the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act.

PROSPECTS FOR A BI-NATIONAL PROGRAM

Global development expert Michael Clemens (2010) argues that international agreements ought to consider the development of individuals rather than the development of places. He argues that blocking migration reverses economic and individual development. In this sense, foreign aid that aims to help underdeveloped countries ought to be directed to individuals rather than places. A project to train individuals before they decide to migrate stands a chance to help people from underdeveloped countries truly experience development. A bi-national workforce development proposal is not an immigration policy briefing nor does it aim to change current policy. It simply aims to recognize and work with the existing situation. Furthermore, the proposal recognizes the reality that people continue to migrate whether immigration policy is restrictive or not.

In order to realize an improvement in the overall quality of life for low-income, low-skilled people, it is essential to invest in the development of individuals. Before implementing a ground-level work development program, it is necessary to take stock of the political and economic environment. There is clearly a need for free training that is open to the unemployed and underemployed. The lack of skilled workers in the precision manufacturing sector has contributed to a scenario in which Mexico attracts manufacturing industries that only offer low-skill jobs, such as team assembly. In the US, conversely, it has created a scenario where

companies continue to hire undocumented immigrants that do not have the needed skill-set. Unfortunately, these jobs offer little to no opportunity for those who aspire to grow within the company. Upward mobility in income, career, and lifestyle should be a large component of what is meant by development. To achieve upward mobility, low-skilled and low-income individuals need access to jobs that are part of a career ladder.

This paper argues that a bi-national training program that takes account of the internal labor market structure of the manufacturing industry is needed. A successful international workforce development program must recognize the connection of the international diaspora with its originating population. In practice, this approach to workforce development will utilize existing social and familial networks to overcome barriers to middle-skill employment in both nations.

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ABOUT THE AUTHOR

Oswaldo Alvarez is a Program Development Specialist at the Chicago Cook Workforce Partnership (CCWP), Cook County's Local Workforce Investment Area. There he leads CCWP's workforce efforts in the manufacturing sector. Prior to joining CCWP, he directed Erie Neighborhood House's workforce development programs, leading the program from its pilot phase to a full department within the agency with over 15 staff members. He graduated from the School of Social Service Administration in 2012 and holds his B.A. from the University of Wisconsin-Madison.