

# *The State of Working Illinois: Opportunities and Challenges*

Prepared by:  
**Ralph Martire**  
Executive Director

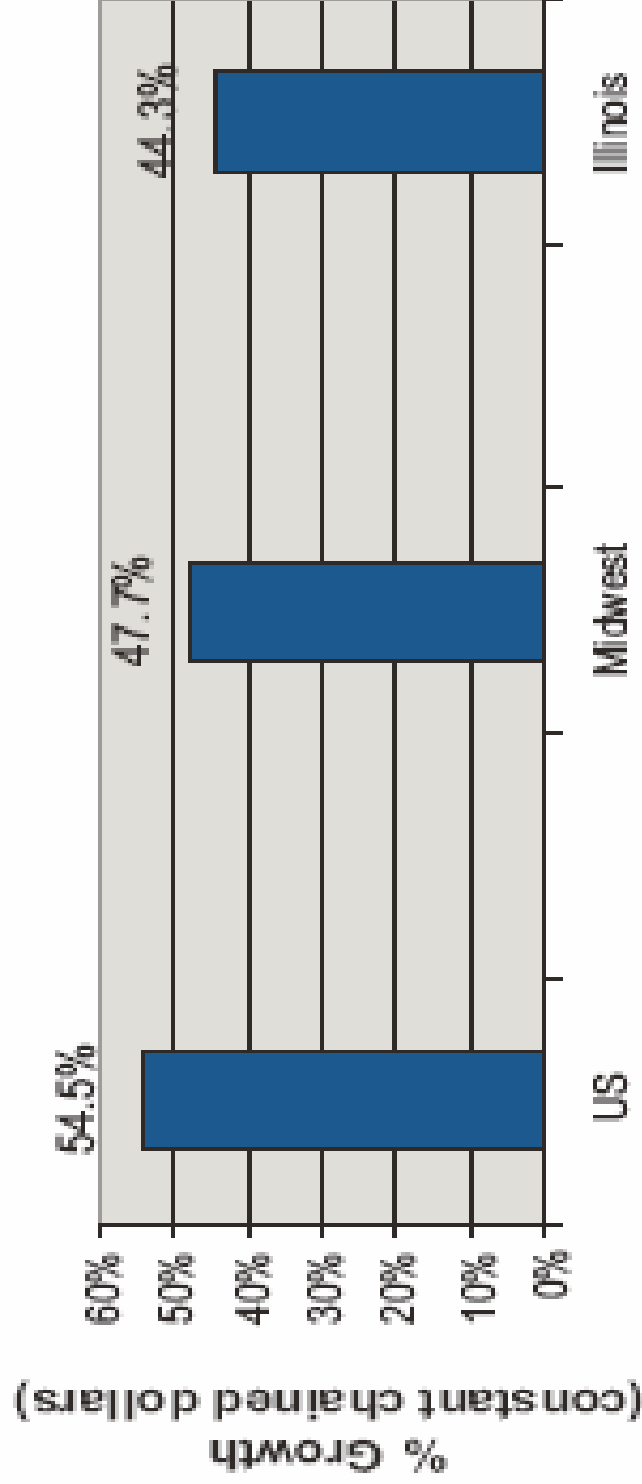
Wednesday, June 13, 2007; 9:00 am  
Workforce Development Board of Rock Island  
Henry and Mercer Counties  
Milan Community Center  
2701 1<sup>st</sup> Street E, Milan, IL. 61264

- In 2006, Illinois ranked fifth nationally with a Gross State Product of \$500 billion.



- Context – That would be the 27<sup>th</sup> largest economy of any nation in the world-greater than Egypt, Saudi Arabia, Colombia, Belgium, Sweden, Greece, Ireland, Portugal, Norway and Nigeria, to name a few.

## Illinois Gross State Product Grew Less Than U.S. or Midwest States (1990-2004)

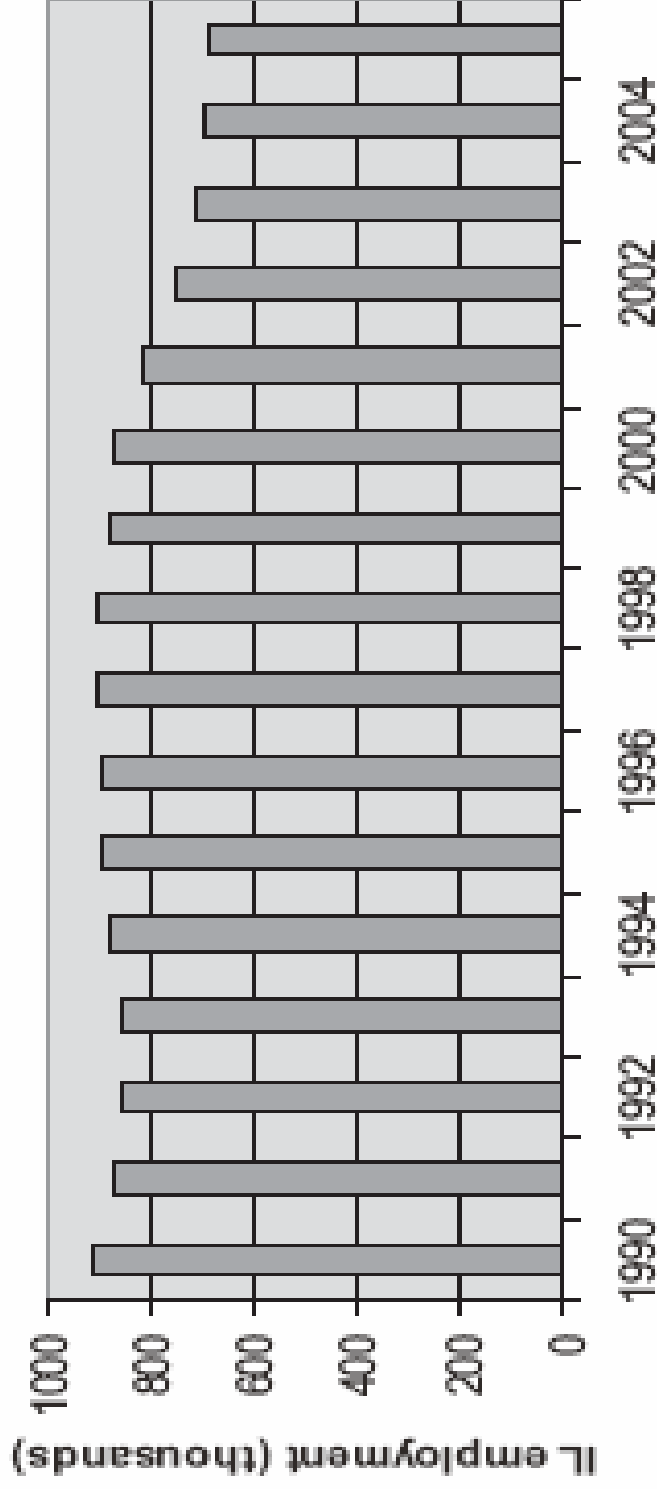


Source : Bureau of Economic Analysis, U.S. Dept of Commerce

- Between 1990 and 2005, Illinois lost 24.3% of its manufacturing industry jobs, which represents a loss of 222,500 jobs.



## Illinois Continues to Lose Good-Paying Manufacturing Jobs



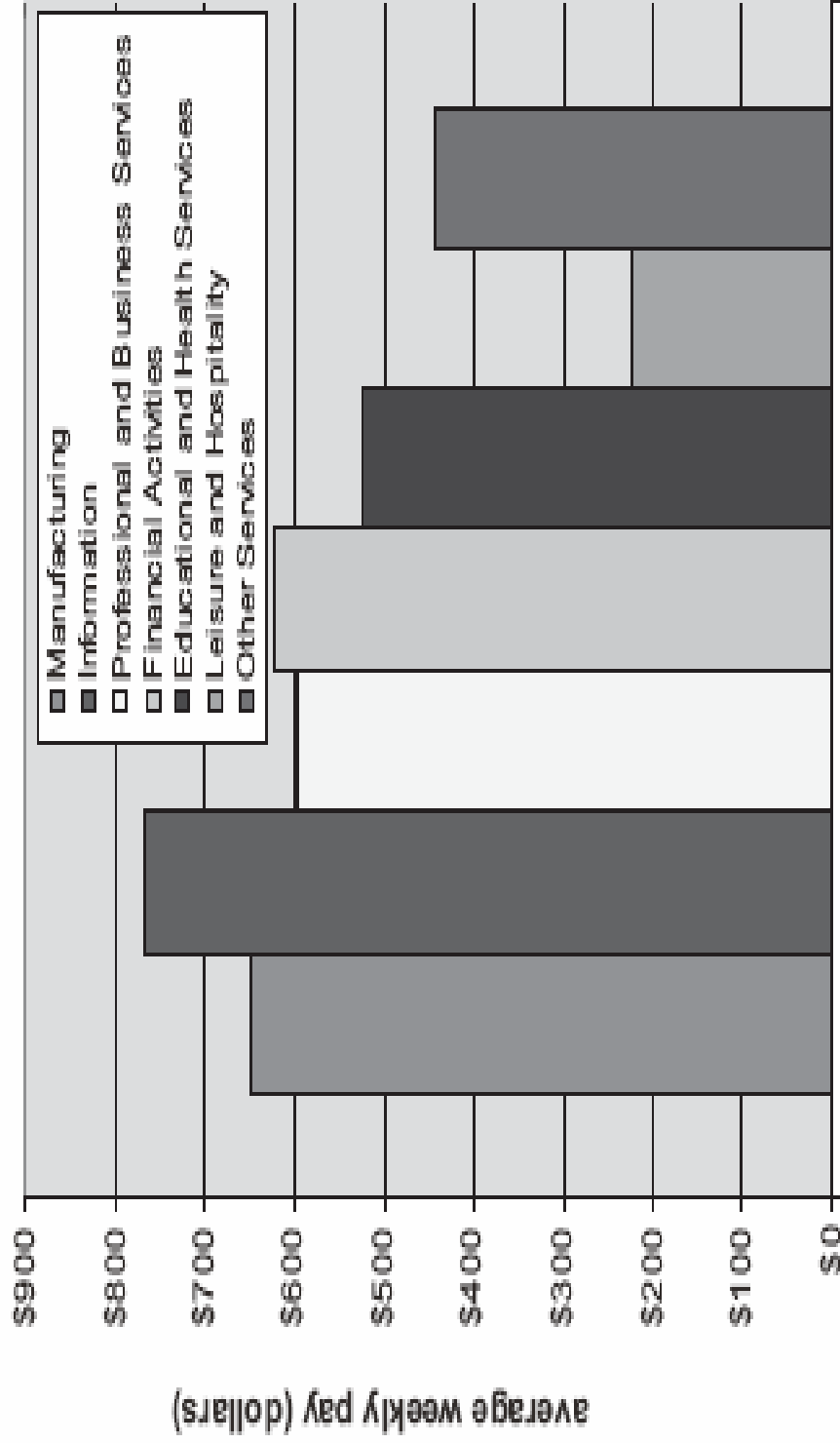
Source: Bureau of Labor Statistics, U.S. Department of Labor

- All job growth in Illinois came in the service sector.



- Most of these service jobs pay less than the manufacturing jobs they replace – 29% less!

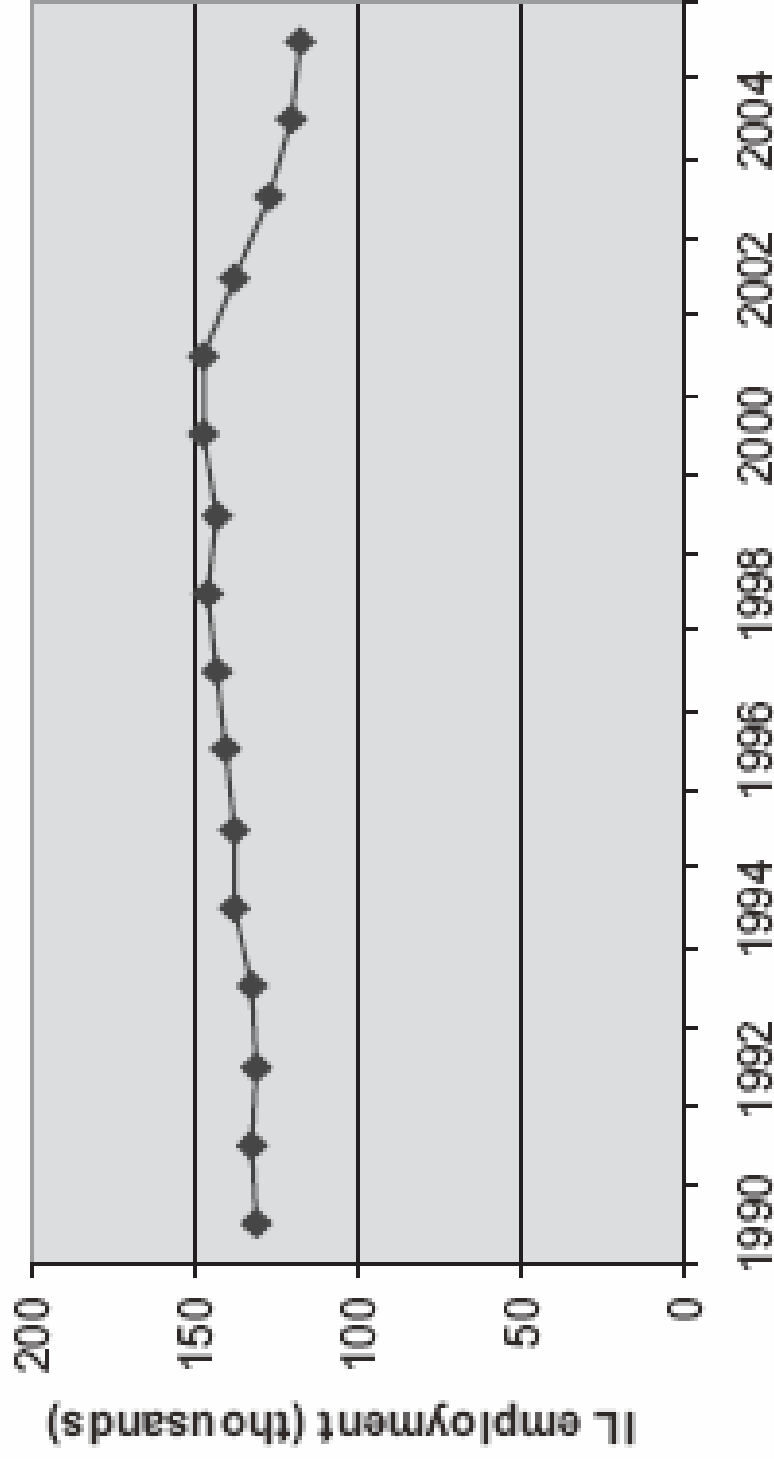
## Most Service Sector Jobs Pay Less than Manufacturing Jobs (2005)



Source: Bureau of Labor Statistics, U.S. Department of Labor



## Good Paying Information Sector Jobs Declined Sharply after 2001



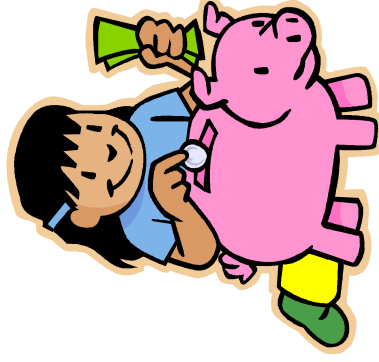
Source: Bureau of Labor Statistics, U.S. Department of Labor

- Private sector employer-provided health insurance coverage declined from 75.4% of the workforce during the 1979 to 1981 period to 60.8% from 2001 to 2003.
- By 2006, over 40% of the workforce didn't have employer provided insurance



- The percentage of Illinoisans lacking any health insurance coverage has increased from 10.9% in 1990 to 14.0% in 2004.
- By 2004, 27% of the Illinois population was either on Medicaid or uninsured.

- In 1981, 55.6% of the state's workers were covered by private sector employer-provided pension plans.

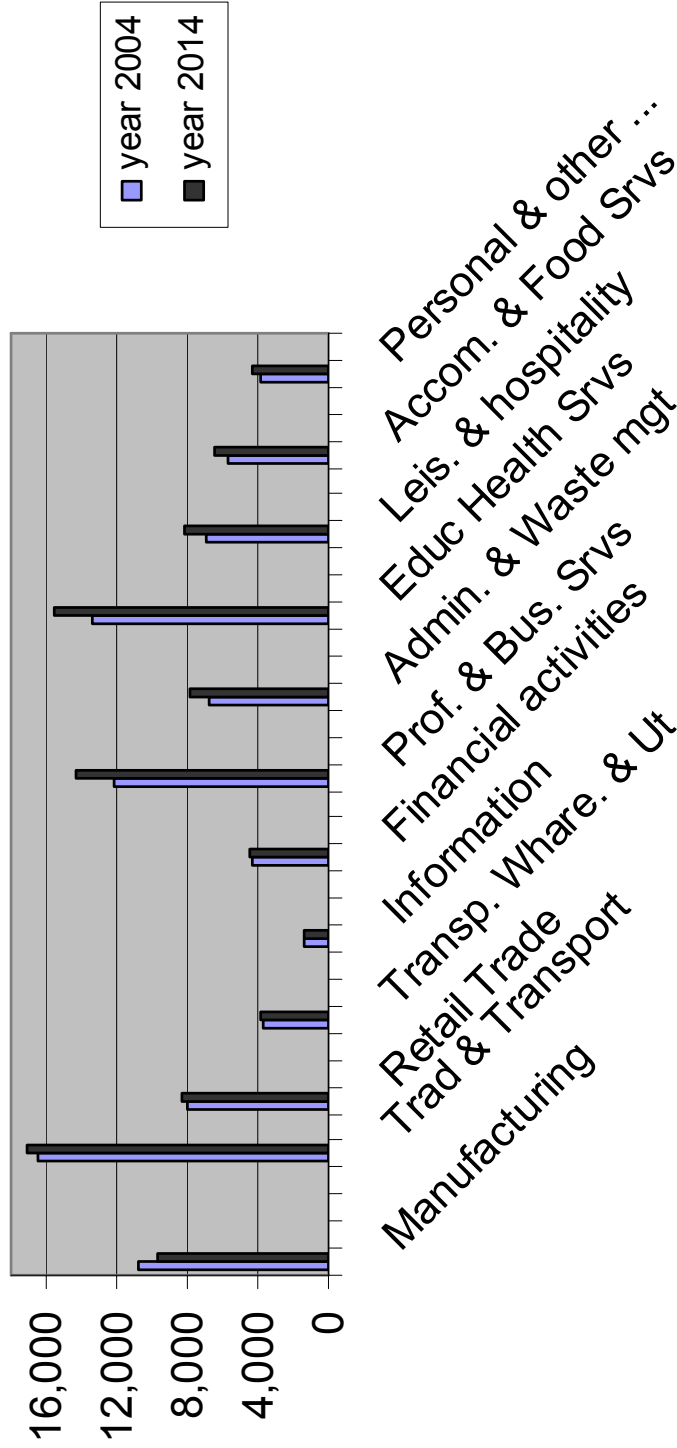


- By 2003, this percentage declined to only 49.8% of the workforce.

What are the trends in the  
“Northwestern” Economic Region  
→ consisting of Rock Island,  
Mercer, Henry, Bureau, Putnam,  
LaSalle, Lee, Whiteside, Carroll  
and Jo Daviess Counties?

- Northwestern region lost 6,664 (19% of the total) manufacturing jobs from 2001-2003. This was in line with the average statewide loss of 18.8%
- Manufacturing jobs still make up 15.1% of total employment in NWR, higher than the state average of 12.3%
- Through 2014, Rock Island County is expected see its greatest job growth in the services: professional & business, education & health, leisure & hospitality (Source: IDEs)

## Rock Island Employment Industry Projections 2004-2014



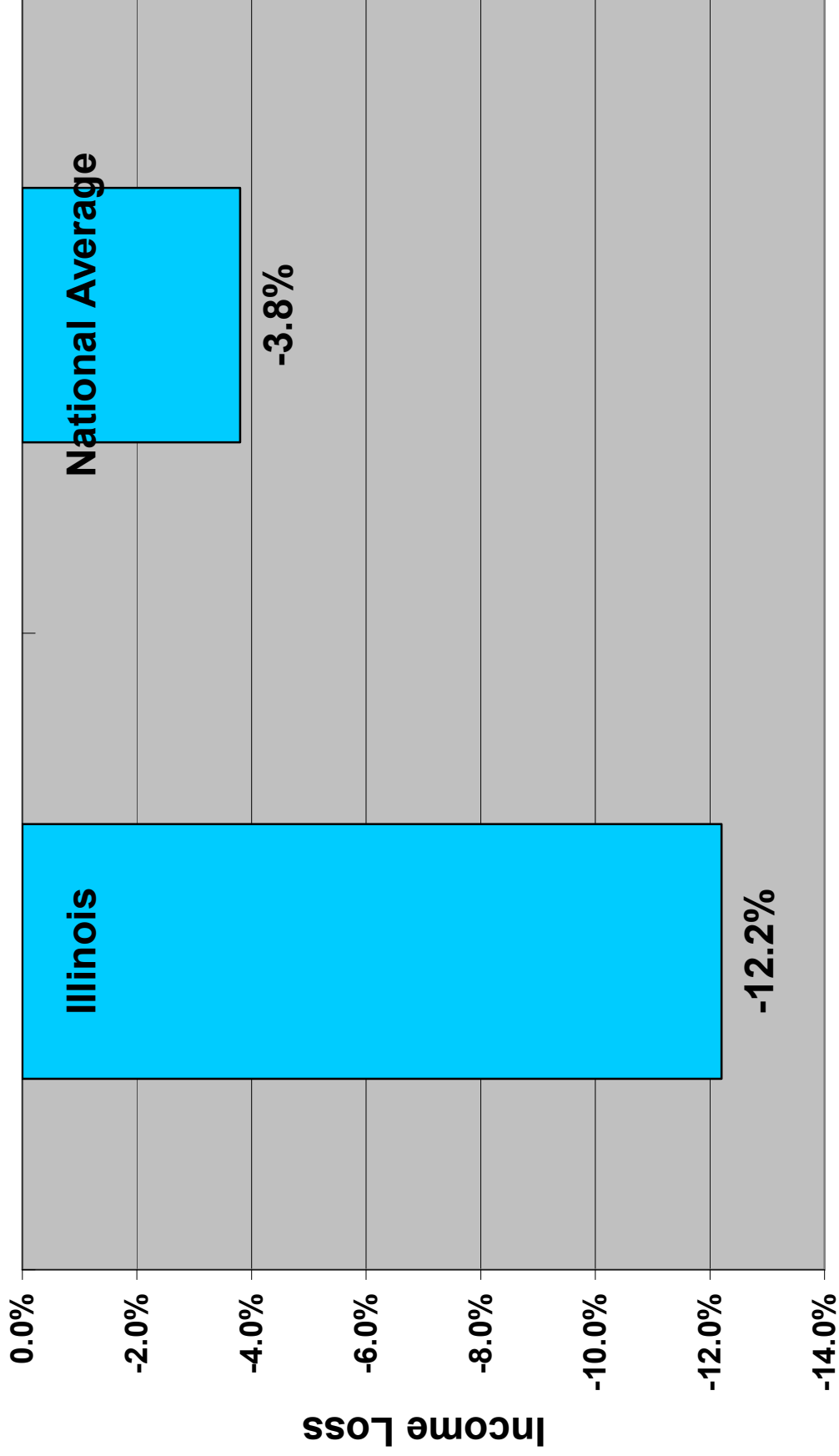
Source: Illinois Department of Employment Security

# Trends In NWR

- Through 2012, only 22.8% of the new jobs projected for the region will pay *more* than the current state annual average wage of \$38,139
- This means over 77% of the new jobs in the region will be lower paying – in all likelihood driving down median income in the area – tracking statewide trends

- The state's median household income has declined sharply, from a high of \$52,515 in 2000, down to \$46,132 in 2004.
- The post-1999 median income loss was \$6,383 (12.2%)—the second worst decline among all 50 states – whether measured in proportionate or dollar amounts.

# Illinois Income Loss in Context



- Declines in median income usually correspond to increases in poverty
- By 2004, 12.2% of Illinoisans were below the national poverty line, as were 17.7% of the state's children under 18 years of age.
- According to 2005 data the poverty rate in Rock Island is 13%, and 24% for children under 18 years of age
- In 2004 nearly a quarter of Illinois workers (23.0%) earned less than \$9.28 an hour—This means their full-time, full-year income **IS BELOW THE POVERTY LEVEL** for a family of four (\$19,311).

- Why the Economic Problems?
  - NOT TAX BURDEN
- Illinois' total state *AND* local tax burden, as a percentage of personal income ranks only 48<sup>th</sup> in the nation.
- By far, the lowest tax burden in the Midwest.

➤ The workforce has become better educated with 58.6% of the workers having attended college.



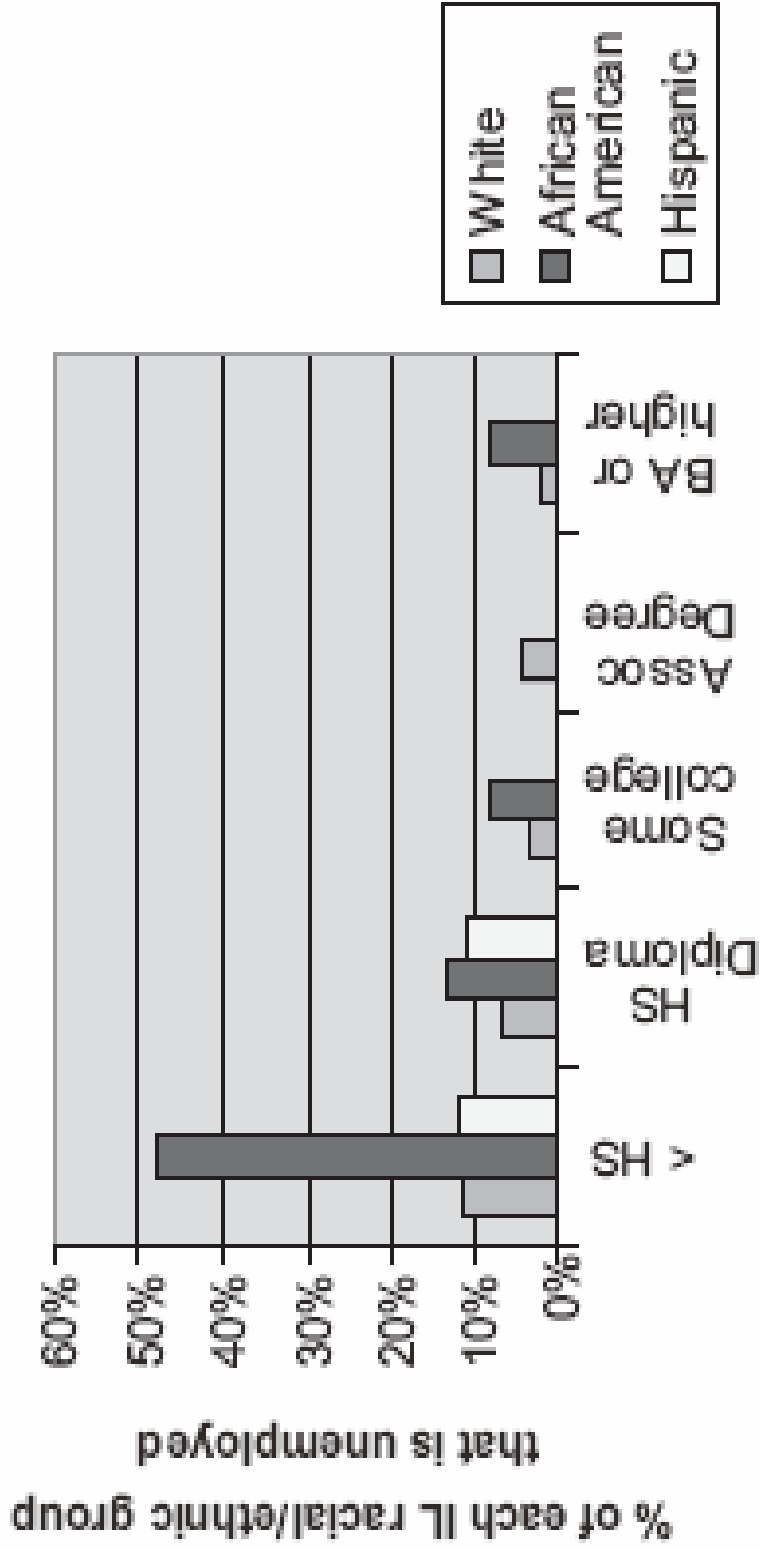
- **Education now matters more than ever to economic prosperity:**

- **Unemployment rates are highest for those with the least education — persons with less than a high school diploma and those who are only high school graduates.**

- **Similar trends in the NWR, with highest unemployment rates for those with a high school education or less.**

(Source: U.S. Census Bureau)

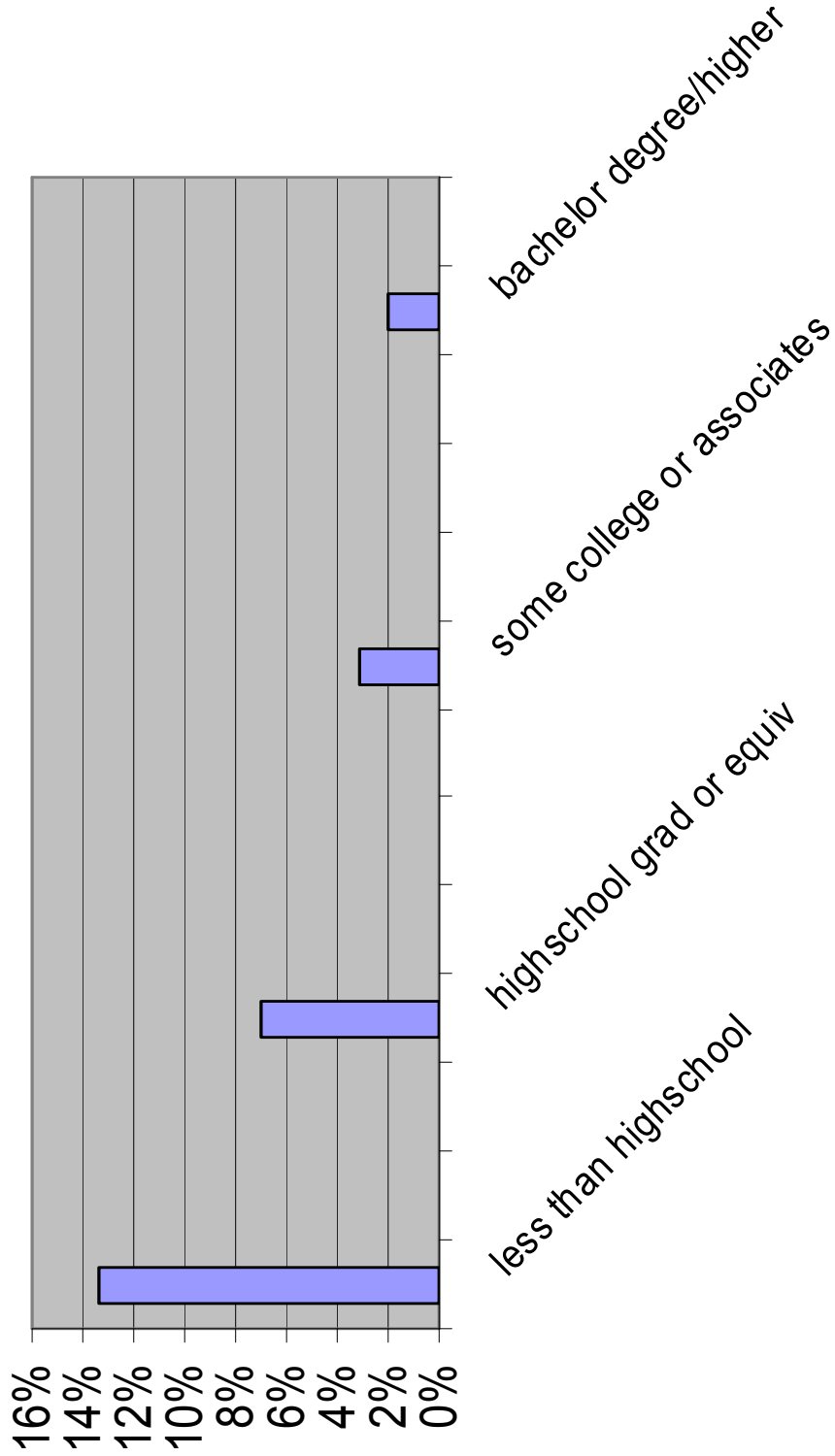
# Highest Rates of Unemployment Occur Among Least Educated - 2005



Source: Analysis of Current Population Survey data, March 2005



# Rock Island 2005 Unemployment by Educational Attainment



Source: U.S Census Bureau American Community Survey  
23



# In Rock Island, attainment of associate degrees and professional degrees increased

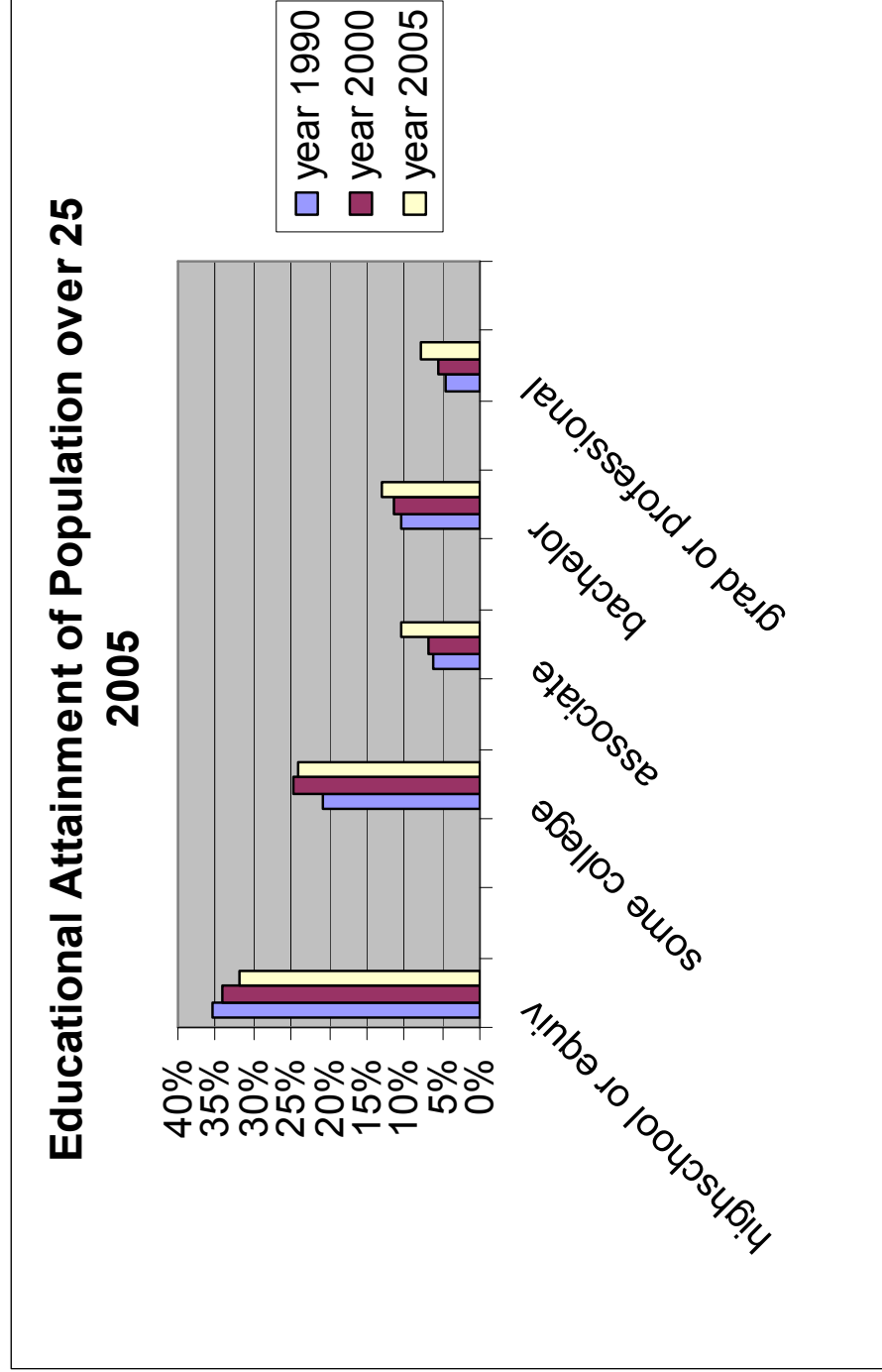


TABLE 2

<b>Illinois Ethnic and Racial Differences in Age and Education</b>				
	White	African American	Hispanic	Asian
<b>AGE CATEGORIES</b>				
16 to 25	19.3%	21.1%	26.6%	4.8%
26 to 35	22.8	26.0	32.5	39.4
36 to 45	23.3	18.9	20.3	36.6
46 to 55	23.7	21.1	17.3	16.8
56 to 65	10.6	12.5	3.0	7.2
<b>EDUCATION CATEGORIES</b>				
Less than High School	11.9%	12.8%	44.4%	6.6%
High School Graduate	30.2	37.0	24.1	13.2
Some College	22.2	24.2	17.0	14.6
Associate's Degree	7.4	8.4	6.3	2.5
Bachelor's Degree or Higher	28.0	17.4	7.9	62.8

Source: Analysis of Current Population Survey data, March 2005

# Trends in Rock Island

- From 1990 to 2005, RI has become more diverse, as Latinos grew from 5.4% to 10.3% of the population
- Like the Region, Rock Island experienced a drop in population (- 4%) as well as a drop in total employment (-1.85%)

# ILLINOIS' FUTURE?

- Among unemployed youth (ages 16 – 24), over half (54.3%) of Whites, nearly two-thirds (61.4%) of African Americans, and *virtually all Hispanics* are both out of work and out of school.
- This leaves them especially vulnerable to long-term detachment from the labor market.

- Education also matters in wages!
- In real dollars, over the last 15 years median hourly wage for those with:
  - Less than a high school diploma dropped 25%
  - Only a high school education dropped 6.2%
  - Some college, increased by 2.2%
  - A B.A. or higher increased by 16.7% - the only sizable gains

# STATEWIDE, WAGE GAPS WORSENER

- The gap in hourly wages between Whites and Hispanics grew by 23.9% since 1980.
- The gap between the hourly wages paid to Whites and African Americans grew by an astounding **162.3%** since 1980.
- School funding is partially to blame.

# Still Separate. . . .

- Illinois is the third most segregated state in K-12 education for blacks
- 82% of black children attend majority/minority schools
- 90% of white children attend virtually all white schools

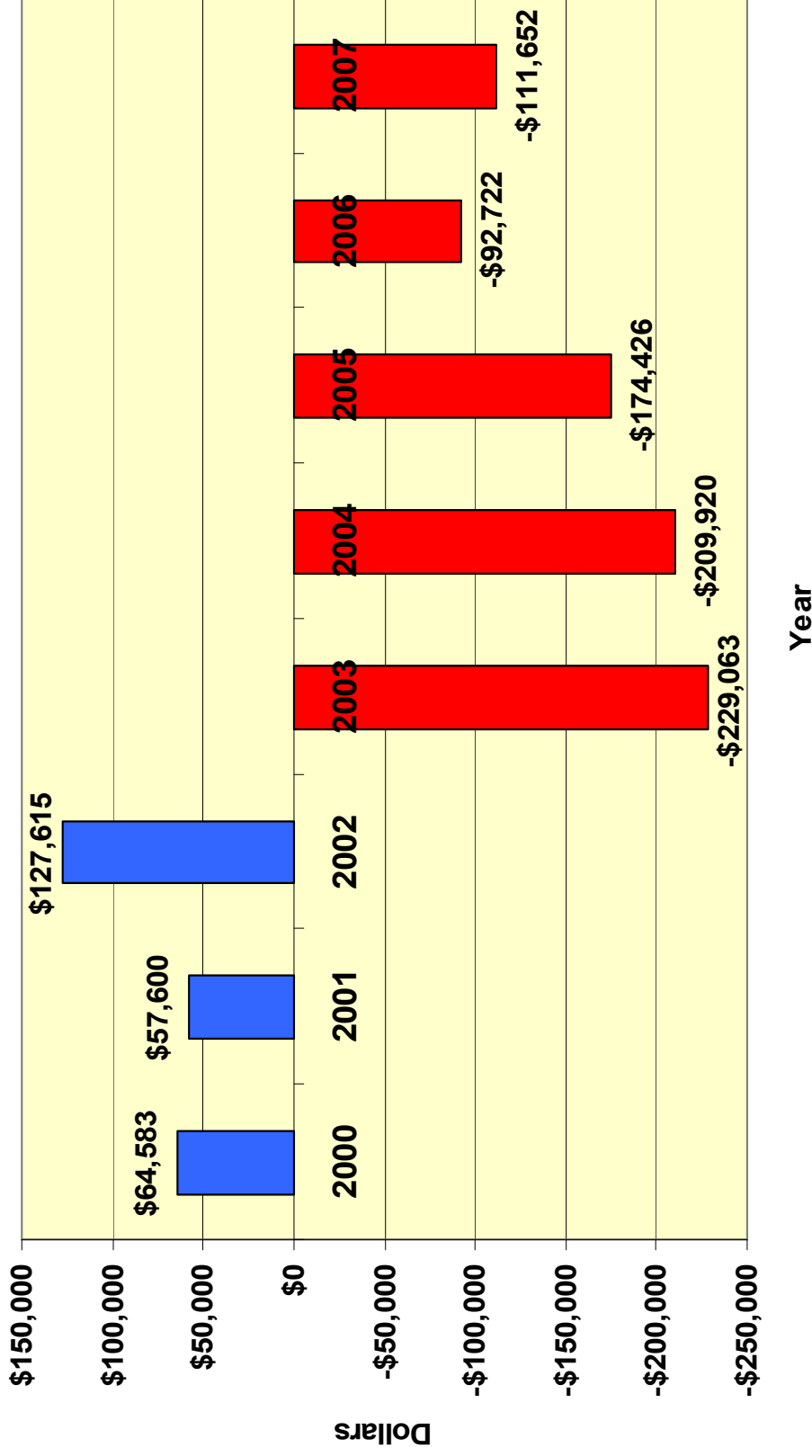
(\*Source: 2006 Harvard University study on segregation)

# . . . . Still Unequal

- Minority school districts start out with \$1,154 **less** per child to spend on education
- That's the second worst gap in the nation

(\*Source: 2006 Harvard University study on segregation)

## Higher Education Appropriations Have Failed to Keep Pace With Inflation Since 2003



# Current Basis for Foundation Level

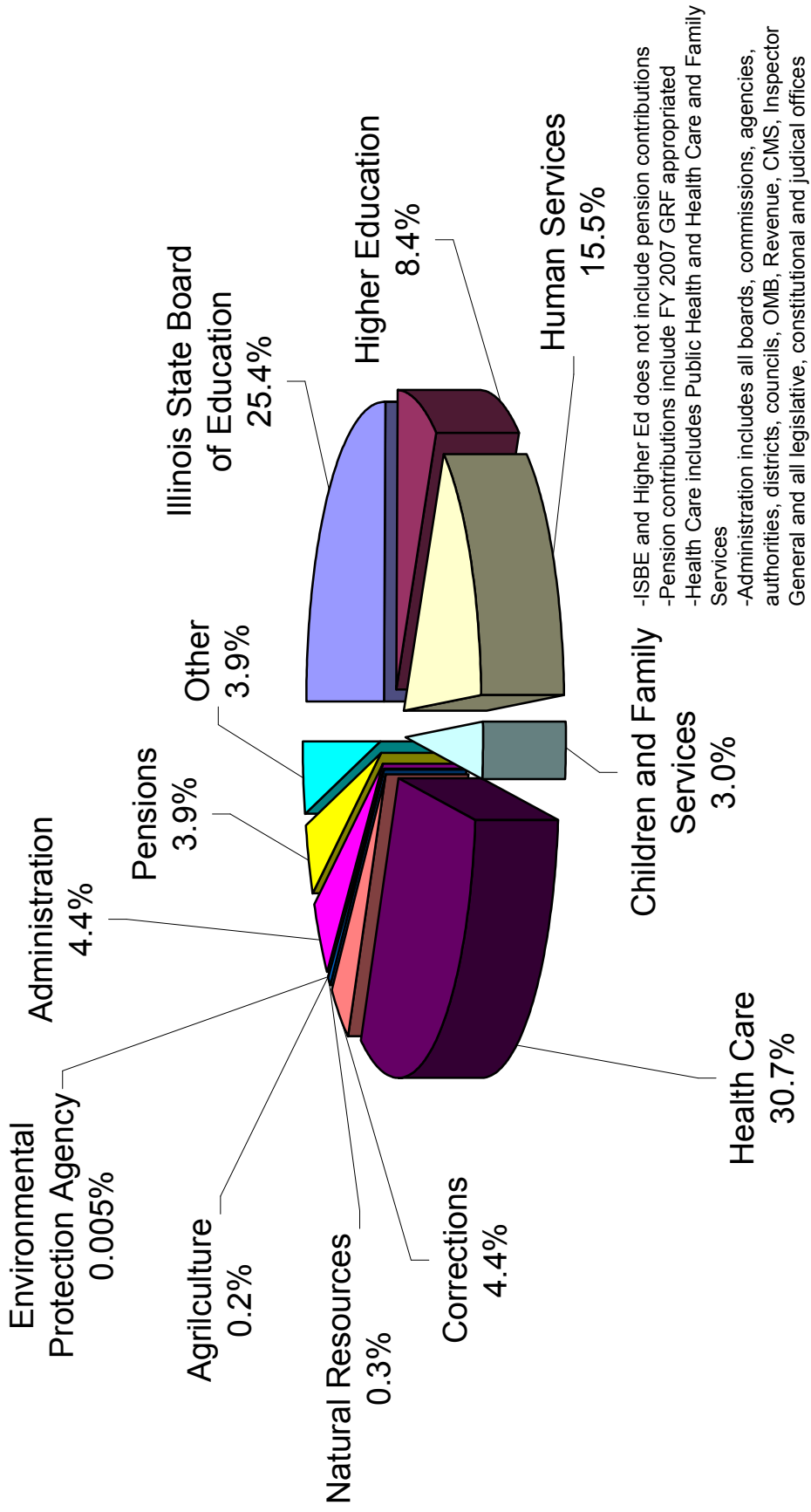
- The Illinois state “Foundation Level” is the minimum per child guaranteed expenditure for K-12
- Does NOT include: poverty, special ed, transportation, etc.
- Currently \$5,334 – but not tied to any measurable standard

# Education Funding Advisory Board ("EFAB")

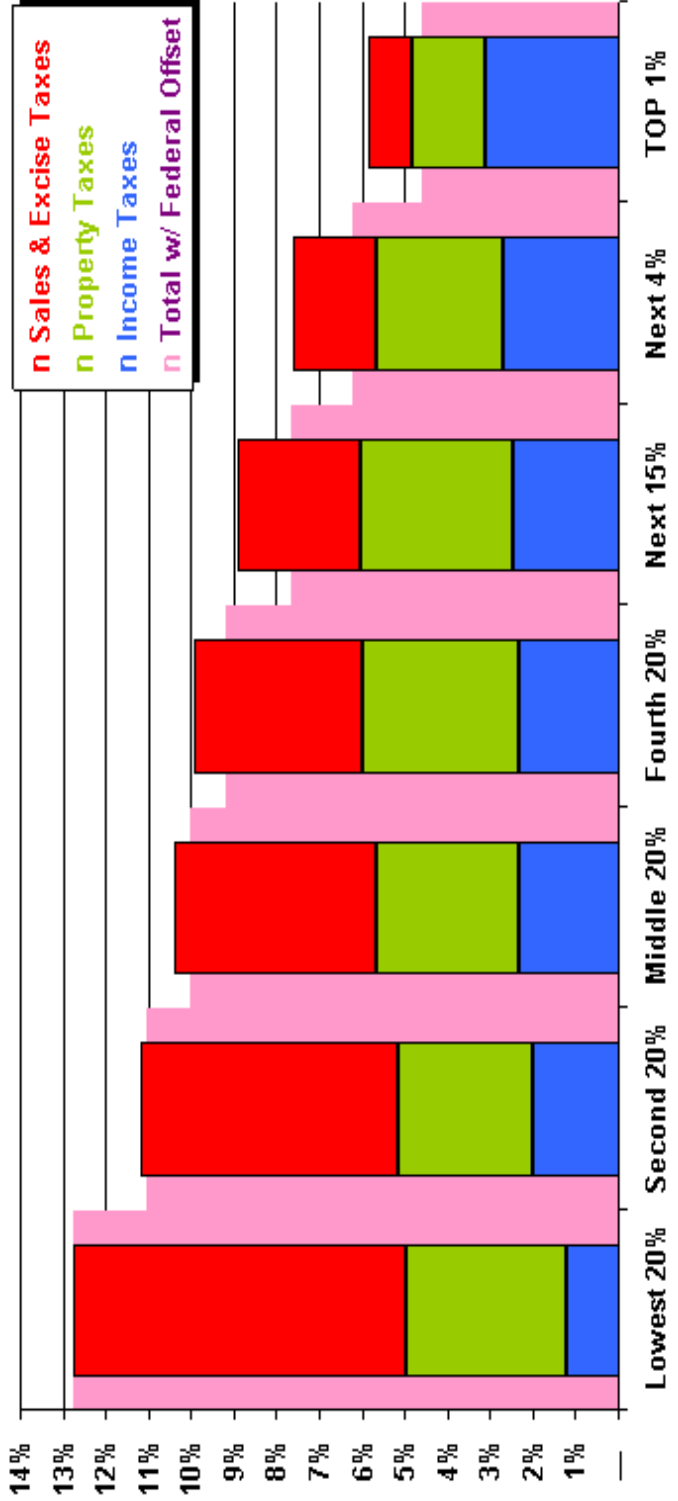
- Change basis to a measurable outcome standard, predicated on costs and test results
- Foundation Level should be at least \$6,675 (after adjusting for inflation)
- Total cost: \$1.7 - \$2.0 billion

# FY 2007 Appropriations by Agency as a Percent of GRF

## TOTAL GRF: \$25.76 Billion



# State & Local Tax Burden as a Percentage of Income



Income Range	Less than \$16,000	\$16,000 – \$30,000	\$30,000 – \$48,000	\$48,000 – \$77,000	\$77,000 – \$148,000	\$148,000 – \$295,000	\$295,000 or more
Average Income	\$8,900	\$22,600	\$38,500	\$61,100	\$101,400	\$203,600	\$1,322,100
<b>Tax Burden</b>	<b>12.7%</b>	<b>11%</b>	<b>10%</b>	<b>9.2%</b>	<b>7.7%</b>	<b>6.2%</b>	<b>4.6%</b>



# Income Growth in the United States 1979-1999 (Real 1999 Dollars) \*Source U.S. Census Data

