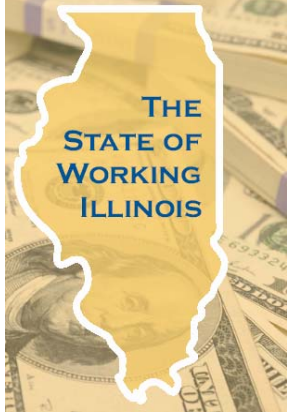


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THURSDAY, NOVEMBER 17, 2005

For more information

Ambar Mentor or Emily Blum
Valerie Denney Communications
Ph: 312-408-2580 ext. 25-Ambar
Ph: 312-408-2580 ext. 13-Emily

Paul Kleppner or Robert Gleeson
Northern Illinois University
Ph: 815-758-0780-Paul
Ph: 815-753-1907-Robert

Ralph Martire or Robert Ginsburg
Center for Tax and Budget Accountability
Ph: 312-332-1049-Ralph
Ph: 312-346-2078-Robert

**RESEARCH
TEAM**

Center for Tax and
Budget Accountability

Northern Illinois
University

Illinois Department of
Employment Security

**ADVISORY
COMMITTEE**

American Federation of
State, County, and
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Chicago Workforce Board

Heartland Alliance for
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Human Rights

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Illinois Coalition for
Immigrant Rights

Illinois Department of
Commerce and Economic
Opportunity

Illinois Department of
Employment Security

Latinos United

Sargent Shiver National
Center on Poverty Law

Service Employees
International Union

Women Employed

Work, Welfare, and
Families

Workforce Board of
Northern Cook County

Loss of High-Paying Jobs Causes Illinois Incomes to Fall

Fueled by Defection of Manufacturing Jobs, State's Median Income Drops \$6,000 in Six Years, Despite Overall Employment Gain

(CHICAGO) November 17, 2005—Despite gaining more than a half-million jobs since 1990, Illinois suffered a net loss in higher-paying employment, fueling a decline in median household income of \$6,000 over the past six years, according to the first-ever *State of Working Illinois 2005* report released today.

The report found that the 220,000 high-paying manufacturing jobs that Illinois lost in the last 15 years offered better compensation than the new 533,000 service-sector jobs that the state added during the same period. This imbalance has contributed to a 12 percent decrease in median household income since 1999, far exceeding the national norm. The 2004 median household income—\$46,132—is about the same as it was fifteen years ago in 1989, as measured in constant dollars.

“On the surface, the employment situation in Illinois may seem promising with the addition of growing occupations. But in reality, job quality—especially in the newly created jobs—has declined and more employers are no longer able to provide workers with the income and benefits needed to maintain a household,” says Paul Kleppner, one of the main researchers from Northern Illinois University. “Being employed no longer means being financially stable.”

According to the report, jobs in education and health services and leisure and hospitality are among the fastest growing industries. However, the average weekly wage for these types of jobs is nearly 26 percent less than the higher paying jobs on the exit.

The *State of Work Illinois 2005* documents other troubling economic trends facing working families in Illinois:

- more -

State of Working Illinois Report, page 2

- **Health insurance cost increases and pension reductions are leading to growing economic insecurity.** Per capita health care costs have soared, increasing 107 percent since 1990. While, 14 percent of Illinoisans lack any health insurance coverage. The future of workers is also being jeopardized, as less than half have access to an employer-provided pension plan.
- **A disproportionate concentration of gender within industries.** Women comprise less than a third of workers in well-paying industries, such as construction, manufacturing, and transportation, but make up over three-quarter of the employees in lower paying fields such as education/health services and leisure/hospitality.
- **The growing diverse workforce shows major disparities.** Minority groups grew to 27.9 percent of the workforce in 2004. However, African Americans and Hispanics have higher overall unemployment rates than whites and Asians.
- **Illinois' poverty rate continues to increase.** By 2004, more than 12 percent of Illinoisans were below the poverty line, as were nearly 20 percent of children under 18 years of age. Nearly a quarter of Illinois workers earn a wage that puts them and their families below the poverty threshold (\$19,311 for a family of four).
- **Minority income lags reflect an education gap.** More than 70 percent of African Americans and 60 percent of Hispanics, earn less than \$50,000, compared to more than half of whites earning \$75,000 or more. The highest rates of low income and unemployment occur among those with the least education. Hispanics are the least educated of the minority groups, with 44 percent having less than a high school diploma.
- **Union membership has declined, missing a boost to real wages.** Overall, the average weekly earnings of union members are nearly 20 percent higher than non-union workers. However in 2005, only 17 percent of the workforce were union members, a decline from 20.8 percent in 1990.

“Workers in Illinois have not registered significant economic gains in the past fifteen years, despite the economic expansion and “boom times” we saw in the mid- to late 90s. Some categories of workers have essentially been running in place for better than two decades,” says Ralph Martire, Executive Director, Center for Tax and Budget Accountability. “Without proper education and development services, Illinois workers, especially minority groups, will not be prepared to catch up and compete for the higher paying jobs remaining in the labor market.”

A special section of the report focuses on particular trends occurring in specific areas of the state. Data are provided for each of the ten regions that have been identified by the Illinois Department of Commerce and Economic Opportunity (DCEO). Among the key regional patterns:

- New high wage jobs are needed to reverse the drop in median wages.
- Projected job growth varies greatly throughout state; the Northeast region is expected to see the largest job growth, while the Southeast and West Central regions will see the least.
- Even though the sector is not projected to grow, the manufacturing sector will continue to serve as an essential anchor of the state's economy.

The report was developed by the Center for Tax and Budget Accountability, and the Office of Social Policy Research and the Regional Development Institute of Northern Illinois University and funded by The Joyce Foundation. It is modeled after *The State of Working America*, published biennially by the Economic Policy Institute (EPI). EPI has provided data on employment, wages, and income over the past 15 years to organizations participating in its Economic Analysis Research Network (EARN). Illinois is one of eight states preparing this customized analysis for 2005.

State of Working Illinois Report, page 3

The report will be presented today at a symposium at the Federal Reserve Bank of Chicago. Business leaders and advocacy groups will discuss the findings and their implications on public education and human services, economic development, job creation and overall quality of life for Illinois residents. Key speakers include State Senator James Meeks (I-Chicago), State Representative Donald Moffitt (R-Gilson) and Doug Whitley, President of the Illinois Chamber of Commerce. A follow up report is planned for 2007, and policy briefs highlighting specific areas will follow in the interim.

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The Center for Tax and Budget Accountability is a bi-partisan 501(c)(3) non-profit research and advocacy think tank that promotes fair, efficient and progressive tax, spending and economic policies.

Office for Social Policy Research (OSPR), Northern Illinois University, organizes and conducts research and public discussion on issues relating to economic and social development, in general, and to the economic and political empowerment of minorities and women, in particular. In addition to organizing and conducting research efforts, OSPR provides technical support and analytic assistance to not-for-profit community based organizations with similar missions, developing ongoing partnerships to address identified problems more effectively.

The Regional Development Institute at Northern Illinois University is a public service, applied research, and public policy development organization. Its mission is to be a leader in providing services that contribute to the economic well-being of the State of Illinois and in advancing the capabilities of government at all levels, to develop policies and to manage and evaluate their program services. The Institute is part of NIU's Division of University Outreach.