



Commission on Government Forecasting and Accountability

802 Stratton Ofc. Bldg., Springfield, IL 62706

MONTHLY BRIEFING FOR THE MONTH ENDED: February 2019

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Illinois Employment and Wage Update

Eric Noggle, Senior Revenue Analyst

At the end of January, the Bureau of Labor Statistics released their preliminary job and wage figures for the month of December 2018, thereby providing an initial look at end-of-year statistics for CY 2018. This monthly dataset includes a wide variety of job-related information, including statewide employment totals by subsector, as well as each subsector's average weekly earnings. A summary of these figures for Illinois on an average annual basis between 2008 and 2018 is shown in the table on the following page.

From a calendar year average perspective, Illinois averaged 6.117 million jobs in CY 2018, which was a 0.9% increase over the CY 2017 average of 6.063 million jobs. This is the eighth consecutive year of positive growth in statewide employment following three consecutive years of negative job growth suffered as a result of the Great Recession. Since hitting its post-recession low point in CY 2010, Illinois' employment has increased by approximately 506,800 jobs, an increase of 9.0% over this eight-year period.

In regards to earnings, the data shows that average weekly earnings grew a robust 3.7% in CY 2018 from an average weekly earnings value of \$912 to \$946. This is a marked improvement over the 1.2% growth in CY 2017 and noticeably higher than the 1.5% growth rate averaged over the previous five years. The 3.7% increase in CY 2018 is the highest rate of annual growth in the post-Great Recession era. Since CY 2008, the average weekly earnings value has increased from \$775 to \$946, an increase of 22.0% over this ten-year period.

INSIDE THIS ISSUE

PAGE 1: Illinois Employment and Wage Update

PAGE 4: Illinois Economic Indicators

PAGE 5: **REVENUE:** February Receipts
Unremarkable As Federal Sources Disappoint

PAGE 6-7: Revenue Tables

Average Employment Levels by Subsector in Illinois											
Non-Seasonally Adjusted Averages: 2008 to 2018 (in thousands)											
Subsector	Annual Average										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mining	9.8	9.3	9.1	9.6	10.2	9.7	9.9	9.3	8.1	7.8	7.7
Construction	258.3	217.2	198.3	195.7	189.1	191.4	201.7	213.6	218.7	220.2	226.3
Manufacturing	657.4	576.7	561.0	573.9	583.0	579.2	580.1	581.7	574.4	576.7	589.3
Trade, Transportation, and Utilities	1,204.8	1,139.5	1,125.6	1,143.8	1,156.3	1,164.4	1,179.7	1,201.4	1,211.1	1,213.1	1,217.3
Information	114.4	106.4	101.8	100.6	100.1	99.0	99.1	100.4	98.2	97.1	93.6
Financial Activities	399.7	380.1	371.6	371.2	374.3	377.5	376.5	380.7	384.6	391.1	399.2
Professional and Business Services	851.9	779.7	793.9	823.5	856.8	883.1	909.4	922.2	932.1	940.2	942.7
Education and Health Services	799.3	814.6	830.8	847.5	862.3	874.4	885.1	899.4	914.2	923.8	929.0
Leisure and Hospitality	532.7	516.6	515.4	522.2	536.1	545.9	558.2	578.3	596.8	609.7	618.7
Other Services	263.6	257.9	249.1	249.7	249.7	249.9	252.2	252.0	251.4	251.8	251.0
Government	855.6	857.6	853.8	837.9	832.4	829.9	827.4	829.1	829.3	831.1	842.5
Annual Average Totals	5,947.5	5,655.6	5,610.4	5,675.6	5,750.3	5,804.4	5,879.3	5,968.1	6,018.9	6,062.6	6,117.2
Illinois' Annual % Change	-0.5%	-4.9%	-0.8%	1.2%	1.3%	0.9%	1.3%	1.5%	0.9%	0.7%	0.9%

Average Weekly Earnings and Employment Change by Subsector in Illinois											
Calendar Year Averages: 2008 to 2018											
Subsector	Annual Average										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,137	\$1,212	\$1,236	\$1,282	\$1,291	\$1,265	\$1,302	\$1,339	\$1,336	\$1,359	\$1,425
Manufacturing	\$862	\$877	\$926	\$978	\$982	\$1,000	\$1,022	\$1,042	\$1,042	\$1,029	\$1,081
Trade, Transportation, and Utilities	\$670	\$670	\$693	\$734	\$766	\$790	\$805	\$807	\$806	\$821	\$857
Information	\$977	\$1,039	\$1,040	\$1,005	\$1,027	\$1,102	\$1,155	\$1,153	\$1,129	\$1,202	\$1,335
Financial Activities	\$1,006	\$1,068	\$1,036	\$1,054	\$1,131	\$1,116	\$1,184	\$1,244	\$1,330	\$1,393	\$1,424
Professional and Business Services	\$997	\$1,033	\$1,024	\$1,007	\$1,027	\$1,025	\$1,038	\$1,049	\$1,073	\$1,087	\$1,129
Education and Health Services	\$699	\$720	\$724	\$757	\$792	\$814	\$810	\$806	\$808	\$805	\$814
Leisure and Hospitality	\$310	\$325	\$319	\$322	\$337	\$323	\$340	\$365	\$377	\$392	\$405
Other Services	\$700	\$707	\$712	\$703	\$728	\$751	\$780	\$834	\$864	\$840	\$862
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Annual Average Weekly Earnings*	\$775	\$792	\$799	\$820	\$846	\$856	\$875	\$890	\$901	\$912	\$946
% Change in Avg. Weekly Earnings	-2.3%	2.1%	0.9%	2.7%	3.2%	1.2%	2.2%	1.7%	1.3%	1.2%	3.7%
Annualized Wage/Employment Comparison	-2.8%	-2.9%	0.1%	3.8%	4.6%	2.1%	3.5%	3.2%	2.2%	2.0%	4.6%

* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and dividing the sum of these figures by the total number of jobs from these nine subsectors.

Source: www.bls.gov

When combining the impact of the employment change with the growth in wages, a CY 2018 annualized wage/employment growth factor of 4.6% results. This is markedly higher than the 2.0% comparable value that occurred in CY 2017 and is the highest value since CY 2012. The growth in both employment figures and earnings provides some justification for the solid performance of economically-tied revenue sources this fiscal year.

From a subsector perspective, as shown in the following table, "Manufacturing" had the largest rate of growth between 2017 and 2018 for any subsector in terms of the number of jobs created with an increase of 12,600 jobs (+2.2%). In terms of percentage growth, the largest increase came from the Construction subsector with a growth of 2.7% (+6,100 jobs). Other subsectors with solid growth (more than 1%) in CY 2018 were in the areas of "Financial Activities" (+2.1% growth, +8,100 jobs); "Leisure and Hospitality" (+1.5% growth,

9,000 jobs); and in "Government" (+1.4% growth, +11,400 jobs). The only subsectors in Illinois that saw year-over-year declines in CY 2018 were in "Mining" (-1.8% growth, -100 jobs); Information (-3.6% growth, -3,500 jobs); and in "Other Services" (-0.3% growth, -800 jobs).

Over the last decade, employment levels have increased from an average of 5.948 million jobs in CY 2008 to 6.117 million jobs in CY 2018, which is a decade increase of 2.9%. From a subsector perspective, the results have been mixed. The largest increase in terms of both jobs gained and percentage growth over this time period came from "Education and Health Services", with an increase of 129,700 jobs (+16.2%). Other areas of significant growth came from "Leisure and Hospitality" (+86,000 jobs, +16.1%) and "Professional and Business Services" (+90,800 jobs, +10.7%). The largest falloff in jobs over the last decade came from "Manufacturing" (-68,100 jobs, -10.4%); "Construction" (-32,100 jobs, -12.4%); and "Information" (-20,800 jobs, -18.2%).

State Rankings of Illinois' Employment Subsectors - Job Data										
Employment Values, Non-Seasonally Adjusted (in thousands)										
Subsector	2018 Avg Employment Totals	Sector Ranking	CY17 to CY 18 (1-yr Change)				CY08 to CY 18 (10-yr Change)			
			Change in Jobs (% Ch)	Sector Ranking	Change in Jobs (thousands)	Sector Ranking	Change in Jobs (% Ch)	Sector Ranking	Change in Jobs (thousands)	Sector Ranking
Mining	7.7	11	-1.8%	10	(0.1)	9	-21.9%	11	(2.1)	6
Construction	226.3	9	2.7%	1	6.1	5	-12.4%	9	(32.1)	10
Manufacturing	589.3	6	2.2%	2	12.6	1	-10.4%	8	(68.1)	11
Trade, Transportation, and Utilities	1,217.3	1	0.3%	7	4.2	7	1.0%	4	12.5	4
Information	93.6	10	-3.6%	11	(3.5)	11	-18.2%	10	(20.8)	9
Financial Activities	399.2	7	2.1%	3	8.1	4	-0.1%	5	(0.5)	5
Professional and Business Services	942.7	2	0.3%	8	2.4	8	10.7%	3	90.8	2
Education and Health Services	929.0	3	0.6%	6	5.2	6	16.2%	1	129.7	1
Leisure and Hospitality	618.7	5	1.5%	4	9.0	3	16.1%	2	86.0	3
Other Services	251.0	8	-0.3%	9	(0.8)	10	-4.8%	7	(12.6)	7
Government	842.5	4	1.4%	5	11.4	2	-1.5%	6	(13.1)	8

Source: www.bls.gov

State Rankings of Illinois' Employment Subsectors - Wage Data										
Weekly Wages, Non-Seasonally Adjusted (in thousands)										
Subsector	2018 Avg Weekly Wage	Sector Ranking	CY17 to CY 18 (1-yr Change)				CY08 to CY 18 (10-yr Change)			
			Change in Wage (% Ch)	Sector Ranking	Change in Wage (\$ Ch)	Sector Ranking	Change in Wage (% Ch)	Sector Ranking	Change in Wage (\$ Ch)	Sector Ranking
Mining	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,425	1	4.8%	3	\$66	2	25.3%	5	\$288	3
Manufacturing	\$1,081	5	5.0%	2	\$51	3	25.3%	6	\$218	4
Trade, Transportation, and Utilities	\$857	7	4.4%	4	\$36	5	27.9%	4	\$187	5
Information	\$1,335	3	11.1%	1	\$133	1	36.7%	2	\$359	2
Financial Activities	\$1,424	2	2.2%	8	\$31	6	41.6%	1	\$418	1
Professional and Business Services	\$1,129	4	3.8%	5	\$41	4	13.2%	9	\$132	7
Education and Health Services	\$814	8	1.2%	9	\$9	9	16.5%	8	\$115	8
Leisure and Hospitality	\$405	9	3.3%	6	\$13	8	30.3%	3	\$94	9
Other Services	\$862	6	2.6%	7	\$22	7	23.1%	7	\$162	6
Government	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: www.bls.gov. Note: Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics

As previously noted, there was a significant increase in wages between CY 2017 and CY 2018. From a subsector perspective, the largest increase in terms of both wage increase and percentage change was from the “Information” subsector (average weekly wage increase of +\$133 to \$1,335 or +11.1%). Other notable increases in wages came from “Construction” (+\$66 to \$1,425, +4.8%) and “Manufacturing” (+\$51 to \$1,081, +5.0%). These values are shown in the table above.

Over the last decade, the largest increases in wages in Illinois have come from the “Financial Activities” subsector (average weekly wage increase between CY 2008 and CY 2018 of \$418, an increase of +41.6%). Other notable increases during this time frame came from “Information” (+\$359, +36.7%); “Construction” (+\$288, +25.3%); and “Manufacturing” (+\$218, +25.3%).

While the recent improvement in employment and wage statistics in Illinois is encouraging, the long-term trends are still concerning. As stated

previously, over the last decade, the biggest improvement in the number of jobs in Illinois has

been in “Education and Health Services” (decade growth of +16.2%). However, as shown in the previous table, this subsector is among the lowest paying subsectors in terms of weekly earnings (average weekly earnings value of \$814).

A similar argument can be made with the “Leisure and Hospitality” subsector. This employment category had the second largest employment subsector increase in the State since CY 2008 (decade growth of +16.1%). However, it is the lowest paying subsector in terms of weekly earnings with a value of \$405. Illinois’ largest employer of jobs is the “Trade, Transportation, and Utilities” subsector, employing over 1.2 million people in CY 2018 and making up 20.0% of total jobs. This subsector, however, also has one of the lowest average weekly earnings totals in the State (CY 2018 average weekly earnings value of \$857).

Equally troublesome is the fact that those subsectors with the highest weekly earnings were the subsectors

that have lost the most jobs over the last decade. For example, the subsector with the highest weekly earnings is “Construction”, paying, on average, \$1,425 per week. However, jobs in this subsector are down 12.4% since CY 2008. The next highest paying subsectors are “Financial Activities” (\$1,424 per week) and “Information” (\$1,335 per week), but employment in these categories are down 0.1% and 18.2%, respectively, since CY 2008.

Although the long-term perspective, as it pertains to high-paying jobs in Illinois, can be concerning, recent trends are encouraging. The highest paying subsector in Illinois is “Construction”. Though these jobs are

down 12.4% over the last decade, this subsector’s levels are up 2.7% over the last year and have experienced the largest increase, in terms of percentage growth, of any subsector in the State. Similarly, the second highest paying subsector, “Financial Activities” had the 3rd best rate of change over the past year at +2.1%, after being essentially flat (-0.1%) over the past decade. Time will tell if this recent growth in these higher paying jobs is the beginning of a long-term positive trend or just a temporary blip in an overall disappointing decade of employment activity in Illinois.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS*</u>	<u>LATEST MONTH</u>	<u>PRIOR MONTH</u>	<u>A YEAR AGO</u>
Unemployment Rate (Average) (Dec.)	4.3%	4.3%	4.6%
Inflation in Chicago (12-month percent change) (Jan.)	0.8%	1.1%	1.8%
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	<u>LATEST MONTH</u>	<u>CHANGE OVER PRIOR MONTH</u>	<u>CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (Dec.)	6,470.5	0.0%	-0.2%
Employment (thousands) (Dec.)	6,194.0	0.0%	0.1%
Nonfarm Payroll Employment (Dec.)	6,152,200	13,600	71,000
New Car & Truck Registration (Jan.)	49,452	-3.5%	-10.2%
Single Family Housing Permits (Dec.)	495	-34.5%	-14.5%
Total Exports (\$ mil) (Nov.)	5,184.0	-10.5%	-8.0%
Chicago Purchasing Managers Index (Feb.)	64.7	14.1%	4.5%
* Due to monthly fluctuations, trend best shown by % change from a year ago			

REVENUE: February Receipts Unremarkable As Federal Sources Disappoint

Jim Muschinske, Revenue Manager

In February, absent last fiscal year's interfund borrowing, base monthly receipts decreased \$116 million. Another month of comparatively weak federal sources was more than enough to offset fairly nondescript gains from the larger economic related sources. Also contributing to the comparatively tepid performance was the strength of receipts demonstrated during last February. This month had the same number of receipting days as the same prior year period.

Gross personal income taxes did manage to post reasonable gains, as receipts were up \$37 million, or \$28 million on a net basis. Interest income surged by \$8 million, while corporate franchise taxes rose \$5 million. Gross corporate income taxes managed to grow \$4 million, and the same on a net basis. Cigarette taxes increased \$2 million, and gross sales tax took a pause from what had been a run of good monthly performances by growing only \$1 million [but down \$2 million on a net basis]. Vehicle use tax eked out a \$1 million monthly advance.

A few sources experienced declines in February, albeit minor on an absolute basis. Public utility taxes dropped \$8 million, other sources by \$7 million, inheritance tax receipts by \$3 million, and insurance taxes dipped \$2 million.

Overall transfers declined \$25 million in February. While overall transfers posted gains of \$22 million, and lottery transfers ticked up \$1 million, those amounts were more than offset by a \$4 million drop in riverboat transfers and a decline of \$44 million related to last year's fund sweeps which did not

recur. As mentioned, federal sources continued to disappoint, with February revenues dropping \$117 million.

Year To Date

Excluding interfund borrowing, last year's \$2.5 billion bond proceeds transfer and the \$700 million related to the Treasurer's Investments this fiscal year, base general funds for the first half of FY 2019 are \$1.429 billion lower than last year. As explained in the November briefing, the reason for the decline is due to last year's federal reimbursement surge. Absent that, the closely-tied economic sources continue to demonstrate considerable strength. Through February gross personal income tax is up by \$575 million, or \$467 million net. Gross sales tax receipts are up by an impressive \$375 million, or \$340 million net. Gross corporate income taxes are up by \$176 million, or \$159 million net. All other tax sources combined added \$49 million in gain.

Overall transfers increased by \$19 million through February. It's only when the comparatively much lower performance of federal sources is included that the year to date totals turn negative. And again, Federal sources are down by \$2.478 billion due to reimbursable spending made possible from November 2017 bond sale proceeds.

FEBRUARY
FY 2019 vs. FY 2018
(\$ million)

Revenue Sources	Feb. FY 2019	Feb. FY 2018	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,439	\$1,402	\$37	2.6%
Corporate Income Tax (regular)	47	43	\$4	9.3%
Sales Taxes	587	586	\$1	0.2%
Public Utility Taxes (regular)	85	93	(\$8)	-8.6%
Cigarette Tax	20	18	\$2	11.1%
Liquor Gallonage Taxes	9	9	\$0	0.0%
Vehicle Use Tax	2	1	\$1	100.0%
Inheritance Tax	32	35	(\$3)	-8.6%
Insurance Taxes and Fees	19	21	(\$2)	-9.5%
Corporate Franchise Tax & Fees	22	17	\$5	29.4%
Interest on State Funds & Investments	12	4	\$8	200.0%
Cook County IGT	94	94	\$0	0.0%
Other Sources	23	30	(\$7)	-23.3%
Subtotal	\$2,391	\$2,353	\$38	1.6%
Transfers				
Lottery	44	43	\$1	2.3%
Riverboat transfers & receipts	0	4	(\$4)	N/A
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Fund sweeps	0	44	(\$44)	N/A
Other	83	61	\$22	36.1%
Total State Sources	\$2,518	\$2,505	\$13	0.5%
Federal Sources	\$187	\$304	(\$117)	-38.5%
Total Federal & State Sources	\$2,705	\$2,809	(\$104)	-3.7%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$140)	(\$137)	(\$3)	2.2%
Corporate Income Tax	(\$7)	(8)	\$1	-12.5%
LGDF--Direct from PIT	(\$75)	(69)	(\$6)	8.7%
LGDF--Direct from CIT	(\$3)	(2)	(\$1)	50.0%
Downstate Pub/Trans--Direct from Sales	(\$47)	(44)	(\$3)	6.8%
Subtotal General Funds	\$2,433	\$2,549	(\$116)	-4.6%
Treasurer's Investments	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$162	(\$162)	N/A
Income Tax Bond Fund Transfer	\$0	\$0	\$0	N/A
Transfer to Commitment Human Services	\$0	\$0	\$0	N/A
Total General Funds	\$2,433	\$2,711	(\$278)	-10.3%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

1-Mar-19

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2019 vs. FY 2018

(\$ million)

Revenue Sources	FY 2019	FY 2018	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$13,083	\$12,508	\$575	4.6%
Corporate Income Tax (regular)	1,399	1,223	\$176	14.4%
Sales Taxes	5,905	5,530	\$375	6.8%
Public Utility Taxes (regular)	580	598	(\$18)	-3.0%
Cigarette Tax	227	222	\$5	2.3%
Liquor Gallonage Taxes	118	117	\$1	0.9%
Vehicle Use Tax	20	17	\$3	17.6%
Inheritance Tax	268	230	\$38	16.5%
Insurance Taxes and Fees	220	228	(\$8)	-3.5%
Corporate Franchise Tax & Fees	173	145	\$28	19.3%
Interest on State Funds & Investments	84	42	\$42	100.0%
Cook County IGT	150	150	\$0	0.0%
Other Sources	356	383	(\$27)	-7.0%
Subtotal	\$22,583	\$21,393	\$1,190	5.6%
Transfers				
Lottery	430	423	\$7	1.7%
Riverboat transfers & receipts	197	205	(\$8)	-3.9%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	327	0	\$327	N/A
Fund sweeps	0	251	(\$251)	N/A
Other	478	534	(\$56)	-10.5%
Total State Sources	\$24,015	\$22,806	\$1,209	5.3%
Federal Sources	\$1,672	\$4,150	(\$2,478)	-59.7%
Total Federal & State Sources	\$25,687	\$26,956	(\$1,269)	-4.7%

Nongeneral Funds Distributions/Direct Receipts:

Refund Fund				
Personal Income Tax	(\$1,269)	(\$1,226)	(\$43)	3.5%
Corporate Income Tax	(\$217)	(215)	(\$2)	0.9%
LGDF--Direct from PIT	(\$680)	(615)	(\$65)	10.6%
LGDF--Direct from CIT	(\$77)	(62)	(\$15)	24.2%
Downstate Pub/Trans--Direct from Sales	(\$299)	(264)	(\$35)	13.3%

Subtotal General Funds	\$23,145	\$24,574	(\$1,429)	-5.8%
Treasurer's Investments	\$700	\$0	\$700	N/A
Interfund Borrowing	\$250	\$516	(\$266)	N/A
Income Tax Bond Fund Transfer	\$0	\$2,500	(\$2,500)	N/A
Transfer to Commitment Human Services	\$0	\$0	\$0	N/A
Total General Funds	\$24,095	\$27,590	(\$3,495)	-12.7%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

1-Mar-19