



Commission on Government Forecasting and Accountability

802 Stratton Ofc. Bldg., Springfield, IL 62706

MONTHLY BRIEFING FOR THE MONTH ENDED: July 2019

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ILLINOIS UNEMPLOYMENT AND WAGE UPDATE

Eric Noggle, Senior Revenue Analyst

At the end of July, the Bureau of Labor Statistics released their preliminary job and wage figures for the month of June 2019, thereby providing an initial look at end-of-year statistics for FY 2019. 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 FY 2009 and FY 2019 is shown in the following table.

From a fiscal year average perspective, Illinois averaged 6.153 million jobs in FY 2019, which was a 1.1% increase over the FY 2018 average of 6.089 million jobs. This is the ninth consecutive year of positive growth in statewide employment following two years of significant losses suffered as a result of the Great Recession. Since hitting its post-recession low point in FY 2010, Illinois' employment has increased by nearly 555,000 jobs, an increase of 9.9% over this nine-year period.

In regards to earnings, the data shows that average weekly earnings grew a healthy 3.9% in FY 2019 from an average weekly earnings value of \$926 to \$962. This is a marked improvement over the

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2.4% growth in FY 2018 and noticeably higher than the 1.7% growth rate averaged over the previous five years. The 3.9% increase in FY 2019 is the highest rate of annual growth in the post-

Great Recession era. Since FY 2009, the average weekly earnings value has increased from \$783 to \$962, an increase of 22.8% over this ten-year period.

Average Employment Levels by Subsector in Illinois											
Non-Seasonally Adjusted Averages: Fiscal Years 2009 to 2019 (in thousands)											
Subsector	Fiscal Year Annual Average										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mining	9.7	9.0	9.4	10.0	10.0	9.8	9.9	8.6	7.9	7.7	7.8
Construction	239.6	205.1	197.0	192.6	188.8	195.4	208.7	217.6	219.1	223.4	225.8
Manufacturing	621.3	558.6	569.1	578.8	583.5	578.9	582.2	579.1	572.5	582.8	591.8
Trade, Transportation, and Utilities	1,173.7	1,122.7	1,132.1	1,148.1	1,157.5	1,168.5	1,188.3	1,204.9	1,210.5	1,213.3	1,221.5
Information	110.6	103.6	100.8	100.4	99.7	98.5	99.9	98.9	99.2	95.1	92.8
Financial Activities	390.9	374.7	372.3	373.5	377.9	378.3	379.9	384.2	390.4	398.5	404.8
Professional and Business Services	816.1	777.7	809.9	840.5	868.6	898.7	915.3	927.8	935.6	945.8	958.6
Education and Health Services	809.1	822.4	840.8	856.2	869.5	880.7	891.9	908.8	920.1	928.5	941.9
Leisure and Hospitality	525.3	513.7	518.7	529.6	541.7	552.4	566.6	589.9	604.6	614.0	624.0
Other Services	261.6	254.2	248.6	250.0	249.3	251.4	252.2	251.7	251.9	253.5	256.2
Government	857.4	856.7	842.6	832.0	830.7	824.7	827.5	827.9	828.1	826.4	828.0
Fiscal Year Average Totals	5,815.4	5,598.2	5,641.2	5,711.7	5,777.2	5,837.3	5,922.3	5,999.5	6,040.0	6,089.1	6,153.1
Illinois' Annual % Change	-2.8%	-3.7%	0.8%	1.2%	1.1%	1.0%	1.5%	1.3%	0.7%	0.8%	1.1%

Average Weekly Earnings and Employment Change by Subsector in Illinois											
Fiscal Year Averages: 2009 to 2019											
Subsector	Fiscal Year Annual Average										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,174	\$1,231	\$1,249	\$1,285	\$1,272	\$1,273	\$1,334	\$1,317	\$1,354	\$1,374	\$1,468
Manufacturing	\$867	\$891	\$964	\$978	\$988	\$1,010	\$1,034	\$1,052	\$1,019	\$1,057	\$1,106
Trade, Transportation, and Utilities	\$672	\$677	\$710	\$754	\$781	\$800	\$803	\$807	\$808	\$838	\$863
Information	\$1,000	\$1,046	\$1,023	\$1,007	\$1,060	\$1,141	\$1,151	\$1,140	\$1,149	\$1,265	\$1,392
Financial Activities	\$1,032	\$1,063	\$1,027	\$1,104	\$1,115	\$1,154	\$1,211	\$1,273	\$1,379	\$1,396	\$1,435
Professional and Business Services	\$1,018	\$1,028	\$1,020	\$1,014	\$1,028	\$1,034	\$1,036	\$1,061	\$1,081	\$1,105	\$1,155
Education and Health Services	\$708	\$723	\$735	\$779	\$802	\$817	\$802	\$813	\$802	\$805	\$820
Leisure and Hospitality	\$319	\$321	\$323	\$330	\$327	\$328	\$354	\$371	\$384	\$396	\$417
Other Services	\$699	\$714	\$704	\$714	\$739	\$763	\$808	\$852	\$857	\$845	\$884
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*	\$783	\$794	\$808	\$835	\$851	\$867	\$881	\$896	\$905	\$926	\$962
% Change in Avg. Weekly Earnings	0.1%	1.3%	1.8%	3.3%	1.9%	2.0%	1.5%	1.8%	1.0%	2.4%	3.9%
Annualized Wage/Employment Comparison	-2.5%	2.6%	4.6%	3.1%	3.0%	3.0%	3.1%	1.6%	3.2%	5.0%	

* 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 divided 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 FY 2019 annualized wage/employment growth factor of 5.0% results. This is significantly higher than the 3.2% comparable value that occurred in FY 2018 and is the highest value since the Great Recession. The growth in both employment and earnings provides some context for the strong performance of economically-tied revenue sources in FY 2019.

From a subsector perspective, as shown in the following table, "Education and Health Services" had the largest rate of growth between FY 2018 and FY 2019 for any subsector in terms of the number of jobs created with an increase of 13,300 jobs (+1.4%). In terms of percentage growth, the largest increase came from the "Leisure and Hospitality" subsector with a growth of 1.6% (+10,000 jobs). Other subsectors with solid

growth (more than 1%) in FY 2019 were in the areas of “Construction” (+1.1% growth, +2,500 jobs); “Manufacturing” (+1.5% growth, 9,000 jobs); “Professional and Business Services” (+1.4% growth, 12,800 jobs); and in “Other Services” (+1.1% growth, +2,700 jobs). The only subsector in Illinois that saw year-over-year declines in FY 2019 was in “Information” with a loss of 2,200 jobs (-2.4%).

Over the last decade, employment levels have increased from an average of 5.815 million jobs in

FY 2009 to 6.153 million jobs in FY 2019, which is a decade increase of +5.8%. From a subsector perspective, the results have been mixed. The largest increase in terms of jobs gained over this time period came from “Professional and Business Services” with an increase of 142,500 jobs (17.5%). In terms of percentage growth, the largest increase has come from the “Leisure and Hospitality” subsector (98,700 jobs, +18.8%). Another area with strong growth was “Education and Health Services” (+132,700 jobs, +16.4%).

State Rankings of Illinois' Employment Subsectors - Job Data										
Employment Values, Non-Seasonally Adjusted (in thousands)										
Subsector	FY19 Avg Employment Totals	Sector Ranking	FY18 to FY19 (1-yr Change)				FY09 to FY19 (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	7.8	11	0.2%	9	0.0	10	-20.1%	11	(2.0)	6
Construction	225.8	9	1.1%	6	2.5	8	-5.7%	9	(13.7)	8
Manufacturing	591.8	6	1.5%	3	9.0	4	-4.7%	8	(29.5)	11
Trade, Transportation, and Utilities	1,221.5	1	0.7%	8	8.2	5	4.1%	4	47.8	4
Information	92.8	10	-2.4%	11	(2.2)	11	-16.1%	10	(17.8)	9
Financial Activities	404.8	7	1.6%	2	6.3	6	3.5%	5	13.8	5
Professional and Business Services	958.6	2	1.4%	5	12.8	2	17.5%	2	142.5	1
Education and Health Services	941.9	3	1.4%	4	13.3	1	16.4%	3	132.7	2
Leisure and Hospitality	624.0	5	1.6%	1	10.0	3	18.8%	1	98.7	3
Other Services	256.2	8	1.1%	7	2.7	7	-2.1%	6	(5.4)	7
Government	828.0	4	0.2%	10	1.6	9	-3.4%	7	(29.5)	10

Source: www.bls.gov

There were several subsectors, though, that saw significant levels of decline over the last decade. This includes “Manufacturing” (-29,500 jobs, -4.7%); “Government” (-29,500 jobs, -3.4%); “Information” (-17,800 jobs, -16.1%); and “Construction” (-13,700 jobs, -5.7%). It should be noted, however, that several of these subsectors have experienced notable levels of improvement in recent years, including “Manufacturing” which added 9,000 jobs over the past year. But even with this recent uptick, “Manufacturing” still has lost more jobs over the last decade than any other subsector.

As previously noted, there was a significant increase in wages between FY 2018 and FY 2019. 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 +\$128 to \$1,392 or +10.1%). Other notable increases in wages came from “Construction” (+\$94 to \$1,468, +6.9%) and “Manufacturing” (+\$49 to \$1,106, +4.7%). These values are shown in the table on the following page.

State Rankings of Illinois' Employment Subsectors - Wage Data										
Weekly Wages, Non-Seasonally Adjusted (in thousands)										
Subsector	2018 Avg Weekly Wage	Sector Ranking	FY18 to FY19 (1-yr Change)				FY09 to FY19 (10-yr Change)			
			Change in Wage (% Ch)	Sector Ranking	Change in Wage (\$ Ch)	Sector Ranking	Change in Wage (% Ch)	Sector Ranking	Change in Jobs (\$ 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	\$1,468	1	6.9%	2	\$94	2	25.1%	7	\$294	3
Manufacturing	\$1,106	5	4.7%	4	\$49	4	27.5%	5	\$239	4
Trade, Transportation, and Utilities	\$863	7	2.9%	7	\$25	7	28.5%	4	\$191	5
Information	\$1,392	3	10.1%	1	\$128	1	39.3%	1	\$393	2
Financial Activities	\$1,435	2	2.8%	8	\$39	5	39.0%	2	\$403	1
Professional and Business Services	\$1,155	4	4.5%	6	\$50	3	13.5%	9	\$137	7
Education and Health Services	\$820	8	1.8%	9	\$15	9	15.8%	8	\$112	8
Leisure and Hospitality	\$417	9	5.3%	3	\$21	8	30.6%	3	\$98	9
Other Services	\$884	6	4.6%	5	\$39	6	26.4%	6	\$185	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

The recent trends, especially as it pertains to the higher paying jobs, are encouraging. The highest paying subsector in Illinois is “Construction” with an average weekly wage of \$1,468. Although these jobs are down 5.7% over the last decade, this subsector’s levels are up 1.1% over the last year and are up +15.5% over the past five years. Similarly, the second highest paying subsector, “Financial Activities” had the 2nd best rate of change over the past year at +1.6% and has improved +7.0% over the past five years.

While the recent improvement in employment and wage statistics in Illinois is promising, the long-term trends remain concerning. As stated previously, over the last decade, the subsector with the largest rate of growth in jobs was the “Leisure and Hospitality” subsector growing +18.8%

between FY 2009 and FY 2019. However, this subsector is the lowest paying subsector in terms of weekly earnings with a value of \$417.

A similar argument can be made for “Education and Health Services”. This subsector had decade growth of +132,700 jobs or +16.4%. 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 \$820). Illinois’ largest employer of jobs is the “Trade, Transportation, and Utilities” subsector, employing over 1.2 million people in FY 2019 and making up 19.9% of total jobs. This subsector, however, also has one of the lowest average weekly earnings totals in the State (FY 2019 average weekly earnings value of \$863).

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS*</u>	<u>LATEST MONTH</u>	<u>PRIOR MONTH</u>	<u>A YEAR AGO</u>
Unemployment Rate (Average) (Jun.)	4.3%	4.4%	4.3%
Inflation in Chicago (12-month percent change) (June)	1.0%	1.2%	2.2%
	<u>LATEST MONTH</u>	<u>CHANGE OVER PRIOR MONTH</u>	<u>CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (Jun.)	6,491.1	0.1%	0.4%
Employment (thousands) (Jun.)	6,213.6	0.2%	0.4%
Nonfarm Payroll Employment (Jun.)	6,190,200	11,400	79,200
New Car & Truck Registration (June)	45,117	-27.8%	-16.8%
Single Family Housing Permits (Jun.)	797	-19.8%	-21.8%
Total Exports (\$ mil) (May)	5,280.7	0.3%	-9.4%
Chicago Purchasing Managers Index (July)	44.4	-10.7%	-32.2%

* Due to monthly fluctuations, trend best shown by % change from a year ago

REVENUE: JULY RECEIPTS AIDED BY TRANSFERS

Jim Muschinske, Revenue Manager

To begin the new fiscal year, overall base receipts grew \$600 million in July. Of that gain, \$400 million was due to expected transfers from the Income Tax Refund Fund, and \$60 million from the Tourism Promotion Fund [per the FY 2020 budget plan]. Other revenue sources performed in mixed fashion to start FY 2020. The month had one more receipting day than did last July.

Monthly gross personal income tax increased \$100 million, or \$89 million net. Gross sales tax increased \$54 million, or \$53 million on a net basis. Insurances taxes and fees increased \$6 million, while public utility gained a modest \$2 million. Gross corporate income taxes grew only \$1 million, or \$2 million on a net basis, while liquor taxes eked out a \$1 million gain.

Despite an overall positive month, a number of revenue sources declined in July. Both inheritance taxes as well as other miscellaneous sources each fell \$40 million, while cigarette tax receipts directed to the general funds decreased \$12 million. Interest income earnings dipped \$3 million to begin the fiscal year.

Overall transfers increased by \$498 million in July. As mentioned, the monthly increase was largely due to timing of transfers, as \$400 million of the gain was related to the planned for \$400 million in Income Tax Refund transfers, as well as a \$60 million transfer from the Tourism Promotion Fund (per FY 2020 budget plan). Those gains helped offset a \$21 million decline in Lottery transfers and a \$10 million dip in riverboat transfers. Federal sources started FY 2020 with modest improvement, as receipts increased \$44 million as compared to July of FY 2019.

JULY
FY 2020 vs. FY 2019
(\$ million)

Revenue Sources	July FY 2020	July FY 2019	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,561	\$1,461	\$100	6.8%
Corporate Income Tax (regular)	94	93	\$1	1.1%
Sales Taxes	782	728	\$54	7.4%
Public Utility Taxes (regular)	60	58	\$2	3.4%
Cigarette Tax	16	28	(\$12)	-42.9%
Liquor Gallonage Taxes	19	18	\$1	5.6%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax	10	50	(\$40)	-80.0%
Insurance Taxes and Fees	15	9	\$6	66.7%
Corporate Franchise Tax & Fees	12	12	\$0	0.0%
Interest on State Funds & Investments	10	13	(\$3)	-23.1%
Cook County IGT	0	0	\$0	N/A
Other Sources	33	73	(\$40)	-54.8%
Subtotal	\$2,615	\$2,546	\$69	2.7%
Transfers				
Lottery	33	54	(\$21)	-38.9%
Riverboat transfers & receipts	18	28	(\$10)	-35.7%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	400	0	\$400	N/A
Other	174	45	\$129	286.7%
Total State Sources	\$3,240	\$2,673	\$567	21.2%
Federal Sources	\$353	\$309	\$44	14.2%
Total Federal & State Sources	\$3,593	\$2,982	\$611	20.5%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$148)	(\$142)	(\$6)	4.2%
Corporate Income Tax	(\$14)	(15)	\$1	-6.7%
LGDF--Direct from PIT	(\$81)	(76)	(\$5)	6.6%
LGDF--Direct from CIT	(\$5)	(5)	\$0	0.0%
Downstate Pub/Trans--Direct from Sales	(\$18)	(17)	(\$1)	5.9%
Subtotal General Funds	\$3,327	\$2,727	\$600	22.0%
Treasurer's Investments	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
Total General Funds	\$3,327	\$2,727	\$600	22.0%

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

1-Aug-19