

## Who's hurting in Illinois?

The Great Recession's effect on the employment rate in Illinois by demographic group

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### Introduction

Labor markets across the country were scarred by the Great Recession, which put millions of Americans out of work. After nearly five years of recovery, there are now as many Americans working today as there were in January 2008, the pre-recession employment peak. But only 24 of 50 states have as many people working today as when the recession hit.

Not all states have recovered equally. The biggest winner since the recession began has been Texas. There are 1.3 million more Texans working today than when the recession began, the best record of any state.

The biggest loser has been Illinois, where there are 290,000 fewer people working today than when the Great Recession began, the worst record in the country.<sup>1</sup>

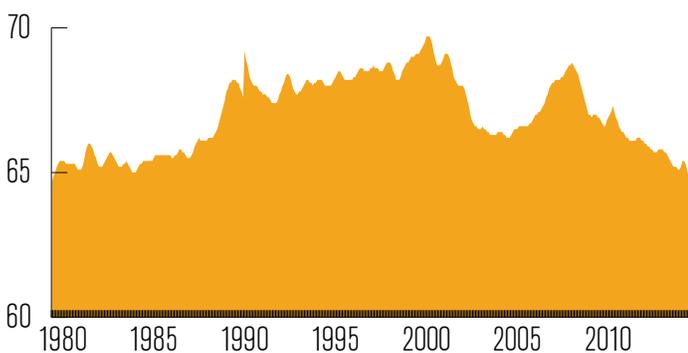
Illinois' economic machine was battered by the recession. And the damage of the economic downturn was compounded by policy errors, such as the historic 2011 tax hikes,<sup>2</sup> which made opportunity scarce in the Prairie State. As a result, it has become more difficult for struggling families to get by.

A smaller fraction of Illinoisans are working today than at any time in the last 28 years. Illinois' weak economic performance has left more than 2 million state residents dependent upon food stamps just to get by.

This decline in employment, along with labor force dropouts, has landed Illinois' labor force participation rate at 35-year lows.<sup>3</sup> The post-recession hangover lingers in the Land of Lincoln.

### Illinois labor force participation rate hits 35-year lows

Illinois labor force participation rate, June 1979-July 2014



Source: Bureau of Labor Statistics

Conventional wisdom would have it that a flood of baby-boomer retirements has caused the collapse of Illinois' labor markets. However, this narrative is a misrepresentation of what has actually happened in Illinois.

The employment rate hasn't declined for workers aged 55 and older. But it has fallen for prime-age workers (ages 25-54) and collapsed for youth workers (ages 16-24). Baby boomers have been able to stay at work, but opportunity has disappeared for the youth who are the future of the state.

In addition, minorities have been especially harmed by the weak recovery, with blacks and Latinos seeing the most severe declines in their employment rates.

### Employment effects by age group

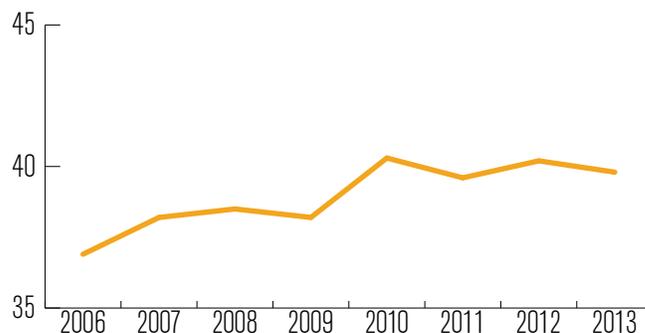
The effects of the Great Recession have not been felt evenly across generations of Illinois workers. The most dramatic decline in employment was amongst the state's youngest workers.

#### Senior workers

Senior workers, defined as workers over 55, are the only group that has seen an increase in their employment rate. In 2006, before the recession, the senior employment rate was 36.9 percent. As of 2013, the senior employment rate was 39.8 percent, indicating that seniors have become more likely to work as the recession and recovery have played out.

#### Senior employment rises through recession

Employment rate for Illinois workers 55 and older, 2006 -2013



Source: Illinois Department of Employment Security<sup>4</sup>

Additional resources: [illinoispolicy.org](http://illinoispolicy.org)

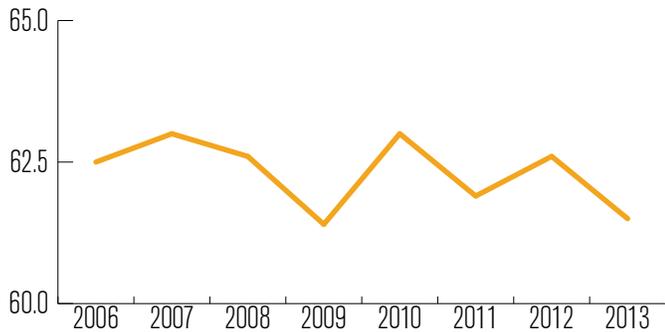
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Illinois Policy Institute

There are two age brackets of senior workers: ages 55-64, and age 65 and above. Workers aged 55-64 have seen a slight decrease in their employment rate to 61.5 percent in 2013 from 62.5 percent in 2006.

### Employment for workers aged 55-64 dips slightly through recession

Employment rate for Illinois workers aged 55-64, 2006-2013

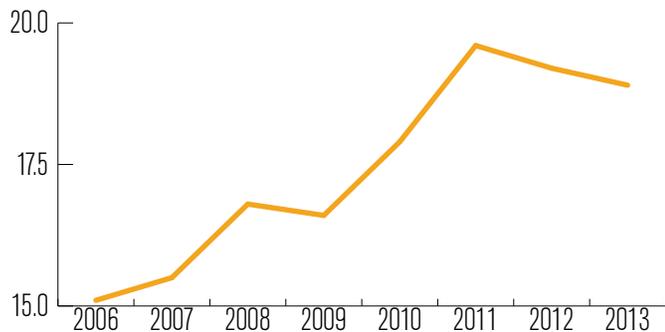


Source: Illinois Department of Employment Security

The decline in employment rate among workers aged 55-64 was more than offset by an increase in employment for workers who are over 65. In 2006, 15.1 percent of people over 65 were working. In 2013, 18.9 percent were working.

### Employment for workers 65 and older rises through recession

Employment rate for Illinois workers 65 and older, 2006-2013



Source: Illinois Department of Employment Security

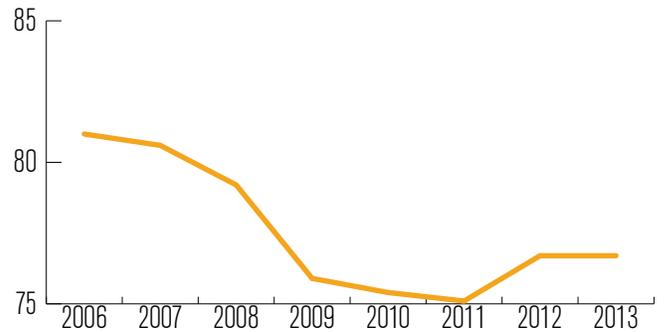
The employment rate for seniors remained strong through the Great Recession, and significantly increased for workers over 65. This likely indicates that many delayed retirement as a result of the Great Recession.

### Prime-age workers

The most employed age group is adults aged 25-54, referred to as prime-age workers. The employment rate for prime-age workers has fallen by 4.3 percentage points to 76.7 percent from 81 percent in 2006. The lingering effects of the Great Recession have scarred Illinois' most employable age group.

### Prime-age adult employment rate falls 4.3 percent

Employment rate for Illinois workers aged 25-54, 2006-2013

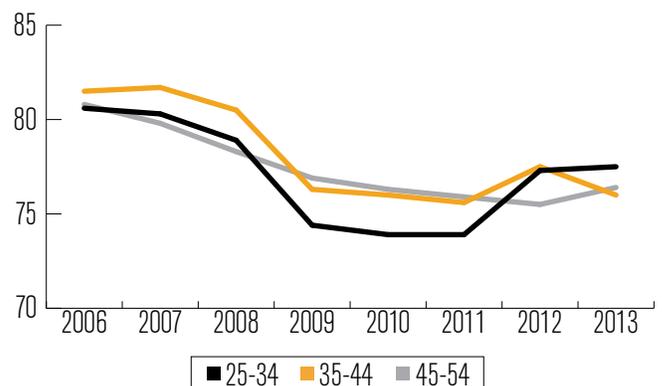


Source: Illinois Department of Employment Security

Among prime-age workers, the employment rate has fallen most for workers aged 35-44. Since 2006, the employment rate for ages 25-34 is down 3.1 percent, the rate for ages 35-44 is down 5.5 percent and the rate for ages 45-54 is down 4.4 percent.

### Workers aged 25-34 see decline, partial recovery

Employment rate for Illinois prime-age workers, 2006-2013

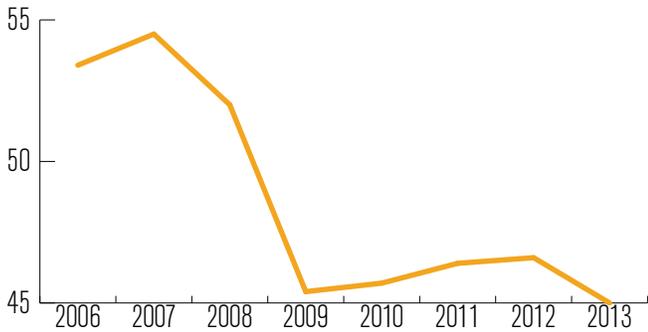


Source: Illinois Department of Employment Security

**Youths**

The Great Recession caused the most dramatic harm to youth employment. Illinoisans aged 16-24 saw their employment rate drop by a stunning 8.4 percent. When young workers are unable to find a first opportunity, it has tremendous negative effects on their long-term work prospects.<sup>5</sup>

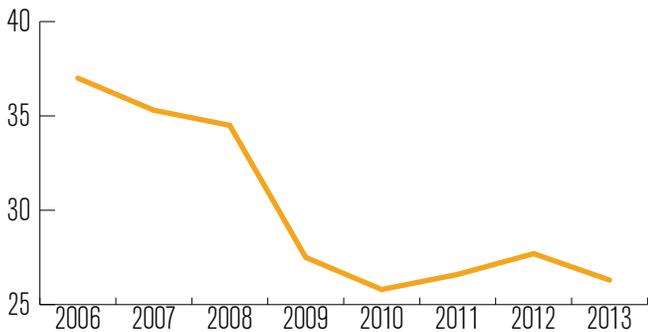
**Youth employment rate collapses**  
Employment rate for Illinoisans aged 16-24, 2006-2013



Source: Illinois Department of Employment Security

The drop for workers aged 16-19 was a stunning 10.7 percent.

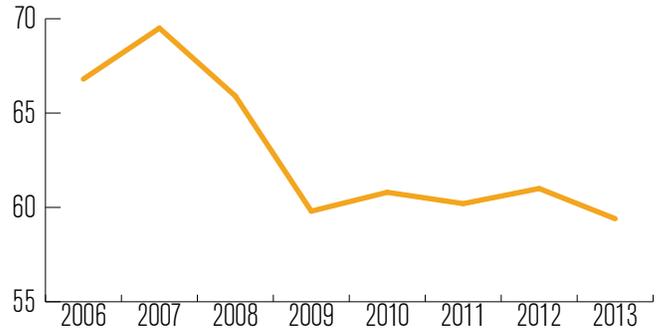
**Teen workers hardest hit through recession and recovery**  
Employment rate for Illinois workers aged 16-19, 2006-2013



Source: Illinois Department of Employment Security

For workers aged 20-24, the drop was 7.4 percent.

**Workers aged 20-24 hitting employment lows**  
Employment rate for Illinois workers aged 20-24, 2006-2013

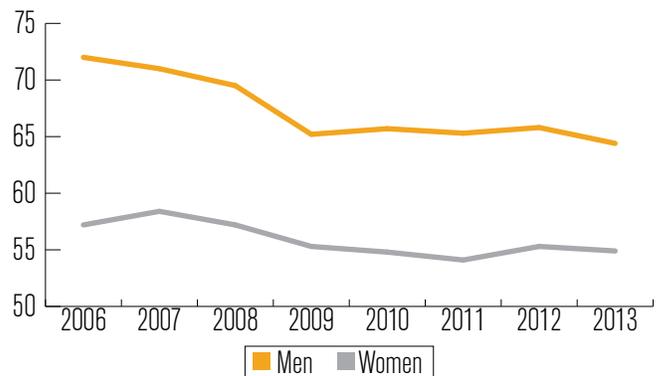


Source: Illinois Department of Employment Security

**Employment effects by gender and racial group**

The employment rate has fallen nearly 5 percent across the state during the recession era, dropping to 59.5 percent from 64.4 percent. The decline was more severe for men (7.6 percent) than for women (2.3 percent). Male employment hit all-time lows in 2013, the most recent year of available data.

**Male employment hits all-time low in 2013**  
Illinois employment rate by gender, 2006-2013



Source: Illinois Department of Employment Security

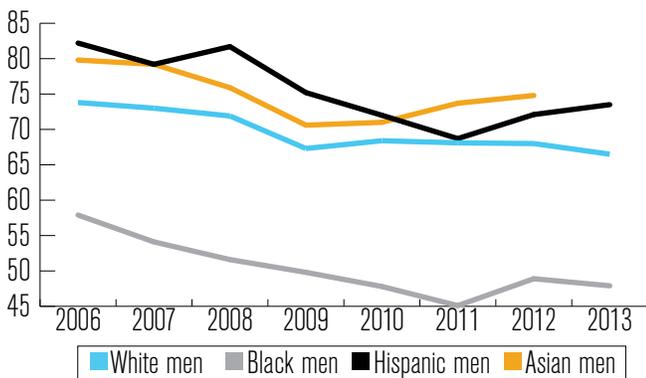
While men were more severely impacted than women in general, Illinois' slow recovery from the Great Recession has had an even more severe impact on black and Latino communities.

**Male employment**

The male employment rate declined far more sharply than the female employment rate, falling 7.6 percent to 64.4 percent from 72 percent. The rate for black males plummeted by 10 percent, for Latinos by 8.7 percent, for whites by 7.3 percent and for Asians by 5 percent.

**Black male employment rate collapses 10 percent**

Illinois male employment rate by race, 2006-2013



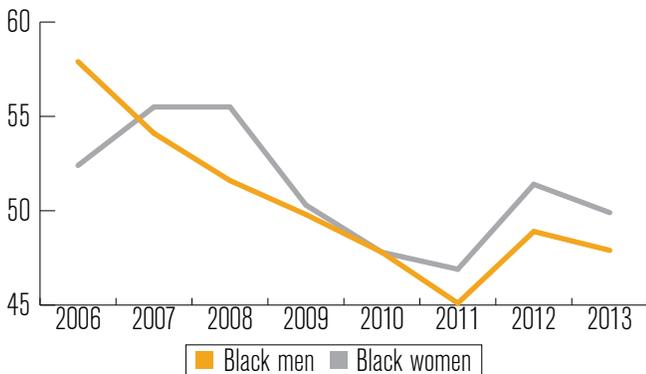
Source: Illinois Department of Employment Security  
 Note: The Asian employment rate has not been updated for 2013

Latino men have traditionally had the highest employment rate in Illinois, but were surpassed by Asian men in 2010.

The black male employment rate hit an all-time low in 2011, and has shown little recovery since then. The employment rate for black women surpassed that of black men in 2010, and has remained higher ever since. Never before in Illinois' state history has the black male employment rate been surpassed by that of black females for more than one year.

**Black female employment surpasses black male employment**

Illinois black employment rate by gender, 2006-2013



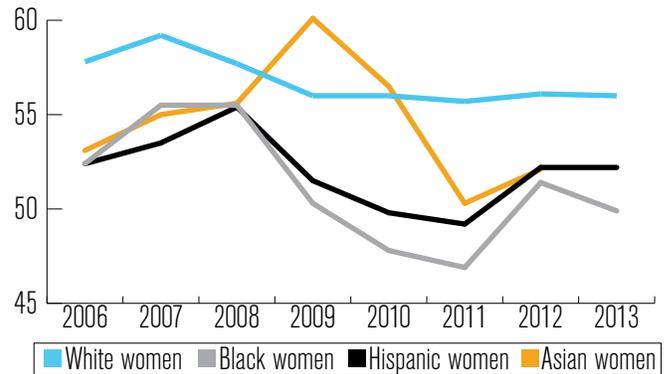
Source: Illinois Department of Employment Security

**Female employment**

Illinois' female employment rate fell only 2.3 percent through the recession era. The rate for black women fell by 2.5 percent, for white women by 1.8 percent, for Asian women by 1 percent and for Latina women by 0.2 percent.

**Female employment rate falls only 2.3 percent**

Illinois female employment rate by race, 2006-2013



Source: Illinois Department of Employment Security  
 Note: The Asian employment rate has not been updated for 2013

**Conclusion**

The toll of the Great Recession still weighs heavily upon Illinois families and workers, and that is especially true in Illinois' most vulnerable communities.

The standard narrative that Illinois' employment losses can be explained by senior workers retiring is not true. The reality is quite the opposite. The employment rate for older workers actually increased during the recession era. Prime-age workers, young workers and minority workers have most acutely felt the pain of Illinois' slow recovery.

When the Illinois economy is weak, the state's youth and minority communities are disproportionately harmed. When the economy is strong, the same communities are greatly benefited.

The best way to undo the damage of the Great Recession and help Illinois youths and minorities is to embrace pro-growth policies that will put the state back to work.

<sup>1</sup> Lucci, Michael, "The myth of an Illinois comeback," Illinois Policy Institute, Aug. 24, 2014, at <http://www.illinoispolicy.org/the-myth-of-an-illinois-comeback/>

<sup>2</sup> Lucci, Michael, "Why Illinois is running last," Illinois Policy Institute, Aug. 21, 2014, at <http://www.illinoispolicy.org/why-illinois-is-running-last/>

<sup>3</sup> Lucci, Michael, "Illinois dead last in job creation in 2014," Illinois Policy Institute, Aug. 18, 2014, at <http://www.illinoispolicy.org/illinois-dead-last-in-job-creation-in-2014/>

<sup>4</sup> Data for employment rates were downloaded from the Illinois Department of Employment Security, "Characteristics of Employed and Unemployed," at [http://www.ides.illinois.gov/LMI/Pages/Characteristics\\_of\\_Employed\\_Unemployed.aspx](http://www.ides.illinois.gov/LMI/Pages/Characteristics_of_Employed_Unemployed.aspx)

<sup>5</sup> Morsy, Hanan, "Scarred Generation," International Monetary Fund, 2012, at <http://www.imf.org/external/pubs/ft/fandd/2012/03/pdf/morsy.pdf>