Illinois has underperformed most midwestern states in the recovery of its labor force from the last recession.

Illinois’ labor force declined by nearly 113,000 workers between 2010 and 2015.

This decline is caused by an aging population, fewer job opportunities, the relocation of young workers to urban areas, and the net outmigration of workers to other states.

Different strategies and tactics must be used to attract and upgrade the skills of older and younger workers and potential workers for Illinois’ downstate work force.

Illinois needs a strategy to reverse its loss of both jobs and workers.

Unemployment, Labor Force Participation and The Illinois Work Force

By Norman Walzer, Brian Harger, and Diana Robinson

Editor’s Note: This Policy Profiles provides a critical look at the economic trends affecting Illinois’ work force in both metropolitan and non-metropolitan (rural) areas. It finds that the state’s work force participation rate is falling behind adjacent states. The report concludes that strategies to reverse trends in Illinois may differ in urban and rural areas. The research on this topic was conducted in conjunction with the Work Force Development group of the Governor’s Rural Affairs Council.

The relatively slow economic recovery in Illinois following the 2009 recession has been a frequent topic of debate among policymakers, business leaders, and the news media, with each group judging the state’s performance by a different measure. Business starts and employment, or unemployment, rates are commonly cited, but others argue that changing labor force participation rates may have caused unemployment rates to lose some of their traditional meaning.

Declines in unemployment rates are not a clear measure of economic change when fewer people are actively seeking employment. Thus, more careful consideration of numbers employed and similar measures is warranted, especially when employers seriously question whether they can find enough qualified workers to fill job openings to meet the needs of their expanding businesses. Also important is that population estimates released by the Bureau of the Census in March 2017 show that nonmetropolitan Illinois may have lost 3.3 percent of its total population between 2010 and 2016, which is well above comparable estimates of a 1.9 percent loss in surrounding states. These declines obviously affect the labor force and place additional pressures to keep residents, especially those with skills and experience, in the work force as much as possible.

An important question, then, is whether the recent drop in Illinois’ unemployment rates resulted from an actual increase in employment or from a reduction in the number of people in the labor force (otherwise known as the Labor Force Participation rate, or LFP). Employers and work force professionals need to know this when designing strategies to recruit new workers to fill job openings. It is also important to know if rural and metro areas in Illinois differ in the cause of their changing unemployment rates.

This Policy Profiles examines the causes of Illinois’ declining unemployment rates. First, it will explore how Illinois compares with surrounding states in employment gains and to what extent its lower unemployment rates reflect less participation in the job market. Second, it will consider how these factors are associated with LFP in various regions in Illinois and why. Special attention will be paid to non-metropolitan counties which seem to struggle more than metro areas because of outmigration, aging population, and other factors. Third,
it explores options Illinois has available to help expand its labor force and compete more effectively with surrounding states. Finally, this Policy Profiles examines what has worked in other states that could be tried in Illinois.

Previous Policy Profiles have described population projections with insights into long-term work force issues in downstate Illinois, especially in more rural areas where long-term population declines suggest serious issues in the future. Of special importance in these discussions was the expected declines in labor force participation by elderly residents - the fastest growing age cohort in Illinois - and young adults delaying entry into the labor force because of higher education.

**How has the employment picture in Illinois changed?**

It is well-documented that Illinois has underperformed most Midwestern states in employment changes since the previous recession. Despite recent gains in key sectors, such as health care and business and professional services, most other sectors still struggle to reach pre-recession levels (see Figure 1). The information, finance, and insurance sectors, for example, have continued to shed jobs in the past five years, especially in the Chicago area.

Although Illinois continues to rank in the top five states in manufacturing employment, this industry now represents only seven percent of total employment. More than 100,000 Illinois manufacturing jobs were lost in the past recession, with a net gain of only 4,500 since the recession officially ended. Even this small gain may be short-lived as several important manufacturing sub-sectors such as automobile assembly and farm, mining, and construction machinery, have succumbed to global competitive pressures and declining demand. For example, Mitsubishi Motors closed its production facility in Bloomington in November 2015 and Caterpillar recently eliminated more than 1,000 jobs across Illinois and has indicated more planned layoffs through 2018.

Several explanations have been offered for employment declines in Illinois, especially in manufacturing which provides relatively high-paying jobs. Illinois, a high wage state, has many mature manufacturing firms with routine jobs vulnerable to automation, outsourcing, and off-shoring. In addition, some business services jobs such as finance, insurance, and real estate that have been mainstays of the Illinois economy were sharply reduced in the recent recession and struggle to regain their momentum. This situation may explain the lags in real GDP changes relative to surrounding states and weak performance in recent years relative to U.S. GDP growth (see Figure 2 on the next page).

While automation can improve productivity and efficiency in meeting increased demand, the post-recession period’s growth in demand did not increase sufficiently to offset the labor-saving techniques. Thus, firms in some industries can meet demand with more capital and slower employment growth. Areas with a concentration in these industries recovered more slowly when measured by employment even though they have experienced higher gross regional product and output.

Equally perplexing is the fact that many jobs associated with higher levels of automation

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**Figure 1  Employment Change by Major Industry Sector: State of Illinois**

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<tbody>
<tr>
<td>Total Non-Farm Employment</td>
<td>-344,100</td>
<td>366,200</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>0</td>
<td>-400</td>
</tr>
<tr>
<td>Construction</td>
<td>-36,100</td>
<td>3,600</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-102,600</td>
<td>4,500</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>-20,600</td>
<td>10,300</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>-69,200</td>
<td>29,600</td>
</tr>
<tr>
<td>Utilities</td>
<td>800</td>
<td>300</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>-23,900</td>
<td>30,300</td>
</tr>
<tr>
<td>Information</td>
<td>-9,300</td>
<td>-8,600</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>-18,300</td>
<td>-1,600</td>
</tr>
<tr>
<td>Real Estate and Rental and Leasing</td>
<td>-6,100</td>
<td>1,900</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>-89,300</td>
<td>163,800</td>
</tr>
<tr>
<td>Educational Services</td>
<td>-500</td>
<td>12,000</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>18,800</td>
<td>76,000</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>16,600</td>
<td>80,700</td>
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<tr>
<td>Other Services</td>
<td>1,100</td>
<td>-4,100</td>
</tr>
<tr>
<td>Government</td>
<td>-5,500</td>
<td>-32,100</td>
</tr>
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require more advanced knowledge and skills. Thus, automation not only reduces labor requirements to meet production targets, but it also requires higher skill levels not always available, especially in rural areas. Many workers displaced during the recent recession lack the skill levels now required for employment in industries that are advertising current job openings.

**So, what has happened in Illinois?**

The unemployment rate in Illinois has fallen from a high of 10.5 percent in 2010 at the end of the recession to 5.9 percent in 2015 (see Figure 3). Even so, Illinois’ unemployment rate remains substantially above the average of surrounding states (4.8 percent) and the U.S. (5.3 percent). The Illinois Department of Employment Security released an analysis of 2016 conditions in Illinois that cited the out-migration of younger and more educated workers along with the continued loss of higher paying goods producing jobs among the reasons for the slow recovery. Although the Chicago area has exhibited steady economic growth, the downstate metros and rural areas have continued to struggle.9

The annual average non-farm employment in Illinois increased from 5,610,400 in 2010 to 5,960,600 in 2015. While this change suggests a positive recovery, it should be noted that the labor force in Illinois (those who are employed or are actively seeking employment) declined by nearly 113,000 people between 2010 and 2015.

An analysis of labor force participation rates (LFPs), especially in non-metro areas, helps to explain what happened in more detail.10 LFP rates compare the number of people 16 years of age and older who are working or seeking employment with the total number of people in this age group. Labor force participation rates in the U.S. peaked in the late 1990’s and began a gradual decline through much of the
following decade. But since 2008, the pace of this decline quickened considerably as the LFP in the U.S. went from 66.0 percent to 62.7 percent in 2015. At the same time, labor force participation in Illinois fell from 68.0 percent to 64.7 percent.

In 2015, the LFP in Illinois (64.7 percent) was still above the national average with North Dakota leading the list (71.0 percent) and West Virginia at the bottom (53.0 percent). Other Midwestern states including Minnesota (70.2), Iowa (69.9), and Wisconsin (68.0) were higher than Illinois. However, Indiana (63.7), Michigan (60.3), and Kentucky (56.8) were lower. Illinois also compares favorably with other large industrial states such as Texas (63.7), Ohio (62.5), California (62.2), and New York (61.1).

The LFP rates differ substantially within Illinois with lower rates in many rural counties. For instance, the average LFP in micropolitan Illinois counties was 59.5 percent compared with 57.5 percent in rural counties in 2015 (see Figure 4). These rates compare with 62.1 percent in downstate metro counties and 64.7 percent for the state of Illinois as a whole. The 57.5 percent in rural Illinois counties is below the average (59.0 percent) for similar counties in surrounding states, but the difference is not statistically significant.

A closer examination of changes in LFP rates in 2010 and 2015 reveals that rural counties in Illinois declined 3.0 percentage points, compared with a decline of 3.7 percentage points in micropolitan counties, 3.1 percentage points in downstate metro counties, and 2.1 percentage points statewide. LFP rates in smaller Illinois counties (micropolitan and rural) were lower than metro counties, especially the Chicago MSA which had a decline of only 1.5 percentage points, a rate of decline closer to those experienced in surrounding states’ metropolitan areas.

Of special importance for public policy is how LFP rates vary by region since many work force and development issues are region-specific. Rural areas, for example, face an exodus of young adults to larger employment centers, ultimately leading to future population declines. Likewise, these counties often have lower LFP rates because of elderly populations and fewer employment opportunities.

Comparisons of LFP rates by county in 2015 clearly show that rural areas are below metro areas and the highest rates are in the Chicago MSA, except for Cook County which is still higher than most rural counties (see Figure 5 on the next page). The counties in the northern half of the state clearly have higher LFPs perhaps partly because of better employment opportunities. Counties in deep southern Illinois, in some cases, have LFP rates of less than 50 percent, which also may reflect fewer employment opportunities causing discouraged workers.

**Why are LFP rates lower in rural areas?**

Lower LFP rates reflect several factors. Most often mentioned is that job-seekers, frustrated by an inability to find suitable employment, quit looking for work and are no longer counted. The decline in non-metropolitan employment between 2010 and 2015 helps to explain the lower LFP rates since employment decreased 4.6 percent in rural counties and 3.7 percent in micropolitan counties.

Likewise, an aging work force with expected retirements and reductions in active full-time employment contributes to lower LFP rates and there is conflicting evidence about planned work activity. In some cases, this group has pressure to work longer because of wealth lost in past stock market declines. In other cases, seniors who are healthier and strongly committed to professions plan to work well past traditional retirement age.

A third explanation is that some college-age adults delayed entry into the work force or have been unable to find suitable employment so quit looking and are pursuing other interests not shown in regular employment numbers. The next section examines these explanations in more detail.
Figure 5  Labor Force Participation Rate: Illinois Counties and Economic Development Regions, 2015

Does age matter?
Replacing retiring highly skilled and experienced workers is a major concern for many businesses, so recent experiences with pre-retirement age groups (55-64 years) and retirees (65 and older) are important to consider.

Pre-retirees. Nationally, the labor force participation rate for the pre-retirement group was 63.9 percent in 2015, down slightly from 64.9 percent in 2009. (see Figure 6). The Illinois experience was noticeably different with a sharp rise in 2009 (71.0 percent) for some unknown reason, followed by a steep decline in the next several years until 2013 with an uptick to 66.9 percent in 2015. Nevertheless, the 2015 rate is substantially below the rate in 2009 but still above earlier rates. On a more positive note, the LFP rate in Illinois rebounded in recent years and is well above the national rate.

Elderly residents. Equally important are the LFP rates for residents of traditional retirement age (65 years and older) who can choose to continue working, leave the work force, or work part-time.13 The Illinois experience was erratic with a steep decline between 2012 and 2013 and a sharp rebound during the next two years until reaching 19.9 percent in 2015 (only slightly less than the 20.7 in 2012). (see Figure 7 on the next page).

The explanation for this decline is not obvious and similar changes are not evident for the U.S. which had steady increases since the recession. The Illinois experience was erratic with a steep decline between 2012 and 2013 and a sharp rebound during the next two years until reaching 19.9 percent in 2015 (only slightly less than the 20.7 in 2012). (see Figure 7 on the next page).

The positive news, though, is that, except for 2013, the LFP rate for this group in Illinois has been substantially above the U.S. average during the post-recession period and is on the increase. Since this age group has recent work experience, it may be worth trying to find ways to keep them in the work force longer—either part-time or full-time work. These strategies may involve upgrading their work skills, offering flexible work arrangements, and developing senior-friendly work practices. FactoryFix is such a program and is discussed later.

Young Adults. In the post-recession period, the LFP of youth (16 years to 19 years) started well below the U.S. average but steadily increased from 30.7 percent in 2009 to 38.2 percent in 2015, slightly above the U.S. average of 34.3 percent (see Figure 8 on the next page).

The rising costs of higher education may have caused a larger number of potential young workers to participate in the labor market immediately after secondary school completion which, in the longer run, could mean lower earning potential with a potential drag on economic growth. However, since the LFP for this group has surpassed the U.S. rates with a positive trajectory since 2012, there may be a brighter future in store for the state’s work force in the next several years. Talent pipeline management initiatives are emerging throughout Illinois that will more effectively link young workers with career opportunities.

In summary, the rising LFP rates in the various age cohorts provide some confidence that the declines in unemployment rates in Illinois do not simply reflect discouraged workers leaving the work force. At the same time, however, the LFP rates have not yet reached pre-recession levels, potentially limiting opportunities for business expansion and growth.

What factors affect LFP rates?
Differences in the LFP rates are affected by many factors, such as population, age, employment, and other characteristics that
should be examined to identify potential policies to increase LFP. A multivariate regression analysis was used to identify characteristics related to LFP in 102 Illinois counties during 2015, the latest year of available data, with the following results.

When other characteristics are considered, LFP rates are significantly lower in rural versus metro counties. Likewise, growing counties (population increases between 2010 and 2016) have significantly higher labor force participation rates suggesting that people in these areas are still in the labor force. At the same time, however, the 2010 county unemployment rate is not related to LFP, indicating that the previous high unemployment did not significantly increase the number of discouraged workers in 2015.

Shifts in the economic structure of counties were examined using percentage change in manufacturing employment (2010-2016), but were not significantly correlated with LFP rates. This finding indicates that declines or slowed growth in manufacturing do not necessarily affect participation in the labor force. If manufacturing businesses are prevented from hiring workers due to lack of skills or knowledge, this effect is not being picked up in this relationship.

Average earnings per employee in the county, compared with national averages in this time frame, were positively associated with LFP rates, suggesting that areas with higher pay induce more people to participate in the labor force. This is consistent with the conventional view. This finding could support the notion that higher wages paid by employers can precipitate increases in the work force pool, but it does not indicate that the workers added to the pool necessarily have the needed skills or experience.

The percentage of residents between 55 and 64 years of age (pre-retirees) is only weakly (10 percent level) related to LFP. This finding shows that residents who might have been displaced from previous employment did not permanently leave the work force in anticipation of retirement. In early analyses, a significant negative relationship was found between the percent of the population 65 years and older and LFP rates, but since the percentage of elderly was also correlated with other variables, it was removed from the analysis. Recent evidence suggests that the traditional retirement age has been extended.14

Self-employed persons have more flexibility in number of hours worked.
and other work characteristics. In this analysis, the percentage of self-employed in the county is positively associated with labor force participation, as one might expect. The self-employed may also stay in the labor force longer, depending on tax advantages for health insurance, pensions, or other considerations. Nevertheless, this finding suggests that investing in small businesses adds to the local economic environment.

The claim that lower LFP rates relate to young adults attending higher education is supported by a positive and significant relationship (at 7 percent) between percent attending higher education and LFP. This is not a precise measure since some students work part-time, but perhaps not enough to be counted in the LFP rates, or they are counted in their home county while they attend higher education and work in another county.

The percent nonwhite in a county is not significantly associated with lower labor force participation in these counties, but strong correlations among several variables may have affected the significance of this variable.

Female residents as a percentage of population in a county are strongly and positively related to LFP, indicating that they are actively working or seeking employment outside of the home. This may be another group to contact regarding unfilled employment openings or additional training opportunities to enhance skills.

**Can Illinois’ work force be increased?**

The short answer is yes, but it may take different strategies in rural versus metro areas. After other factors have been considered, rural areas have significantly lower labor force participation rates. Reported worker shortages could potentially be reduced by *increasing labor force participation*, especially if residents in these areas can be enticed to remain in school, to enroll in education and training programs to build needed skills, or, in the case of older workers, to continue working longer by accommodating their needs and preferences.

**How can we prepare young people for the work force?**

Youth unemployment, especially for low income, rural, and young people of color, has been a concern for decades. While the labor force participation rate of youth in Illinois is increasing and exceeds that of the U.S. as a whole (see Figure 8), the unemployment rate for younger workers remains more than double the national average. Of these unemployed youth, nearly six million ages 16-24 are neither in school nor working. These young people, coined “opportunity youth” by virtue of the critical need to provide them with economic opportunity, are on a path to a lifetime of lower earnings, family and community instability, and other challenges.

In Illinois, less than 20 percent of youth between 16 and 19 years of age participate in the labor market. This group represents a source of untapped workers and a critical segment of the talent pipeline. Research has verified the components of effective workforce development programs for youth: combined academic and technical training that includes a focus on employability skills; comprehensive support services; connections to employers; and understanding viable local employment opportunities. Early paid work experiences are especially critical for youth. In addition to the community-wide benefits of increasing school attendance, decreasing dropout rates, and reducing school suspensions, students who participated in work-based learning were more likely to attend college or go to work than their peers without such training (Jobs for the Future, 2007). Apprenticeships contain all of the elements proven effective in preparing youth and workers of all ages with the skills and knowledge needed to acquire good-paying jobs. Ninety-one percent of all apprentices who have completed their training are employed with an average starting wage above $60,000. Employers receive an average of $1.47 back in increased productivity and greater frontline innovation. 

These outcomes explain why federal funding to support more than 75,000 new apprenticeships has been invested throughout the nation since 2014. Through its ApprenticeshipUSA initiative, the U.S. Department of Labor has made $90 million available to support state strategies to expand apprenticeships and to catalyze industry partnerships in fast-growing and high-tech sectors, increase diversity, and expand awareness of apprenticeship opportunities.

In Illinois, home to 13,754 active apprentices, over $14 million in ApprenticeshipUSA grants have been made to two statewide efforts: the American Health Information Management Association and the Illinois Manufacturer’s Association Foundation. Two regional recipients also received funding: William Rainey Harper College in Palatine and the Homework Hangout Club in Decatur. Apprenticeships are also being championed by Governor Bruce Rauner’s Children’s Cabinet as an important youth employability strategy and by the Illinois Workforce Innovation Board as part of its Unified State Workforce Plan.
What can be done to keep older workers on the job?  
Retaining older and experienced workers longer in the work force is another strategy to pursue more aggressively. Individuals 55 and older are among the fastest growing demographic groups in the U.S., and can expect to live several decades beyond the traditional retirement age of 65. Although some mature workers will choose retirement in their mid-60s, the percentage who will want or need to have paid work is large and growing.  

Companies are recognizing this underutilized talent pool by adapting their policies and facilities to attract or retain older workers. Michael North and Hal Hershfield identified four best practices in industries ranging from manufacturing to health care that have allowed employers to achieve tangible improvements in retention and productivity, organizational culture, and profitability.  

- Flexible, semi-retirement schedules allow retirees to work part-time while drawing a portion of their retirement funds, so they still effectively earn full salary and benefits. This allows the company to avoid the cost of hiring temporary workers and to retain talented employees.  
- Prioritizing older-worker skills in hiring and promotions. Companies are finding that older employees not only enhance the company’s reputation, but also yield higher quality work. Retailers such as Home Depot have hired older store clerks to obtain the experience and know-how valued by their customers.  
- Creating new positions or adapting current ones can transition seasoned employees into roles that are less physically taxing but require their skills, knowledge, and experience. Some companies also offer on-the-job training or education programs to help mature workers prepare for new positions. United Technologies, for example, has invested heavily in an Employee Scholar Program to further employees’ formal education. Short-term training opportunities can prepare experienced employees for management positions or new roles in the company.  
- Re-engineering the workspace and improving workplace ergonomics reduces worker injuries and related downtime while making many job tasks less physically taxing. This approach allows older workers to remain productive in their jobs for longer periods. For example, manufacturing companies have redesigned parts of their production facilities to accommodate the needs of older employees. Benefits include reduced absences from work, lower turnover rates, cost savings in recruitment and training, and higher productivity.  

What other ideas are being tried with older workers?  
The federal employment and training system, which offers significant work force development services through its network of one-stop career centers, has identified some important, although relatively limited, ideas for engaging the mature worker. In 2009, the U.S. Department of Labor began its Aging Workforce Initiative (AWI) in 10 sites throughout the nation, four of which included rural areas, to pursue employment and training strategies that retain or connect older workers to jobs in high growth, high demand industries.  

AWI activities involved three broad categories: expanding the capacity of the public workforce system, training and skill development, and employer engagement strategies. Strategies to expand the capacity of the public system included providing frontline staff with career navigator and other training to better assist mature workers through the job search process, creating welcoming mature worker “hubs,” and developing program toolkits to help program staff and employers better serve mature job-seekers.

The AWI grantees established a variety of training programs for the mature workers themselves in areas such as basic job readiness skills, psychosocial needs, computer literacy, and industry-specific skills and credentials.

Finally, employer engagement strategies focused on promoting the contributions of mature workers. Strategies included traditional outreach (e.g. mailings, e-mail blasts, brochures, and targeted phone calls), internships, reverse job fairs (e.g. where the worker - not the employer - has a booth), formal dialogues, interactive websites, workshops, and raising awareness of the value of mature workers.  

While funding support for the AWI initiative is no longer available, another federal program is helping provide a bridge to unsubsidized employment for older workers while simultaneously expanding the pool of experienced, dependable labor. The Senior Community Service Employment Program (SCSEP) is a community service and work-based training program for older workers providing subsidized, part-time, community service training for unemployed, low-income persons 55 years or older with poor employment prospects. Through this program, older workers have access to SCSEP services and to additional employment and training assistance through One Stop Career Centers. SCSEP participants are placed in a wide variety of community service activities at non-profit and public facilities, including day-care centers, senior centers, schools and hospitals. These training assignments promote self-sufficiency, provide assistance to organizations that benefit from increased civic engagement, and support communities.
Are these practices enough to retain and connect the older workers we need?

No, but they help point the way to policies that can bring about needed system-level change. In May 2012, a national summit co-sponsored by the National Governors Association and the Center for Adult and Experiential Learning (CAEL) generated a range of new policy ideas. In addition to calling for statewide or regional task forces on the issues of older workers and educating all stakeholders on the realities of the aging work force, a number of policies called for changing how mature workers are supported. These included creating incentives for employers to hire and train mature workers, removing policy and regulatory age barriers to work, and changing postsecondary education practices to support the learning needs of mature workers. These and other policy initiatives are needed to support and expand the labor force contributions of mature workers.

How do Millennials fit into the picture?

Millennials, people born between 1980 and 1999, will represent nearly half of the U.S. workforce by 2020. By 2025, and 1999, will represent nearly half of employed Millennials negatively correlates with education level. In other words, jobs available do not conform with the expectations of college graduates so they may be less likely to accept available jobs hoping for opportunities in the future that more closely conform with their expectations. Insights into disengaged youth and young adults (ages 16 to 24) based on research by Measures of America and the Social Science Research Council show rural areas have higher rates of disengagement and that Illinois ranked 22nd from the least disengaged states with 297,984 youth and young adults who were neither in school nor in the employed in 2015. The U.S. average was 12.3 percent. Millennials with a high school diploma or less are more likely to be engaged in their work than those with a college degree. Consequently, understanding Millennial workplace preferences is critical to attracting and retaining them as employees.

Other states are aggressively pursuing strategies that could be implemented in Illinois. For example, Nebraska, Minnesota, and Wisconsin have each implemented programs targeted to Millennials starting their careers. These approaches also may involve subsidized housing opportunities and lower relocation costs. Clearly, the young adult population, which will be the work force of the future, has different perspectives about work conditions and environment so attracting and retaining them will be a challenge faced by employers in the future.

However, this generation has grown up with computers and many are highly skilled in the kinds of programs that will be part of the future in many businesses. Thus, given the numbers of workers needed and the age projections, it is important that Illinois explore programs and incentives to attract and retain more of this age group. Such programs are succeeding in increasing the work force in other states and need to be considered in rural Illinois as an element in the work force strategy.

What is the outlook for Illinois?

None of the discussion in this Policy Profiles considers the outmigration from Illinois currently underway. Additional research on factors contributing to this outmigration and possible incentives or ways to retain populations is needed, including the impact of more Illinois students pursuing higher education in other states. Many of these students may not return to Illinois after graduation which can somewhat limit the potential for Illinois, as a state, to prosper in the future in high-tech industries.

Illinois is in a difficult position, having experienced substantial outmigration, relatively slow job growth, ongoing fiscal problems, and a reputation for a relatively unfavorable business climate. At the same time, it has excellent access to global markets, a high-quality transportation system, and a highly-educated work force.

Based on population projections, Illinois is likely to experience a shrinking work force during the next 10 years. Focusing on a pipeline to better equip young adults for quality jobs will help, but it may not be enough to make up for the numbers of people either not participating or leaving the work force for various reasons. This situation will call for new approaches both in hiring and retaining employees. Helping to reduce or reverse declines in the labor force participation rates could go a long way in firming up the work force, especially in rural areas, and make these areas more successful in luring employers.

Additional attention to keeping older workers in the work force and attracting new groups, such as Millennials, will be needed at both the state and local levels. This issue is not unique to Illinois and other states are also trying to address the issue which will increase the competition for workers with needed skills. The information in this Policy Profiles can at least help identify positive directions in addressing a critical work force issue and perhaps lead to productive new directions.
Endnotes

1 Senior Research Scholar, Research Associate, and Director, respectively, in the NIU Center for Governmental Studies. The authors thank James Banovetz and Andy Blanke for comments and edits on previous drafts. This publication can be downloaded at http://cgs.niu.edu/reports/. The views expressed belong solely to the authors and do not necessarily represent those of the CGS or the officers and trustees of Northern Illinois University. Comments should be sent to: Norman Walzer (nwalzer@niu.edu).


8 http://www.usatoday.com/story/money/markets/2015/09/24/caterpillar-job-cuts-/72729490/


10 In this report, non-metro includes the 62 Illinois counties not included in a MSA (Metropolitan Statistical Area) as defined by the Office of the Budget in 2015. Rural is defined as counties in neither a MSA nor classified as micropolitan which are counties or groups of counties with a city of at least 10,000 but less than 50,000 population.

11 Different population estimates are used by the Bureau of the Census in calculating total population which also affects the calculated LFP for each group.

12 http://www.pewresearch.org/fact-tank/2016/06/20/more-older-americans-are-working-and-working-more-than-they-used-to/

13 Ibid.

14 Ibid.


23 Ibid.

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