

Summer Issue
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“RIGHT-TO-WORK” LAWS IN THE MIDWEST HAVE REDUCED UNIONIZATION AND LOWERED WAGES

A new study, *The Impact of “Right-to-Work” Laws on Labor Market Outcomes in Three Midwest States: Evidence from Indiana, Michigan, and Wisconsin (2010-2016)*, conducted by ILEPI and the University of Illinois at Urbana-Champaign finds that recent “right-to-work” (RTW) laws have had negative consequences for many workers in the Midwest. In 2016, workers in Indiana, Michigan, and Wisconsin earned 8% less per hour on average than their counterparts in three “collective bargaining” Midwest states— Illinois, Minnesota, and Ohio.

Even after accounting for economic indicators such as educational attainment, occupation, and demographics, the analysis finds that the introduction of RTW laws has reduced unionization rates by 2.1 percentage points and lowered hourly wages by 2.6% in Indiana, Michigan, and Wisconsin.

RTW laws have had particularly adverse impacts on occupations that have traditionally provided middle-class careers for workers in the Midwest. As examples, RTW has statistically reduced the hourly earnings of construction and extraction workers by 5.9%, of employees in service jobs (including police officers and firefighters) by 3.1%, and of workers in professional, educational, and health occupations by 1.9%.

Based on early data on the impact of “right-to-work” in the Midwest, the laws have likely contributed to the shrinking middle class in the region. RTW has especially hurt working-class Americans, including those in construction, protective services, office support jobs, and those with two-year and four-year college degrees.

“Right-to-work” is wrong for workers and for the middle-class.

ILLINOIS ECONOMIC INDICATORS

Jobs added (rank), Mar-16 to Mar-17 = **+26,700 jobs (27)**

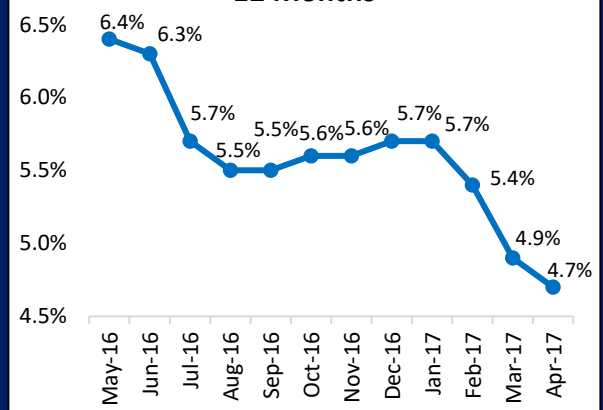
Unemployment rate (rank), Apr-17 = **4.7% (32)**

Median hourly wage (rank) = **\$18.40 (16)**

Private sector wage growth (Mar-16 to Mar-17) = **+1.0%**

Philadelphia Federal Reserve “state coincident index” rank (as of Mar-17) = **47**

Illinois Unemployment Rate, Past 12 Months



IN SUPPORT OF THE PROPOSED EXTENSION OF ROUTE 53/120

The prospect of extending IL Route 53 into Lake County has been a part of transportation planning in the Chicago region since the 1960s. Route 53 currently stands as a six-mile controlled access highway extension of Interstate 290 between its termination and Lake Cook Road, just south of Lake County. The project is currently proposed as a 12.5-mile extension north to Route 120.

Recent efforts have put the project into the hands of local communities. The recent development of the Blue Ribbon Advisory Council (BRAC) for Route 53/120 and corresponding Finance and Land Use Committees allowed local elected officials and stakeholders to voice their opinions and ultimately guide the project, from both the design and funding perspectives. The successful planning process is exemplified by a February 2017 poll, which found that 66% of Lake County voters support the project, compared to just 18% opposed.

The proposed project would cost an estimated \$2.5 billion, and would be funded through a combination of tolls, local fuel and non-residential real estate taxes, and funding from the Tollway. A [new ILEPI report](#) estimates that, even after accounting for financing needs, a commuter could net more than \$2,300 in annual benefits from shorter commute times.

“The proposed Route 53/120 extension is a reflection of demographic changes, economic needs, and quality-of-life imperatives,” says Mary Craighead, ILEPI Transportation Policy Analyst. “Both quantitatively and qualitatively, it is clear that the long-term benefits that this project will ultimately deliver to all who live, work, and commute through Lake County will far outweigh the short-term costs.”



Mary Craighead (Transportation Policy Analyst) speaking at a public meeting about transportation infrastructure investment in Illinois.

INSIGHTS FROM ILEPI REPORTS

- Responsible bidder ordinances (RBOs) increase the likelihood that local contractors will win bids, keeping tax dollars in the community and supporting the local economy through increased consumer demand. RBOs also ensure that infrastructure projects are completed right, on-time, the first time at high levels of quality. High-quality infrastructure ensures that schools are safe, bridges are durable, and transportation systems are able to efficiently transport goods and people to the global marketplace. Responsible bidder ordinances are the best value for taxpayers and ultimately drive economic development. [\[Read More\]](#)
- How did you do this tax season? The average full-time Illinois worker earns an annual wage and salary income of \$57,000. The average annual income for full-time Illinois workers is over \$60,000 every year for all individuals older than 36 years old. Worker earnings vary by gender, race, and educational attainment. For example, male workers in Illinois earn an average of \$64,000 per year compared to female workers, who earn under \$48,000 per year on average. How do you compare? [\[Read More\]](#)
- The gradual decline in unionization has resulted in economic redistribution from workers to owners in the Midwest. In Illinois, the decline of unionization explains 90% of the drop in labor's share of the economy. [\[Read More\]](#)
- Currently, school districts in Illinois receive the bulk of their revenue from property taxes. Relying on property taxes has caused Illinois to have one of the most unequal education systems in the country, with the largest funding gap between wealthy and poor school districts of all 50 states. ILEPI identifies 7 potential alternative policies to fund K-12 public education in Illinois: raise the flat income tax, introduce a progressive income tax, expand the sales tax base, eliminate or lower the retailer's discount rate, recoup surplus funds from TIF districts, implement a financial transaction tax, and legalize and tax recreational marijuana. [\[Read More\]](#)