

Summer Issue
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Illinois Insights

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ILLINOIS PASSES NEW CAPITAL BILL, CANNABIS LEGALIZATION, AND SPORTS BETTING

These past three months have been busy for Illinois and for us at ILEPI. Our recent research has been important to recent bills passed in Illinois.

On May 31, the Governor signed legislation to legalize recreational cannabis for those 21 years or older, following in the footsteps of 10 other states that had already legalized cannabis. Recreational cannabis will be legal on January 1, 2020. Our [study](#) found that, once fully implemented, the policy could generate \$525 million in new tax revenue, create more than 20,000 new jobs at Illinois businesses, and boost the economy by \$1 billion annually.

On June 28, the Governor signed the “Rebuild Illinois” plan into law. Rebuild Illinois allocates a total of \$33.2 billion for transportation projects statewide over the next six years, including more than \$25 billion in state, federal, and local funds for roads and bridges; about \$5 billion for mass transit; over \$1 billion for rail projects; and about \$50 million in bicycle and pedestrian infrastructure projects— creating over 80,000 jobs per year. The historic capital plan will modernize our infrastructure, update state facilities, and fund public colleges and universities. Our studies on infrastructure investment found that Illinois needs over [\\$4 billion per year](#) to bring all roads, bridges, and transit systems into a state of good repair and over [\\$21 billion](#) to address deferred building maintenance.

In addition, on June 28, the Governor enacted sports betting legislation, which allows Illinois residents to place bets both in-person at physical sportsbooks and online. Our [study](#) found that net revenues for the gaming industry would increase by over \$500 million annually and about 2,500 new jobs would be created at licensed locations. The legislation will also raise state tax revenue about \$100 million per year, helping to fund programs that treat gambling addiction and fund infrastructure investments.

ILLINOIS ECONOMIC INDICATORS

Jobs added (rank), June-18 to June-19 = **+79,200 jobs (8)**

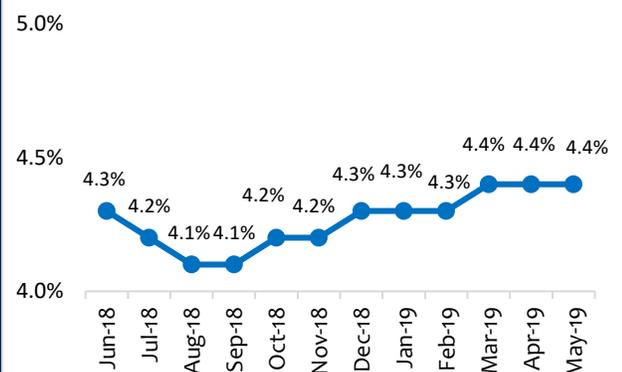
State unemployment rate (rank), June-19 = **4.3% (43)**

Average private sector wage, June-19 (rank) = **\$28.58 (12)**

Private sector wage growth from June-18 to June-19 (rank) = **+5.0% (9)**

NEW: Illinois Flash Index (as of June-19) = **105.2**

Illinois Unemployment Rate, Past 12 Months



INSIGHTS FROM ILEPI REPORTS

- Safe patient limits would promote better outcomes for patients, nurses, and the people of Illinois— at a net cost of approximately 1 percent of total hospital spending and less than 15 percent of the gross operating surplus of hospitals in Illinois. [[Read More](#)]
- Registered apprenticeship programs provide significant value to Illinois. The programs directly create nearly 5,000 total jobs in Illinois, including almost 3,000 jobs for instructors and program staff. The programs boost the Illinois economy by more than \$1.2 billion, resulting in an \$11 return per dollar invested. [[Read More](#)]

ILEPI IN THE NEWS

Read recent news articles citing our work:

CHARLESTON GAZETTE-MAIL, “[Study: Repeal of prevailing wage produced no significant savings to WV](#),” by Phil Kabler, May 21, 2019

VICE, “[The Midwest Is About to Have a Weed Revolution](#),” by Alex Norcia, June 26, 2019

CHICAGO SUN-TIMES, “[Just got a raise in your minimum wage? You deserve more](#),” by Ald. Sophia King, July 1, 2019

DAILY ILLINI, “[Illinois expects economic impact following marijuana legalization](#),” by Rebecca Wood, July 12, 2019

We've added the Illinois Flash Index to our economic indicators section! What is the Illinois Flash Index?

Created in 1995 by the Institute of Government and Public Affairs at the University of Illinois, the **U of I Flash Index** was developed to provide an instantaneous reading of the performance of the Illinois economy.

Data for the month from the Illinois Department of Revenue are used to provide estimates of economic activity in the state. Individual income tax receipts reflect personal income; corporate receipts are a surrogate for business profits; and sales tax receipts measure retail sales.

The index is constructed with the reading of 100 as the dividing line between expansion and contraction - when the reading is above 100, the Illinois economy is expanding. The key focus of the index is not whether the reading is increasing or decreasing, but whether and how much it is above or below the 100 level.

Wages have fallen for construction workers in West Virginia since repeal of prevailing wage.



Hourly wages have fallen **up to 8%** relative to neighboring states with prevailing wage laws.

Source: “The Impact of Repealing West Virginia’s Prevailing Wage Law: Economic Effects on the Construction Industry and Fiscal Effects on School Construction Costs,” May 2018, Frank Manzo IV, MPP, and Michael Kelley, PhD.

Original Report to Action Research
MIDWEST ECONOMIC POLICY INSTITUTE

FACT:

Repealing prevailing wage has **NOT** reduced school construction costs in West Virginia.



Source: “The Impact of Repealing West Virginia’s Prevailing Wage Law: Economic Effects on the Construction Industry and Fiscal Effects on School Construction Costs,” May 2018, Frank Manzo IV, MPP, and Michael Kelley, PhD.

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NOT GOOD: WEST VIRGINIA AFTER REPEAL

In May 2016, West Virginia completely repealed its prevailing wage law. Many lawmakers were persuaded by a claim that the state could “build five new schools for the price of three” if prevailing wage was repealed. However, according to findings from [our new study](#), repeal of the law has had negative consequences for West Virginia’s construction workers, contractors, and communities while failing to deliver any meaningful cost savings.

Since repeal, inflation-adjusted hourly wages have fallen for carpenters, electricians, and operating engineers in West Virginia. Average wage growth for West Virginia’s construction trades has been between 1 percent and 8 percent slower than in neighboring states with prevailing wage laws. In addition, the number of active registered apprentices has fallen by 28 percent in West Virginia, relative to neighboring states with prevailing wage laws.

Moreover, the on-the-job construction worker injury rate increased by 26 percent post-repeal. An analysis of 107 winning prime contract bids finds that repeal has had no statistical impact on inflation-adjusted school construction costs. Instead, West Virginia has seen cost overruns and more out-of-state firms may be getting subcontracted work.

Repeal of prevailing wage has produced a race to the bottom. Construction worker wages have not kept pace with the rising cost-of-living, apprenticeship training has fallen significantly, and on-the-job injury rates have worsened. Above all, repeal has failed to provide any cost savings on school construction projects for taxpayers. Instead, repeal has had negative effects in West Virginia.