

Winter Issue
January 2020

Illinois Insights

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PROVIDING PROPERTY TAX RELIEF TO ILLINOIS HOMEOWNERS

Property taxes are relatively high in Illinois compared to the rest of the United States. Illinois ranks 7th in the nation in property tax collections per capita. The primary reason why property taxes are high in Illinois is because school districts depend on them – accounting for 63% of all public K-12 education revenue. The State of Illinois covers only 24% of public K-12 education funding, ranking 50th in the nation in the percentage of K-12 education revenues coming from the state government.

A new ILEPI and University of Illinois report, [Assessing Potential Options to Provide Property Tax Relief in Illinois](#), explores possible state solutions to provide property tax relief to Illinois homeowners. One of these solutions – and the most effective – would be to increase state funding for education. Providing an \$5 billion in new state funding proportionally to all 852 school districts over four years (in addition to the new “evidence-based funding model”) would allow districts to freeze or lower property tax rates. The additional funds could be fully financed by either Governor J.B. Pritzker’s progressive income tax proposal or by subjecting retirement income over \$100,000 to income taxes (which 38 of the 41 states that have state income tax systems already do).

In addition to stabilizing property tax rates, the added investment generated by the tax reform models would boost the state’s economy by between \$850 million and \$1.25 billion and create between 10,000 and 14,000 new jobs.

The possibility of reducing property tax burdens by consolidating the state’s 1,431 townships, which account for 24% of all local government units but receive just 2% of all property tax revenue, was also considered. Township consolidation would reduce local administrative costs and yield 1.2% in property tax relief— or about \$61 per year for each Illinois homeowner. However, in terms of broader impacts on the economy, such a change

ILLINOIS ECONOMIC INDICATORS

Jobs added (rank), Nov-18 to
Nov-19 = **+40,600 jobs (15)**

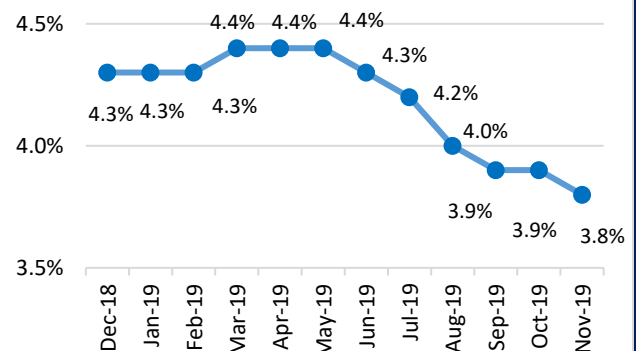
State unemployment rate (rank),
Nov-19 = **3.8% (33)**

Average private sector wage (rank),
Nov-19 = **\$29.07 (13)**

Private sector wage growth from Nov-
18 to Nov-19 (rank) = **+2.9% (29)**

Illinois Flash Index
(as of Dec-19) = **105.6**

Illinois Unemployment Rate, Past 12 Months



PROVIDING PROPERTY TAX RELIEF TO ILLINOIS HOMEOWNERS (CONT'D)

would be far more modest than tax reform.

A final approach floated by lawmakers has been for state leaders to mandate a 10% cut in local property taxes, which would force local governments to slash funding for K-12 education, infrastructure, and other public services by about \$3 billion per year. The data reveal that any economic stimulus from the cuts would be more than offset by losses tied to investments in public services—ultimately costing the state upwards of 25,000 jobs and shrinking its economy by \$2.2 billion.

Local schools are responsible for about two-thirds of all property tax assessments, so any effort to reduce property taxes likely relies on increasing the state's proportion of the revenue spent on public education. By rebalancing the state's share of the investment in public education, Illinois lawmakers could reduce Illinois' overreliance on property taxes and promote both taxpayer fairness and funding equity across school districts.

2020 FUNDRAISER

Join us for drinks and hors d'oeuvres at our third annual fundraiser. Attend, be a sponsor, or put in an ad in our program. We are excited to showcase ILEPI's successes in 2019 and what we have in store for 2020!

For more information, visit:

www.illinoisepi.org/fundraiser

APPRENTICESHIP PROGRAMS ARE THE BACHELOR'S DEGREES OF THE CONSTRUCTION INDUSTRY

From the number of training hours and graduation rates to the diversity of classes and the lifetime earnings of graduates, Illinois' joint labor-management construction apprenticeship programs are rivaling—and in some cases exceeding—the performance of the state's colleges and universities, according to a new study from ILEPI and the Project for Middle Class Renewal (PMCR) at the University of Illinois at Urbana-Champaign. The study, *The Apprenticeship Alternative: Enrollment, Completion Rates, and Earnings in Registered Apprenticeship Programs in Illinois*, showcases how apprenticeship training is particularly important to the construction industry and can be replicated in other industries, such as health care and tech.

Joint labor-management programs are cooperatively administered and have standards, wages, and “cents per hour” contributions that are negotiated privately between contractors and unions. The “gold standard” in Illinois, these joint programs enrolled 74,000 construction apprentices (97%) between 2000 and 2016, compared to fewer than 2,000 in employer-only programs. Joint construction programs are also far more diverse – with more people of color, women, and veterans enrollees and graduates. In fact, the percentage of enrollees who are African American and Latino or Latina in joint construction programs is similar to Illinois' public universities.

Registered apprenticeship programs deliver good middle-class careers that rival bachelor's degrees in terms of expected lifetime earnings. Apprentices “earn while they learn” and make nearly \$20 per hour their first year. By the time they graduate and are a journeyworker, they can earn \$40 per hour or more. Despite a higher likelihood of suffering an unemployment spell, a union journeyworker earns about as much over a career (\$2.4 million) as a worker with a bachelor's degree (\$2.5 million, after student debt).

Apprenticeship programs should be encouraged as a viable alternative to college. Joint construction programs deliver training hours, graduation rates, and competitive earnings that rival the performance of Illinois' four-year universities. With many contractors reporting a shortage of skilled workers, these programs offer workers pathways into middle-class trades that are in high demand. For many young Illinois residents, vocational training may offer a better pathway to a stable career than college.

Education pays, but so does a registered apprenticeship program.

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