

An Examination of the Illinois and United States Economy Using Current Employment Statistics Data

by Dave Bieneman

The national economy has shown economic growth for several quarters since the recession of 2001. This growth is demonstrated by increases in the measure of Gross Domestic Product (GDP). However the growth in the number of jobs since then has not attained similar success. There has been a lag in the labor market with some increase in the number of jobs during 2004, but even that number is not up to expectations. This is a summary of an article that compares industry employment in Illinois to employment at the national level, and to an area that includes data for the border states of Illinois. The entire text of the article is available on the LMI Source at <http://lmi.ides.state.il.us/xxxxxxx>.

A timely examination of industry employment in Illinois, Illinois and its border states (IBS), and the U.S. can be accomplished using Current Employment

Statistics (CES) data. This dataset is a monthly data series of employment estimates by industry. Since the most recent data available from the CES program at the time this paper was written was August of 2004, we will use that data and go back in time in 12-month

intervals to 1999. Table 1 (next page) shows proportions of industry employment for August of each year in Illinois, the U.S., and for IBS. This information provides the opportunity to see changes in composition of industry employment for the U.S. and the respective states.



Other trends of note include significant increases in the proportions of Illinois employment for educational & health services, leisure & hospitality, and government.

A few items of importance include the fact that manufacturing has a 12.1% share of employment in Illinois for August of 2004, which is much lower than the 14.8% share it had in August of 1999. The proportion of total employment that was manufacturing in the United States declined from 13.4% in 1999 to 11.0% in 2004. Combining Illinois with its 6 border states to form an IBS area CES data series shows that these states started with a 17.8% manufacturing share in 1999 and ended up with a 15.1% share in 2004.

Clearly, manufacturing employment has suffered steadily the last few years, and many of those jobs are not coming back. The period between 2000 and 2003 was especially hard on the manufacturing sector.

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Table 1 - Proportions of Total Employment by Industry, by Year (August of Year)

INDUSTRY TITLE	United States						Illinois						Illinois and its Border States (IBS)					
	99	00	01	02	03	04	99	00	01	02	03	04	99	00	01	02	03	04
Total Nonfarm	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Construction	5.1%	5.1%	5.2%	5.1%	5.2%	5.3%	4.3%	4.5%	4.6%	4.7%	4.8%	4.8%	4.5%	4.6%	4.7%	4.7%	4.7%	4.7%
Manufacturing	13.4%	13.1%	12.3%	11.7%	11.1%	11.0%	14.8%	14.3%	13.4%	12.7%	12.2%	12.1%	17.8%	17.4%	16.3%	15.7%	15.2%	15.1%
Trade, Transportation, & Utilities	20.0%	19.9%	19.7%	19.6%	19.4%	19.4%	20.7%	20.6%	20.5%	20.3%	20.4%	20.4%	20.2%	20.2%	20.0%	19.9%	19.8%	19.7%
Information	2.7%	2.7%	2.7%	2.6%	2.4%	2.4%	2.5%	2.5%	2.6%	2.4%	2.3%	2.3%	1.7%	1.8%	1.8%	1.7%	1.6%	1.6%
Financial Activities	5.9%	5.8%	5.9%	6.0%	6.2%	6.1%	6.8%	6.7%	6.7%	6.8%	6.9%	7.0%	5.5%	5.5%	5.6%	5.7%	5.8%	5.8%
Professional and Business Services	12.4%	12.7%	12.5%	12.3%	12.3%	12.6%	13.6%	13.9%	13.5%	13.3%	13.2%	13.2%	9.8%	10.0%	9.7%	9.7%	9.7%	9.8%
Educational and Health	11.5%	11.5%	11.9%	12.5%	12.8%	12.9%	11.1%	11.3%	11.7%	12.1%	12.4%	12.5%	11.3%	11.4%	11.9%	12.3%	12.7%	12.9%
Leisure and Hospitality	8.9%	9.0%	9.2%	9.2%	9.3%	9.4%	8.0%	8.0%	8.2%	8.4%	8.7%	8.8%	7.9%	7.9%	8.1%	8.3%	8.5%	8.6%
Other Services	3.9%	3.9%	4.0%	4.1%	4.2%	4.1%	4.1%	4.1%	4.2%	4.4%	4.3%	4.3%	3.7%	3.7%	3.9%	3.9%	3.9%	3.9%
Government	15.8%	15.8%	16.1%	16.6%	16.6%	16.4%	13.9%	13.9%	14.3%	14.6%	14.7%	14.7%	14.6%	14.7%	15.1%	15.3%	15.3%	15.1%

Source: Current Employment Statistics (CES), Illinois Department of Employment Security (IDES) and Bureau of Labor Statistics (BLS) Web pages; Seasonally Adjusted Employment
 Note: Numbers in columns of Illinois and Border States (IBS) table may not add to 100% due to Not Available information for some individual states; Rows with incomplete data are denoted by *
 Illinois and its Border States (IBS) area includes: Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri, and Wisconsin

Other trends include significant increases in the proportion of Illinois employment for educational and health services, leisure and hospitality, and government. These increases are similar to the increases seen at the national level and for IBS. A smaller increase can be seen in all 3 geographies for the construction industry. Small decreases in Illinois' employment shares can be seen in trade, transportation, and utilities, information, and professional and business services. Both the U.S. and IBS see these same decreases with the exception of professional and business services.

Table 2 - Differences and Percentage Differences of Employment by Industry August 1999 to August 2004

INDUSTRY TITLE	United States		Illinois		Illinois and Border States (IBS)	
	Difference	% Difference	Difference	% Difference	Difference	% Difference
Total Nonfarm	2,137,000	1.7%	-139,700	-2.3%	-427,100	-1.9%
Construction	344,000	5.2%	20,000	7.8%	22,700	2.2%
Manufacturing	-2,867,000	-16.6%	-173,800	-19.8%	-677,100	-17.0%
Trade, Transportation, & Utilities	-353,000	-1.4%	-45,200	-3.7%	-200,200	-4.4%
Information	-283,000	-8.2%	-15,100	-10.3%	-36,900	-9.5%
Financial Activities	385,000	5.0%	-3,200	-0.8%	33,200	2.7%
Professional and Business Services	488,000	3.0%	-39,000	-4.8%	-39,900	-1.8%
Educational and Health	2,137,000	14.4%	64,200	9.7%	306,200	12.2%
Leisure and Hospitality	779,000	6.7%	35,200	7.4%	116,200	6.6%
Other Services	320,000	6.3%	4,400	1.8%	30,900	3.7%
Government	1,190,000	5.8%	23,700	2.9%	49,400	1.5%

Source: Current Employment Statistics (CES), Illinois Department of Employment Security (IDES) and Bureau of Labor Statistics (BLS) Web pages; Seasonally Adjusted Employment
 Illinois and its Border States (IBS) area includes: Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri, and Wisconsin

Table 2 helps to verify what was seen in Table 1. The United States has lost 2,867,000 manufacturing jobs from August of 1999 to August of 2004. That is a 16.6% decrease in manufacturing employment in the U.S. according to CES numbers. Illinois has lost 173,800 manufacturing jobs in the same time period, which is a 19.8% decrease in employment for the state's manufacturing industry. The IBS data series shows a loss of 677,100 manufacturing jobs from 1999-2004, a 17.0% decrease in employment of that industry. The IBS series accounts for 23.6% of the national job loss in manufacturing, with Illinois accounting for about a quarter of that, at 6.1% of the national decline. The IBS area accounts for 17.3% of overall national employment. Illinois had a higher percentage increase for job growth than the nation and the IBS in

the industries of construction and leisure & hospitality.

Illinois had a larger decline in employment than U.S. for trade, transportation & utilities, but still fared better than the IBS as a whole. In addition, Illinois had a slightly larger decline in the information industry and a more pronounced decline in the financial activities and professional & business services industries compared to the U.S. and IBS.

The U.S., IBS and Illinois all had an increase in jobs in the educational and health services sector, but Illinois lagged behind the other geographies with a 9.7% increase over the 5 year period. Government employment was up 5.8% nationally, 1.5% for the IBS region, and 2.9% for the state.

All 3 areas showed declines in the level of government employment in the period 2002 to 2004.

It is clear that the recession has had a much larger impact on the employment of Illinois and its surrounding border states than it has on national employment. This is likely due to the composition of industries that form the economies of these Midwestern states, how individual industries were impacted by the recession, and the resulting structural changes to the economy overall. *

More information on this topic, including the full text of this article is available on the LMI Source website at:
<http://ides.state.il.us/lmr/xxxx.htm>

Demographic Issues Facing the “New” Workforce

by Tom Austin

The 2000 Census provides a picture of the challenges Illinois employers will face in the coming years. According to data from the U.S. Census Bureau, the Illinois labor force is getting older and more diversified. While diversity in itself allows the employer to utilize the talents of a variety of people, the workforce may not be prepared to meet the requirements of a technology-laden workplace. Examination of decennial census data also reveals how age, educational attainment, and the importation of labor will affect employers' ability to staff their companies.

An Aging Population

An examination of the information on age groups, their growth and decline, provides a clearer picture of Illinois' working population. The population in Illinois has aged between the 1990 and 2000 Censuses. The median age was 32.8 years in 1990 and 34.7 in 2000. According to Census data for Illinois, the ages with the largest population growth between 1990 and 2000 are those between 35-59 years. However, the number of 20-34 year old workers who are expected to replace workers between the ages of 35-59 year old workers experienced significant declines during that same period. Many economists have observed that baby boomers comprise a large portion of the skilled and leadership positions in the workforce. Now and in the future, there may be a shortage of workers in some occupations as the population has fewer workers who have the necessary experience.

Business Response

In many work places, employers are devising strategies to deal with the potential worker shortages. One option, according to Jane Little and Robert Triest, is to invest in capital improvements that will increase production and reduce the need for labor.¹ As businesses invest in new equipment such

as machinery and computers the employees can use these resources to be more efficient. Recent gains in productivity have reduced the need for workers and slowed the addition of jobs as the nation recovers from its recession.

While investment in productivity improves business output, it does not completely eliminate the need for labor.

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A second option for employers is to retain and re-train their workers. This option to invest in the updating of current employees' skills allows them to keep the experienced workers they need as their older experienced workers retire. However, investment in worker training is not without risk since the newly trained workers may take their recently acquired skills to a different employer.

Diversity and the Workforce

Employers may face additional difficulties as the workforce becomes more ethnically diverse. As the population of foreign families in Illinois increases, issues involving language and educational attainment have become heightened.

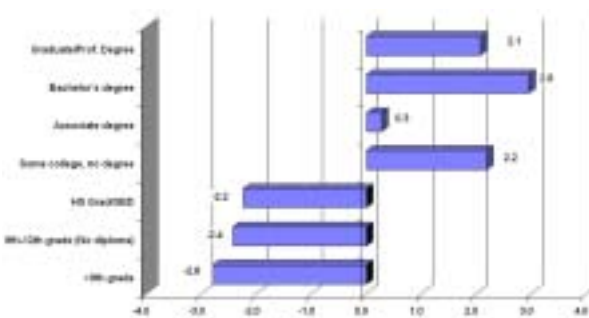
Census data indicate that in Illinois over one million people speak English less than the “very well” category. That equals 9 percent of the population older than 5 years. In urban areas where new immigrants tend to locate, workers and employers must adjust to these changes. As an example, in the Rockford area, there has been a noticeable increase in advertisements for bilingual workers as businesses work to address customer demands and worker-management relations.

The increase of foreign-born workers has also added to educational attainment issues. According to Little & Triest, recent immigrants have relatively little schooling compared to U.S. natives.² Sixty-eight percent of the Mexican immigrants to the U.S. aged 24 to 64 years have not completed high school. Little & Triest explained that immigrants from Mexico have family and social connections within the U.S. and that travel costs are relatively low.³ In 2000, 12.3 percent of the Illinois population were foreign born compared to 8.3 percent in 1990, according to the U.S. Census Bureau. The number of individuals in Illinois born in Latin American countries accounted for 47.8 percent of the foreign born population, almost twice as much as Europe (25.5 percent) and Asia (23.5 percent). If you follow the U.S. information reported by Little & Triest, the Illinois population is experiencing an increase of lower educated individuals in a market that at the same time is experiencing a greater demand for educated workers.

Lifelong Learning is Key

Gains in productivity, along with the shifting of less skilled jobs overseas, necessitates the need for a workforce with

Percent Change in Degrees Conferred Between 1990 and 2000



increased skills and the willingness to participate in lifelong learning. According to business futurist Roger Herman in *Industry Week*, the U.S. will face a shortage of skilled computer and technology workers in the manufacturing sector.⁴ In the past, a high school diploma would allow entrance into a lifelong career in manufacturing. However, Herman said, “the manufacturing jobs that are going to be available are going to be more sophisticated than traditional manufacturing sector jobs.”⁵ The education and experience of workers is

New Standards and Geographic Definitions for Metropolitan Statistical Areas

by Rich Reinhold

Metropolitan Statistical Areas were first established more than 50 years ago and provide nationally consistent definitions for reporting federal statistics, including economic data. While the definition has changed over time, a Metropolitan Statistical Area generally includes a city with

substantial population along with adjacent communities having a high degree of economic and social integration. The U.S. Office of Management and Budget (OMB) maintains and updates Metropolitan Statistical Area classifications following the completion of each decennial census. In

December 2000, the OMB announced new standards for designating Metropolitan Statistical Areas, including new statistical areas called Micropolitan Areas. The 2000 standards were developed over the course of several years with public comment and review. In June 2003, the OMB announced the official list of Metropolitan and Micropolitan Statistical Areas, based on population and worker commuting data reported in the 2000 Census.

Metropolitan Statistical Areas

Under the 2000 standards, Metropolitan Statistical Areas are defined as having a central county or counties with an urbanized area of at least 50,000 people, plus adjacent outlying counties having a high degree of economic integration with the central county, as measured through worker commuting ties. Multiple counties are included in a Metropolitan Statistical Area if at least 25 percent of employed residents in the central county commute to work in one or more adjacent counties. The largest city in the Metropolitan Statistical Area is listed first in the title and additional cities may be included in the name if they meet certain population and employment criteria.

The Metropolitan Statistical Areas including a population of 2.5 million or more were further subdivided into Metropolitan Divisions. For example, the interstate Chicago-Naperville-Joliet, IL-IN-WI Metropolitan Statistical Area was subdivided into three separate Metropolitan Divisions: Chicago-Naperville-Joliet, IL, Lake County-Kenosha, IL-WI and Gary, IN.

The application of the 2000 standards to Census 2000 data resulted in the designation of 49 new Metropolitan Statistical Areas, bringing the total number of areas in the U.S. and Puerto Rico to 370 (as of June 2003). In Illinois, there are 11 Metropolitan Statistical Areas, including the Illinois part of the St. Louis Metropolitan Statistical Area. The Chicago-Naperville-Joliet IL-IN-WI Metropolitan Statistical Area has two Metropolitan Divisions that include Illinois counties. The table on page 5 presents the Metropolitan Statistical Area

Demographic Issues Facing the “New” Workforce

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increasingly important as businesses invest in technology and shift some repetitive jobs overseas.

The Census measures the educational attainment level of the population, which can help assess the preparedness of the workforce. On the positive side, the 2000 Census data shows significant percent gains in the number of people with a college education from 1990 to 2000 (see graph on previous page). The number of people with graduate and professional degrees in Illinois grew by 40 percent and there was a 33 percent gain in individuals with bachelors' degrees. Increases in technology in the workplace will require individuals to have higher levels of education. A decline in the number of lower skilled jobs will make it more difficult for individuals with less education to gain and retain employment.

A further look at the data shows that while Illinois has experienced increases in educational attainment at the college level, a large portion of the population still has a high school degree or less. For example, according to the 2000 census, 27 percent of the population had no more than a high school degree or GED. While this number is below the 30 percent level posted in the 1990 census, it still represents a significant portion of the population. If broken down further, eleven percent had only a 9th grade to 12th grade education, and seven percent had only a 9th grade education. An overall

look at the population shows that 26 percent of Illinoisans have a bachelor's degree or higher, with 81 percent of the population having a high school degree or higher. This is an increase in educational attainment, but there still is a large segment of the workforce that may lack the skills needed to ensure sustainable employment.

Analysis of Census data verifies that Illinois employers will face a changing workforce in the future. As experienced workers retire, the search for replacements, especially skilled and experienced workers, may be difficult. Illinois has experienced an augmentation of its workforce through immigration. New immigrants allow employers to diversify their workplace, but some workers may not have the education that the 21st century workplace requires. Solutions such as retraining current workers and increasing productivity will continue to provide some relief to employers. However, changes in the workforce will bring about many challenges for Illinois employers and its economy. ❁

Notes:

¹ Little, Jane and Robert Triest. “The Impact of Demographic Change on U.S. Labor Markets.” *New England Economic Review* First Quarter 2002: p. 47.

² Little, p. 58.

³ Little, p. 60.

⁴ McClenhan, John. “The Next Crisis: Too Few Workers.” *Industry Week* May 2003: p. 40.

⁵ McClenhan, p. 41.



2000 Census-based Illinois Metropolitan Statistical Areas and Metropolitan Divisions

Name	Counties
Bloomington-Normal MSA	McLean
Champaign-Urbana MSA	Champaign Ford Piatt
Chicago-Naperville-Joliet, IL Metropolitan Division	Cook DeKalb DuPage Grundy Kane Kendall McHenry Will
Lake County-Kenosha County, IL-WI Metropolitan Division	Lake Kenosha, Wisconsin
Danville, IL MSA	Vermilion
Davenport-Moline-Rock Island, IA-IL MSA	Henry Mercer Rock Island Scott, Iowa
Decatur, IL MSA	Macon
Kankakee-Bradley, IL MSA	Kankakee
Peoria, IL MSA	Peoria Marshall Peoria Stark Tazewell Woodford
Rockford, IL MSA	Boone Winnebago
Springfield, IL MSA	Menard Sangamon
St. Louis MO-IL MSA (Illinois part)	Bond Calhoun Clinton Jersey Macoupin Madison Monroe St. Clair

2000 Census-based Illinois Micropolitan Statistical Areas

Name	Counties
Burlington IA-IL Micropolitan Area	Henderson Des Moines, Iowa
Canton, IL Micropolitan Area	Fulton
Cape Girardeau-Jackson, MO-IL Micropolitan Area	Alexander Bollinger, Missouri Cape Girardeau, Missouri
Carbondale, IL Micropolitan Area	Jackson
Centralia, IL Micropolitan Area	Marion
Charleston-Mattoon Micropolitan Area	Coles Cumberland
Dixon, IL Micropolitan Area	Lee
Effingham, IL Micropolitan Area	Effingham
Freeport, IL Micropolitan Area	Stephenson
Galesburg, IL Micropolitan Area	Knox Warren
Harrisburg, IL Micropolitan Area	Saline
Jacksonville, IL Micropolitan Area	Morgan Scott
Lincoln, IL Micropolitan Area	Logan
Macomb, IL Micropolitan Area	McDonough
Marion-Herrin, IL Micropolitan Area	Williamson
Mount Vernon, IL Micropolitan Area	Hamilton Jefferson
Ottawa-Streator, IL Micropolitan Area	Bureau LaSalle Putnam
Paducah, KY-IL Micropolitan Area	Massac Ballard, Kentucky Livingston, Kentucky McCracken, Kentucky
Pontiac, IL Micropolitan Area	Livingston
Quincy, IL-MO Micropolitan Area	Adams Lewis, Missouri
Rochelle, IL Micropolitan Area	Ogle
Sterling, IL Micropolitan Area	Whiteside
Taylorville, IL Micropolitan Area	Christian

names and geographic definitions that were announced in June 2003.

Micropolitan Statistical Areas

The 2000 standards also provide for Micropolitan Statistical Areas. These are areas with a central county or counties and an urban cluster of 10,000-49,999 people, plus adjacent counties having a high degree of economic and social integration as measured through worker commuting. Multiple counties are included in a Micropolitan Area if at least 25 percent of employed residents in the central county commute to work in one or more adjacent counties. The naming convention for Micropolitan Areas is the same as for Metropolitan Areas, with the largest community presented first. As of June

2003, there were a total of 565 Micropolitan Statistical Areas in the U.S. and Puerto Rico. In Illinois, there were 23 Micropolitan Statistical Areas, including four shared with border states. The table above shows the names and geographic definitions of Illinois Micropolitan Statistical Areas.

Labor Force and Non-farm Employment Data for Metropolitan and Micropolitan Statistical Areas

The Local Area Unemployment Statistics (LAUS) program will publish monthly labor force estimates for 2000-based Metropolitan and Micropolitan Statistical Areas, beginning in March 2005, with the release of January 2005 data. The Current Employment Statistics (CES) program will

publish non-farm industry employment estimates for 2000-based Metropolitan Statistical Areas beginning in March 2005, with the release of January 2005 data. Historical monthly and annual labor force and non-farm jobs data under the 2000-based geographic definitions will be available back to 1990. ❁

You can find more information on Metropolitan Statistical Area standards and definitions as well as maps at: <http://www.bls.gov/lau/lausmsa.htm> and <http://www.census.gov/population/www/estimates/metroarea.html>. Maps are also available on our Web site at <http://lmi.ides.state.il.us/lmr>.

Important Changes to Illinois Statewide and Sub-State Labor Force Estimates

by Rich Reinhold

For more than 30 years, the Illinois Department of Employment Security has worked in cooperation with the U.S. Bureau of Labor Statistics (BLS) to produce Illinois statewide and local area labor force estimates, including unemployment rates. This federal-state cooperative initiative is known as the Local Area Unemployment Statistics (LAUS) program.

Several years ago, the BLS started work on the LAUS Redesign, a multi-year project designed to improve the accuracy of state and local area labor force estimates and introduce changes related to the 2000 Census. The key components of the LAUS redesign project include: new, enhanced statistical models for producing labor force estimates; benchmarking statewide monthly labor force estimates in "real time"; improved methods for estimating sub-state employment and unemployment estimates and introducing 2000 Census based data inputs. This article will describe the LAUS Redesign project and how its implementation in 2005 will impact Illinois Statewide and sub-state labor force estimates. These changes were also recently announced in a Jan. 25, 2005 Federal Register Notice as well as in on-line question and answer documents at the BLS Web site.

New Labor Force Statistical Models

Statistical models have been used to produce Illinois statewide labor force estimates since 1996. The monthly, household-based Current Population Survey (CPS), conducted by the U.S. Census Bureau for the BLS, is the official source for national labor force estimates. However, the CPS household sample is not large enough to support direct estimation at the state level – hence the need for modeling statewide labor force estimates. The state models include data from monthly CPS but also state supplied inputs including total non-farm jobs and Unemployment Insurance (UI) benefits claims. The statewide models estimate the true monthly labor force values and remove sampling error from the CPS.

In 2005, the current labor force statistical models for all 50 states, New York City and the Los Angeles Metropolitan Area will be replaced with new, third generation

statistical models. Among the advantages of the new models are:

- The new statistical models are able to capture large changes in the economy sooner than the current statewide models. Examples include economic recessions or non-economic events such as the September 11 terrorist attacks.
- The labor force estimates developed from the new statewide statistical models include monthly error or reliability measures. The current statewide model does not produce reliability measures.
- Analysis of the monthly labor force estimates is enhanced with improved seasonal adjustment procedures. Employment and unemployment estimates are adjusted for seasonal patterns in the labor force within the model structure and not externally.
- The new statewide models will produce comparable monthly and annual labor force estimates back to 1976. The current model has estimates back to 1978.
- New statistical models will also be introduced for six additional metropolitan areas, including the Chicago-Naperville-Joliet Metropolitan Division. The Chicago area model will replace the current handbook or building block method for producing labor force estimates.

Real Time Benchmarking of Statewide Labor Force Estimates

Under current methodology, Illinois monthly model-based labor force estimates are benchmarked at the end of each year to labor force estimates from the Illinois Current Population Survey for the most recent calendar year. The CPS labor force estimates serve as a control for the monthly model estimates, ensuring that the revised estimates do not average above or below the annual CPS benchmark. One drawback of this approach is that error from the CPS household survey is placed back into the monthly statewide labor force estimates.

- The new statistical model benchmarks statewide labor force

estimates to national labor force estimates each month (or in real time) instead of at the end of each year. The monthly national CPS labor force estimates are more reliable than annual statewide CPS benchmarks.

- Real-time benchmarking ensures that large or sudden changes in the economy are captured during the production year and not postponed until annual revisions are completed.
- The sum of statewide labor force estimates will equal national labor force estimates. The divergence between the sum of states and the nation widened in 2001 and 2002 following the recession and the September 11 terrorist attacks.
- Annual revisions to monthly labor force estimates will be smaller.

Improved Procedures for Adjusting sub-State Worker Data for Residency and Multiple Job Holding

The LAUS program develops employed estimates based on the geographic area of residence, as opposed to the location of jobs or the place of work. Employed persons are counted just once, even if they hold multiple jobs. At the sub-state level, employed estimates are developed by adjusting total non-farm jobs for worker residency and multiple job holding.

- The current method relies on single adjustment ratio for each sub-state estimating area, including resident employed data from the most recent decennial Census and non-farm jobs totals for the same time period.
- The main limitation of the current method is that it does not take into account job growth or decline that occurs outside the estimating area.
- The premise of the new procedure is that resident employed is not only tied to the relationship between employed residents and jobs located within the same area, but also the commutation of employed residents to jobs located in adjacent or nearby areas. Thus, resident employed will be impacted by job expansion and losses in nearby counties.
- Under the new method, multiple residency adjustment ratios are produced for each estimating area. Residency adjustment ratios are developed for residents who both live and work in the estimating area as well for residents in the estimating area who commute to adjacent or nearby counties.
- The new residency adjustment method will be used to develop sub-

state employed estimates for years 2000 and later.

Improved Method for Estimating sub-state Unemployed Labor Force Entrants

Unemployed labor force entrants include those who have either entered the labor force for the first time (new entrants) or have returned to the labor force following a period of absence (reentrants). These two groups represent approximately 40 percent of total unemployed.

- The current method for estimating sub-state labor force entrant unemployed relies primarily on *national* seasonal patterns in labor force entrant unemployed, adjusted to reflect concentration of youth in the estimating area to experienced labor force in the same area.
- The current method underestimates the level of labor force entrant unemployed. This underestimation is now addressed by controlling sub-state unemployed levels to statewide levels of unemployed. The statewide adjustment, however, can distort monthly patterns in labor force entrant unemployed at the sub-state level.

- Under the new method, monthly *statewide* estimates of labor force entrant unemployed are produced in an economic model that uses historical statewide data from the CPS household survey. The CPS reports monthly statewide estimates of various categories of unemployed, including labor force entrants.

- State model-based estimates of new entrant unemployed are allocated to sub-state areas based on each area's share of population ages 16-19.

- State model-based estimates of reentrant unemployed are allocated to sub-state areas based on each area's share of population age 20 and older.

- Monthly labor force entrant unemployed estimates for years 2000 and later will be developed under the new method.

2000 Census Updates for Sub-State Agriculture Workers, Self Employed, Unpaid Family Workers and Private Household Workers (Domestics)

The LAUS program reports data for all employed persons including those who do not work in non-farm business

establishments. These individuals represent less than 10 percent of total employed and include agricultural workers, the self-employed, unpaid family workers and private household workers (domestics).

- State and national employed data for agricultural workers, the self employed, unpaid family workers and private household workers are captured through the CPS.
- At the sub-state level, employed estimates for these groups are produced using data from the most recent decennial Census and monthly seasonal factors developed by the BLS.
- In 2005, the benchmark level of employed for agricultural workers, the self employed, unpaid family workers and private household workers will be updated using data from the 2000 Census.
- The 2000 Census employment updates will be made to monthly employed estimates for years 2000 and later. ❁

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