

LABOR FORCE RECOVERY HAS VARIED BY RACE, ETHNICITY, WITH STARKEST DIFFERENCES FOR BLACKS

Although the Chicago region has made strides since the 2007-09 recession, recovery has been slow and lagging behind many peer metropolitan regions. The economic downturn created significant economic losses for the region's residents, including reduced employment opportunities and diminished earnings. Workers in the Chicago region continue to face challenges today even a decade after the Great Recession. This is particularly true for the region's residents of color, many of whom were disproportionately burdened by the economic downturn. [ON TO 2050](#) emphasizes the importance of [inclusive growth](#) to help each resident access economic opportunity, and therefore to improve the region's economic success. The plan highlights [economic disparities](#) among the region's residents, which are particularly stark for black residents.

This Policy Update analyzes the 2007-09 recession's effects on labor force trends, including the disproportionate impact on certain populations and how they've recovered from the recession. This Update also assesses the relationship between economic and demographic trends, with an emphasis on how migration patterns contribute to the region's changing labor force. This analysis assesses two primary indicators of economic performance: 1) labor force participation rate: the proportion of the population 16 years and older that is employed or unemployed but seeking work; and 2) unemployment rate: the proportion of the labor force that does not have a job but is actively seeking work. In general, population decline has diminished the region's talent pool, which threatens our ability to meet labor demands. In addition, the region's population, and subsequently its labor force, have grown increasingly diverse. A diverse labor force is key to fostering an inclusive economy and provides many other benefits to the economy, and its potential growth. Yet, without inclusive growth that allows all racial and ethnic groups to participate in and benefit from the labor market, these benefits will not be fully realized.

Regional labor force grows increasingly diverse but black residents remain underrepresented

As prior [Updates](#) have indicated, the Chicago Metropolitan Statistical Area (MSA) is experiencing population stagnation over the last decade. The region's Hispanic and Asian populations are growing, while white and black populations are declining.

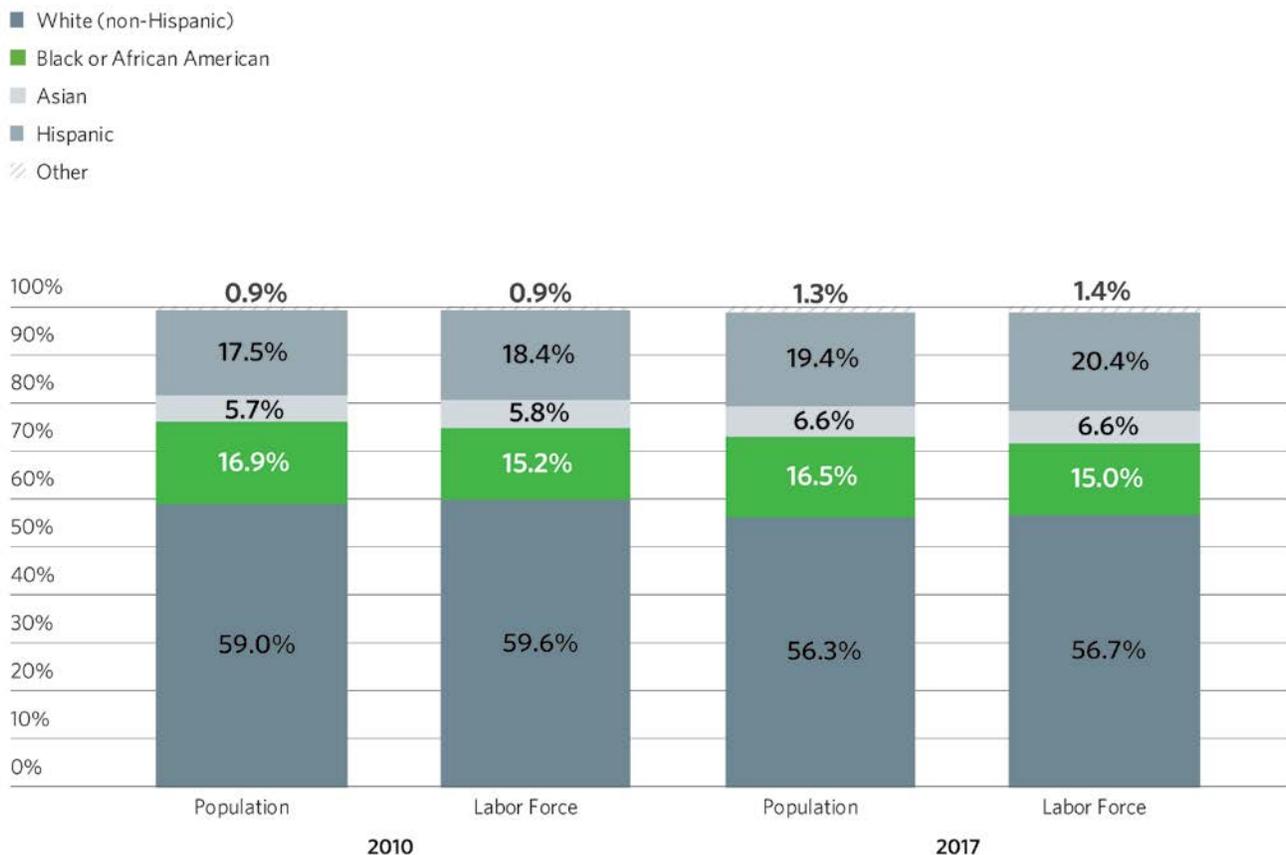
The Chicago region also experienced growth in the working age population—those 16 years or older—during the same time. Despite declines in the region's total black population, the number of black residents 16 years or older increased. The region's Hispanic and Asian working age populations also increased, while the white working age population decreased.

Of the approximately 7.6 million residents age 16 years or older in the Chicago region, more than 5 million participated in the regional economy in 2017, 110,000 more than the roughly 4.95 million workers in 2010. This increase in the number of total workers matches an increase in [total job counts](#) since the recession.

As the region's labor force grows, it is becoming increasingly diverse, consistent with the [broader population's racial and ethnic composition](#). People of color now represent 43.3 percent of the region's labor force, a 2.9 percentage point increase from 2010. Similar to [broader population growth trends](#), the labor force's racial and ethnic diversity is largely driven by Hispanic and Asian growth, which in 2017 represented 20.4 percent and 6.6 percent of the labor force, respectively. In contrast, white and black workers today represent smaller shares of the labor force than in 2010, reflecting the region's persistent white and black population decline.

Shares of population 16 years and older, and labor force by race and ethnicity in the Chicago Metropolitan Statistical Area, 2010 and 2017

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2010 and 2017.

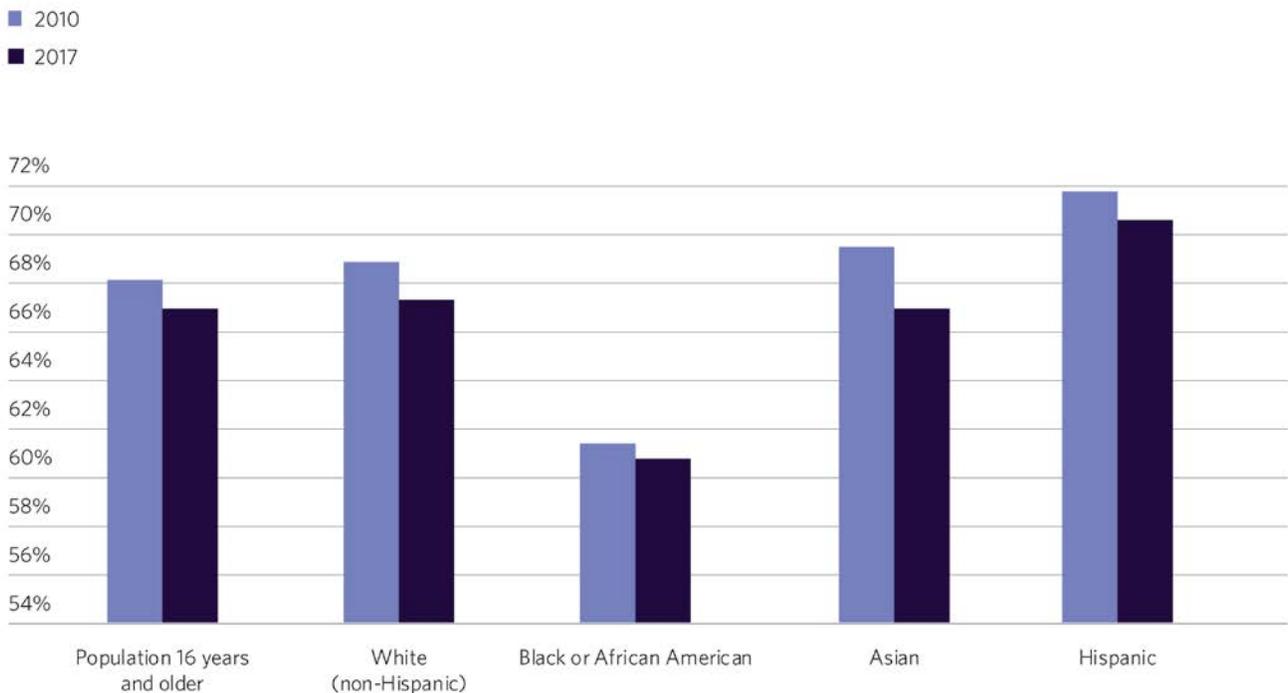


In 2017, people of color represented 43.7 percent of the working-age population but only 43.3 percent of the labor force. This mismatch was concentrated among black residents, who also experience higher rates of unemployment despite actively seeking work. In 2017, black residents represented 16.5 percent of the relevant population but only 15.0 percent of workers. In contrast, Hispanic and Asian residents’ shares of the labor force are equal to or above their shares of regional population.

Though the number of workers in the Chicago region increased in 2017 compared with 2010, the region’s [labor force participation rate](#)—the share of residents 16 years or older that are employed or actively seeking work—decreased from 68.1 percent to 66.9 percent during the same time period. This decline held across all racial and ethnic groups. Black or African American residents were least likely to participate in the economy with only 60.8 percent participating in 2017. In contrast, the region’s Hispanic residents were most likely to participate with a 70.6 percent participation rate.

Labor force participation rates for the population 16 years or older by race and ethnicity in the Chicago Metropolitan Statistical Area, 2010 and 2017

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2010 and 2017.



The decline in labor force participation is in part a remnant from the 2007-09 recession. During that time, diminishing jobs and earnings potential discouraged many workers from joining or remaining in the workforce. In the Chicago region, lagging economic recovery post-recession has caused these effects to linger, particularly for nonwhite residents. [ON TO 2050](#) emphasizes the need for [inclusive economic growth that reduces these inequalities](#). Regional economic development—including [workforce training](#), investment in communities and [industries](#), and [reinvestment in disinvested communities](#)—should address these barriers to improve labor force participation for all residents.

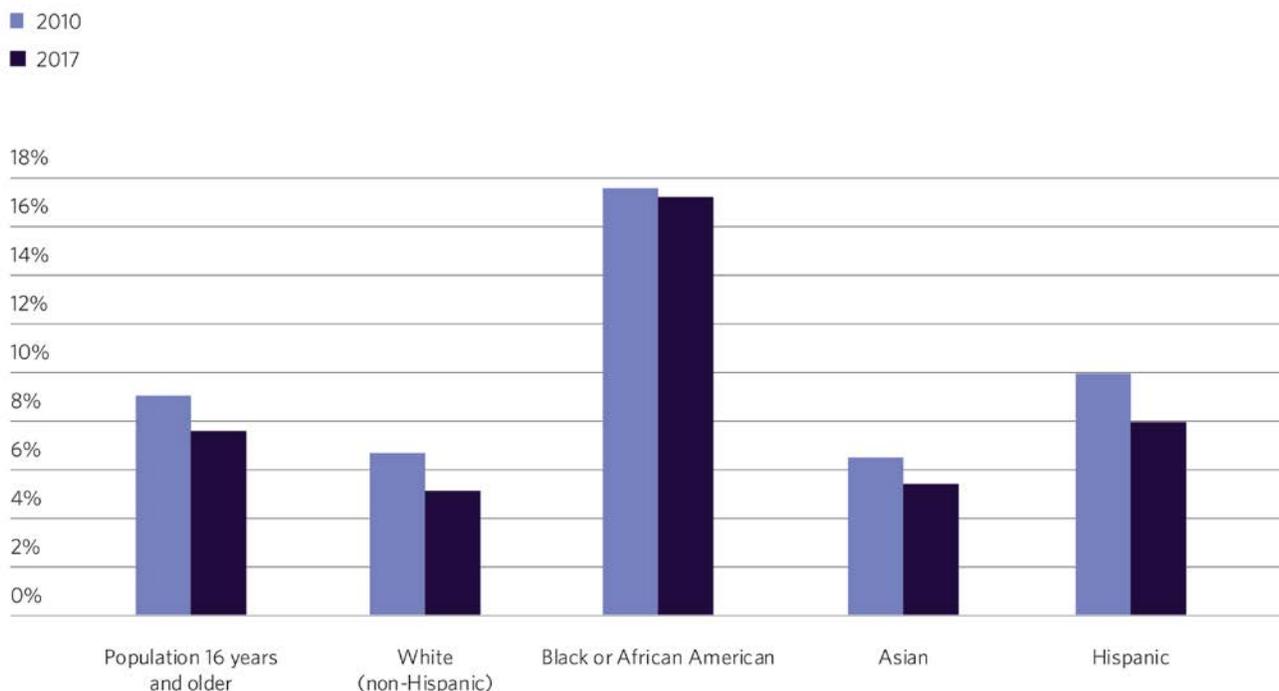
Unemployment rates declined for all races, but black unemployment fell the least

The region's unemployment rate — the share of the labor force that is actively searching for work but not finding a job—decreased from 9 to 7.6 percent from 2010-17. Unemployment varies widely by race and ethnicity. With an unemployment rate of 17.2 percent, blacks are much more likely to be unemployed than all other residents in the region, including other residents of color.

In contrast to the concerning decline in labor force participation across demographic groups, unemployment has generally recovered from the 2007-09 recession. Unemployment rates fell by at least a percentage point for all racial and ethnic populations except for the region's black residents: Black unemployment decreased by only 0.40 percentage points between 2010-17.

Unemployment rates for the population 16 years or older by race and ethnicity in the Chicago Metropolitan Statistical Area, 2010 and 2017

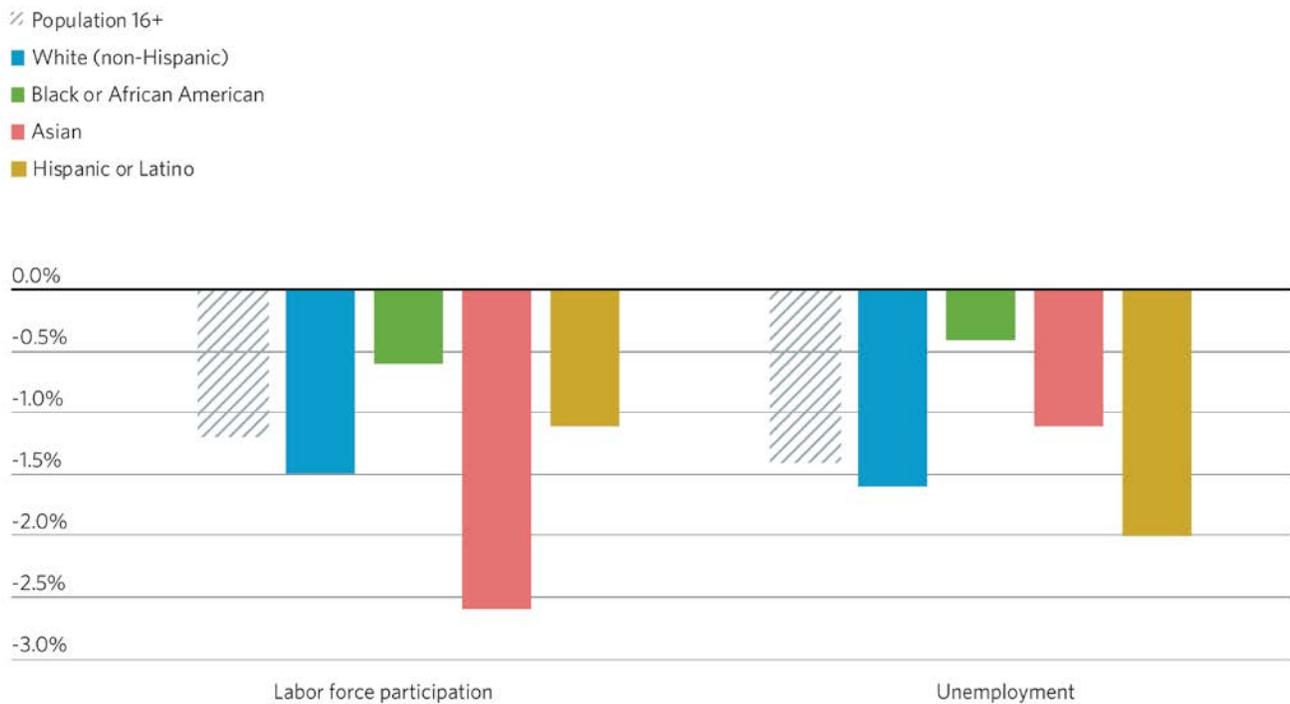
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2010 and 2017.



Together, labor force participation and unemployment trends illustrate how well the region's economy and residents are doing. Though the regional unemployment rate improved during recent years, unemployment only captures those who are not working but are actively seeking a job. Though the decline in the region's unemployment rate could suggest more workers are employed today, the concurrent decline in labor force participation suggests that the unemployment rate also could have fallen in part because some workers decided to stop seeking work altogether. These labor force trends are consistent across racial and ethnic groups.

Percentage point change in labor force participation and unemployment rates by race and ethnicity in the Chicago Metropolitan Statistical Area, 2010-17

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2010 and 2017.



A majority of black residents leaving the Chicago region do not have a job

Labor force participation measures both economic conditions and population change: Labor force participation rates can change either when workers enter and leave the workforce or when residents move into and out of the region. About 750,000 individuals ages 16-64 moved into the CMAP region between 2012-16; 75 percent of the region's new residents were labor force participants. During the same time, roughly 1.13 million residents ages 16-64 left the CMAP region to relocate elsewhere in the country, including 705,000 workers. These migration patterns contributed to population changes which, in turn, affected labor force participation. Residents leaving the CMAP region to live elsewhere in the U.S. were more likely to be in the labor force than not: 63 percent of 16-64 year olds who left the CMAP region between 2012-16 were in the labor force. This trend holds true across demographic groups though data suggests that this trend may be less true for the region's black population.

Black residents leaving the Chicago region were less likely to be participating in the labor force relative to other races and ethnicities. A majority of the black residents ages 16-64 that left the CMAP region between 2012-16 were either in the labor force but unemployed, or were not in the labor force altogether. Almost 60 percent of these former black residents did not have a job at the time they left the region. This stands in stark contrast to domestic out-migration trends among other racial and ethnic groups: The majority of white, Asian, and Hispanic residents leaving the

Domestic out-migration of residents 16-64 years old from the CMAP 7-county region by race and ethnicity, and labor force status, 2012-2016

Note: Integrated Public Use Microdata are composed entirely of sample data and individual records. Sample densities range from one to five percent of national populations. As a result, estimates derived from Integrated Public Use Microdata are subject to sampling variability and sampling related errors.

Source: Chicago Metropolitan Agency for Planning analysis of Integrated Public Use Microdata, 2012-16.

- Employed (in labor force)
- Unemployed (in labor force)
- Not in labor force



CMAP region were employed. These trends suggest that economic factors play a more significant role in encouraging the outmigration of the region's black residents than the outmigration of residents of other races and ethnicities. More directly, only 42 percent of black residents of working age leaving the region are employed. This lack of employment has far reaching effects on individual quality of life and regional economic success.

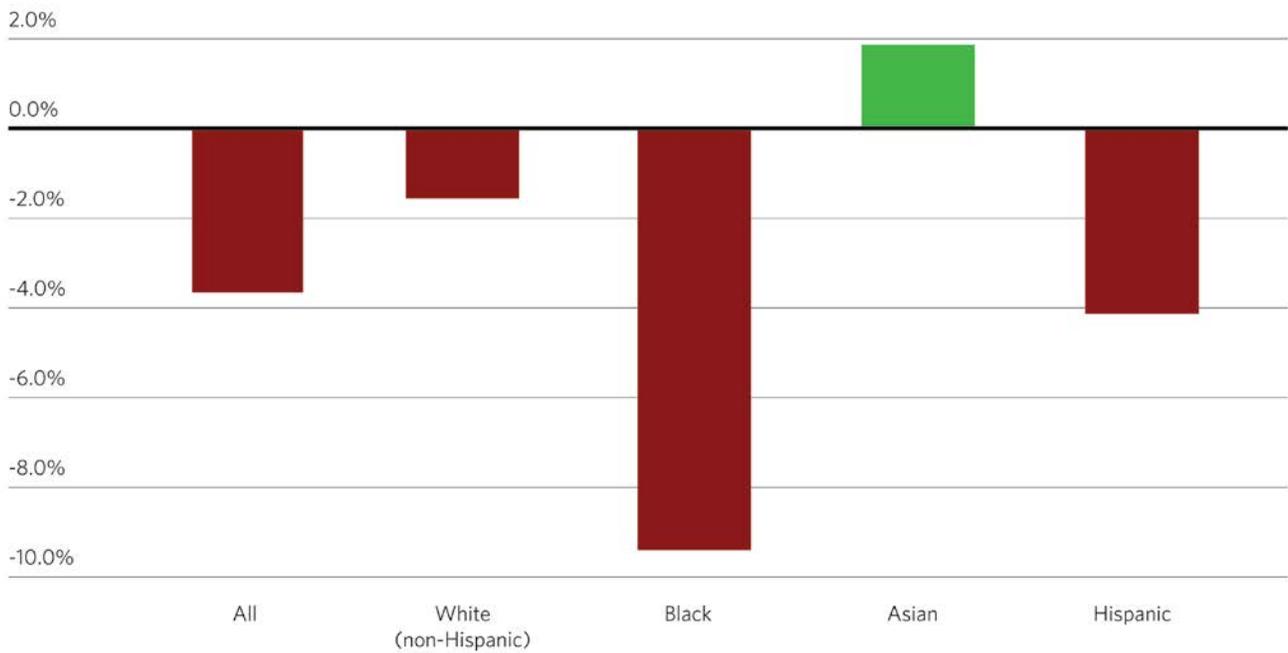
Individuals moving into the region were more likely to be in the labor force than not and were more likely to be employed. This is consistent across all demographic groups. The in-migration of workers suggest that the Chicago region is attracting talent to the region, but the greater out-migration of workers suggests that perhaps the region's greater struggle is in retaining them.

Racial and ethnic income inequality grows

Though residents move for many reasons, this data suggests that economic conditions are a more likely explanation for black migration than for migration of the region's other populations. This is unsurprising given the significant economic inequities that exist in the Chicago region. Black residents were the hardest hit residents during the 2007-09 recession, and also have been the slowest to recover from its effects.

Percentage point change in median household income by race and ethnicity in the Chicago Metropolitan Statistical Area, 2010-2017 (in 2017 dollars)

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2010 and 2017.



Median household income continued to decline in the Chicago region, decreasing by almost \$2,500 (in 2017 dollars), or about four percent, between 2010-17. Median household income decreased for all demographic groups except for the region's Asian households, with the largest decline for black households. Black median household income decreased by 9.4 percent between 2010-17, significantly more than the 1.5 percent and 4.2 percent decline for the region's white and Hispanic households, respectively.

Many factors contribute to these and other persistent economic inequities, including physical access to job opportunities. For example, previous CMAP analyses has showed that the region's [black workers spend the most time commuting](#), in part because they use transit more and work in places with limited transit service. Longer commute times decrease the [productivity](#) of workers and hinder their ability to connect to available and attainable employment opportunities.

Barriers that impede residents from fully participating in the regional economy undercut metropolitan Chicago's primary source of growth—its human capital. Numerous measures of economic well-being by race and ethnicity show how the region falls short of ensuring equitable opportunity for all residents, and thus falls short of performing to its full potential. Black residents in particular experience persistent disparities in economic outcomes such as these.

Looking ahead

The region's socioeconomic and demographic conditions promote or hinder regional economic growth by directly impacting its labor force and, thus, the region's human capital potential. The 2007-09 recession discouraged residents from participating in the workforce, and many residents today are still attempting to recover from its aftershocks. In particular, black residents of the region still have a high unemployment rate, and may be leaving the region in search of work. [ON TO 2050](#) highlights the integral role that racial and economic inclusion plays in the region's continued growth and development. As the region's labor force continues to diversify, inclusive growth strategies are needed to ensure that all are engaged in and benefit from the regional economy. Economic inequities, such as gaps in employment, wages, and median household income, should be addressed to accelerate the region's post-recession recovery.

[ON TO 2050](#) identifies inclusive growth as key to stronger and more sustainable economic growth. The Plan recommends addressing barriers that impede residents from fully participating in the regional economy; the region cannot succeed without providing the opportunity for talented residents to build their human capital. In particular, the plan recommends [prioritizing pathways for upward economic mobility](#) and [conducting regional planning that leverages the region's human capital strengths](#), including its diverse talent pool, to improve employment opportunities. It also highlights the need to [leverage the transportation network to promote inclusive growth](#) and to [invest in disinvested communities](#), both of which can help connect residents to jobs. Residents choose to live where economic opportunities exist for them. Increasing [accessibility to jobs](#) and other opportunities for all residents and communities will better position the region to attract and retain residents of all races and ethnicities.

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