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Why Are Residents Leaving Illinois in Droves?

It's known here as The Exodus.

People are leaving Illinois in droves. Republicans blame the state's high taxes and its unfunded pension liability, which tops \$130 billion. Democrats believe it's the state's lack of investment in education and infrastructure.

One thing is certain: Illinois' population has declined by 157,000 residents over the past five years, making it one of only two states — West Virginia is the other — to lose people over the past decade.

Illinois' predicament is a perfect storm of declining manufacturing, stagnant immigration, declining birth rates, young people leaving for college and never coming back, long-standing economic discrimination against black residents, high housing costs, and the continued draw of residents to the Sun Belt.

What's happening in the Prairie State may offer national lessons about the deindustrialized economy and how that creates inequity issues in wages and housing, said Matthew Wilson, a senior research specialist at the University of Illinois at Chicago's Great Cities Institute.

For a Rust Belt state to thrive, Wilson said, officials have to focus on retaining and growing its manufacturing sector by training workers, providing affordable housing and attracting new businesses. Building up the manufacturing sector has to go hand in hand with attracting high-paying jobs, he said.

Illinois has struggled with all of that.

A 2016 poll by Southern Illinois University found that nearly half of Illinois residents wanted to move to another state, citing taxes, weather, ineffective and corrupt local government and a lack of middle-class jobs. A March poll from the university found that two-thirds of Illinois residents think the state is going in the wrong direction.

Between 2017 and 2018, 114,000 more residents left Illinois than moved in from other states. Those who left mostly moved to Florida, Texas and Indiana, IRS data shows.

Chicago's population has dropped slightly, largely because black residents are leaving for areas with lower housing costs and more jobs that don't require higher education. In downstate Illinois, the population loss has come largely from a decrease in manufacturing jobs.

Tale of Two Cities

Nearly 15 miles south of the famed Magnificent Mile in the booming downtown Loop is another stretch of Chicago's Michigan Avenue. Up until the 1980s, this part of the Roseland neighborhood was "the place to be" for black residents, lined with stores and restaurants. But many of those are gone now, leaving only the boarded-up facades and a distant memory.

As Abraham Lacy drove down the street earlier this month, the new father and Chicago resident described the “heart-wrenching” state of the area since its decline began 50 years ago.

This was a manufacturing hub. But those jobs are gone. Nearly 28% of the population lives below the poverty level, according to the U.S. Census Bureau.

“There’s no hope,” he said. “It brings me to tears. Here we are in the third-largest city in the country.”

Lacy is the executive director of the Far South Community Development Corporation, a nonprofit that brings commercial investments from public and private partnerships to local low-income, majority-black neighborhoods like Morgan Park, West Pullman and Roseland to alleviate poverty.

Since peaking in 1980 at nearly 1.2 million people, the black population of Chicago has dropped by more than 400,000 people, and the trend continues. Black residents are leaving Chicago for the suburbs and for neighboring states such as Indiana, Iowa and Wisconsin.

Some are reversing the Great Migration of the first half of the 20th century, returning to Southern cities including Atlanta, Dallas and Houston, said Pete Saunders, an urban planning consultant based in the Chicago area who has written extensively on this issue.

“They just feel frozen out of opportunity,” he said. “They feel Chicago is a closed system. They can’t get ahead here. It’s designed for others to get ahead.”

Chicago is still attracting educated people seeking jobs in law, finance and tech, and many neighborhoods of the city are thriving. But there’s a growing divide between high-paying jobs and low-wage, “dead-end” work, with not many jobs in between, said David Wilson, a geography professor at the University of Illinois at Urbana-Champaign.

Real estate development is booming along Lake Michigan and in the Loop. Gentrification, he said, “is spreading its tentacles across the city,” including the traditionally poorer South Side and West Side. In other parts of the city, including Roseland, residents lacking economic opportunity are leaving.

“There’s something wrong here,” said Jawanza Malone, executive director of the Kenwood Oakland Community Organization, a South Side grassroots group currently leading a rent control campaign “to stem the tide of displacement.”

Chicago is among a handful of metropolises that are losing their black residents, including Los Angeles, San Diego and San Jose.

The high rate of black residents leaving is the main cause for Chicago’s stagnant population, and the drain could get worse, several fair housing advocates and urban demographers said.

More than a third of young adults want to leave Chicago, a January survey from the University of Chicago’s GenForward Project found. Participants, especially African Americans, said the biggest reason for wanting out was racism and how that affects policing, job opportunities and neighborhood development.

Chicago’s new African American mayor, Lori Lightfoot, seems keenly aware of this challenge, calling it “the proverbial canary in the mine shaft” when asked in April about the city’s population decline by the Chicago Tribune.

“We’ve got to create real opportunities and incentives for businesses and for all neighborhoods to

prosper," she added.

Chicago's population is staying afloat because of a continued influx of Asian immigrants. The number of Chicago-region residents born in Asia has increased by 60,000 since 2010, while the number of Chicago-region residents born in Latin America has decreased by 18,000, according to a Chicago Metropolitan Agency for Planning analysis of U.S. Census Bureau data.

While some traditionally Mexican Chicago neighborhoods like Pilsen have been hit by gentrification pressures, Chinatown and other neighborhoods south of the downtown Loop have generally been shielded, said David Wu, executive director of Pui Tak Center, a church-based community center next to the Chinatown gate.

After the 2020 census, the city will have its first majority-Chinese ward, Wu said. The area in 2017 elected Democrat Theresa Mah, the Illinois General Assembly's first Chinese American member.

"These neighborhoods are defined by an ethnic identity," he said, sitting in the neighborhood's new public library, where half of the books are in Chinese. "Whereas other communities are defined by socioeconomic class."

President Donald Trump's strict immigration policy might halt this growth, however. In an attempt to keep some of this immigrant base in Illinois, state lawmakers last month passed a bill that offers financial aid to undocumented immigrants attending public colleges or universities.

But development in the South Loop is spreading south and could make Chinatown and other Asian American enclaves less affordable.

Keeping Manufacturing

Vincent Flaska wanted to expand his forklift manufacturing business in 2015. He could have either kept Hoist Liftruck in Illinois, where the company was based since 1994, or moved it just over the Indiana border to East Chicago.

He chose Indiana.

"The environment that has been created in Illinois is not supportive of those blue-collar jobs," he said.

With the move, Flaska saved \$1.75 million annually on workers compensation insurance and an additional \$1.5 million on state taxes — on top of the \$15 million in financial incentives from Indiana. The company is now closer to the steel mills it relies on. Some of his workers bought their first homes after the company relocated.

The move "was a no-brainer," he said. Earlier this year, Flaska's business was acquired by Toyota Industries North America — a move, he said, that couldn't have happened if it was still in Illinois.

There has been "chronic and concentrated joblessness in manufacturing" in Illinois, said Teresa Córdova, director of the Great Cities Institute. Because of changes to rural and manufacturing jobs in the state, working-age people are having a harder time finding work in downstate communities, she said.

Four out of five counties statewide, many anchored by manufacturing, are losing population.

As manufacturing has steadily declined in the Rust Belt over recent decades, states have scrambled

to keep businesses from going overseas or to other places within the United States.

For states such as Indiana, that means promoting its lower tax rates and offering special tax incentives, like it did for Hoist Liftruck. For Illinois, that means promoting its workforce and logistical hub of Chicago.

But Moody's found that Illinois manufacturers will face "daunting competition," as companies look to lower-cost areas to keep competitive. The decline in manufacturing in Illinois, the report said, "will prevail."

Manufacturing is responsible for 592,000 jobs in the state, according to the Illinois Manufacturers Association. From 2001 to 2016, the state lost 30% of its manufacturing jobs, according to a Chicago Metropolitan Agency for Planning analysis.

Lake County, just north of Chicago along the Wisconsin border, is one of many in Illinois that have lost population in recent years. But leaders there have concentrated on retaining and growing pharmaceutical and advanced life sciences manufacturing sectors, said Kevin Considine, the president and CEO of Lake County Partners, a public- and privately funded business development corporation.

"I won't kid you," he said. "You drive through southeast Wisconsin and you see a lot of brands that were Illinois companies.

"I'm not saying that nobody is moving, but I think we're doing a pretty good job over the last four years at making the case at why companies should grow here instead of move."

While neighboring states such as Wisconsin and Indiana have "been very good at playing the incentive game," attracting businesses with tax incentives and infrastructure grants, Considine said the skilled workforce in Illinois "is far and away our greatest strength."

But in order to keep that workforce competitive, the state must retain educated young people, encouraging them to pursue careers in biochemistry or welding, he said. Waukegan is one of three cities in the country to offer an advanced manufacturing curriculum for high school students, training 200 skilled technicians a year.

The reality, however, is that Illinois has a brain drain problem.

Nearly half of Illinois college-bound public high school students chose to go to out-of-state universities and colleges in 2017, according to a March analysis by the Illinois Board of Higher Education. In 2002, that number was under 30%. Indiana, Iowa and Wisconsin continue to take in more college students than they lose, U.S. Department of Education data show.

When young people go out of state for college, they are less likely to return home after graduation, said Nyle Robinson, the board's interim executive director. This is especially concerning for the rural, downstate regions that have been losing residents.

Illinois ranks second nationally in losing college students to other states, topped only by New Jersey, according to the U.S. Education Department. "It's certainly concerning," Robinson said.

Robinson especially cites the education funding cuts that came from the 2015-2017 budget impasse in Illinois as a contributing factor to this outmigration of young people. Both high- and low-income students are leaving the state, he said.

Robinson was encouraged to see the Illinois legislature this month approve \$1.9 billion for the University of Illinois System — the largest funding increase in nearly two decades. The funds are designated for new buildings, renovations and other capital investments. Democratic Gov. J.B. Pritzker signed the budget.

Some neighboring states have tried to take advantage of some of the political turmoil in Illinois and negative press around high taxes and population loss.

Speros Batistatos, the president and CEO of the South Shore Convention & Visitors Authority, helped launch a digital campaign to lure Illinoisans to move to Northwest Indiana, targeting young families and empty nesters with the promise of fewer taxes and an easy commute to Chicago.

“We’re not trying to bash our friends next door,” he said. “We’re just trying to be a competitive suburb of Chicago.”

The campaign seems to be working. Peter Novak, the CEO of the Greater Northwest Indiana Association of Realtors, said, “Builders can’t build homes fast enough.”

By Matt Vasilogambros

STATELINE | JUNE 19, 2019 AT 8:39 AM

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