



## Job growth to hit speed bump in Illinois: report

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(Crain's) — Job creation in Illinois will progress at a slower rate for the foreseeable future as full effects of a tighter national monetary policy settle in, according to a new state economic forecast.

While Illinois added more than 4,000 new jobs in August, the growth rate was slower than in previous months, according to a monthly report issued by the Regional Economics Applications Laboratory at the University of Illinois at Urbana-Champaign.

"It's not unreasonable that job growth is going to slow over the next couple of quarters partly because the economy in general is slow," said Robert Dieli, economist with RDLB Inc., a research and consulting firm in west suburban Lombard. "That doesn't mean job growth is going to stop and there's a big difference."

Illinois added more than 80,000 new jobs in the 12 months that ended in August. That period marked the largest job growth since nearly 97,000 jobs were added in the 12 months ended September 2000, the report said.

While the state's growth rate of 1.37% for the 12 months ended in August topped the nation's rate of 1.28%, Illinois lagged the nation in August. The August job growth rate was 0.08% in Illinois compared to 0.09% for the nation.

The University of Illinois report forecasts that manufacturing and information sectors will bear the brunt of job losses in the next 12 months, but new job growth in the areas of hospitality, professional and business services, education and health will help pick up the slack.

An estimated 21,200 jobs may be added by next August, giving the state a 0.36% growth rate. The manufacturing sector is expected to lose 3.4% of its workforce, or 23,500 jobs, by August, according to University of Illinois researchers, while the information arena will decline nearly 3%, or 3,400 jobs.

"Job growth is going to be subpar for the next few quarters," said Paul Kasriel, chief economist for Northern Trust Bank. "Again, it's because we are feeling the effects of a tight monetary policy. It always happens."

Dennis Williams director of the United Autoworkers Region 4, which includes Illinois, said his members are "very nervous" about the future of the manufacturing industry in Illinois and expect a shrinking workforce to become part of the norm.

"We don't look for a rebound soon in the manufacturing industry," Mr. Williams said. "I don't see a lot of confidence out there."

The state's economy, once heavily dependent on manufacturing, has been experiencing a shift toward a service-based industry, economic experts said. General sales, custodian, customer services and restaurant jobs are among the workforces the Center for Tax and Budget Accountability, a non-profit, bi-partisan research group expects to explode in the next decade. But the state will continue to experience growing pains during the transition period.

"Large economic trends don't happen overnight," said Ralph Martire, executive director for the Center for Tax and Budget Accountability. "Major economic shifts really take a couple or three decades to work out and we're going through that."

His major concern is that as traditionally lower-paying service jobs replace those in the manufacturing sector, where workers are typically paid higher wages and receive benefits, the state's median income will begin to fall.

"I don't think it is all doom and gloom for Illinois, but you have to take a look at the jobs we are losing and take a look at jobs we are creating," he said.

