

CHICAGO REGION ATTRACTING— BUT NOT RETAINING—WORKING AGE ADULTS

A well-educated and talented resident pool provides the workforce needed to keep the economy thriving. As highlighted in a [prior analysis](#) when the economy is healthy, residents are more likely to seek work and capitalize on increased economic opportunities. In contrast, when the economy is struggling, people can become discouraged and stop looking for work or quit working altogether.

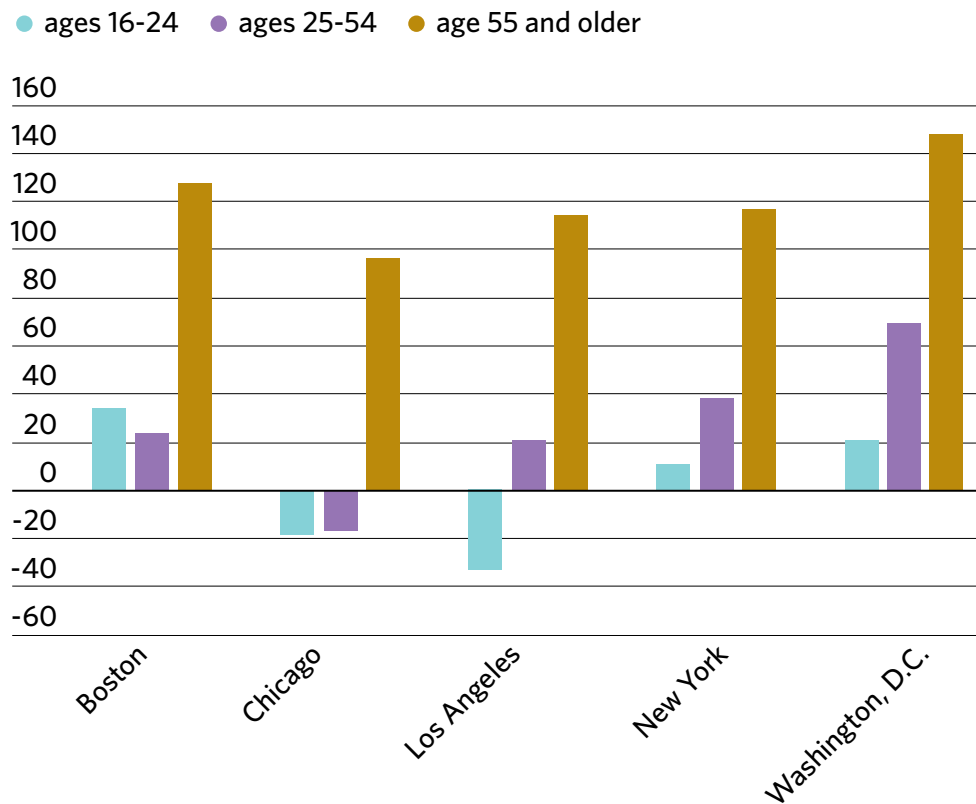
Demographic trends play a role in labor force trends. Long-term population stagnation and, in more recent years, small population declines in the Chicago region impact the size and quality of the workforce, which can impede regional economic growth. [ON TO 2050](#) emphasizes the need for widespread, coordinated actions in [workforce and economic development](#) and in [improving transportation options and access](#) to meet the needs of working-age people.

[Labor force participation](#) is a key indicator of the region’s economic well-being. Labor force participation rate is defined as the share of all residents 16 years and older participating in the labor force—people who have or are seeking a job. When young and middle-aged adults grow older or move out of the region—known as outmigration—it influences labor force participation. Decline in the region’s prime working age population drives decline in the region’s labor force. This analysis assesses how demographic changes in the Chicago metropolitan region affect the workforce, highlighting an aging workforce, shrinking labor supply, outmigration of working age residents, and how labor force participation trends may at times mask adverse demographic trends.

Metropolitan Chicago is alone among select peer regions in losing prime working age workers

As its economy slowly began to recover from the 2007-09 recession, the Chicago region added roughly 110,000 workers between 2010-17, which increased the labor force to just over 5 million workers. Analysis indicates that this increase is concentrated among workers 55 years or older, in line with the nearly [complete transition of the baby boomer generation](#) into this age group. This is aligned with national trends. Regions across the country are gaining older workers. The Chicago region had almost 200,000 more workers age 55 and older in 2017 than 2010. In contrast, there have been declines in the region's younger working populations. In 2017, the Chicago region had 20,000 fewer young workers ages 16-24 than in 2010, and 68,000 fewer middle-aged workers ages 25-54. Particularly concerning is the region's loss of prime-working age workers ages 25-54. The Chicago region is alone among select peer metropolitan areas in losing workers in this age cohort.

Change in labor force size per 1,000 residents, by age, Chicago and select Metropolitan Statistical Areas, 2006-10 to 2013-17



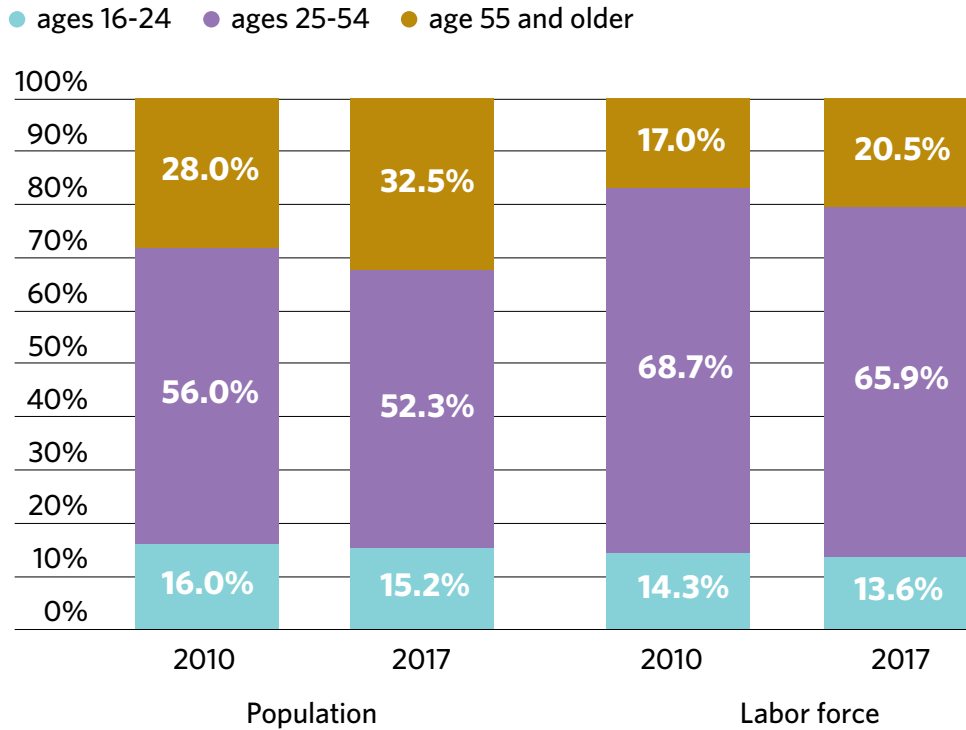
Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2006-10 and 2013-17.

The region's population and labor force are aging

Consistent with national trends, the Chicago region's labor force is aging. In 2017, workers age 55 and older represented 20.5 percent of the region's total labor force, up from 17 percent in 2010. Young workers ages 16-24 represented a slightly smaller share, as did prime working age workers ages 25-54. In 2017, prime working age workers comprised 66 percent of the region's labor force, down three percentage points from 2010—which matched their decrease as a share of the region's population. An aging population—driven by the aging of the baby boomer generation, delayed marriages and childbearing, and increased life expectancy—contributes to an older labor force.

Shares of population and labor force, by age, Chicago Metropolitan Statistical Area, 2006-10 to 2013-17

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2006-10 and 2013-17.



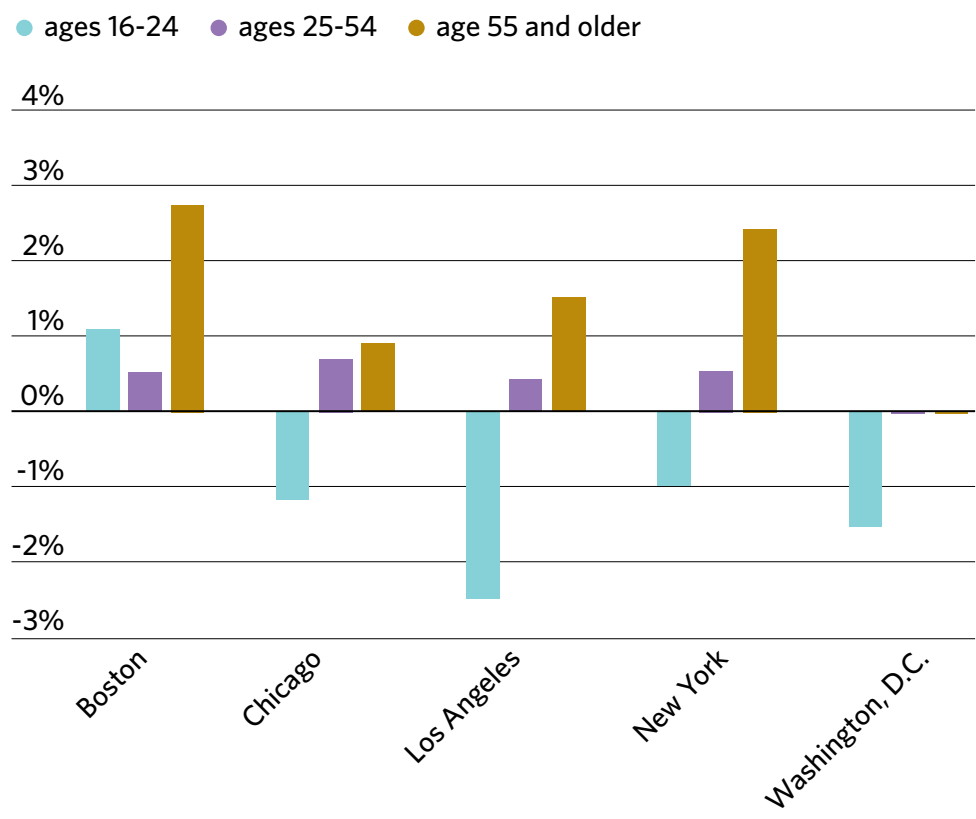
Labor force participation declines for young workers but increases among middle-aged and older workers in the Chicago region

Despite an increase in the number of labor force participants, the Chicago region's labor force participation rate fell from 68.1 percent to 66.9 percent between 2010-17. During that time, the region added 185,000 residents not participating in the labor force, dwarfing the 110,000 increase in residents with a job or actively seeking one. A variety of factors can contribute to people's decisions not to participate in the labor force. Some are "discouraged workers," people who have struggled to find work and choose to leave the labor force altogether. Others may have a disability, already have sufficient economic stability at home, or choose to pursue further education, retire early, or provide family care rather than work.

[Nationally](#), labor force participation among young adults ages 16-24 is declining while labor force participation among middle-aged and older adults is increasing. The same is generally true of the Chicago region and its peers. Changes in participation can be partially attributed to improving economic conditions, as young people pursue higher education in greater numbers and more workers secure jobs. Demographic factors—primarily the aging population and outmigration of young and middle-aged adults—also contribute to recent changes in labor force participation rates.

Percentage point change in labor force participation rate, by age, Chicago and select Metropolitan Statistical Areas, 2006-10 to 2013-17

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2006-10 and 2013-17.



Labor force participation for the region's prime-working age residents increases due to population loss that outpaces the decrease in labor force

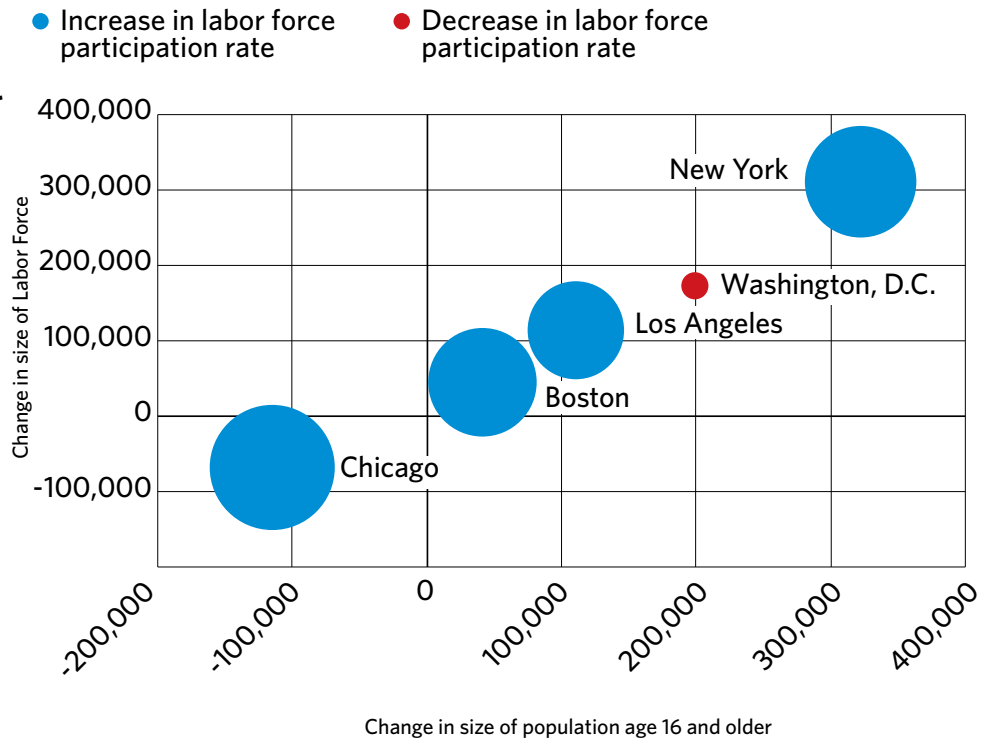
The number of residents ages 25-44 and 45-54, as well as the number of labor force participants in these same age cohorts decreased between 2010-17. However, the labor force participation rate for this age group increased during that time because labor force participation rate is calculated by dividing the labor force by total population. As a result, the labor force participation rate increase appears to represent positive labor market conditions but in fact reflects concurrent negative trends in both the population and labor force.

Decline in the region’s prime-working age population is concerning, particularly as the region’s population and labor force continue to age. The decline is unique to the Chicago region. In contrast, increases in labor force participation among select peer regions—including the Boston, Los Angeles, and New York—are due to increases in their respective labor forces and populations.

Changes in population, size of labor force, and labor force participation rate among prime working age residents (ages 25-54), Chicago and select Metropolitan Statistical Areas, 2006-10 to 2013-17

Size of bubble represents the absolute value of percentage point change in labor force participation rate.

Source: Chicago Metropolitan Agency for Planning analysis of American Community Survey data, five-year estimates, 2006-10 and 2013-17.



Working age residents leaving the Chicago region outnumber new residents

Roughly 1.4 million adults ages 16-64 left the Chicago region to relocate elsewhere between 2012-17, including 860,000 labor force participants. Only 880,000 residents in this age group moved to the region during the same time. Of particular concern is the out-migration of the region’s prime working age population: 690,000 prime working age residents left the Chicago region to live elsewhere, including roughly 530,000 labor force participants.

It’s notable that while almost two-thirds of working-age adults leaving the region participated in the labor force, more of the working-age adults moving into the region from elsewhere—almost three-fourths—participate in the labor force. This suggests that the Chicago region has difficulty retaining non-workers yet does relatively well attracting workers.

This finding relates to prior CMAP [analysis](#), which indicate that low- and moderate-income residents are leaving the Chicago region, potentially in search of economic opportunity elsewhere. At the same time, the Chicago region is gaining high earners, suggesting that the region’s available employment options, quality of life, or cost of living may better meet the needs of high earners rather than lower earning individuals.

Taken together, this data suggests that while the Chicago region continues to attract working age adults, it struggles to retain them. As the number of residents and workers leaving the region continues to increase and outnumber those entering the region, one of our primary economic assets—people—diminishes, undermining the region’s economic growth and competitiveness.

Looking ahead

Metropolitan Chicago is home to a well-educated, diverse workforce of more than 5 million workers. However, recent demographic trends suggest the region is facing challenges to sustaining a diverse, adaptive, skilled workforce. Current projections show that population stagnation and decline, increased domestic outmigration, and an aging workforce could continue as the Chicago region struggles to keep pace with the nation overall and peer regions. This could threaten the region’s widespread prosperity and exacerbate growing racial and economic disparities in labor force participation and economic outcomes, [which are particularly stark for black residents](#).

The region’s long-range comprehensive plan [ON TO 2050](#) seeks to ensure metropolitan Chicago’s future [economic success](#). The plan highlights the critical role of a high quality labor pool in retaining and attracting economic growth. To prosper, the region needs to make [strategic investments](#) that will enable it to adapt to rapid changes, sustain a high quality of life, and build on advances in [education and workforce development](#). ON TO 2050 supports the development of a [shared vision](#) for the regional economy. To mitigate the effects of population decline and sustain a growing workforce, the Chicago region should [incorporate human capital priorities into sub-regional planning](#) and improve access to education and employment opportunities that [promote upward mobility](#). The Plan’s Prosperity chapter offers recommendations for policies and programs that are [inclusive](#), [prioritized](#), and [responsive](#) to market trends and economic outcomes, including persistent economic disparities.

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