



The Impact of a Minimum Wage Increase on Housing Affordability in Illinois

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About the Labor Education Program and the Project for Middle Class Renewal

The Labor Education Program (LEP) of the University of Illinois at Urbana-Champaign strongly believes that education plays an important role in helping every American worker realize the promise of economic opportunity. Established in 1947, LEP serves as a state wide educational and research program with offices in both Champaign and Chicago. Through extension programming and non-credit classes, LEP educates over 2,000 workers statewide on an annual basis. LEP faculty and staff also organize conferences and seminars related to current issues facing workers as well as produce applied and academic research products focused on unions and unionized workers, changes in the economy and labor markets, and the low-wage workforce. In 2015, LEP began the Project for Middle Class Renewal to support research on employment issues and to develop education programs on worker rights. For more information visit www.illinoislabored.org.

About the Voorhees Center

The Voorhees Center is a dynamic resource center that engages residents, leaders, and policymakers seeking effective strategies for advancing community livability and vitality. Since its founding in 1978, the center has worked collaboratively with a diverse set of partners to provide technical assistance, conduct research, and generate new knowledge in comprehensive community development and neighborhood quality-of-life issues. Grounded in the idea that all individuals have a right to such amenities as quality housing, education, jobs, transportation and safety to lead decent and productive lives, the Center strives to empower community residents and stakeholders and provides them with tools to pursue equitable futures. While rooted in Chicago, the center's community-driven and interdisciplinary approach has connected it with communities across the region, nation, and abroad. The Voorhees Center is a unit of the College of Urban Planning and Public Affairs at the University of Illinois at Chicago.

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EXECUTIVE SUMMARY

Higher earnings for Illinois workers resulting from a minimum wage increase stand to have impacts on their ability to sustain families and cover expenses. The greatest impact, however, might be in housing affordability. Housing costs, whether in the form of rent or mortgage payments and maintenance costs, make up the largest monthly expense for most households. This report examines what impact a minimum wage increase would have on housing affordability among working households. Minimum wage increases, however, effect more than just housing affordability. This report also explores reductions in reliance on public assistance programs as well as what impact changes to the minimum wage will have on employment levels and on state and local tax revenue. The report is divided into four sections: Part I: Impact on Housing Affordability, Part II: Impact on Public Assistance, Part III: Economic Impact, and Part IV: Summary & Recommendations.

PART I: IMPACT ON HOUSING AFFORDABILITY

Using data from the American Community Survey (ACS) Public Use Microdata Sample (PUMS) files, this analysis identifies which workers in Illinois would be affected by an increase to the minimum wage. It then determines what proportion of households with a potentially affected worker are housing cost burdened, defined using the U.S. Department of Housing and Urban Development (HUD) standard of devoting more than 30 percent of household income toward housing. Using three different minimum wage increase scenarios—an increase to \$10 per hour, to \$13 per hour, and to \$15 per hour—new household income and subsequent housing cost burden figures are calculated. The analysis is conducted for the state of Illinois as a whole as well as eight regions: Carbondale, Champaign-Urbana, Chicago, Peoria-Bloomington, Quad Cities, Rockford, Springfield-Decatur, and St. Louis. Table A lists the estimated number and percentage of workers potentially impacted by a \$10, \$13, and \$15 minimum wage increase. Table B displays the estimated reduction in cost burdened homeowners and renters resulting from these three minimum wage increase scenarios.

Table A: Number of Potentially Impacted Workers

	Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
	Workers		Workers		Workers	
	#	% of labor force	#	% of labor force	#	% of labor force
Illinois	875,030	17.3%	1,366,414	27.0%	1,706,564	33.8%
Carbondale Region	12,451	19.5%	20,311	31.9%	25,590	40.2%
Champaign Region	23,405	17.4%	36,451	27.1%	47,488	35.3%
Chicago Region	551,862	16.3%	864,158	25.6%	1,081,807	32.3%
Peoria Region	48,617	19.2%	74,715	29.5%	92,138	36.4%
Quad Cities Region	26,316	22.3%	38,942	33.1%	48,030	40.8%
Rockford Region	27,479	21.2%	41,887	32.3%	60,582	46.7%
Springfield Region	30,652	18.0%	48,112	28.3%	60,582	35.6%
St. Louis Region	35,049	17.4%	54,870	27.3%	69,481	34.6%

Table B: Change in housing cost burdened households

	Minimum Wage Increase To \$10/hr				Minimum Wage Increase To \$13/hr				Minimum Wage Increase To \$15/hr			
	Owners		Renters		Owners		Renters		Owners		Renters	
	#	%*	#	%*	#	%*	#	%*	#	%*	#	%*
Illinois	-17,011	-5% (-1%)	-32,615	-10% (-2%)	-37,393	-7% (-1%)	-77,504	-17% (-5%)	-56,624	-8% (-2%)	-114,151	-21% (-7%)
Carbondale	-490	-9% (-1%)	-373	-8% (-2%)	-839	-9% (-2%)	-1,153	-17% (-5%)	-914	-8% (-2%)	-1,203	-15% (-5%)
Champaign	-241	-3% (0%)	-1,170	-11% (-2%)	-574	-4% (-1%)	-3,579	-23% (-7%)	-974	-5% (-1%)	-4,913	-26% (-9%)
Chicago	-11,447	-6% (-1%)	-17,403	-9% (-2%)	-23,956	-8% (-1%)	-44,874	-15% (-4%)	-36,295	-9% (-2%)	-70,419	-20% (-6%)
Peoria	-788	-4% (0%)	-2,377	-15% (-4%)	-1,564	-5% (-1%)	-4,677	-20% (-6%)	-2,326	-6% (-1%)	-5,225	-19% (-7%)
Quad Cities	-275	-2% (0%)	-1,204	-18% (-3%)	-1,226	-7% (-1%)	-2,569	-26% (-7%)	-1,884	-8% (-2%)	-2,982	-25% (-8%)
Rockford	-531	-4% (-1%)	-1,143	-13% (-2%)	-849	-5% (-1%)	-3,282	-23% (-7%)	-945	-5% (-1%)	-4,062	-25% (-9%)
Springfield	-556	-4% (0%)	-2,117	-17% (-4%)	-1,606	-7% (-1%)	-3,963	-22% (-7%)	-2,382	-8% (-1%)	-5,334	-25% (-10%)
St. Louis	-517	-4% (0%)	-2,536	-20% (-4%)	-870	-4% (1%)	-4,604	-23% (-7%)	-1,756	-6% (-1%)	-6,732	-28% (-10%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

PART II: IMPACT ON PUBLIC ASSISTANCE

One of the often-cited benefits to increasing the minimum wage is that workers will be less reliant on public assistance or other anti-poverty programs, which could lead not only to self-sufficiency but reductions in government expenditures on these programs. According to PUMS data, Food Stamp/SNAP and Medicaid enrollment is currently higher among low wage workers (a person working full time with one dependent at the current minimum wage is eligible for Medicaid). Increases to the minimum wage could reduce use of both programs. PUMS data do not include information on housing assistance. However, HUD data indicate that 27 percent of Illinois households participating in housing assistance programs reported wages or business activity as a major source of household income. Increases to the minimum wage may reduce program enrollment, but might not result in net gains in housing affordability for those households as a result of reductions in subsidies or ineligibility.

PART III: ECONOMIC IMPACT

Part III of this study includes economic analyses to estimate the impacts of increasing the minimum wage for the entire state of Illinois and specifically for the greater metropolitan Chicago area. At the state level, economic models estimate the impacts of \$10, \$13, and \$15 statewide minimum wages. For the six-county metro Chicago region, models estimate the impacts of \$13 and \$15 minimum wages.

In line with existing academic literature on economic impacts of minimum wage increases, the net impacts of raising the minimum wage to \$13 per hour in the Chicago metropolitan region are fairly minimal (Hirsch, Kaufman and Zelenska 2011). This study anticipates that job losses from a minimum wage increase to \$13 per hour in this geographic area could result in the loss of 77,100 jobs in directly impacted industries. However, the wage increase for the remaining minimum wage workforce – roughly 1.3 million workers – could lead to creation of an additional 61,700 jobs in other industries. Combined, these impacts are equivalent to a net loss of approximately 11,600 jobs across the region or a 0.22 percent decline in employment.

Raising the minimum wage to \$15 per hour in the six-county metro Chicago region would likely yield similar results. In total, it can be expected that increasing the minimum wage to \$15 per hour in the Chicago metro area would result in roughly 27,500 jobs lost in minimum wage industries, and 63,100 jobs gained in industries subject to indirect or induced impacts. The net results of these impacts signify an employment growth of 0.67 percent in the local economy.

Statewide, this analysis predicts that a \$10 minimum wage would result in a loss of approximately 107,000 jobs statewide or 1.41 percent of the state’s total employment. The employment forecast improves when models are run

for \$13 and \$15 state minimum wages. This study anticipates that enacting a \$13 statewide minimum wage could lead to a direct loss of roughly 180,500 minimum wage jobs and creation of approximately 112,600 higher paid jobs. Accordingly, the combined employment impact could be an employment decline of only 0.89 percent statewide. Similarly, this study predicts that enactment of a \$15 minimum wage could result in loss of 228,400 minimum wage jobs across the state and creation of roughly 169,400 higher paid jobs. This employment impact signifies a 0.78 percent decrease in overall employment for Illinois.

Increased wages will also result in positive tax impacts for local governments, the State of Illinois, and the federal government. This research estimates that raising the minimum wage at the state level to \$10 per hour would result in more than \$550 million additional funds collected in state and local tax revenues. An increase of the Illinois minimum wage to \$13 per hour could result in more than \$1.5 billion in state and local taxes collected, while a \$15 statewide minimum wage could yield up to \$2.4 billion in additional taxes.

PART IV: SUMMARY & RECOMMENDATIONS

Housing cost burden is pervasive among low wage workers.

An estimated 43 percent of households with at least one worker earning less than \$10 per hour are housing cost burdened. This figure is 59 percent among renter households, which constitute a greater share among those earning less than \$10 per hour when compared to all households in Illinois.

Increases to the minimum wage would lessen housing cost burden.

Increases to the minimum wage would result in fewer housing cost burdened households across the board in Illinois, particularly among low wage renters. These results held true in all eight regions examined, with the biggest proportional gains resulting from a \$10 minimum wage occurring among homeowners in Carbondale and Chicagoland and renters in St. Louis, the Quad Cities, and Springfield.

Needs differ regionally as should minimum wage levels.

The need for a minimum wage increase is greatest in high cost-of-living regions with greater housing costs, namely, Chicago. Given higher earnings in this region, transition to a \$15 minimum wage will be smoother. In other parts of Illinois, earnings overall are lower as is cost of living, and a significant portion of the workforce currently earns less than \$15 per hour. This report analyzes all minimum wage occupations beyond just service sector industries, and so the potential economic ramifications of more than doubling the federal minimum wage to \$15 per hour and resulting firm location decisions must be taken into account. Accordingly, this research finds that a statewide minimum wage policy should provide for a baseline minimum wage that is higher than the current rate, and that each region pursue its own higher minimum wage laws in accordance with regional cost of living indicators. It is recommended the state enact at least a \$10 minimum wage in the upcoming year, with subsequent annual increases tied to inflation, and the Chicago metro region enact a \$15 minimum wage, implemented gradually in tandem with increases already planned for the City of Chicago.

Regional integration is needed

The Quad Cities and St. Louis in particular have regional economics and housing markets that span state boundaries. Adapting a regional approach to minimum wage laws will result in less disruption to local economies and housing markets.

Policy should continue to support affordable housing measures.

It has been demonstrated that minimum wage increases will position working households to better afford their housing. However, increasing the minimum wage is not a 'silver bullet solution' to housing affordability. Policy will need to support the production of affordable housing, in particular for those households not in the workforce such as seniors and a large proportion of persons with disabilities. Increases to the minimum wage may allow more households to become homeowners. However, lawmakers must work to ensure that we do not see a resurgence of predatory lending, and programs that support low income first time home buyers such as tax credits and down payment assistance programs should be available to eligible low income households.

INTRODUCTION

In July of 2015, the minimum wage for workers in Chicago increased to \$10 per hour. This increase is part of a long-term plan to increase wages to \$13 per hour by 2019. Chicago is not the only city enacting higher minimum wage laws. In May of 2015, the City of Los Angeles voted to increase its minimum wage from \$9 to \$15 per hour by 2020. This was preceded by similar votes in Seattle and San Francisco, where minimum wages will increase to \$15 per hour by 2017 and 2018 respectively.

Increased earnings stand to have impacts across the board on Illinois working households' ability to sustain families and cover expenses. The greatest impact, however, might be in housing affordability. Housing costs, whether in the form of rent or mortgage payments and maintenance costs, make up the largest monthly expense for most households. In Chicago, a significant proportion of households are over-burdened by their housing costs. According to criteria put forth by the U.S. Department of Housing and Urban Development (HUD), households are cost burdened if they devote more than 30 percent of their income towards housing expenses. In Illinois, 25 percent of owners and 48 percent of renters are cost burdened.¹ This figure is much higher among lower income households. For households earning less than \$35,000 annually, 73 percent of renters and 63 percent of homeowners are cost burdened (renters make up 57 percent of all households earning less than \$35,000).² A 2016 report produced by the National Low Income Housing Coalition notes that for a household in Illinois to afford a two bedroom rental at Fair Market Rent³ it must earn at least \$19.98 per hour working 40 hours per week, 52 weeks of the year (minimum wage in Illinois is currently \$8.25 per hour). An earner would have to work 81 hours per week at the current Illinois minimum wage to afford a one bedroom rental unit at average Fair Market Rent.

This report examines what impact a minimum wage increase would have on housing affordability among working households. Minimum wage increases, however, affect more than just housing affordability. Higher take-home pay may reduce the number of households reliant on public assistance and with it government expenditures on those programs. Changes to the minimum wage also will have impacts on employment levels, consumer prices, and state and local tax revenue. This report analyzes these effects alongside gains in housing affordability to holistically understand local impacts.

The report is divided into four sections: Part I: Impact on Housing Affordability, Part II: Impact on Public Assistance, Part III: Economic Impact, and Part IV: Summary & Recommendations

Part I examines the impact an increase to the minimum wage would have on housing affordability. It identifies the number of workers and corresponding households that would be eligible for a wage increase under three scenarios: an increase to \$10 per hour, to \$13 to hour, and \$15 per hour. Looking at pre-increase and post-increase housing cost burden figures, the analysis identifies how many previously burdened households would now be able to afford their housing costs under each scenario. Part I uses data from the U.S. Census Bureau's 2014 American Community Survey (ACS) Public Use Microdata Sample (PUMS) files. The PUMS files include variables on both housing and income and allow for the customized analysis required for this analysis. The analysis is conducted for the state of Illinois as a whole and for eight regions within Illinois: Carbondale, Champaign-Urbana, Chicago, Peoria, the Quad Cities, Rockford, Springfield-Decatur, and St. Louis. This section includes a description of methodology and limitations as well as a discussion of housing market impacts.

Part II examines the impact a minimum wage increase would have on reliance on public assistance and benefits and the cost outlays associated with these programs. It discusses Food Stamp usage, public assistance, Medicaid enrollment, and subsidized housing in the state of Illinois.

1 Data are from the 2014 1-Year Public Use Microdata Sample (PUMS).

2 Data are from the 2014 1-Year American Community Survey (ACS).

3 Fair Market Rent is determined by HUD on an annual basis. It typically represents the 40th percentile of gross rents for standard rental units, reflecting the cost of shelter and utilities in an area. It is used to determine payment standards for the Housing Choice Voucher program and Section 8 contracts.

Part III of this report provides an economic analysis of anticipated impacts should minimum wages increase in the Chicago metropolitan region and/or the state of Illinois. It examines anticipated effects on employment levels and on state and local tax revenue. The analysis in Part III was conducted using IMPLAN, an input-output modeling software. The scope of the potentially impacted workers identified in Part III differs from those identified in Part I, largely because different data sources were consulted to approximate the universe of impacted workers. Thus, figures differ in Part I and Part III. The analyses complement one another and provide insights into policy implications and recommendations that can be drawn from their findings.

The report concludes with a discussion of policy implications and recommendations based on the findings.

RESEARCH QUESTIONS

- How many workers and households in Illinois would be impacted by a minimum wage increase (to \$10, \$13, or \$15 per hour)?
- What impact would a minimum wage increase have on housing affordability? Will fewer households be cost burdened?
- Will an increase to the minimum wage decrease public assistance usage and expenditures?
- What impact will a minimum wage increase have on employment levels and tax revenue in Illinois and in the six-county Chicago region?

PART I: IMPACT ON HOUSING AFFORDABILITY

INTRODUCTION

This section examines the impact a minimum wage increase would have on housing affordability. It identifies the number of workers and corresponding households that would be eligible for a wage increase under three scenarios: an increase to \$10 per hour, to \$13 to hour, and \$15 per hour. Looking at pre-increase and post-increase housing cost burdened figures, the analysis identifies how many previously burdened households would now be able to afford their housing costs under each scenario. It uses HUD standards that define housing as affordable if a household is contributing no more than 30 percent of income towards housing costs, whether gross rent or mortgage payments and other owner costs.

The analysis was conducted for the entire state of Illinois as well as eight regions in the state: Carbondale, Champaign-Urbana, Chicago, Peoria-Bloomington, Quad Cities, Rockford, Springfield-Decatur, and St. Louis. In regions that span multiple states (Quad Cities and St. Louis), the analysis only includes the portions of the region located in Illinois. The data used to conduct this analysis is from the U.S. Census Bureau's Public Use Microdata Sample (PUMS) files. PUMS files are a set of untabulated records from the American Community Survey (ACS) about individual people or housing units. The PUMS files allow users to create custom tabulations of data not available from the ACS tables published by the Census Bureau. PUMS data are available for Public Use Microdata Area (PUMA) geographies. PUMAs are required to contain at least 100,000 people. In some of the regions examined in this study, PUMA boundaries did not directly coincide with local definitions of the region. Therefore, the analysis may include additional counties not listed in local definitions of the region but which share a PUMA boundary with other counties within those definitions. The analysis was conducted based on place of residence within Illinois, not one's place of employment (96.3 percent of those living in Illinois work in Illinois according to PUMS data, and 97.0 percent of Illinois residents earning less than \$15 per hour work in Illinois). Additionally, the analysis did not include persons living in group quarters which include such places as college residence halls, residential treatment centers, skilled nursing facilities, group homes, military barracks, correctional facilities, and workers' dormitories.

Detailed below are the methodology used, state and regional results, study limitations, and a discussion of housing price impacts.

METHODOLOGY

Identify Workers who would be impacted by Increases to the Minimum Wage

The initial step of this process is to determine which workers would be impacted by potential increases to the minimum wage. To do this, the analysis utilized a method developed by the Center on Wage and Employment Dynamics at the Institute for Research on Labor and Employment at the University of California, Berkeley (UC Berkeley; Perry and Bernhardt 2015). This method identifies workers actively connected to the workforce whose hourly wage falls below three thresholds representing hypothetical minimum wage increases: \$10 per hour, \$13 per hour, and \$15 per hour. Data come from the 2014 One-Year PUMS American Community Survey (ACS). The ACS was used rather than the Current Population Survey or other data sources because (a) the ACS has a much larger sample size, which is critical for local analyses, (b) it is representative at the county level, and (c) includes information on housing costs and characteristics within the same dataset. The sample of potentially impacted workers consists of U.S. civilians aged 16 to 64, who had non-zero income in the previous 12 months, who worked last week, and who are not self-employed, unpaid family workers, or federal or state government employees (these groups of workers are not covered by city or county minimum wage laws). Additionally, per the UC Berkeley method, the analysis included only respondents who worked more than 13 weeks last year and who usually worked more than three hours per week. The goal with this selection is to identify workers actively connected to the labor market.

Hourly wage as a variable is not available from the ACS; therefore, following standard practice, it must be computed using annual earnings from salaries and wages divided by the product of weeks worked last year and usual hours worked per week. "Weeks worked last year" is a categorical variable of intervals of weeks worked (such as 14-26

weeks or 50-52 weeks). This was converted to a continuous variable by setting the number of weeks worked to the midpoint of each interval. The annual earnings variable includes wages, salary, commissions, cash bonuses and tips from all jobs, before deductions for taxes.

Determine Growth in Personal Income Resulting from a Minimum Wage Increase

To determine growth in personal income resulting from a minimum wage increase, three new hourly wage variables were created for each individual in the PUMS files representing hypothetical minimum wage increases to \$10, \$13, and \$15 per hour. If an observation's hourly wage was above each of the three thresholds, it remained the same in the new variable, reflecting that the worker would be unaffected. If computed hourly wage was under the threshold, it was increased to that threshold. For example, if an observation's hourly wage was \$9.30/hour, it was increased to \$10 under that minimum wage increase scenario. New annual earnings variables were computed for each observation by multiplying the new hourly wage figure by the combined product of observed average hours worked per week and weeks worked in the previous year.

Determine Increases to Household Income

Housing is purchased at the household level, not at the individual level. As such, PUMS data provides housing characteristics at the household level, with a unique serial number for each housing record so the person and housing files can be merged. Once it was determined how much personal income would increase under each minimum wage increase scenario, the remainder of the analysis was conducted at the household level, as that unit of analysis is more meaningful when discussing housing affordability.

To determine the increases to total household income resulting from hypothetical minimum wage increases, a pivot table was created displaying the difference between old annual earnings and new annual earnings for each person record. This was then appended to the housing PUMS file to allow for analysis at the household level.

Determining Housing Cost Burden for Potentially Impacted Households

Per standards put forth by the U.S. Department of Housing and Urban Development (HUD), housing is considered unaffordable to a household if housing expenses comprise more than 30 percent of income. Using this threshold, it was determined how many households with workers eligible for a minimum wage increase were currently housing cost burdened. Housing costs are available from PUMS data. For renters, housing costs consist of gross rent (rent plus utilities). For owners, the variable 'selected monthly owner costs' is used, which includes mortgage payments and taxes among other items. Cost burden figures are calculated based on total household income.

For the purposes of this analysis, renters occupying properties without the payment of rent were not considered housing cost burdened, as they devote less than 30 percent of income toward rent. Regional Housing cost burden figures (gross rent or owner costs divided by household income) were not computed for households with zero income.

Determining Boosts to Housing Affordability from a Minimum Wage Increase

The final step of the analysis is to determine what impact added income from a minimum wage increase would have on housing affordability. Using the new household income figures calculated previously for each wage increase scenario (\$10, \$13, and \$15/hour), new housing cost burden figures were calculated. For renter households, gross rent was divided by new monthly household income (household income divided by 12). For owners, selected monthly owner costs were divided by new monthly household income.

RESULTS

Presented first is a profile of the characteristics of eligible low wage workers in the state of Illinois. This is followed by statewide findings and corresponding results for the eight regions examined. Findings include the number of potentially impacted workers and households, current housing cost burden figures among that population, and resulting decreases in housing cost burden from a minimum wage increase. Also included are a state and eight regional housing profiles to provide a picture of local housing market conditions.

PROFILE OF POTENTIALLY IMPACTED WORKERS

According to 2014 data, there are over 5 million workers in Illinois actively connected to the labor force (using the criteria detailed above), with 3.3 million earning over \$15 per hour, and 1.7 million earning less than \$15 per hour (see Table 1.1). Among Illinois workers earning less than \$15 per hour, 73 percent were over the age of 25 and 12 percent were over the age of 55 (see Table 1.2). Female workers outpaced male workers among those earning less than \$15 per hour (see Table 1.3). Racial and ethnic minorities made up a larger share of low wage workers (see Tables 1.4 and 1.5). Seventy-three percent worked full time, defined as 35 or more hours per week (see Table 1.6).

Table 1.1: Total Number of Workers*

Under \$10/hr	Under \$13/hr	Under \$15/hr	Over \$15/hr
875,030	1,366,414	1,706,564	3,345,267

*Data for workers making under \$10, \$13, and \$15 per hour includes workers that would be eligible for a minimum wage increase (private and non-profit sector) and excludes government and self-employed workers. Data for workers making over \$15 per hour includes all classes of workers (private, non-profit, government, and self-employed).

Table 1.2: Age Distribution

Age	Under \$10/hr	Under \$13/hr	Under \$15/hr	Over \$15/hr
16-19 yrs.	10%	8%	7%	0%
20-24 yrs.	26%	23%	20%	3%
25-34 yrs.	24%	25%	27%	22%
35-44 yrs.	16%	17%	18%	26%
45-54 yrs.	14%	15%	16%	28%
55-64 yrs.	10%	11%	12%	20%

Table 1.3: Gender Distribution

Gender	Under \$10/hr	Under \$13/hr	Under \$15/hr	Over \$15/hr
Male	44%	45%	45%	56%
Female	56%	55%	55%	44%

Table 1.4: Racial Distribution

Race	Under \$10/hr	Under \$13/hr	Under \$15/hr	Over \$15/hr
White	70%	70%	70%	79%
Black/African American	13%	13%	13%	10%
Asian	4%	4%	4%	6%
Two or more races	2%	2%	2%	1%
Other	11%	11%	11%	4%

Table 1.5: Ethnic Distribution

	Under \$10/hr	Under \$13/hr	Under \$15/hr	Over \$15/hr
Non-Hispanic/Latino	71%	72%	73%	89%
Hispanic/Latino	29%	28%	27%	11%

Table 1.6: Full versus Part Time

	Under \$10/hr	Under \$13/hr	Under \$15/hr	Over \$15/hr
Full Time*	71%	72%	73%	89%
Part Time	29%	28%	27%	11%

*Defined as working 35 hours or more hours per week.

STATEWIDE RESULTS

In 2014, Illinois had over 5 million people actively connected to the labor force (see Table 1.7). An estimated 17.3 percent of workers in Illinois actively connected to the workforce earned less than \$10 per hour. Twenty-seven percent earned less than \$13 and 33.8 percent earned less than \$15. At the household level, 21.2 percent of all households with at least one worker actively connected to the labor force reported one or more workers earning less than \$10 per hour, 32.0 percent had one or more earning less than \$13 per hour, and 39.2 percent had one or more earning \$15 per hour (see Table 1.8). Homeownership rates were lower among these households compared to the state average (see Tables 1.9 and 1.13). Twenty-seven percent of owner households with a worker currently earning under \$15 and \$13 and 28 percent of those earning under \$10 were housing cost burdened, which is slightly above the state average (see Tables 1.10 and 1.14). Rent burden was much more pervasive. Fifty-nine percent of renting households with a worker earning less than \$10 per hour, 55 percent of those with a worker earning \$13 per hour, and 53 percent of those with a worker earning less than \$15 per hour were rent burdened (see Table 1.10). This exceeds the state average of 48 percent (see Table 1.14).

These data show that increases to the minimum wage would result in fewer housing cost burdened households. A minimum wage increase to \$10 per hour would decrease the number of cost burdened homeowner households by 17,011 and the number of rent burdened households by 32,615. In other words, 17,011 more households who own their homes and 32,615 more renter households would now be able to afford their monthly housing costs using HUD's 30 percent cost over income threshold. This represents a decrease of 5 percent and 10 percent respectively among owner and renter households with a worker currently earning less than \$10 per hour and a 1 percent and 2 percent reduction among all households in Illinois who own and rent respectively. An increase to \$13 per hour would result in a reduction of 37,393 cost burdened owners and 77,504 renters (7 percent and 17 percent respectively among low wage households and 1 percent and 5 percent for the state of Illinois as a whole). An increase to \$15 per hour would result in a reduction of 56,564 cost burdened owner households and 114,151 rent burdened households (8 percent and 21 percent respectively among households with a low wage worker and 2 percent and 5 percent for the state as a whole. See Table 1.11).

Table 1.7: Population Characteristics, Illinois

Total Population	12,880,580
Number of Persons Actively Connected to the labor force	5,051,831
Total Number of Households	4,772,429
Number of Households with at least one person actively connected to the workforce	3,113,384

Table 1.8: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	%	#	%	#	%
875,030	17.3%	1,366,414	27.0%	1,706,564	33.8%
Households		Households		Households	
#	%	#	%	#	%
659,638	21.2%	995,725	32.0%	1,220,156	39.2%

Table 1.9: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	53%	54%	56%
Renters	47%	46%	44%

Table 1.10: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	250,611	72%	390,193	73%	496,127	73%
More than 30%	97,010	28%	146,397	27%	180,890	27%
Total	347,621	100%	536,590	100%	677,017	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	128,030	41%	205,002	45%	256,874	47%
More than 30%	183,987	59%	254,133	55%	286,265	53%
Total	312,017	100%	459,135	100%	543,139	100%

Table 1.11: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%*	#	%*	#	%*
-17,011	-5% (-1%)	-37,393	-7% (-1%)	-56,624	-8% (-2%)
Renters		Renters		Renters	
#	%*	#	%*	#	%*
-32,615	-10% (-2%)	-77,504	-17% (-5%)	-114,151	-21% (-5%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

State Housing Profile

Median home value in Illinois is \$170,000 and median gross rent is \$913 (see Table 1.12). Sixty-six percent of households own their home, two-thirds of whom have mortgages. Thirty-four percent rent (see Table 1.13). Twenty-five percent of homeownership households and 45 percent of renters are housing cost burdened (see Table 1.14). Sixty-four percent of the housing stock is comprised of single family attached and detached housing. Nineteen percent of units are in two to nine unit buildings with 17 percent in buildings with ten or more units. Three percent of the housing stock is comprised of mobile homes (see Table 1.15).

Table 1.12: Housing Characteristics, Illinois

Median Home Value	\$170,000
Median Gross Rent	\$913
Median Household Income	\$58,489

Table 1.13: Housing Tenure

Tenure	% of total
Owned with Mortgage	42.6%
Owned without Mortgage	23.1%
Rented	32.7%
Occupied without Rent	1.6%

Table 1.14: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	74.9%
30% - 40%	9.6%
40% - 50%	4.8%
50% or more	10.1%
Not Computed	0.7%
Renters	
Gross Rent as a % of income	% of total
30% or less	52.5%
30% - 40%	13.3%
40% - 50%	7.6%
50% or more	23.6%
Not Computed	3.1%

Table 1.15: Housing Units by Building Type

Building Type	#	%
Single Family (attached & detached)	3,411,661	64.3%
2-9 unit buildings	1,008,104	19.0%
10-49 unit buildings	400,292	7.5%
50+ unit buildings	353,259	6.7%
Mobile Homes	132,508	2.5%
Other	1,684	0.0%
Total	5,307,508	100.0%

REGIONAL RESULTS

REGION 1: CARBONDALE

Counties: Franklin, Jackson, Perry, Williamson

Carbondale is the smallest of the eight regions examined in this study with a population of 188,138 (see Table 1.16). Southern Illinois University is a large presence in the region, which effects the dynamics of its housing market. As a public university, minimum wage laws would not apply to its direct employees, and persons living in group quarters, which include college residence halls, were not included in the analysis.

Currently, 20 percent of workers actively connected to the labor force earn less than \$10 per hour, 32 percent earn less than \$13, and 40 percent earn less than \$15. This represents 25 percent, 39 percent, and 49 percent of all households connected to the labor force respectively (see Table 1.17). Among households with a worker earning less than \$10 per hour, 55 percent own homes, and of those, 23 percent are housing cost burdened. Among the remaining 45 percent who rent, 41 percent are cost burdened (see Tables 1.18 and 1.19).

A minimum wage increase to \$10 per hour would result in 490 fewer owner cost burdened and 373 fewer rent burdened households—an 8 percent reduction in the proportion of both homeowners and renting households with an eligible minimum wage worker. This would mark a 1 percent decrease among all homeowners and a 2 percent decrease among all renters in the region (see Table 1.20).

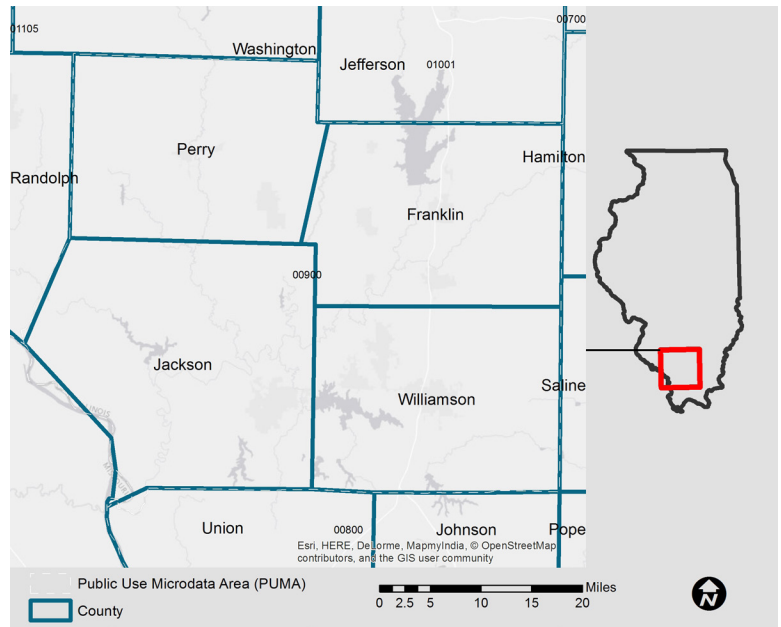


Table 1.16: Population Characteristics, Carbondale Region

Total Population	188,138
Number of Persons Actively Connected to the labor force	63,713
Total Number of Households	74,559
Number of Households with at least one person actively connected to the workforce	40,608

Table 1.17: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
12,451	19.5%	20,311	31.9%	25,590	40.2%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
10,166	25.0%	15,673	38.6%	19,689	48.5%

Table 1.18: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	55%	58%	60%
Renters	45%	42%	40%

Table 1.19: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	4,297	77%	7,447	82%	10,028	84%
More than 30%	1,286	23%	1,623	18%	1,721	16%
Total	5,583	100%	9,070	100%	11,479	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	2,682	59%	3,792	55%	4,987	63%
More than 30%	1,901	41%	2,811	45%	2,953	37%
Total	4,583	100%	6,603	100%	7,940	100%

Table 1.20: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%	#	%	#	%
-490	-9% (-1%)	-839	-9% (-2%)	-914	-8% (-2%)
Renters		Renters		Renters	
#	%	#	%	#	%
-373	-8% (-2%)	-1,153	-17% (-5%)	-1,203	-15% (-5%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Carbondale Regional Housing Profile

Housing costs in Carbondale are the lowest of the eight regions examined in this study, with a median home value of \$85,000 and \$615 median gross rent (see Table 1.21). Sixty-seven percent of households own their homes, half of whom currently have a mortgage (see Table 1.22). Despite low housing costs, 17 percent of owners and 37 percent of renters are housing cost burdened (see Table 1.23). Sixty-eight percent of housing units are single family homes and 20 percent are in multi-unit buildings. Carbondale has a significant number of mobile homes (11 percent of the housing stock. See table 1.24).

Table 1.21: Housing Characteristics, Carbondale Region

Median Home Value	\$85,000
Median Gross Rent	\$615
Median Household Income	\$38,018

Table 1.22: Housing Tenure

Tenure	% of total
Owned with Mortgage	34.9%
Owned without Mortgage	32.3%
Rented	29.3%
Occupied without Rent	3.6%

Table 1.23: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	82.4%
30% - 40%	5.8%
40% - 50%	4.3%
50% or more	6.4%
Not Computed	1.1%
Renters	
Gross Rent as a % of income	% of total
30% or less	54.7%
30% - 40%	11.5%
40% - 50%	3.5%
50% or more	22.1%
Not Computed	8.2%

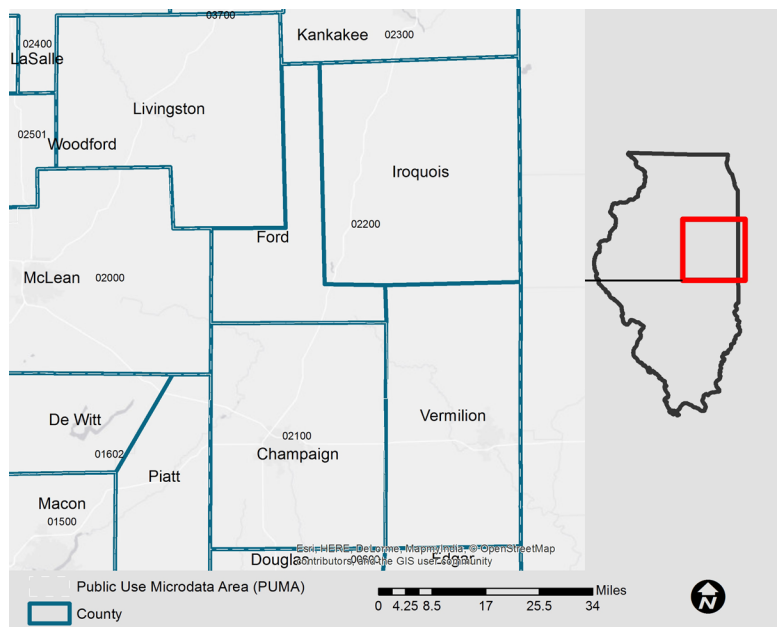
Table 1.24: Housing Units by Building Type

Building Type	#	%
Single Family (attached & detached)	59,772	68.3%
2-9 unit buildings	11,421	13.0%
10-49 unit buildings	4,959	5.7%
50+ unit buildings	1,130	1.5%
Mobile Homes	9,790	11.2%
Other	150	0.2%
Total	87,430	100.0%

REGION 2: CHAMPAIGN-URBANA

Counties: Champaign, Ford, Iroquois, Livingston, Vermilion

368,550 people reside in the five-county Champaign-Urbana area (see Table 1.25. This excludes persons living in college residence halls). A central economic driver in the region is the University of Illinois with an enrollment of 44,000 students. When considering which workers will be impacted by minimum wage increases it is important to note that government employees, including all persons directly employed by the University of Illinois, are not included in minimum wage legislation. Currently, 17 percent of workers in Champaign-Urbana earn less than \$10 per hour, 27 percent earned less than \$13 per hour, and 35 percent earned less than \$15 per hour. This represents 22 percent, 34 percent, and 44 percent respectively of all households connected to the labor force (see Table 1.26). Slightly more than half of these households rent rather than own homes (see Table 1.27). Sixteen percent of those who own and 54 percent of those



who rent are housing cost burdened (see Table 1.28).

A minimum wage increase to \$10 per hour would result in 241 fewer cost burdened owner households and 1,170 fewer rent burdened households. This represents a 3 percent reduction in the proportion of cost burdened homeowners and an 11 percent reduction in the proportion of rent burdened households among those with one or more eligible workers earning less than \$10 per hour. When considering all households in the region, the minimum wage increase would decrease the proportion of housing cost burdened households by less than 1 percent among owners and 2 percent among renters. A minimum wage increase to \$13 per hour would result in 574 fewer cost burdened owner households and 3,579 fewer rent burdened households (a 4 percent and 23 percent decrease respectively among households with a low wage worker and a 1 percent and 7 percent decrease for the entire region). A minimum wage increase to \$15 per hour would result in 974 fewer cost burdened owner households and 4,913 fewer rent burdened households (a 5 percent and 26 percent decrease among households with a low wage worker and a 1 percent and 9 percent decrease among all households in the region) (see Table 1.29).

Total Population	368,550
Number of Persons Actively Connected to the labor force	134,676
Total Number of Households	144,757
Number of Households with at least one person actively connected to the workforce	86,792

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
23,405	17.4%	36,451	27.1%	47,488	35.3%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
19,087	22.0%	29,340	33.8%	37,851	43.6%

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	46%	47%	49%
Renters	54%	53%	51%

Table 1.28: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	7,467	85%	11,497	83%	15,676	84%
More than 30%	1,358	15%	2,384	17%	3,024	16%
Total	8,825	100%	13,881	100%	18,700	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	3,742	36%	6,315	41%	8,814	46%
More than 30%	6,520	54%	9,144	59%	10,337	54%
Total	10,262	100%	15,459	100%	19,151	100%

Table 1.29: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%*	#	%*	#	%*
-241	-3% (0%)	-574	-4% (-1%)	-974	-5% (-1%)
Renters		Renters		Renters	
#	%*	#	%*	#	%*
-1,170	-11% (-2%)	-3,579	-23% (-7%)	-4,913	-26% (-9%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Champaign-Urbana Regional Housing Profile

Champaign-Urbana's housing market is heavily influenced by the presence of the University of Illinois. A slightly larger proportion of households rent compared to the state average and comparable Illinois regions (see Table 1.31). Median home values is \$110,000 and median gross rent is \$736 (see Table 1.30). Seventeen percent of owners and 50 percent of renters are housing cost burdened (see Table 1.32). Over 70 percent of the regional housing stock is comprised of single family units (see Table 1.33).

Table 1.30: Housing Characteristics, Champaign-Urbana Region

Median Home Value	\$110,000
Median Gross Rent	\$736
Median Household Income	\$45,379

Table 1.31: Housing Tenure

Tenure	% of total
Owned with Mortgage	36.5%
Owned without Mortgage	26.6%
Rented	34.9%
Occupied without Rent	2.0%

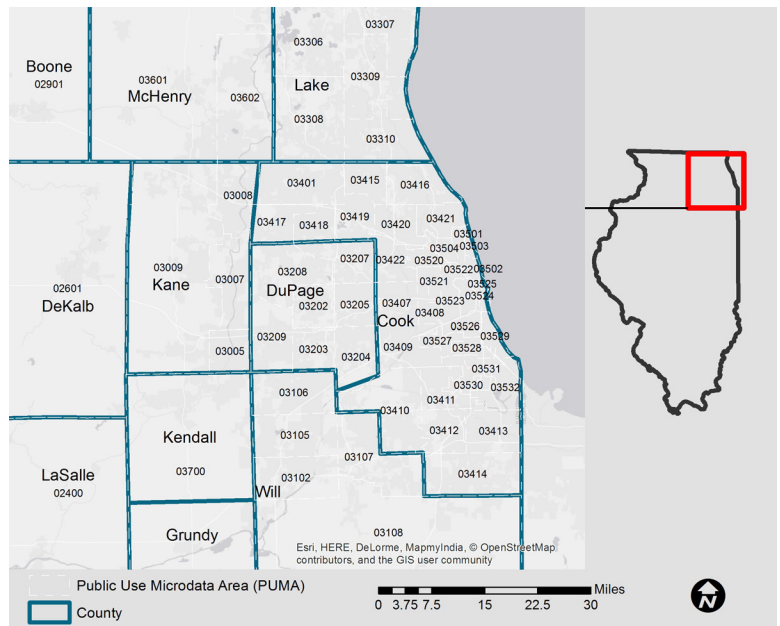
Table 1.32: Housing Costs as a Percentage of Household Income	
Owners	
Owner Costs as a % of income	% of total
30% or less	82.5%
30% - 40%	6.5%
40% - 50%	2.8%
50% or more	7.7%
Not Computed	0.6%
Renters	
Gross Rent as a % of income	% of total
30% or less	45.2%
30% - 40%	11.7%
40% - 50%	8.1%
50% or more	29.7%
Not Computed	5.9%

Table 1.33: Housing Units by Building Type		
Building Type	#	%
Single Family (attached & detached)	115,295	71.5%
2-9 unit buildings	18,894	11.6%
10-49 unit buildings	16,234	1.1%
50+ unit buildings	4,280	2.7%
Mobile Homes	6,552	4.1%
Other	0	0.0%
Total	161,253	100.0%

REGION 3: CHICAGO

Counties: Cook, DuPage, Lake, Will, Kane, McHenry

The Chicago region with 8.4 million people is the largest in Illinois and includes the third most populous city in the United States (see Table 1.34). Cost of living is higher in Chicago compared to the seven other regions examined in this study as evidenced by higher home values, rent prices, and housing cost burden rates (see Tables 1.40 and 1.41). Sixteen percent of workers actively connected to the labor force earn less than \$10 per hour, 26 percent earn less than \$13 per hour, and 32 percent make less than \$15 per hour. This represents 20 percent, 30 percent, and 36 percent respectively of all households actively connected to the labor force (see Table 1.35). Of these households, roughly half own homes and half rent (see Table 1.36). Thirty-four percent of these homeowning households are housing cost burdened. Well over half of low-wage renters are housing cost burdened (see Table 1.37).



A minimum wage increase to \$10 per hour would result in 11,447 fewer cost burdened homeowners and 17,403 fewer cost burdened renters. This represents a 6 percent and 9 percent drop respectively in the proportion of cost burdened households among those with a worker currently earning less than \$10 per hour. Regionally, the proportion of cost burdened homeowners would decrease by 1 percent and renters by 2 percent. An increase to \$13 per hour would result in 23,956 fewer owner cost burdened and 44,874 rent burdened households. This represents an 8 percent reduction in the proportion of cost burdened homeowners and a 15 percent reduction in the proportion of rent burdened households among eligible worker households, and a 1 percent and 4 percent decrease among all households in the region. A minimum wage increase to \$15 per hour would mean 36,295 fewer cost burdened homeowner households and 70,419 fewer rent burdened households. This represents a 9 percent and a 20 percent reduction respectively among eligible households with a worker earning less than \$15 per hour, and a 2 and 6 percent reduction among all households living in the region (see Table 1.38).

Table 1.34: Population Characteristics, Chicago Region

Total Population	8,404,072
Number of Persons Actively Connected to the labor force	3,376,427
Total Number of Households	3,023,057
Number of Households with at least one person actively connected to the workforce	2,056,367

Table 1.35: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
551,862	16.3%	864,158	25.6%	1,081,807	32.3%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
408,765	19.9%	613,569	29.8%	748,573	36.4%

Table 1.36: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	51%	51%	52%
Renters	49%	49%	48%

Table 1.37: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	136,392	66%	205,463	66%	260,500	66%
More than 30%	71,151	34%	107,545	34%	132,192	34%
Total	207,543	100%	313,008	100%	392,692	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	78,147	39%	123,345	41%	153,691	43%
More than 30%	123,075	61%	177,216	59%	202,190	57%
Total	201,222	100%	300,561	100%	355,881	100%

Table 1.38: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%*	#	%*	#	%*
-11,447	-6% (-1%)	-23,956	-8% (-1%)	-36,295	-9% (-2%)
Renters		Renters		Renters	
#	%*	#	%*	#	%*
-17,403	-9% (-2%)	-44,874	-15% (-4%)	-70,419	-20% (6%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Chicago Regional Housing Profile

Housing costs in the Chicago region are significantly higher than anywhere else in the state. Median home value is \$210,000 and median gross rent is \$1,019 (see Table 1.39). Sixty-three percent of households own their homes and of these two thirds have a mortgage (see Table 1.40). Twenty-nine percent of owners and 46 percent of renters are housing cost burdened (see Table 1.41). Fifty-seven percent of the housing stock is comprised of single family homes with the remaining 33 percent located in multi-unit buildings (see Table 1.42).

Table 1.39: Housing Characteristics, Chicago Region

Median Home Value	\$210,000
Median Gross Rent	\$1,019
Median Household Income	\$63,127

Table 1.40: Housing Tenure

Tenure	% of total
Owned with Mortgage	43.6%
Owned without Mortgage	19.6%
Rented	35.5%
Occupied without Rent	1.3%

Table 1.41: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	70.0%
30% - 40%	11.1%
40% - 50%	5.9%
50% or more	12.3%
Not Computed	0.7%
Renters	
Gross Rent as a % of income	% of total
30% or less	50.9%
30% - 40%	13.6%
40% - 50%	8.0%
50% or more	24.4%
Not Computed	3.1%

Table 1.42: Housing Units by Building Type

Building Type	#	%
Single Family (attached & detached)	1,901,308	57.0%
2-9 unit buildings	792,605	23.8%
10-49 unit buildings	309,441	9.3%
50+ unit buildings	305,569	9.2%
Mobile Homes	800	0.8%
Other	25,282	0.0%
Total	3,335,005	100.0%

REGION 4: PEORIA-BLOOMINGTON

Counties: McLean, Peoria, Woodford, Tazewell, Stark, Knox, Bureau, Putnam, Marshall

645,325 people reside in the Peoria-Bloomington region (see Table 1.43). Nineteen percent of workers earn less than \$10 per hour, 30 percent earn less than \$13, and 36 percent earn less than \$15. This constitutes 23 percent, 36 percent, and 43 percent respectively of all households actively connected to the labor market (see Table 1.44). Fifty-five percent of households with a worker earning less than \$10 per hour own their homes while 45 percent rent (see Table 1.45). Of these, 18 percent of owners and 54 percent of renters are housing cost burdened (see Table 1.46).

An increase in the minimum wage to \$10 per hour would result in 788 fewer owner cost burdened and 2,562 fewer rent burdened households. This represents a 4 percent reduction in the proportion of cost burdened owners and a 15 percent reduction in the proportion of rent burdened households among those with an impacted worker.

Regionally, this would result in a less than 1 percent reduction among homeownership households who are cost burdened, and a 4 percent reduction among all renter households (see Table 1.47).

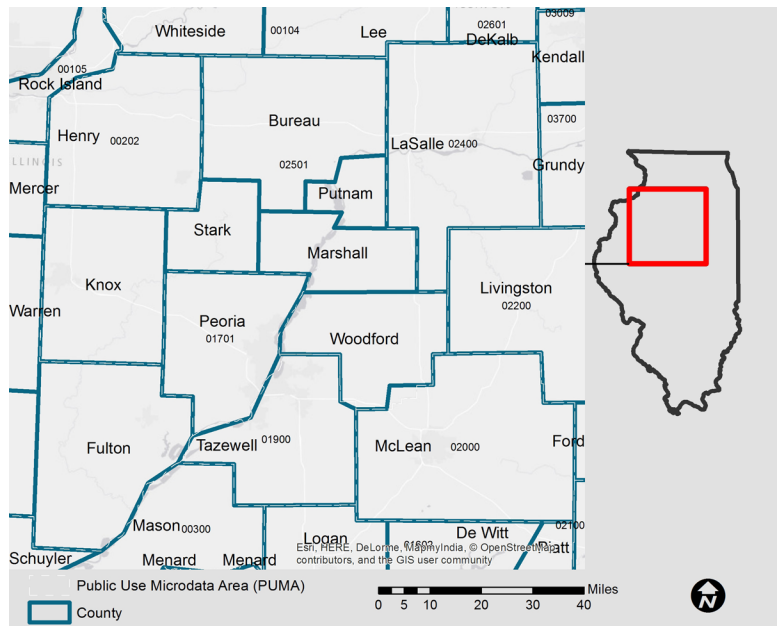


Table 1.43: Population Characteristics, Peoria-Bloomington Region

Total Population	645,325
Number of Persons Actively Connected to the labor force	253,469
Total Number of Households	253,901
Number of Households with at least one person actively connected to the workforce	161,129

Table 1.44: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
48,617	19.2%	74,715	29.5%	92,138	36.4%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
37,475	23.3%	57,432	35.6%	69,659	43.2%

Table 1.45: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	55%	59%	60%
Renters	45%	41%	40%

Table 1.46: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	16,845	82%	27,645	82%	34,079	82%
More than 30%	3,756	18%	6,004	18%	7,357	18%
Total	20,631	100%	33,679	100%	41,466	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	7,705	46%	13,086	55%	16,473	58%
More than 30%	9,139	54%	10,667	45%	11,720	42%
Total	16,844	100%	23,753	100%	28,193	100%

Table 1.47: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%*	#	%*	#	%*
-788	-4% (0%)	-1,564	-5% (-1%)	-2,326	-6% (-1%)
Renters		Renters		Renters	
#	%*	#	%*	#	%*
-2,562	-15% (-4%)	-4,677	-20% (-6%)	-5,225	-19% (-7%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Regional Housing Profile

Median Home value in Peoria-Bloomington is \$128,000 and median gross rent is \$711 (see Table 1.48). Sixty-nine percent of households own their homes and of these two-thirds have a mortgage (see Table 1.49). Fourteen percent of owners and 38 percent of renters are housing cost burdened (see Table 1.50). Three quarters of the housing stock is comprised of single family homes (see Table 1.51).

Table 1.48: Housing Characteristics, Peoria-Bloomington Region

Median Home Value	\$128,000
Median Gross Rent	\$711
Median Household Income	\$54,455

Table 1.49: Housing Tenure

Tenure	% of total
Owned with Mortgage	42.5%
Owned without Mortgage	26.6%
Rented	29.4%
Occupied without Rent	1.5%

Table 1.50: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	85.2%
30% - 40%	5.4%
40% - 50%	2.6%
50% or more	6.1%
Not Computed	0.7%
Renters	
Gross Rent as a % of income	% of total
30% or less	60.1%
30% - 40%	11.6%
40% - 50%	5.4%
50% or more	21.1%
Not Computed	1.3%

Table 1.51: Housing Units by Building Type

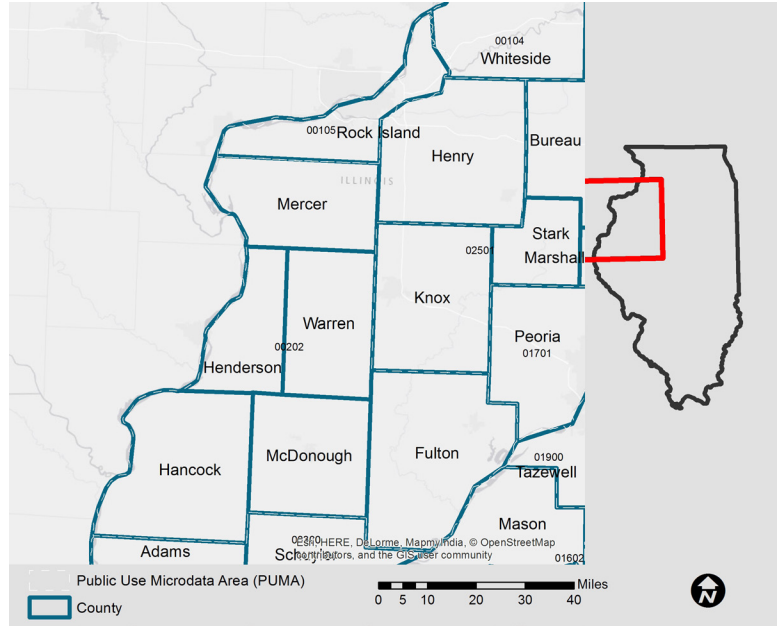
Building Type	#	%
Single Family (attached & detached)	212,554	76.0%
2-9 unit buildings	30,570	11.0%
10-49 unit buildings	19,987	7.1%
50+ unit buildings	6,785	2.4%
Mobile Homes	9,683	3.5%
Other	89	0.0%
Total	279,668	100.0%

REGION 5: QUAD CITIES

Counties: Rock Island, Henry, Mercer, Warren, Henderson, Hancock, McDonough, Fulton

Analysis of the Quad Cities region includes eight counties in Illinois and does not include those across the state boarder in Iowa. (321,359 people live in these eight counties (see Table 1.52)). Nonetheless, it is important to consider that the Quad Cities' economy operates largely as a comprehensive region across state boundaries. According to PUMS data, 81 percent of persons residing in these Illinois counties work in Illinois. The majority of the remaining 19 percent work in neighboring Iowa.

The Quad Cities has the highest rate of homeownership among the eight regions examined at 71 percent (see Table 1.59). This has translated to low wage households as well, with 63 percent of households with at least one worker earning less than \$10 per hour owning homes (see Table 1.54).



Twenty-two percent of workers actively connected to the workforce make under \$10 per hour, which is the highest of any region examined by a small margin. This constitutes 25 percent of all households connected to the labor market (see Table 1.53). Currently, 18 percent of owner households and 51 percent of renter households with at least one worker making less than \$10 per hour are housing cost burdened (see Table 1.55).

A minimum wage increase to \$10 per hour would result in 275 fewer cost burdened homeowning households and 1,204 fewer rent burdened households—2 percent and 18 percent reduction respectively among households with an affected worker. This would mark a less than 1 percent decrease among all homeowners and a 3 percent decrease among all renters in the region (see Table 1.56).

Table 1.52: Population Characteristics, Peoria-Bloomington Region

Total Population	321,359
Number of Persons Actively Connected to the labor force	114,797
Total Number of Households	128,698
Number of Households with at least one person actively connected to the workforce	73,953

Table 1.53: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
26,316	22.3%	38,942	33.1%	48,030	40.8%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
18,665	25.2%	28,494	38.5%	35,321	47.8%

Table 1.54: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	63%	65%	37%
Renters	37%	35%	33%

Table 1.55: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	#	%	#	%	#	%
	Owners		Owners		Owners	
30% or Less	9,640	82%	15,273	83%	19,434	82%
More than 30%	2,169	18%	3,219	17%	4,140	18%
Total	11,809	100%	18,492	100%	23,574	100%
	Renters		Renters		Renters	
30% or Less	3,373	49%	5,807	58%	7,205	61%
More than 30%	3,483	51%	4,195	42%	4,542	39%
Total	6,858	100%	10,002	100%	11,747	100%

Table 1.56: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
#	%*	#	%*	#	%*
Owners		Owners		Owners	
-275	-2% (0%)	-1,226	-7% (-1%)	-1,884	-8% (-2%)
Renters		Renters		Renters	
-1,204	-18% (3%)	-2,569	-26% (7%)	-2,982	-25% (8%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Quad Cities Regional Housing Profile

Median Home value in the Quad Cities region is \$100,000, and median gross rent is \$615 (see Table 1.57). The area has the highest rate of homeownership among the eight regions examined at 71 percent (see Table 1.58). Sixteen percent of owners and 41 percent of renters are housing cost burdened (see Table 1.59). Seventy-eight percent of housing units are single family homes (see Table 1.60).

Table 1.57: Housing Characteristics, Quad Cities Region

Median Home Value	\$100,000
Median Gross Rent	\$615
Median Household Income	\$46,388

Table 1.58: Housing Tenure

Tenure	% of total
Owned with Mortgage	39.5%
Owned without Mortgage	32.1%
Rented	26.5%
Occupied without Rent	1.9%

Table 1.59: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	83.4%
30% - 40%	6.0%
40% - 50%	4.1%
50% or more	5.8%
Not Computed	0.8%
Renters	
Gross Rent as a % of income	% of total
30% or less	55.0%
30% - 40%	12.7%
40% - 50%	8.3%
50% or more	19.9%
Not Computed	4.2%

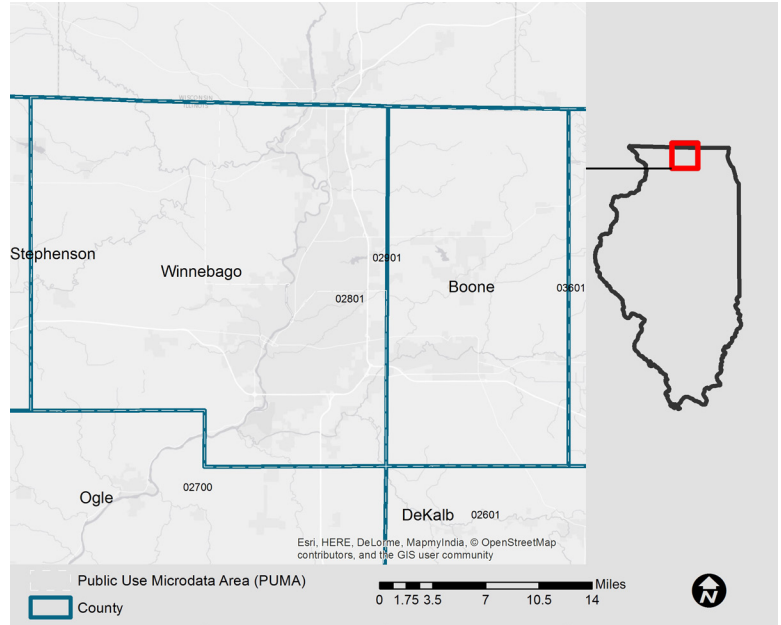
Table 1.60: Housing Units by Building Type

Building Type	#	%
Single Family (attached & detached)	114,210	77.9%
2-9 unit buildings	13,308	9.0%
10-49 unit buildings	4,915	3.04%
50+ unit buildings	7,612	5.2%
Mobile Homes	6,437	4.4%
Other	79	0.1%
Total	146,561	100.0%

REGION 6: ROCKFORD

Counties: Boone, Winnebago

342,113 people reside in the two-county Rockford region of Winnebago and Boone Counties (see Table 1.61). Twenty-one percent of workers actively connected to the labor force earn less than \$10 per hour, which translates to 26 percent of all households connected to the labor force (see Table 1.62). 57 percent of households with a worker earning less than \$10 per hour own their homes, and of these 14 percent are housing cost burdened. Forty-three percent rent, more than half of whom are rent burdened (see Tables 1.63 and 1.64).



A minimum wage increase to \$10 per hour would result in 531 fewer cost burdened homeowners and 1,143 fewer rent burdened households. This marks a decrease of 4 percent and 13 percent respectively among households with an affected worker. Among all households in the region, housing cost burden rates would decline 1 percent among all owners and 2 percent among all renters in the area (see Table 1.65).

Table 1.61: Population Characteristics, Rockford Region

Total Population	342,113
Number of Persons Actively Connected to the labor force	129,627
Total Number of Households	133,137
Number of Households with at least one person actively connected to the workforce	81,854

Table 1.62: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
27,479	21.2%	41,887	32.3%	60,582	46.7%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
21,037	25.7%	30,516	37.3%	35,645	43.5%

Table 1.63: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	57%	54%	55%
Renters	43%	46%	45%

Table 1.64: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	10,264	86%	13,756	84%	16,368	84%
More than 30%	1,659	14%	2,619	16%	3,145	16%
Total	11,923	100%	16,375	100%	19,513	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	4,343	48%	7,573	54%	8,920	55%
More than 30%	4,771	52%	6,568	46%	7,212	45%
Total	9,114	100%	14,141	100%	16,132	100%

Table 1.65: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%	#	%	#	%
-531	-4% (-1%)	-849	-5% (-1%)	-945	-5% (-1%)
Renters		Renters		Renters	
#	%	#	%	#	%
-1,143	-13% (-2%)	-3,282	-23% (-7%)	-4,062	-25% (-9%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Rockford Regional Housing Profile

Median home values in Rockford is \$113,000 and median gross rent is \$716 (see Table 1.66). Sixty-five percent of households own their homes and 35 percent rent (see Table 1.67). Twenty percent of owners and 42 percent of renters are housing cost burdened (see Table 1.68). Three-quarters of the housing stock is comprised of single family homes (see Table 1.69).

Table 1.66: Housing Characteristics, Rockford Region

Median Home Value	\$113,000
Median Gross Rent	\$716
Median Household Income	\$48,909

Table 1.67: Housing Tenure

Tenure	% of total
Owned with Mortgage	40.1%
Owned without Mortgage	24.9%
Rented	33.5%
Occupied without Rent	1.5%

Table 1.68: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	79.2%
30% - 40%	7.8%
40% - 50%	2.8%
50% or more	9.6%
Not Computed	0.6%
Renters	
Gross Rent as a % of income	% of total
30% or less	55.6%
30% - 40%	15.0%
40% - 50%	6.1%
50% or more	20.6%
Not Computed	2.7%

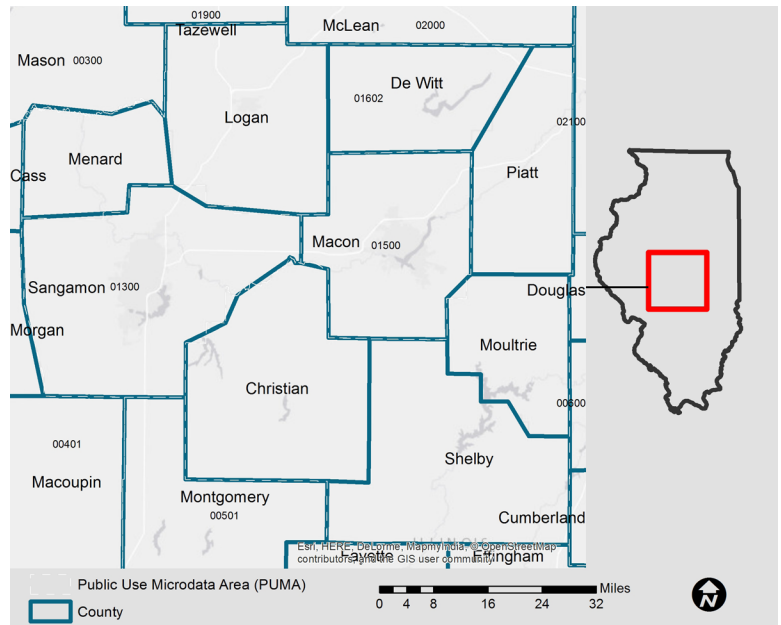
Table 1.69: Housing Units by Building Type

Building Type	#	%
Single Family (attached & detached)	107,316	73.7%
2-9 unit buildings	24,720	17.0%
10-49 unit buildings	6,072	4.2%
50+ unit buildings	3,603	2.5%
Mobile Homes	3,812	2.6%
Other	0	0.0%
Total	145,523	100.0%

REGION 7: SPRINGFIELD-DECATUR

Counties: Macon, Sangamon, Menard, Logan, De Witt, Piatt, Moultrie, Shelby, Christian

The Springfield-Decatur region includes 453,159 people (see Table 1.70). Springfield is the capital of Illinois and a significant number of local workers are state government employees. It is important to note that minimum wage increases would not apply to government workers and they were therefore not included in the analysis. Currently, 18 percent of workers actively connected to the labor force earn less than \$10 per hour, which translates to 24 percent of all households actively connected to the labor force (see Table 1.71). Of households with a worker earning less than \$10 per hour, 52 percent own and 48 percent rent (see Table 1.72). Nineteen percent of owners and 54 percent of renters are housing cost burdened (see Table 1.73).



A minimum wage increase to \$10 per hour would result in 556 fewer cost burdened homeownership households

and 2,117 fewer cost burdened renter households. This represents a decrease of 4 percent and 17 percent respectively among households with affected workers. Among all households in the region, less than 1 percent fewer homeowners and 4 percent fewer owners would be cost burdened (see Table 1.74).

Table 1.70: Population Characteristics, Springfield-Decatur

Total Population	453,159
Number of Persons Actively Connected to the labor force	169,975
Total Number of Households	185,870
Number of Households with at least one person actively connected to the workforce	112,575

Table 1.71: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
30,652	18.0%	48,112	28.3%	60,582	35.6%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
26,472	23.5%	40,333	35.8%	49,827	44.3%

Table 1.72: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	52%	55%	57%
Renters	48%	45%	43%

Table 1.73: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	11,186	81%	18,640	84%	24,361	86%
More than 30%	2,650	19%	3,628	16%	3,988	14%
Total	13,836	100%	22,268	100%	28,349	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	5,779	46%	9,616	53%	12,060	56%
More than 30%	6,857	54%	8,449	47%	9,418	44%
Total	12,636	100%	18,065	100%	21,478	100%

Table 1.74: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%*	#	%*	#	%*
-556	-4% (0%)	-1,606	-7% -(1%)	-2,382	-8% (-1%)
Renters		Renters		Renters	
#	%*	#	%*	#	%*
-2,117	-17% (-4%)	-3,963	-22% (-7%)	-5,334	-25% (-10%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

Springfield-Decatur Regional Housing Profile

Median home value in the Springfield-Decatur region is \$110,000 and median gross rent is \$686 (see Table 1.75). Seventy-one percent of households own their homes (see Table 1.76). Fourteen percent of owners and 42 percent of renters are housing cost burdened (see Table 1.77). Over 80 percent of homes in the region are single family units (see Table 1.78).

Table 1.75: Housing Characteristics, Springfield-Decatur Region

Median Home Value	\$110,000
Median Gross Rent	\$686
Median Household Income	\$53,951

Table 1.76: Housing Tenure

Tenure	% of total
Owned with Mortgage	42.3%
Owned without Mortgage	29.1%
Rented	26.9%
Occupied without Rent	2.0%

Table 1.77: Housing Costs as a Percentage of Household Income

Owners	
Owner Costs as a % of income	% of total
30% or less	85.5%
30% - 40%	5.8%
40% - 50%	2.4%
50% or more	5.8%
Not Computed	0.5%
Renters	
Gross Rent as a % of income	% of total
30% or less	56.2%
30% - 40%	13.8%
40% - 50%	6.7%
50% or more	21.8%
Not Computed	1.5%

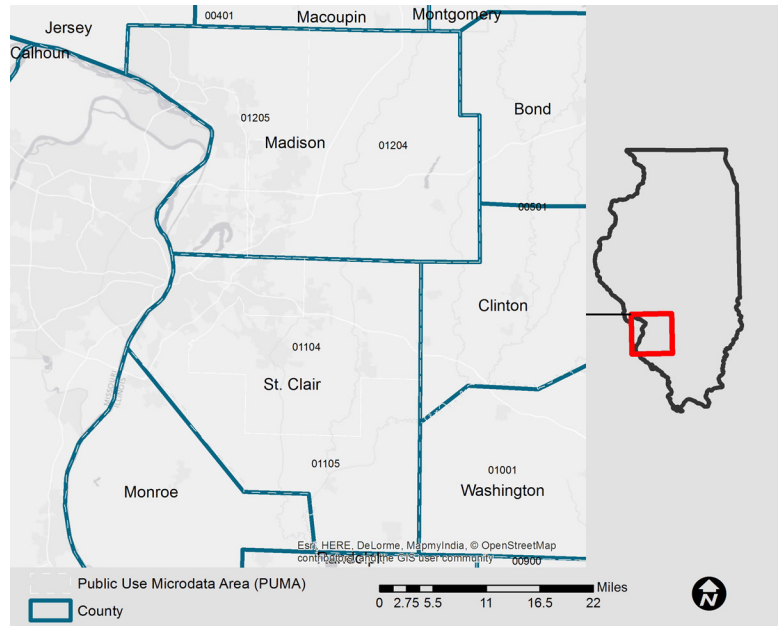
Table 1.78: Housing Units by Building Type

Building Type	#	%
Single Family (attached & detached)	164,717	80.1%
2-9 unit buildings	17,560	8.5%
10-49 unit buildings	7,677	3.7%
50+ unit buildings	8,168	4.0%
Mobile Homes	7,429	3.6%
Other	0	0.0%
Total	205,551	100.0%

REGION 8: ST. LOUIS

Counties: Madison, St. Clair

This analysis of the St. Louis region included only those counties on the Illinois side of the Mississippi River (Madison and St. Clair County). 531,575 people reside in Madison and St. Clair County (see Table 1.79). It is important to note that the economies of these counties are very much connected to the rest of greater St. Louis, the majority of which lies across the river in Missouri. Seventy-one percent of workers residing in the region’s Illinois counties work within Illinois with the majority of the remaining 29 percent working in neighboring Missouri. Among workers earning less than \$15 per hour, 82 percent of those residing in Illinois work in Illinois.



Seventeen percent of workers actively connected to the workforce earn less than \$10 per hour, which constitutes 20 percent of all labor force connected households (see Table 1.80). Half of households with a worker earning less than \$10 per hour own and half rent. Homeownership rates increase to 55 percent among household with a worker earning less than \$15 per hour (see Table 1.81). Twenty percent of homeownership households with a worker earning less than \$10 per hour and with a worker earning less than \$15 per hour are housing cost burdened. For renters, 69 percent of households with a worker earning less than \$10 per hour were housing cost burdened. This figure decreased to 53 percent for households with a worker earning less than \$15 per hour (see Table 1.82).

A minimum wage increase to \$10 per hour would result in 517 fewer cost burdened households and 2,536 fewer rent burdened households—a 4 percent and 20 percent decrease in the proportion of cost burdened households with an affected worker. This is the greatest decrease of any of the eight regions examined in this study. Among all households in the region, this represents a less than 1 percent decrease among all cost burdened owners and a 4 percent decrease among all renters in the region. An increase to \$13 per hour would result in 870 fewer owner cost burdened and 4,604 fewer rent burdened households. This represents a 4 percent reduction in the proportion of cost burdened homeownership households and a 23 percent reduction in the proportion of rent burdened households among eligible worker households, and a 1 percent and 7 percent decrease among all households in the region. A minimum wage increase to \$15 per hour would mean 1,756 fewer cost burdened homeowner households and 6,732 fewer rent burdened households. This represents a 6 percent and a 28 percent reduction respectively among eligible households with a worker earning less than \$15 per hour, and a 1 and 10 percent reduction among all households living in the region (see Table 1.83).

Table 1.79: Population Characteristics, St. Louis Region

Total Population	531,575
Number of Persons Actively Connected to the labor force	201,095
Total Number of Households	206,150
Number of Households with at least one person actively connected to the workforce	128,432

Table 1.80: Number of Potentially Impacted Workers & Households

Min. Wage Increase to \$10/hr		Min. Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Workers		Workers		Workers	
#	% of labor force	#	% of labor force	#	% of labor force
35,049	17.4%	54,870	27.3%	69,481	34.6%
Households		Households		Households	
#	% of labor force	#	% of labor force	#	% of labor force
25,775	20.0%	41,185	32.1%	52,200	40.7%

Table 1.81: Housing Tenure for Households with a Low Wage Worker

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
Owners	51%	52%	55%
Renters	49%	48%	45%

Table 1.82: Housing Costs as a Percentage of Household Income for Households with a Low Wage Worker

	Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
	Owners		Owners		Owners	
	#	%	#	%	#	%
30% or Less	10,392	80%	17,151	80%	22,660	80%
More than 30%	2,635	20%	4,182	20%	5,818	20%
Total	13,027	100%	21,333	100%	28,478	100%
	Renters		Renters		Renters	
	#	%	#	%	#	%
30% or Less	3,913	31%	7,971	40%	11,205	47%
More than 30%	8,835	69%	11,811	60%	12,517	53%
Total	12,748	100%	19,852	100%	23,722	100%

Table 1.83: Change in Housing Cost Burdened Households

Min. Wage Increase to \$10/hr		Min Wage Increase to \$13/hr		Min. Wage Increase to \$15/hr	
Owners		Owners		Owners	
#	%*	#	%*	#	%*
-517	-4% (0%)	-870	-4% (-1%)	-1,756	-6% (-1%)
Renters		Renters		Renters	
#	%*	#	%*	#	%*
-2,536	-20% (-4%)	-4,604	-23% (-7%)	-6,732	-28% (-10%)

*The first figure indicates the proportional change in cost burdened households among those with a worker affected by a minimum wage increase. The second figure indicates the overall proportional change in cost burdened households among all households in the state/region.

St. Louis Regional Housing Profile

Median home value in the two-county region is \$125,000 and median gross rent is \$756 (see Table 1.84). Sixty-six percent of households own and 44 percent rent (see Table 1.85). Eighteen percent of owner households are housing cost burdened, and 45 percent of renter households are housing cost burdened (see Table 1.86). Three-quarters of the housing stock is comprised of single family homes (see Table 1.87).

Median Home Value	\$125,000
Median Gross Rent	\$756
Median Household Income	\$52,741

Tenure	% of total
Owned with Mortgage	40.7%
Owned without Mortgage	25.7%
Rented	31.6%
Occupied without Rent	1.9%

Owners	
Owner Costs as a % of income	% of total
30% or less	80.5%
30% - 40%	8.9%
40% - 50%	2.6%
50% or more	6.7%
Not Computed	1.2%
Renters	
Gross Rent as a % of income	% of total
30% or less	52.4%
30% - 40%	14.4%
40% - 50%	9.3%
50% or more	21.3%
Not Computed	2.6%

Building Type	#	%
Single Family (attached & detached)	180,087	76.2%
2-9 unit buildings	31,479	13.2%
10-49 unit buildings	9,448	4.0%
50+ unit buildings	5,533	2.3%
Mobile Homes	9,970	4.2%
Other	0	0.0%
Total	236,517	100.0%

LIMITATIONS

There are a number of limitations to this study. These include:

- PUMS data represent a subset of American Community Survey (ACS) data, which constitutes a small random sample of U.S. households. Therefore, all data produced as part of this analysis are estimates with corresponding margins of error. ACS data is filled out by the survey recipient and is thus subject to the recipient's interpretation of the questions.
- The estimates of increased wage income and corresponding gains in housing affordability do not take into account increases in wages experienced by those earning just above the minimum wage. As new hires and lower level employees see a growth in hourly wage, those with more seniority or management responsibilities will also have likely see a growth in wages to maintain pay scales. This spillover wage growth would serve to further increase housing affordability among those households. Thus, gains in housing affordability may be understated.
- The data used to conduct this analysis are from 2014. Thus, the analysis represents a snapshot of 2014 conditions. Hypothetical minimum wage increases to \$10, \$13, and \$15 were calculated using 2014 dollars and assumed a full increase to those values in 2014. Cities currently enacting minimum wage increases to \$15 per hour are doing so over time and in some instances with different requirements for different types of employers. Since the calculations are assuming full value increases in 2014, it overstates the impact of a gradual minimum wage increase occurring in 2020 for example, as \$15 in 2014 dollars is worth more than \$15 in future years when considering inflation.
- The analysis assumes hours worked per week and total weeks worked remained the same, meaning employers did not reduce hours or lay off employees in the wake of the minimum wage increase and that all increases were realized by current employees. Part III of this report addresses the impact on employment levels in Illinois and for the six county Chicagoland region.
- Calculations of gains in housing affordability assume housing costs remain the same, meaning landlords will not increase rents in the wake of a wage increase. See the next section for a more detailed discussion of this topic.
- With a focus on Illinois and on housing, this analysis was conducted based on a person's place of residence, not place of work. According to PUMS data, 96 percent of workers residing in Illinois work in Illinois. However, that figure is lower in regions spanning more than one state jurisdiction (e.g. the Quad Cities). The affordability analysis assumes those workers living in Illinois but working across the state boarder received corresponding minimum wage increases.

IMPACT ON HOUSING PRICES

As minimum wage rates increase, there is a concern that landlords will simply raise rents, resulting in no gains in rental housing affordability. Little research has been done on this question, and economists remain split as to whether or not this will be the case. Chris Thornberg of Beacon Economics in Los Angeles believes it is simply a matter of supply and demand. If low-wage earners have more to spend in the low-end rental market and there is not new construction, prices are bound to rise (Greenblatt 2015). But Michael Reich, director of the Institute for Research on Labor and Employment at UC Berkeley states that while that logic might make sense on paper, there are no data showing minimum wage levels have any effect on housing. He also notes that most minimum wage laws go into effect gradually over five or six years, leaving time for housing supply responses (Greenblatt 2015). Both views underscore the role that affordable housing production plays in alleviating price pressures.

It is also important to consider that minimum wage increases impact only a subset of low end rental households. Those lowest income renters in many locales share a market with households not or tenuously in the labor market. Thus, ability to pay new higher rental prices imposed by landlords is not universal, and across-the-board increases could result in tenant turnover, a process landlords tend to avoid in stable markets given the costs associated with finding a new tenant.

A wage increase might result in greater demand for rental housing as new households form when individuals can now afford to move out of family or shared housing, or as some households seek more space or better quality housing. But, demand for rental housing is heavily influenced by demand for owned housing. A subset of households will likely use their increased incomes to move into the homeownership market, thus decreasing the demand for rental housing and countering rental market price pressure. In Illinois, even a small bump in existing hourly wages results in increased homeownership rates. Among current low-wage earners, homeownership rates were 1 percent higher among households with at least one worker earning under \$13 per hour compared to \$10 per hour and 2 percent higher for those with at least one worker earning under \$15 versus \$13 per hour. It is expected that as more households can afford down payments and can access financing they will do so, particularly in regions with high rates of homeownership.

In Chicago, Illinois's highest cost housing market, higher housing prices have largely been driven by the top rather than the bottom of the market with the addition of luxury rentals in anticipation of an uptick in of higher income renters. Furthermore, for years supply has not been driven by demand as evidenced in the pre-recessionary housing meltdown.

PART II: IMPACT ON PUBLIC ASSISTANCE

One of the benefits cited by minimum wage proponents is that if workers are paid a living wage, they will be able to rely less on public assistance and other anti-poverty programs. Not only can this lead to more self-sufficiency, but it would reduce government expenditures on these programs. Estimating the change in public assistance costs and usage resulting from a minimum wage increase is difficult, as there is no comprehensive dataset that provides both information on public benefits alongside data points that would allow for the identification of potentially impacted workers. This report makes use of what data was available from the PUMS and other sources to make estimates.

Food Stamp Usage

According to 2014 PUMS data, 643,538 households (13.5 percent) in Illinois rely on Food Stamps or the Supplemental Nutrition Assistance Program (SNAP) (not including persons in group quarters). SNAP usage is higher among low wage worker households that would be eligible for minimum wage increases (see Table 2.1). Minimum wage increases may result in fewer households relying on SNAP. It is important to note that the Illinois Department of Family Services reported an average of slightly over 1 million households receiving SNAP benefits monthly in 2014. This discrepancy could be the result of underreporting in the American Community Survey.

Table 2.1: Households Receiving SNAP Benefits

Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
#	%	#	%	#	%
150,407	23%	793,209	20%	991,068	19%

Public Assistance Usage

There are few data points available in the PUMS that discuss in detail other forms of public assistance. However, the PUMS does include the amount of an individual's total public assistance income in the past 12 months. Public assistance income includes general assistance and Temporary Assistance for Needy Families (TANF). It excludes hospital or medical care assistance (vendor payments), Food Stamps/SNAP, and SSI. This variable only includes persons age 15 and older. According to PUMS data 145,081 persons in Illinois reported Public Assistance income, which constitutes 1.1 percent of the total population. Illinois Department of Family Services data reported a monthly average of 48,896 TANF cases and 128,997 enrolled persons in 2014. Public assistance usage was not considerably higher among low wage workers when compared to all persons in Illinois, as most low wage households do not qualify.

Table 2.2: Public Assistance Usage

	Worker earning less than \$10/hr	Worker earning less than \$13/hr	Worker earning less than \$15/hr
# of Persons	13,394	17,133	19,049
% of Workers	1.5%	1.3%	1.1%
Aggregate Benefits	\$36,155,599	\$46,351,287	\$50,053,749

Medicaid

In Illinois, a person working full time at the minimum wage of \$8.25 per hour qualifies for Medicaid if he or she has one or more dependents. To no longer be eligible, a full-time worker with one or more dependents would need to earn at least \$10.66 per hour. According to PUMS data, Medicaid enrollment was slightly higher among workers age 16 to 64 earning less than \$10 and \$13 when compared to all persons age 16 to 64 in Illinois (see Table 2.3). (14.1 percent of Illinois residents age 16 to 64 are enrolled in Medicaid; 19.2 percent of all Illinois residents are enrolled in Medicaid). Reliance on Medicaid is tied not only to income but to the availability of employer-provided health insurance.

Table 2.3: Medicaid Enrollment

Worker earning less than \$10/hr		Worker earning less than \$13/hr		Worker earning less than \$15/hr	
#	%	#	%	#	%
151,891	17.4%	209,280	15.3%	238,434	14.0%

Housing Assistance

PUMS data does not include data on Housing Choice Vouchers or other forms of housing assistance. Therefore, it is difficult to determine what proportion of low wage workers are receiving such assistance and how that would change with increases to the minimum wage.

The U.S. Department of Housing and Urban Development provides some data on this in its annual Picture of Subsidized Households. In 2015, HUD-funded programs served 421,389 people in Illinois. Of those participating in these programs, 27 percent were households where the majority of household income is derived from wages and/or business. For the Housing Choice Voucher Program, 35 percent of households reported wages as a major source of income. While it is not possible to parse out the low wage workers who would be eligible for housing assistance under minimum wage increase scenarios, it can be assumed that those households with wage income would become less reliant or ineligible if wage income were to increase. However, ineligibility would not necessarily translate to housing affordability. Housing choice voucher amounts are determined based on income and are used to cover the gap between what households earn and 'fair market rent.' Therefore, becoming ineligible or receiving less in voucher assistance could result in zero net gains or a loss in housing affordability.

While it is difficult to quantify the public assistance savings resulting from increases in the minimum wage, it can be assumed from looking at rates of usage that public assistance expenditures would decrease as households are able to become more self-sufficient. However, when considering housing affordability in particular, becoming ineligible for certain public benefits could be a zero-sum game for households if their new earnings do not keep pace with the rising cost of housing.

PART III: ECONOMIC IMPACT

INTRODUCTION

Part III of this report provides an economic analysis of anticipated impacts should minimum wages increase in the Chicago metropolitan region and/or the state of Illinois. These impacts focus primarily on anticipated employment effects and subsequent effects on state and local taxes. The scope of affected workers in Part III differs from affected workers in Part I because differing sources were consulted to approximate the universe of impacted workers. Part III of the report relies on data sets constructed by IMPLAN, an input-output modeling software. IMPLAN data sets are developed annually by Implan Group LLC, and this report makes use of their 2015 dataset.

Regional data used in IMPLAN models is derived from many different sources, primarily federal agencies responsible for data collection. The principal data sources employed by IMPLAN include: the U.S. Bureau of Labor Statistics (BLS) Covered Employment and Wages (CEW) program; the U.S. Bureau of Economic Analysis (BEA) Regional Information System (REA) program; the U.S. Bureau of Economic Analysis Benchmark I/O Accounts of the U.S.; the BEA Output estimates; the BLS Consumer Expenditure Survey; the U.S. Census Bureau County Business Patterns (CBP) program; the U.S. Census Bureau Decennial Census and Population Surveys; the U.S. Census Bureau Economic Censuses and Surveys; and the U.S. Department of Agriculture Census.

IMPLAN data estimates that almost 67 percent of Illinois' 7.62 million jobs are located within the metropolitan region surrounding the City of Chicago and consisting of the counties of Cook, Lake, McHenry, Dupage, Will, and Kane. As can be seen in Table 3.1, roughly one-quarter or 1.38 million area jobs pay \$13 or less per hour. Almost one-third of the regional workforce earns \$15 or less per hour.

When including the rest of Illinois workers in the mix, the saturation of low worker earnings is even more pronounced. Table 3.2 displays the percentages of workers statewide who are earning the state minimum wage of \$8.25 or less, as well as those earning at or less than \$10, \$13, and \$15 per hour. Across the state, approximately 30.5 percent or 2.33 million jobs pay \$13 or less per hour. Over one third or 2.62 million Illinois workers earn \$15 or less per hour.

Table 3.1: Categorization of Low-Wage Workers in Chicago Metro Area by Wage Level, 2016

	Number of Workers	Percentage
Earn \$8.25 or less per hour	254,100	4.78%
Earn \$10 or less per hour	775,747	14.59%
Earn \$13 or less per hour	1,379,853	25.95%
Earn \$15 or less per hour	1,708,326	32.13%
All workers	5,317,071	100.00%

Table 3.2: Categorization of Low-Wage Workers in Illinois by Wage Level, 2016

	Number of Workers	Percentage
Earn \$8.25 or less per hour	947,943	12.45%
Earn \$10 or less per hour	1,533,236	20.13%
Earn \$13 or less per hour	2,325,607	30.54%
Earn \$15 or less per hour	2,622,449	34.43%
All workers	7,616,135	100.00%

METHODOLOGY OF THE ECONOMIC IMPACT ANALYSIS⁴

Economic impact analyses are commonly used by policymakers and economic development experts to evaluate the impact of a policy or activity on the regional economy. The approach helps researchers determine impacts to everyone who either benefits or loses as a result of the policy, beyond just those who are directly affected. In effect, the analysis parses out the impact of the policy on the entire economy from what would have otherwise occurred in the absence of the policy.

The primary method for performing a regional economic impact analysis is to utilize an input-output (IO) model. An IO model accounts for the interrelationship between industries in a regional economy, essentially following a dollar as it cycles through the economy until it is spent elsewhere.

For ease of understanding, consider a consumer at a grocery store who spends \$100 on household goods. Part of that \$100 revenue to the store will be used to pay employees, part will be used by ownership to buy more goods to sell to consumers, and part may be used to improve the store, such as by renovating a section of the building. That \$100 is spread out through the economy, as the recipient employee spends the new income, the earnings of the suppliers go to pay food manufacturers, and the construction firm contracted to improve the store buys material for the project. The \$100 disseminated throughout the economy, gets further spent by the employees and owners of the first round of spending. Over time, that \$100 may have supported, for instance, another \$50 or more worth of economic activity.

IO quantifies this recurring inter-industry spending in the form of multipliers. Industry multipliers estimate by how much an extra dollar spent on a project will add to the regional economy. In their simplest form, industry multipliers are multiplied by the amount of spending to produce a total effect on economic output. An industry multiplier of 1.5, for example, means that spending \$1 million on project will generate \$1.5 million worth of new economic activity, or \$500,000 added to the economy, all else equal. Multipliers thus simplify private supply chain operations, industry-to-industry spending, and the consumer demand of workers into a simple number.

Through multipliers, IO analyses provide estimates to policymakers on the effect of a change in policy on economic output, incomes, employment, and tax revenues. This study uses IMPLAN, an input-output modeling software, to measure these outcomes. IMPLAN, short for Impacts for Planning, captures all the industry and institutional transactions in a region as a flow of money from purchasers to producers, while also factoring in business and household taxes. For this report, earnings and price impacts have been inputted directly into IMPLAN's industry change feature, which estimates industry spending patterns through Type SAM multipliers.

Importantly, IMPLAN adheres to traditional economic impact analysis and itemizes results by direct, indirect, and induced impacts. Direct impacts measure the effect on the spending of the affected industry as a result of a policy. In the case of this study, direct impacts occur when minimum wages are increased. On the one hand, minimum wage workers' earnings increase, so the effect on per-worker income is positive; on the other, firms may lay-off some workers to offset higher labor costs, so total income may fall. Indirect impacts measure the effects of inter-industry purchases by firms that receive direct expenditures from low-wage industries industry, such as businesses that supply food-service establishments with local food products. Lastly, induced impacts measure the additional consumer spending by those who are employed as a result of the direct and indirect impacts.

STUDY AREA AND ASSUMPTIONS

This study performs IO analyses to estimate the impacts of increasing the minimum wage for the entire state of Illinois and specifically for the greater metropolitan Chicago area. The latter is comprised of Cook, Lake, Will, DuPage, McHenry, and Kane counties. Separate models for the other geographic areas analyzed in Part I were not conducted due to the relatively small populations of each of these areas.

For the state of Illinois, models were run estimating the impacts of \$10, \$13, and \$15 statewide minimum wages. For the six-county metro Chicago region, models were run estimating the impacts of \$13 and \$15 minimum wages. A \$10 model was not run for this geography since the City of Chicago already maintains a minimum wage level higher than

⁴ Adapted in part from Dickson, Manzo, Bruno, and Belman (2013).

\$10 per hour.⁵

Important assumptions were made in conducting each analysis. Each model predicted the impacts for raising the minimum wages in select industries. The number of industries impacted increased with each model that raised the minimum wage. For all models, industries that presumably employ many independent contractors were excluded (e.g. real estate) and industries that maintained 100 or fewer workers were omitted.

IMPLAN provides an estimated total labor income for each industry as well as corresponding employment figures. Employee compensation in IMPLAN is the total payroll cost of the employee paid by the employer. This figure includes wages and salary, all benefits such as health and retirement, and payroll taxes such as social security and unemployment taxes. Accordingly, these figures were multiplied by 69.7 percent, in order to approximate annual incomes without benefits (Bruno and Manzo 2014).

The costs of increasing workers' incomes can be paid for in a number of ways: the employer can pass on these costs either fully or in part to consumers in the form of increased prices; the employer can absorb the costs either fully or in part resulting in decreased revenues; the wage increases can be offset, either fully or in part, by increased worker productivity and morale and decreased employee absenteeism and turnover, which results in less training costs (Reich, Hall and Jacobs 2005). Labor costs as a proportion of operating costs also vary by industry. Recent literature estimates that labor costs account for one third of operating costs in restaurant industries and roughly 10 percent of operating costs in retail industries (Benner and Jayaraman 2012).

In their 2012 research of food service industries, Benner and Jayaraman estimate that a \$10.10 federal minimum wage with increased labor costs passed on entirely to consumers would result in maximum price increases of 2.5 percent over three years in food service industries. In this same study, Benner and Jayaraman estimate that the \$10.10 minimum wage would trigger 1 percent price increases in retail food industries, 0.7 percent price increases for warehouse, storage and accommodations industries, and 0.9 percent price increases for administrative and support service industries. Other industries displayed no discernible price increases despite increased labor costs.

Similar research shows that 26 percent wage increases in restaurants would result in 2.8 percent consumer price increases (Dube, Naidu and Reich 2007). Another study of impacts in retail shows that pass through of increased labor costs to consumers would result in 1.1 percent price increases at Wal-Mart (Jacobs, Graham-Square and Luce 2011).

This analysis assumes that employers do not absorb any of these increased costs and instead pass a portion of them onto their customers with increased prices. In order to account for the impact variations within the literature, a uniform 3.3 percent increase in prices was added across the board to the revenues of all affected industries. It is also assumed that any additional costs associated with increased wages would be offset by increased employee productivity and decreased worker turnover. These models do not account for any reduction in firm revenues.

Understanding the spillover effects of minimum wage increases on indirectly impacted workers is important for a more complete comprehension of the impacts of minimum wage increases beyond the lowest-paid workers. This study does not attempt to quantify these ripple effects, but economists have generally found evidence of these types of impacts when minimum wages have been increased. Research conducted by economists David Autor of the Massachusetts Institute of Technology, Alan Manning of the London School of Economics, and Christopher Smith of the Federal Reserve Board measures the effects of all state and federal minimum wage increases from 1979-2012 (Autor, Manning and Smith 2015). Importantly, they find evidence of ripple effects of minimum wage increases for workers earning more than the minimum wage and that these effects dissipate as one moves up the income ladder. Accordingly, a 10 percent minimum wage increase raises the wages of workers at the 10th percentile of wages by roughly 1.6 percent. Wages of workers in the 20th percentile increased by 0.7 percent, and wage effects largely disappear for workers above the 25th percentile.

⁵ As of July 1, 2016, the City of Chicago maintained a minimum wage of \$10.50 per hour. This wage is set to increase annually until it hits \$13 per hour in 2019, at which point it will subsequently be raised annually at a level that corresponds to the Consumer Price Index (CPI).

INCOME AND EMPLOYMENT IMPACTS FOR THE CHICAGO METROPOLITAN REGION

Table 3.3 displays the industries that would be impacted by \$13 and \$15 per hour minimum wages in the six-country Chicago metropolitan region. Also included in this table are the employment figures, annual employee incomes, and employee hourly wages by industry. In order to understand the direct, indirect, and induced economic impacts of raising the minimum wage in this geography, models were designed that gave each of these affected workers an income bump to \$13 per hour and then \$15 per hour.

Table 3.3: Employment & Worker Incomes for Minimum Wage Industries in Cook, Lake, McHenry, DuPage, Will and Kane Counties, 2016

Industry Description	Employment (current)	Annual Income Per Worker	Annual Income Per Worker (minus benefits)	Hourly Wage ⁶
Fitness and recreational sports centers	21,589	\$15,995.67	\$11,148.98	\$5.36
Private households	43,988	\$16,240.67	\$11,319.75	\$5.44
Child day care services	62,375	\$16,559.91	\$11,542.25	\$5.55
Bowling centers	2,325	\$16,993.94	\$11,844.77	\$5.69
Limited-service restaurants	123,824	\$21,380.66	\$14,902.32	\$7.16
Personal care services	67,229	\$24,752.23	\$17,252.30	\$8.29
Other amusement and recreation industries	14,718	\$24,901.84	\$17,356.58	\$8.34
Individual and family services	60,665	\$24,891.88	\$17,349.64	\$8.34
Retail - Clothing and clothing accessories stores	48,917	\$25,989.33	\$18,114.56	\$8.71
Full-service restaurants	141,189	\$26,340.00	\$18,358.98	\$8.83
Retail - Miscellaneous store retailers	34,876	\$26,411.77	\$18,409.01	\$8.85
Other educational services	46,998	\$26,488.48	\$18,462.47	\$8.88
Retail - Sporting goods, hobby, musical instrument and book stores	20,035	\$26,576.16	\$18,523.58	\$8.91
Other personal services	45,181	\$27,032.44	\$18,841.61	\$9.06
Retail - General merchandise stores	78,825	\$28,104.35	\$19,588.73	\$9.42
Support activities for agriculture and forestry	1,675	\$28,565.36	\$19,910.06	\$9.57
Services to buildings	81,989	\$28,801.62	\$20,074.73	\$9.65
Retail - Nonstore retailers	40,048	\$28,930.44	\$20,164.52	\$9.69
Retail - Food and beverage stores	78,359	\$30,477.13	\$21,242.56	\$10.21
Transit and ground passenger transportation	35,147	\$30,729.07	\$21,418.16	\$10.30
Facilities support services	2,426	\$31,784.41	\$22,153.73	\$10.65
Religious organizations	16,734	\$32,574.97	\$22,704.75	\$10.92
All other food and drinking places	82,402	\$33,001.38	\$23,001.96	\$11.06
Car washes	7,170	\$33,673.93	\$23,470.73	\$11.28
Lawn and garden equipment manufacturing	568	\$33,780.37	\$23,544.92	\$11.32
Amusement parks and arcades	1,780	\$34,091.80	\$23,761.98	\$11.42
Investigation and security services	35,817	\$34,717.67	\$24,198.22	\$11.63
Employment services	190,506	\$35,487.13	\$24,734.53	\$11.89
Community food, housing, and other relief services, including rehabilitation services	12,486	\$36,335.57	\$25,325.89	\$12.18
Retail - Building material and garden equipment and supplies stores	29,015	\$37,053.51	\$25,826.30	\$12.42

⁶ The aggregate hourly wage for some industries reported here is less than the Illinois minimum wage of \$8.25 per hour and the Chicago minimum wage of \$10.50 per hour. There are a number of possible explanations that might help explain this finding: the study area takes a snapshot of industry characteristics for both Chicago and all other areas outside of the city in the 6-county region, effectively reducing the wage bump in Chicago; the hourly wages were estimated based on 2,080 annual hours worked (a 40 hour work week), when in reality many if not most low-wage workers work less than 40 hours per week; and different forms of wage theft prevalent in some of these industries may be further reducing hourly wages.

Residential mental retardation, mental health, substance abuse and other facilities	17,007	\$38,017.87	\$26,498.46	\$12.74
Personal and household goods repair and maintenance	15,108	\$38,084.85	\$26,545.14	\$12.76
Nursing and community care facilities	65,300	\$38,481.25	\$26,821.43	\$12.89
Home health care services	51,208	\$38,626.84	\$26,922.91	\$12.94
Total Number of Workers Directly Impacted by \$13 Min. Wage	1,577,479			
Landscape and horticultural services	31,595	\$39,223.17	\$27,338.55	\$13.14
Labor and civic organizations	21,845	\$39,716.48	\$27,682.39	\$13.31
Retail - Gasoline stores	10,617	\$40,530.78	\$28,249.95	\$13.58
Other textile product mills	616	\$41,307.09	\$28,791.04	\$13.84
Other accommodations	950	\$41,779.81	\$29,120.53	\$14.00
Elementary and secondary schools	36,571	\$41,883.03	\$29,192.47	\$14.03
Frozen cakes and other pastries manufacturing	795	\$43,340.62	\$30,208.41	\$14.52
Museums, historical sites, zoos, and parks	7,140	\$43,858.68	\$30,569.50	\$14.70
All other crop farming	244	\$44,053.58	\$30,705.35	\$14.76
Gambling industries (except casino hotels)	13,841	\$44,353.19	\$30,914.17	\$14.86
Curtain and linen mills	941	\$44,369.09	\$30,925.25	\$14.87
Retail - Health and personal care stores	40,842	\$44,472.53	\$30,997.35	\$14.90
Total Number of Workers Directly Impacted by \$15 Min. Wage	1,743,476			

Raising the minimum hourly wage to \$13 represents a 58 percent wage increase for hourly workers earning the Illinois minimum wage of \$8.25 per hour outside of the City of Chicago. An increase in pay to \$15 per hour results in an 82 percent pay raise for the same group of workers. For minimum wage employees within the Chicago city limits, a raise to \$13 per hour represents a 24 percent wage increase above the current minimum wage of \$10.50 per hour, while a raise to \$15 per hour results in a 43 percent hourly wage boost.

The impacts of these labor costs vary considerably among impacted industries. It can be predicted that highly elastic industries such as those involved in manufacturing and other production work would likely respond to such a mandate by reducing the sizes of their labor forces, either through investments in labor-saving technologies or by relocation to sites outside of the impacted area. Other less elastic industries, especially those involved in the service sectors, could experience either small decreases in employment, workforce stability, or small increases in employment.

Table 3.4 displays the employment impacts anticipated for minimum wage industries after enactment of a \$13 minimum wage in the Chicago metro area. Some industries, particularly those related to retail and private households, experience little job gains or job losses in response to the increased labor costs.⁷ Other industries, such as personal services and amusement and recreational facilities, may be subject to losses of up to almost a third of their labor force. In total, this study estimates that this wage increase would result in roughly 47,000 jobs lost in industries directly impacted, or 3.4 percent of all minimum wage jobs in this geographic area.

⁷ 'Private households' corresponds to NAICS code 814110 and comprises private households primarily engaged in employing workers on or about the premises in activities primarily concerned with the operation of the household. These private households may employ individuals, such as cooks, maids, nannies, butlers, and outside workers, such as gardeners, caretakers, and other maintenance workers.

Table 3.4: Expected Employment Impacts for Minimum Wage Industries Post-\$13 Minimum Wage Increase in Cook, Lake, McHenry, DuPage, Will, and Kane Counties, 2016

Industry Description	Employment (current)	Employment post-\$13 minimum wage	Jobs change	Percent change
Private households	43,388	44,855	1,467	3.38%
Personal care services	67,229	68,577	1,348	2.01%
All other food and drinking places	82,402	83,648	1,245	1.51%
Services to buildings	81,989	83,042	1,053	1.28%
Other educational services	46,998	47,984	987	2.10%
Retail - Clothing and clothing accessories stores	48,917	49,523	606	1.24%
Employment services	190,506	191,072	566	0.30%
Fitness and recreational sports centers	21,589	22,003	414	1.92%
Investigation and security services	35,817	36,142	326	0.91%
Religious organizations	16,734	17,043	308	1.84%
Retail - Sporting goods, hobby, musical instrument and book stores	20,035	20,184	149	0.74%
Bowling centers	2,325	2,316	-9	-0.37%
Child day care services	62,375	62,244	-131	-0.21%
Retail - Nonstore retailers	40,048	39,715	-333	-0.83%
Nursing and community care facilities	65,300	64,956	-344	-0.53%
Transit and ground passenger transportation	35,147	34,704	-443	-1.26%
Lawn and garden equipment manufacturing	568	103	-465	-81.85%
Retail - Food and beverage stores	78,359	77,809	-550	-0.70%
Support activities for agriculture and forestry	1,675	1,093	-582	-34.74%
Home health care services	51,208	50,546	-662	-1.29%
Amusement parks and arcades	1,780	830	-951	-53.40%
Car washes	7,170	6,073	-1,097	-15.30%
Full-service restaurants	141,189	140,033	-1,156	-0.82%
Facilities support services	2,426	1,011	-1,415	-58.34%
Community food, housing, and other relief services, including rehabilitation services	12,486	11,056	-1,430	-11.45%
Limited-service restaurants	123,824	121,959	-1,865	-1.51%
Residential mental retardation, mental health, substance abuse and other facilities	17,007	14,707	-2,300	-13.53%
Other amusement and recreation industries	14,718	11,617	-3,101	-21.07%
Personal and household goods repair and maintenance	15,108	11,278	-3,830	-25.35%
Retail - Miscellaneous store retailers	34,876	30,806	-4,070	-11.67%
Retail - General merchandise stores	78,825	73,497	-5,328	-6.76%
Individual and family services	60,665	54,981	-5,684	-9.37%
Retail - Building material and garden equipment and supplies stores	29,015	22,360	-6,655	-22.94%
Other personal services	45,181	32,062	-13,119	-29.04%
TOTAL			-47,050	

Importantly, it is anticipated that job losses in directly impacted industries are offset by job growth in industries affected by indirect and induced spending. The workers that maintain their employment in directly impacted industries will be subject to wage increases of between 24 and 58 percent, resulting in increased consumer spending in local economies and job gains in indirectly related industries. Expanding businesses will also spend more in purchasing goods and services in local economies, leading to job gains through induced impacts. Table 3.5 shows the top ten industries that could experience job growth through the indirect and induced impacts of raising the minimum wage to \$13 per hour.

Table 3.5: Top Ten Industries with Indirect and/or Induced Employment Impacts Post-\$13 Minimum Wage Increase in Cook, Lake, McHenry, DuPage, Will, and Kane Counties, 2016

Rank	Industry Description	Indirect employment Impacts	Induced employment Impacts	Percent change
1	Hospitals	0	3,595	3.38%
2	Full-service restaurants	106	3,087	2.01%
3	Limited-service restaurants	47	2,811	1.51%
4	Real estate	522	2,488	1.28%
5	Retail - Food and beverage stores	6	1,860	2.10%
6	Offices of physicians	0	1,708	1.24%
7	Wholesale trade	100	1,661	0.30%
8	Retail - General merchandise stores	41	1,655	1.92%
9	Nursing and community care facilities	0	1,585	0.91%
10	All other food and drinking places	27	1,570	1.84%

In line with existing academic literature on economic impacts of minimum wage increases, the net impacts of raising the minimum wage to \$13 per hour in the Chicago metropolitan region are fairly minimal (Hirsch, Kaufman and Zelenska 2011). As was seen in Table 3.4, the job losses anticipated from a minimum wage increase to \$13 per hour in this geographic area could result in the lost of 77,100 jobs in directly impacted industries. However, the wage increase for the remaining minimum wage workforce—roughly 1.3 million workers—could lead to the creation of an additional 61,700 jobs in other industries. Combined, these impacts are equivalent to a net loss of approximately 11,600 jobs across the region or a 0.22 percent decline in employment.

Raising the minimum wage to \$15 per hour in the six-county metro Chicago region would likely yield similar results. As was seen in Table 3.3, more than 1.7 million workers would be directly impacted by a \$15 minimum in Chicagoland. An additional 12 industries would also be directly affected by the increased labor costs. All totaled, it can be expected that increasing the minimum wage to \$15 per hour in the Chicago metro area would result in roughly 27,500 jobs lost in minimum wage industries, and 63,100 jobs gained in industries subject to indirect or induced impacts. The net results of these impacts signify an employment growth of 0.67 percent in the local economy (Table 3.6).

Table 3.6: Top Ten Industries with Indirect and/or Induced Employment Impacts Post-\$15 Minimum Wage Increase in Cook, Lake, McHenry, DuPage, Will, and Kane Counties, 2016

Industry Description	Employment (current)	Direct impacts	Indirect impacts	Induced impacts	Jobs change	Percent change
Private households	43,388	595	0	1,695	2,290	5.28%
Other educational services	46,998	-42	48	1,944	1,951	4.15%
Personal care services	67,229	-56	7	2,718	2,669	3.97%
Religious organizations	16,734	-20	0	638	618	3.70%
Fitness and recreational sports centers	21,589	-2	12	787	797	3.69%
Elementary and secondary schools	36,571	-85	0	1,342	1,257	3.44%
All other food and drinking places	82,402	-352	30	3,054	2,732	3.32%
Retail - Health and personal care stores	40,842	-3	13	1,265	1,275	3.12%
Museums, historical sites, zoos, and parks	7,140	-2	0	217	215	3.02%
Retail - Sporting goods, hobby, musical instrument and book stores	20,035	-268	6	801	538	2.69%
Landscape and horticultural services	31,595	-73	54	786	767	2.43%
Retail - Clothing and clothing accessories stores	48,917	-15	31	1,150	1,166	2.38%
Child day care services	62,375	-1664	0	2,981	1,317	2.11%
Labor and civic organizations	21,845	-373	0	822	450	2.06%

Bowling centers	2,325	-65	0	110	45	1.92%
Investigation and security services	35,817	-90	81	665	656	1.83%
Nursing and community care facilities	65,300	-1,929	0	3,082	1,153	1.77%
Retail - Food and beverage stores	78,359	-2,415	5	3,616	1,206	1.54%
Full-service restaurants	141,189	-4,349	109	6,004	1,764	1.25%
Home health care services	51,208	-1,899	0	2,406	507	0.99%
Employment services	190,506	-1,002	395	2,305	1,698	0.89%
Limited-service restaurants	123,824	-4,723	48	5,468	793	0.64%
Retail - Nonstore retailers	40,048	-941	27	1,131	217	0.54%
Transit and ground passenger transportation	35,147	-835	32	708	-94	-0.27%
Retail - General merchandise stores	78,825	-7,024	38	3,219	-3,768	-4.78%
Individual and family services	60,665	-7,114	0	2,781	-4,333	-7.14%
Community food, housing, and other relief services, including rehabilitation services	12,486	-1,737	0	597	-1,140	-9.13%
Gambling industries (except casino hotels)	13,841	-1,985	0	630	-1,354	-9.79%
Retail - Miscellaneous store retailers	34,876	-4,715	16	1,225	-3,474	-9.96%
Residential mental retardation, mental health, substance abuse and other facilities	17,007	-2,722	0	821	-1,902	-11.18%
Car washes	7,170	-1,265	3	321	-941	-13.12%
Other amusement and recreation industries	14,718	-3,435	11	629	-2,794	-18.99%
Retail - Building material and garden equipment and supplies stores	29,015	-7,303	5	1,250	-6,048	-20.84%
Personal and household goods repair and maintenance	15,108	-4,091	33	447	-3,611	-23.90%
Other personal services	45,181	-14,165	18	2,005	-12,142	-26.87%
Support activities for agriculture and forestry	1,675	-588	0	12	-576	-34.40%
Amusement parks and arcades	1,780	-989	0	75	-914	-51.35%
Retail - Gasoline stores	10,617	-5,956	4	401	-5,552	-52.29%
Facilities support services	2,426	-1,438	6	36	-1,397	-57.58%
Frozen cakes and other pastries manufacturing	568	-434	0	6	-428	-75.37%
Lawn and garden equipment manufacturing	568	-466	0	1	-465	-81.77%
All other crop farming	244	-229	0	2	-228	-93.45%
Other textile product mills	616	-594	0	1	-593	-96.19%
Curtain and linen mills	941	-913	0	4	-909	-96.60%
Other accommodations	950	-931	0	2	-928	-97.74%

INCOME AND EMPLOYMENT IMPACTS FOR THE STATE OF ILLINOIS

In addition to exploring the economic impacts of raising the minimum wage in the Chicago metropolitan region, this study produced economic impact models estimating the employment impacts of raising the minimum wage to \$10, \$13 and \$15 per hour for the entire state of Illinois. Table 3.7 displays the number of workers and employee incomes annually and hourly, for industries that would be impacted by these three minimum wage levels. In total approximately 1.53 million or just over 20 percent of Illinois workers would be directly impacted by a \$10 minimum wage; 2.33 million or 30.5 percent of Illinois workers would be directly impacted by a \$13 minimum wage; and 2.62 million or just over one-third of Illinois workers would be directly impacted by a \$15 minimum wage.

Table 3.7: Employment and Worker Incomes for Minimum Wage Industries in Illinois, 2016

Industry description	Employment (current)	Annual Income Per Worker	Annual Income Per Worker (minus benefits)	Hourly ⁸ Wage
Private households	55,326	\$14,834.93	\$10,339.95	\$4.97
Fitness and recreational sports centers	26,898	\$15,026.92	\$10,473.76	\$5.04
Bowling centers	3,901	\$15,385.40	\$10,723.62	\$5.16
Child day care services	84,500	\$16,259.39	\$11,332.79	\$5.45
Limited-service restaurants	193,362	\$19,239.43	\$13,409.88	\$6.45
Retail - Nonstore retailers	67,516	\$21,211.37	\$14,784.32	\$7.11
Racing and Track Operation	2,248	\$21,750.23	\$15,159.91	\$7.29
Womens and girls cut and sew apparel manufacturing	252	\$21,841.77	\$15,223.71	\$7.32
Other amusement and recreation industries	21,373	\$22,195.10	\$15,469.99	\$7.44
Retail - Miscellaneous store retailers	55,873	\$23,014.66	\$16,041.22	\$7.71
Forestry, forest products, and timber tract production	223	\$23,088.79	\$16,092.89	\$7.74
Commercial logging	774	\$23,361.27	\$16,282.81	\$7.83
Full-service restaurants	202,326	\$23,596.98	\$16,447.10	\$7.91
Retail - Clothing and clothing accessories stores	62,295	\$24,305.89	\$16,941.21	\$8.14
Individual and family services	77,787	\$24,416.83	\$17,018.53	\$8.18
Other educational services	56,992	\$24,418.45	\$17,019.66	\$8.18
Retail - Sporting goods, hobby, musical instrument and book stores	28,688	\$24,597.49	\$17,144.45	\$8.24
Promoters of performing arts and sports and agents for public figures	7,610	\$24,608.16	\$17,151.89	\$8.25
Services to buildings	108,422	\$25,294.70	\$17,630.41	\$8.48
Personal care services	90,076	\$25,872.12	\$18,032.87	\$8.67
Retail - General merchandise stores	129,476	\$27,387.14	\$19,088.84	\$9.18
Other personal services	56,022	\$27,665.13	\$19,282.60	\$9.27
Extraction of natural gas and crude petroleum	16,115	\$28,055.03	\$19,554.36	\$9.40
Transit and ground passenger transportation	47,453	\$28,184.18	\$19,644.38	\$9.44
Retail - Food and beverage stores	112,366	\$28,581.49	\$19,921.30	\$9.58
Religious organizations	24,988	\$29,140.57	\$20,310.98	\$9.76
Total Number of Workers Directly Impacted by \$10 Min. Wage	1,533,236			
All other food and drinking places	112,575	\$30,154.38	\$21,017.60	\$10.10
Wineries	628	\$30,397.60	\$21,187.13	\$10.19
Couriers and messengers	30,525	\$30,948.37	\$21,571.01	\$10.37
Funds, trusts, and other financial vehicles	30,852	\$31,042.19	\$21,636.40	\$10.40
Amusement parks and arcades	2,366	\$31,282.84	\$21,804.14	\$10.48
Labor and civic organizations	34,291	\$31,797.19	\$22,162.64	\$10.66
Community food, housing, and other relief services, including rehabilitation services	24,013	\$31,958.37	\$22,274.98	\$10.71
Facilities support services	3,660	\$32,226.38	\$22,461.79	\$10.80
Retail - Gasoline stores	30,483	\$32,309.13	\$22,519.46	\$10.83
Landscape and horticultural services	44,484	\$33,634.72	\$23,443.40	\$11.27
Investigation and security services	40,800	\$33,958.79	\$23,669.27	\$11.38
Car washes	10,661	\$33,964.36	\$23,673.16	\$11.38
Drilling oil and gas wells	2,698	\$34,544.31	\$24,077.39	\$11.58
Employment services	226,029	\$34,893.34	\$24,320.66	\$11.69
Nursing and community care facilities	116,197	\$35,199.46	\$24,534.02	\$11.80
Retail - Building material and garden equipment and supplies stores	48,578	\$35,519.04	\$24,756.77	\$11.90

Other cut and sew apparel manufacturing	772	\$35,642.04	\$24,842.50	\$11.94
Residential mental retardation, mental health, substance abuse and other facilities	29,626	\$35,731.00	\$24,904.50	\$11.97
Other accommodations	2,103	\$37,151.79	\$25,894.80	\$12.45
Frozen cakes and other pastries manufacturing	1,030	\$38,252.14	\$26,661.74	\$12.82
Total Number of Workers Directly Impacted by \$13 Min. Wage	2,323,607			
Elementary and secondary schools	46,620	\$39,019.53	\$27,196.61	\$13.08
Other textile product mills	792	\$39,497.23	\$27,529.57	\$13.24
Gambling industries (except casino hotels)	19,455	\$39,608.78	\$27,607.32	\$13.27
Home health care services	58,372	\$39,972.52	\$27,860.85	\$13.39
Sawmills	671	\$40,292.71	\$28,084.02	\$13.50
Other pressed and blown glass and glassware manufacturing	138	\$40,380.25	\$28,145.04	\$13.53
Hotels and motels, including casino hotels	38,591	\$40,590.19	\$28,291.36	\$13.60
Personal and household goods repair and maintenance	19,976	\$41,370.10	\$28,834.96	\$13.86
Retail - Health and personal care stores	57,242	\$41,587.71	\$28,986.63	\$13.94
All other crop farming	4,863	\$41,602.73	\$28,997.10	\$13.94
Other leather and allied product manufacturing	751	\$41,934.31	\$29,228.21	\$14.05
Manufactured ice	228	\$41,997.31	\$29,272.13	\$14.07
Veneer and plywood manufacturing	105	\$42,208.07	\$29,419.02	\$14.14
Museums, historical sites, zoos, and parks	7,713	\$42,258.76	\$29,454.36	\$14.16
Wood container and pallet manufacturing	3,025	\$42,291.18	\$29,476.95	\$14.17
Motion picture and video industries	10,020	\$43,326.30	\$30,198.43	\$14.52
Mens and boys cut and sew apparel manufacturing	1,717	\$43,342.48	\$30,209.71	\$14.52
Veterinary services	12,656	\$43,464.37	\$30,294.66	\$14.56
Lawn and garden equipment manufacturing	1,250	\$43,771.67	\$30,508.85	\$14.67
Curtain and linen mills	997	\$43,958.78	\$30,639.27	\$14.73
Wood kitchen cabinet and countertop manufacturing	3,005	\$44,173.65	\$30,789.03	\$14.80
Video tape and disc rental	1,671	\$44,566.44	\$31,062.81	\$14.93
Death care services	6,243	\$44,732.72	\$31,178.71	\$14.99
All other miscellaneous wood product manufacturing	743	\$44,735.93	\$31,180.95	\$14.99
Total Number of Workers Directly Impacted by \$15 Min. Wage	2,622,449			

A minimum wage increase to \$10 per hour for Illinois workers represents a 21 percent raise for those currently earning the state minimum wage of \$8.25 per hour. The exception to this is individuals working within the City of Chicago since their minimum wage is already higher than the \$10 level. As with the analysis conducted for the Chicago metro region, raising the Illinois minimum hourly wage to \$13 represents a 58 percent wage increase for hourly workers earning the Illinois minimum wage of \$8.25 per hour outside of the City of Chicago. An increase in pay to \$15 per hour results in an 82 percent pay raise for the same group of workers.

Similar to the above model for the Chicago metro region, Table 3.8 displays the employment impacts anticipated for minimum wage industries after enactment of a statewide \$10 minimum wage. With the exception of “Personal Care Services,” which experiences a slight bump in employment, all other minimum wage industries are expected to suffer job losses should the state minimum wage rise to \$10 per hour. However, these losses are somewhat offset by job gains in industries impacted by indirect firm purchases and induced consumer spending. Table 3.9 shows the top ten industries that could experience job growth through the indirect and induced impacts of raising the state minimum wage to \$10 per hour. Combined, these impacts would result in a loss of approximately 107,000 jobs statewide or 1.41 percent of the state’s total employment. These figures include direct loss of roughly 148,000 low-wage jobs and creation of about 40,000 higher paid jobs through indirect and/or induced impacts.

8 See footnote 6.

Table 3.8: Direct, Indirect, and Induced Employment Impacts for Minimum Wage Industries Post \$10 Minimum Wage Increase in Illinois, 2016

Description	Current	Direct Job Impacts	Indirect Job Impacts	Induced Job Impacts	Jobs change	Percent change
Full-service restaurants	202,326	-20,688	52	1,875	-18,761	-9.27%
Limited-service restaurants	193,362	-9,048	31	1,817	-7,200	-3.72%
Retail - General merchandise stores	129,476	-5,826	43	1,087	-4,696	-3.63%
Retail - Food and beverage stores	112,366	-11,571	5	1,103	-10,463	-9.31%
Services to buildings	108,422	-6,650	97	583	-5,970	-5.51%
Personal care services	90,076	-624	9	825	209	0.23%
Child day care services	84,500	-2,464	0	866	-1,598	-1.89%
Individual and family services	77,787	-18,175	0	772	-17,404	-22.37%
Retail - Nonstore retailers	67,516	-5,630	28	407	-5,195	-7.69%
Retail - Clothing and clothing accessories stores	62,295	-6,127	26	343	-5,758	-9.24%
Other educational services	56,992	-7,221	27	541	-6,654	-11.67%
Other personal services	56,022	-20,032	9	534	-19,489	-34.79%
Retail - Miscellaneous store retailers	55,873	-8,178	15	415	-7,747	-13.87%
Private households	55,326	-7,867	0	504	-7,363	-13.31%
Transit and ground passenger transportation	47,453	-1,261	18	230	-1,013	-2.14%
Retail - Sporting goods, hobby, musical instrument and book stores	28,688	-2,499	5	247	-2,247	-7.83%
Fitness and recreational sports centers	26,898	-2,235	4	232	-1,999	-7.43%
Religious organizations	24,988	-563	0	206	-357	-1.43%
Other amusement and recreation industries	21,373	-5,520	5	196	-5,319	-24.89%
Extraction of natural gas and crude petroleum	16,115	-14,841	3	29	-14,809	-91.89%
Promoters of performing arts and sports and agents for public figures	7,610	-2,598	8	56	-2,534	-33.30%
Bowling centers	3,901	-99	0	39	-59	-1.52%
Racing and Track Operation	2,248	-316	3	21	-292	-13.00%
Commercial logging	774	-564	0	0	-564	-72.82%
Cut and sew apparel contractors	374	-370	0	0	-369	-98.76%
Womens and girls cut and sew apparel manufacturing	252	-249	0	1	-248	-98.54%
Forestry, forest products, and timber tract production	223	-193	0	0	-193	-86.41%

Table 3.9: Top Ten Industries with Indirect and/or Induced Employment Impacts Post-\$10 Minimum Wage Increase in Illinois, 2016

Rank	Description	Indirect Job impacts	Induced Job impacts
1	Hospitals	0	2,251
2	Full-service restaurants	52	1,875
3	Limited-service restaurants	31	1,817
4	Real estate	351	1,479
5	Retail - Food and beverage stores	5	1,103
6	Retail - General merchandise stores	43	1,087
7	Nursing and community care facilities	0	1,068
8	Offices of physicians	0	1,063
9	Wholesale trade	80	1,019
10	All other food and drinking places	12	986

The employment forecast improves when models are run for \$13 and \$15 state minimum wages. This study anticipates that enacting a \$13 statewide minimum wage could lead to a direct loss of roughly 180,500 minimum wage jobs and creation of approximately 112,600 higher paid jobs. Accordingly, the combined employment impact could be an employment decline of only 0.89 percent statewide. Similarly, this study predicts that enactment of a \$15 minimum wage could result in the loss of 228,400 minimum wage jobs across the state and creation of roughly 169,400 higher paid jobs. This employment impact signifies a 0.78 percent decrease in overall employment for Illinois. Table 3.10 presents a side-by-side comparison of the anticipated employment impacts with the adoption of \$10, \$13 and \$15 minimum wages for the state of Illinois.

Table 3.10: Comparisons of Anticipated Employment Impacts Post-\$10, \$13, and \$15 Minimum Wage Increases in Illinois, 2016

	\$10 Min. Wage	\$13 Min. Wage	\$15 Min. Wage
Direct Impacts	-148,092	-180,489	-228,379
Indirect Impacts	2,512	5,781	6,184
Induced Impacts	37,868	106,865	163,168
Total Impacts	-107,712	-67,843	-59,027
Percentage Change in Employment	-1.41%	-0.89%	-0.78%

TAX IMPACTS FOR THE STATE OF ILLINOIS

Increased wages will result in positive tax impacts for local governments, the State of Illinois, and the federal government. Table 3.11 shows a breakdown of anticipated state and local tax impacts should Illinois' minimum wage be increased to \$10, \$13 and \$15 per hour. As can be seen below, raising the minimum wage at the state level would be enormously positive for Illinois' tax rolls. An estimated \$554 million in additional state and local revenue could be collected if the state's minimum wage increased to \$10 per hour. Added tax revenues almost triple to \$1.55 billion with an increase in Illinois' minimum wage to \$13 per hour. Finally, if the minimum wage were to increase to \$15 per hour, an estimated \$2.35 billion additional state and local taxes could be generated.

Table 3.11: Anticipated State and Local Tax Impacts Post-\$10, \$13, and \$15 Minimum Wage Increases in Illinois, 2016

\$10 MINIMUM WAGE INCREASE

Tax Description	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$851,768.11
Social Ins Tax- Employee Contribution	\$6,466,186.95			
Social Ins Tax- Employer Contribution	\$12,629,272.75			
Tax on Production and Imports: Sales Tax	\$112,705,304.72			
Tax on Production and Imports: Property Tax	\$145,520,736.51			
Tax on Production and Imports: Motor Vehicle Lic	\$3,760,103.20			
Tax on Production and Imports: Severance Tax				
Tax on Production and Imports: Other Taxes	\$9,145,655.15			
Tax on Production and Imports: S/L NonTaxes	\$3,264,256.80			
Corporate Profits Tax				\$22,772,408.85
Personal Tax: Income Tax			\$180,150,818.06	
Personal Tax: NonTaxes (Fines- Fees)		\$36,941,549.85		
Personal Tax: Motor Vehicle License		\$12,942,743.32		
Personal Tax: Property Taxes			\$4,787,473.89	
Personal Tax: Other Tax (Fish/Hunt)		\$2,467,398.41		
Total	\$19,095,460.00	\$274,396,056.00	\$237,289,984.00	\$23,624,177.00
TOTAL STATE AND LOCAL TAXES				\$554,405,677.00

\$13 MINIMUM WAGE INCREASE

Tax Description	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$2,356,421.70
Social Ins Tax- Employee Contribution	\$18,256,082.92			
Social Ins Tax- Employer Contribution	\$35,656,413.89			
Tax on Production and Imports: Sales Tax	\$312,519,614.49			
Tax on Production and Imports: Property Tax	\$403,513,232.97			
Tax on Production and Imports: Motor Vehicle Lic	\$10,426,359.39			
Tax on Production and Imports: Severance Tax				
Tax on Production and Imports: Other Taxes	\$25,359,911.22			
Tax on Production and Imports: S/L NonTaxes	\$9,051,431.91			
Corporate Profits Tax				\$63,000,003.61
Personal Tax: Income Tax			\$508,362,998.62	
Personal Tax: NonTaxes (Fines- Fees)		\$104,244,425.40		
Personal Tax: Motor Vehicle License		\$36,522,801.14		
Personal Tax: Property Taxes			\$13,509,651.04	
Personal Tax: Other Tax (Fish/Hunt)		\$6,962,689.23		
Total	\$53,912,497.00	\$760,870,550.00	\$669,602,565.00	\$65,356,425.00
TOTAL STATE AND LOCAL TAXES				\$1,549,742,037.00

\$15 MINIMUM WAGE INCREASE

TaxDescription	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				3535554.056
Social Ins Tax- Employee Contribution	\$27,889,876.98			

Social Ins Tax- Employer Contribution	\$54,472,420.95			
Tax on Production and Imports: Sales Tax	\$470,874,129.12			
Tax on Production and Imports: Property Tax	\$607,974,475.26			
Tax on Production and Imports: Motor Vehicle Lic	\$15,709,422.62			
Tax on Production and Imports: Severance Tax				
Tax on Production and Imports: Other Taxes	\$38,209,843.81			
Tax on Production and Imports: S/L NonTaxes	\$13,637,815.87			
Corporate Profits Tax				\$94,524,649.42
Personal Tax: Income Tax			\$776,154,022.21	
Personal Tax: NonTaxes (Fines- Fees		\$159,157,397.45		
Personal Tax: Motor Vehicle License		\$55,761,960.60		
Personal Tax: Property Taxes			\$20,626,147.21	
Personal Tax: Other Tax (Fish/Hunt)		\$10,630,433.75		
Total	\$82,362,298.00	\$1,146,405,687.00	\$1,022,329,961.00	\$98,060,203.00
TOTAL STATE AND LOCAL TAXES				\$2,349,158,149.00

PART IV: SUMMARY & RECOMMENDATIONS

Housing cost burden is pervasive among low wage workers.

An estimated 43 percent of households in Illinois with at least one worker earning less than \$10 per hour are housing cost burdened, meaning they pay more than 30 percent of their income for their housing costs. This figure is 59 percent among renter households which constitute a greater proportion of households earning less than \$10 per hour (47 percent) when compared to all households in Illinois (34 percent). Proportions of housing cost burdened low wage workers are greatest in the Chicago and the St. Louis/Southwest Illinois region.

Increases to the minimum wage would lessen housing cost burden.

Increases to the minimum wage would result in fewer housing cost burdened households across the board in Illinois. If the minimum wage were to increase to \$10 per hour, 49,626 more households would now be able to afford their housing. The proportion of households with a worker previously earning less than \$10 who are cost burdened would decrease from 43 percent to 36 percent—a decline of 7 percent. This would represent a 1 percent decrease in the statewide rate of housing cost burdened households. Affordability gains among low wage homeowners would be 5 percent, while gains among low wage renters would be 10 percent (see Table 4.1).

If the minimum wage were to increase to \$13 per hour, 114,897 more households would be able to afford their housing costs. Among households with a worker previously earning less than \$13 per hour, housing cost burden rates would decrease 12 percent from 41 percent to 29 percent. This represents a 7 percent gain in affordability rates among low wage homeowners and 17 percent gain among low wage renters. Among all households, the statewide rate of housing cost burdened households would decline 3 percent (see Table 4.1).

If the minimum wage were to increase to \$15 per hour, 170,775 more households in Illinois would be able to afford their housing. Among households with a worker previously earning less than \$15 per hour, the proportion of cost burdened households would decrease from 39 percent to 25 percent—a decrease of 14 percent. Affordability among homeowners with a worker previously earning less than \$15 per hour would be 8 percent and gains among renters would be 21 percent. For the state of Illinois as a whole, the proportion of cost burdened households would decrease 4 percent (see Table 4.1).

These results held true in all eight regions examined. The biggest proportional gains resulting from a \$10 minimum wage occur for homeowners in Carbondale and Chicago and for renters in St. Louis, the Quad Cities, and Springfield.

Table 4.1: Change in housing cost burdened households

	Minimum Wage Increase To \$10/hr				Minimum Wage Increase To \$13/hr				Minimum Wage Increase To \$15/hr			
	Owners		Renters		Owners		Renters		Owners		Renters	
	#	%*	#	%*	#	%*	#	%*	#	%*	#	%*
Illinois	-17,011	-5% (-1%)	-32,615	-10% (-2%)	-37,393	-7% (-1%)	-77,504	-17% (-5%)	-56,624	-8% (-2%)	-114,151	-21% (-7%)
Carbondale	-490	-9% (-1%)	-373	-8% (-2%)	-839	-9% (-2%)	-1,153	-17% (-5%)	-914	-8% (-2%)	-1,203	-15% (-5%)
Champaign	-241	-3% (0%)	-1,170	-11% (-2%)	-574	-4% (-1%)	-3,579	-23% (-7%)	-974	-5% (-1%)	-4,913	-26% (-9%)
Chicago	-11,447	-6% (-1%)	-17,403	-9% (-2%)	-23,956	-8% (-1%)	-44,874	-15% (-4%)	-36,295	-9% (-2%)	-70,419	-20% (-6%)
Peoria	-788	-4% (0%)	-2,377	-15% (-4%)	-1,564	-5% (-1%)	-4,677	-20% (-6%)	-2,326	-6% (-1%)	-5,225	-19% (-7%)
Quad Cities	-275	-2% (0%)	-1,204	-18% (-3%)	-1,226	-7% (-1%)	-2,569	-26% (-7%)	-1,884	-8% (-2%)	-2,982	-25% (-8%)
Rockford	-531	-4% (-1%)	-1,143	-13% (-2%)	-849	-5% (-1%)	-3,282	-23% (-7%)	-945	-5% (-1%)	-4,062	-25% (-9%)
Springfield	-556	-4% (0%)	-2,117	-17% (-4%)	-1,606	-7% (-1%)	-3,963	-22% (-7%)	-2,382	-8% (-1%)	-5,334	-25% (-10%)
St. Louis	-517	-4% (0%)	-2,536	-20% (-4%)	-870	-4% (1%)	-4,604	-23% (-7%)	-1,756	-6% (-1%)	-6,732	-28% (-10%)

Needs differ regionally as should minimum wage levels.

The need for a minimum wage increase is greatest in high cost-of-living regions with high housing costs. For Illinois, this means Chicago. Given higher earnings in this region as a whole, gradual transition to a \$15 per hour minimum wage will be smoother. In other parts of Illinois, earnings overall are lower as is the cost of living, and while there is a need for living wage jobs across the state, the impact of raising the minimum wage to \$15 must be taken into consideration. In Rockford for instance, over 45 percent of persons actively connected to the workforce make less than \$15 per hour, while in the Quad Cities and Carbondale, over 40 percent of people actively connected to the workforce currently make less than \$15 per hour. This report analyzes all minimum wage occupations beyond just service sector industries, and so the potential economic ramifications of more than doubling the federal minimum wage to \$15 per hour and resulting firm location decisions must be taken into account. Accordingly, this research finds that a statewide minimum wage policy should provide for a baseline minimum wage that is higher than the current rate, and that each region pursue its own higher minimum wage laws in accordance with regional cost of living indicators. In addition, the minimum wage set at both the state and regional level should consider the impact on the tax base.

This report examined the impact of minimum wage increases on employment and tax revenue in Illinois and in the six county Chicago region—the largest region in Illinois encompassing approximately 65 percent of the state’s total population. For minimum wage employees within the Chicago city limits, a raise to \$13 per hour represents a 24 percent wage increase above the current minimum wage of \$10.50 per hour, while a raise to \$15 per hour results in a 43 percent hourly wage boost. The findings estimate that an increase to \$15 in the six-county metro Chicago region would result in roughly 27,500 jobs lost in minimum wage industries, but 63,100 jobs gained in industries subject to indirect or induced impacts. The net results of these impacts signify an employment growth of 0.67 percent in the local economy. Increased wages will also result in positive tax impacts for local and state governments. Given these gains and the housing affordability gains detailed above, it is recommended the State of Illinois enact at least a \$10 minimum wage in the upcoming year, with subsequent annual increases tied to inflation, and the Chicago metro region enact a \$15 minimum wage, implemented gradually in tandem with increases already planned for the City of Chicago.

Regional integration is needed.

The Quad Cities and St. Louis in particular have regional economies and housing markets that span state boundaries. According to PUMS data, 19 percent of Illinois residents living on the Illinois side of the Quad Cities work across the river in Iowa. In St. Louis, 28 percent work in Missouri. Given the integrated reality of these regions, minimum wage policy should be enacted regionally if it is going to have impacts on housing affordability and quality of life for low wage workers. Working across state boundaries can pose challenges, but both regions have made positive strides in regional planning and integration from which they can draw. Adapting a regional approach to minimum wage laws will result in less disruption to local economies and housing markets.

Policy should continue to support affordable housing measures.

It has been demonstrated that minimum wage increases will position working households to better afford their housing. But, as with any affordable housing strategy, this is not a ‘silver bullet solution.’ Policy will need to support the production of affordable housing, in particular for those households not in the workforce and impacted by minimum wage increases such as seniors and a large proportion of persons with disabilities. Growth in housing costs have outpaced growth in wages for at least two decades, and while a minimum wage increase will help with affordability, it will not reverse this trend. Policy makers should continue to facilitate the production of affordable units.

U.S. housing policy has long supported homeownership beginning with the GI bill and continuing through today’s current mortgage interest rate tax deduction. Increasing the minimum wage will position some households to be able to move into the homeownership market for the first time. This trend can be viewed as positive given the stability associated with homeownership and the ability to build equity through home values. However, lawmakers must work to ensure that we do not see a resurgence of predatory lending. Programs that support low income first time home buyers such as tax credits and down payment assistance programs should continue to be available to low income eligible households.

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