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Illinois Labor Market Review
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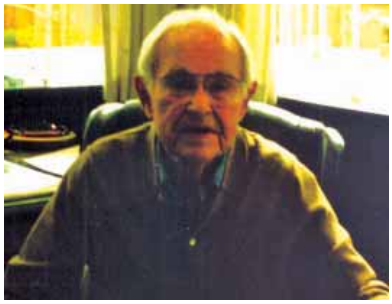
A History of the Illinois Oil Industry

by Dennis Hoffman



MR. J RUSSELL STEWART, BOARD CHAIRMAN OF STEWART PRODUCERS

The Illinois Oil and Gas Industry has had a varied and wide-ranging history over the years. Oil in the Southern Illinois Oil Basin was discovered in the early 20th Century and brought a great deal of activity and development to Illinois. Many people are not aware of the significant impact that the oil and gas industry has had on the Illinois economy over many decades. The Illinois oil boom in the first half of the 20th Century, primarily located in the southeastern and southern portion of Illinois, brought many workers and businesses to the area including producers, engineers, geologists, surveyors, land men, derrick operators, rotary drill operators, and machinery service operators. In addition, oil production resulted in wealth creation and much needed income to the area farmers and land owners.

Family Business

The Illinois oil industry is dominated by family businesses and sole proprietorships. Stewart Producers is one of those family companies and Mr. J. Russell Stewart was an early oil exploration pioneer. Mr. Stewart, whose family has been in the oil business since 1903, was sent by his father to Mt. Vernon, Illinois in 1948 to drill four or five oil wells in the area. At that time, oil was $3.15 per barrel. Mr. Stewart, currently board chairman of Stewart Producers, stated that the best years for the oil business were in the 1950s, 60s and 70s. Stewart Producers expanded into the oil well servicing business in 1966. Mr. Stewart relates that although there has been little change in the equipment used in drilling for oil, there have certainly been new technological methods to acquire more oil from the older primary wells or the secondary recovery process. Until the last few years, when there was a slight upturn in area exploration and production, the oil business in southern Illinois has been down since the late 1980s. Many oil field related firms failed due to the volatile price of oil during the past several decades. Mr. Stewart stated that "honesty and integrity" in business has been his cornerstone to success. Continuing the family business, Russell Stewart's son, Robert, is currently president of the company.

Employment Trends

Although the boom years of the Illinois oil business were in the mid-20th century, the Illinois Department of Employment Security has records for employment and the number of establishments for the Crude Petroleum and Natural Gas Industry back to 1981. Table 1 reflects the very significant trend of a decline in the number of firms and employment from the late 1980s through the first few years in the 21st century. Since 2004, there has been a slight upturn in the number of businesses and employment – although still substantially less than 20 plus years ago. Wage data, shown in Table 2, verify this same trend as wages were basically stagnant for workers from 1990 through 2003. Since 2004, wages have begun to increase for oil industry employees.

Table 1: Illinois Oil and Gas Industry

Year (First Quarter)	Average Number of Firms	Average Number Employed	Average Weekly Wages	Industrial Codes*
1981	544	7,106	$386	SIC
1985	812	6,171	$471	SIC
1990	280	1,637	$457	NAICS
1995	225	1,117	$445	NAICS
2000	187	754	$487	NAICS
2003	148	681	$483	NAICS
2004	159	800	$561	NAICS
2005	157	725	$566	NAICS
2006	160	820	$700	NAICS
2007	161	861	$775	NAICS
2008	162	831	$808	NAICS

*NAICS - North American Industrial Classification System SIC - Standard Industrial Classification

Table 2: Illinois Wage Data - Second Quarter 2007

	Hourly Wages		
Occupation	Entry	Median	Experienced
Petroleum Engineer	$28.00	$36.97	$40.79
Geological & Petroleum Technicians	$13.75	$20.06	$23.30
Mining and Geological Engineer	$26.18	$37.31	$50.65
Surveying & Mapping Technician	$13.01	$18.83	$21.83
Surveying Researchers	$9.64	$13.88	$20.85
First Line Super. & Mgr., Const. & Extract. Workers	$23.20	$34.69	$42.88
Derrick Operators, Oil & Gas	$10.45	$12.74	$15.94
Rotary Drill Operators, Oil & Gas	$13.52	$15.31	$19.48
Service Unit operators, Oil & Gas/Mining	$10.60	$13.28	$16.57
Roustabouts, Oil & Gas	$10.54	$12.63	$13.75
Helpers, Extraction Workers	$10.77	$18.10	$21.83
Extraction Workers, All Others	$10.64	$15.76	$20.12

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Editor, ILMR
Illinois Department of Employment Security
33 S. State Street
9th Floor
Chicago, IL 60603
e-mail: des.lmi@Illinois.gov

Table 3: Southern Illinois Oil Basin - Exploration Activity

	Wells Drilled*
2008	584
2007	537
2000	250

	Number of Active Oil Rigs
2008	29
2007	23
2000	12 to 15
1982	150

*First Nine Months of Each Year

Economic Impact

The Illinois Oil industry has a much greater impact on the region than is often realized. Several factors cause the economic impact to be greater than indicated by the employment and number of establishment data (Table 1). Although the latest data reflect about 160 firms with over 850 employees involved in the oil and gas industry, these totals do not include many of the sole proprietors involved in oil operations. Because these sole proprietorships do not have employees, the total information is not captured by the Illinois Department of Employment Security standard labor market database measures. However, these occupations represent a significant part of the oil industry. Sole proprietorships include engineers, geologists, surveyors, land men, and pumpers or roustabouts. Brad Richards, Executive Vice-President of the Illinois Oil and Gas Association, states that there are approximately 420 active business members of the association and estimates that approximately 2,000 persons are working in the oil industry in Illinois. Wages for these occupations, especially the nonprofessional jobs (Table 2), are significantly above average in an area of Illinois in which the pay for many entry level jobs is at the minimum wage level.

Land owners, who are fortunate enough to have an active well and receive a monthly check, are another major group which has an economic impact on the local area. For decades farmers, retirees or family members dividing the proceeds. In a region of Illinois that struggles economically, this additional income is a boost to the local economy.

Because the oil industry impact on the economy is believed to be partially obscured the Illinois Oil & Gas Association, with the assistance of the University of Illinois and the University of Chicago, is currently conducting an impact study.

Future for the Illinois Oil Industry

Due to the extreme volatility of the price of oil, the future for the Illinois oil industry is very difficult to predict. During 2008, the price of oil has ranged between over $140 to less than $60 per barrel. However, since the overall price of oil has substantially increased during the past few years, the oil business has increased activity. Two technological advances have improved the ability to re-open old wells. An engineering breakthrough about five years ago has resulted in horizontal drilling, a process in which additional oil can be accessed and recovered from older wells. Enhanced secondary oil recovery, by water flooding or tertiary flooding (chemicals), has also greatly improved oil production.

According to Brad Richards, Vice-President of the Illinois Oil and Gas Association, the Southern Illinois Oil Basin contains approximately 7 billion barrels of oil, of which 3.5 to 4 billion barrels has been extracted. Table 3 reveals the impact that the price of oil has on the degree of activity. As price levels increase, so do exploration activity and active rig count.

Conclusion

The unpredictable Oil Industry has had a long and varied history in Illinois. The economic impact, especially in the southern part of Illinois, has been substantial for many decades. New technologies and recovery methods have enabled additional drilling and exploration capabilities. Although the future is uncertain with the basic supply and demand mode determining the degree of activity, oil field businesses such as Stewart Producers, will continue to play a major economic and wealth creation role in Illinois' regional labor markets.

A DIFFERENT PERSPECTIVE ON OUTSOURCING AND OFFSHORING:

MASS LAYOFFS IN ILLINOIS AS A RESULT OF DOMESTIC OR FOREIGN RELOCATION OF WORK

By Rich Reinhold

The impact of the outsourcing and offshoring of jobs has been the subject of numerous studies over the past decade, but there is little agreement on the number of jobs actually lost due to these business activities. Beginning in 2004, the federal-state Mass Layoff Statistics (MLS) program expanded its data collection to capture information on jobs lost due to the domestic and foreign relocation of work. This article provides a brief analysis of mass layoffs in Illinois that occurred as a result of the relocation or movement of work by employers. Also presented are the characteristics and the employment and earnings of the workers who were separated due to movement of work.

Background

The MLS program reports layoffs that involve at least 50 workers and last more than 30 days. Business establishments are identified as having potential mass layoffs if at least 50 initial Unemployment Insurance (UI) benefits claims are filed against them within a five-week period. State analysts telephone employers identified as having potential layoffs and ask them a series of questions to obtain data not available in UI administrative records, including: the actual size of the layoff, the total worksite employment just prior to the layoff, the primary reason for the layoff, the open/closed status of the worksite, and worker recall plans, if any. The survey is voluntary, but the employer response rate in most states is high, exceeding 90 percent.

Outsourcing, for the purpose of this discussion, is the movement of in-house work, paid directly by a company, to a different company. The different company may be located within or outside the U.S. Offshoring refers to the movement of work from inside the U. S. to other countries, regardless if the work was moved to a foreign location within the same company or to a foreign location of a different company. Layoffs may also involve domestic relocation of work within the same company and not outsourcing or offshoring of work.

> *" Employers who report non-seasonal mass layoff events are asked questions about jobs lost due to the movement of work. "*

Employers who report non-seasonal mass layoff events are asked questions about jobs lost due to the movement of work. These questions are: 1) Did this layoff include your company moving work from this location(s) to a different geographic location(s) within your company? and 2) Did this layoff include your company moving work that was performed in-house by your employees to a different company through a contractual agreement?

Employers that answer "yes" to either or both of the questions are then asked to identify the geographic area to which the work was moved as well as the number of workers laid off as a result of that action. If the move was domestic, then employers are asked to identify one or more states the work was moved to. If work was moved outside the U.S., then employers are asked to identify the country or counties of destination.

Layoffs are classified as outsourcing if employers answered "yes" to the second question regardless if the work remained on-site, was moved to another state or moved outside the U.S. Layoffs are classified as offshoring if employers answered yes to either or both questions and work was moved outside the U.S. Prior to 2004, the MLS program reported data on domestic and overseas relocations of jobs based on the primary reason for the layoff provided by the employer. However, in these instances, domestic and overseas relocations of jobs were the "effects" of the layoffs and not the actual "reasons" for the layoff.

Overview of Illinois Movement of Work Layoff Data

Only a small percentage of all non-seasonal mass layoffs in Illinois involved the movement of work inside or outside the U.S. During 2004-2007 there were 201,680 Illinois workers separated due to non-seasonal reasons, with most recalled within 90 days. Of those separated for non-seasonal reasons, 19,914 or about 10 percent were laid off permanently due to the movement of work inside the U.S. or out of the country.

Approximately 90 percent of the worker separations reported were due to work moved within the same company. Four out five layoff events involved work moved to domestic locations. The top destinations for domestic relocation of work were states in the Midwest and South. The number of workers separated by region are not available because some employers were not able to report job cutbacks by the locations work was moved to. For example, a company could say that 1,000 jobs were lost due to work moved to two separate states, but not be able to indicate how many or what proportion of the jobs lost were due to work moved to state A and state B.

Thirteen percent of the layoff events were the result of work moved to outside the U.S. Mexico was mentioned most frequently among foreign locations. Some layoff events involved work moved to both domestic and foreign locations. The number of workers separated was not available as some layoffs involved work moved to multiple locations.

Just six percent of the movement of work layoffs were due to the outsourcing of work.

More than three-quarters of employers reported reorganization within company as the primary reason for the movement of work. Other reasons cited by employers included business ownership change and import competition.

About two-thirds of layoffs due to the movement of work resulted in the closure of worksites, resulting in nearly 15,000 workers losing their jobs.

About two out of three jobs lost in Illinois due to movement of work were in Manufacturing. Other industries impacted included Transportation - Warehousing - Utilities, Information, Financial Activities, Professional and Business Services and Educational and Health Services.

ILLINOIS MASS LAYOFF EVENTS & WORKER SEPARATIONS RESULTING FROM MOVEMENT OF WORK TO DOMESTIC AND FOREIGN LOCATIONS: YEARS 2004-2007

Activity	Layoff Events	Workers Separated	% Movement of Work Layoff Events	% Movement of Work Separations
Total, private non-farm extended mass layoffs	**1,755**	**376,897**		
Total, excluding seasonal & vacation period events (a)	**929**	**201,680**		
Total layoff events with movement of work	**97**	**19,914**	**100%**	**100%**
with separations reported and identified by location	70	12,967	72%	65%
with separations reported but not identified by location	27	6,522	28%	33%
Movement of work within same company	**91**	**17,744**	**94%**	**89%**
work moved to domestic location	78	N/A	80%	N/A
work moved out of country	13	N/A	13%	N/A
Movement of work to a different company (outsourcing)	**6**	**N/A**	**6%**	**N/A**
work moved to domestic location	*	N/A	*	N/A
work moved out of country	*	N/A	*	N/A
Domestic locations work was moved to (b)				
Illinois	20	N/A	-	N/A
other Midwestern states	39	N/A	-	N/A
Southern states	38	N/A	-	N/A
other regions in U.S.	28	N/A	-	N/A
Foreign locations work was moved to (offshoring) (b)				
Mexico	9	N/A	-	N/A
China	6	N/A	-	N/A
other countries	5	N/A	-	N/A
Reasons for movement of work layoffs				
Reorganization within company	74	15,443	76%	78%
Business ownership change	6	1,079	6%	5%
Import competition	3	1,341	3%	7%
Cost Control/Cost Cutting/Increased Profitability	3	358	3%	2%
Other	11	1,693	11%	9%
Status of worksites after movement of work layoff				
worksites closed	65	14,971	67%	75%
worksites remained open	32	4,943	33%	25%
Industries impacted by movement of work layoffs				
Manufacturing	65	14,389	67%	72%
all other industries	32	5,525	33%	28%

(a) Questions on movement of work were not asked of employers when the reason for the layoff was either seasonal or vacation period
(b) Some layoffs involved movement of work to multiple states and/or countries; numbers won't sum to total movement of work layoffs
N/A Employers were not able to report separations for each domestic and foreign location work was moved to
* fewer than three layoff events; data suppressed to avoid disclosure of individual employers, as per Illinois law

Click here for an Excel file of the data.

Characteristics of Workers Displaced in Movement of Work Layoffs

The socio-economic characteristics of workers displaced by domestic or foreign relocation of work were captured in initial claims applications for Unemployment Insurance (UI) benefits and Employment Service registrations. As part of our analysis, we compared the characteristics of those who were laid off in movement of work layoffs versus those were separated in all other extended mass layoffs - see Table 1. We should note that a large percentage of those who were included in the all other layoffs group were later recalled by their separating employer. As a result, many of the workers in the all other layoffs group were exempt from registering with the Employment Service - hence the relatively high percentage of "not available" reported for educational attainment and occupation.

Men and women each comprised about half of the separations in movement of work layoffs. But in all other layoffs, about 60 percent of the displaced workers were men.

Those reported in movement of work layoffs tended to be older. More than half of those displaced in movement of work layoffs were age 45 and older, as compared to 40 percent for all other layoffs.

The racial composition of workers separated in movement of work and all other layoffs was about the same, with racial minorities making up 40 percent of both groups. There was a slightly higher percentage of Hispanics reported in movement of work layoffs (18 percent) as compared to all other layoffs (14 percent).

Workers displaced in movement of work layoffs were better educated, with 25 percent attaining at least 13 years of education as compared to 16 percent of all other workers.

TABLE 1: UI CLAIMANT CHARACTERISTICS FOR 2004-2007 EXTENDED MASS LAYOFF EVENTS

CHARACTERISTIC	Movement of Work Layoffs	All Other Layoffs	% Movement of Work Layoffs	All Other Layoffs
ALL	16,209	310,755	100%	100%
GENDER				
Men	8,647	188,538	53%	61%
Women	7,562	122,216	47%	39%
AGE GROUP				
Less Than Age 30	1,906	69,693	12%	22%
Ages 30-44	5,680	115,697	35%	37%
Ages 45-54	5,366	80,568	33%	26%
Age 55 And Older	3,219	44,398	20%	14%
RACE				
White	9,619	192,418	59%	62%
Black	3,007	66,973	19%	22%
Hispanic	2,984	44,346	18%	14%
Asian/Pacific Islander	495	5,738	3%	2%
EDUCATIONAL ATTAINMENT				
9 Through 11 Years	1,090	12,602	7%	4%
12 Years	6,280	81,165	39%	26%
13 To 16 Years	3,763	47,242	23%	15%
17 or More Years	252	2,689	2%	1%
Information Not Available	4,824	167,057	30%	54%
UI BENEFITS EXHAUSTION STATUS				
Did Not Exhaust UI Benefits	7,862	251,188	49%	81%
Exhausted UI Benefits	8,427	59,487	52%	19%
WORKSITE OPEN/CLOSED STATUS				
Worksite Was Closed	11,174	16,372	69%	5%
Worksite Remained Open	5,035	294,383	31%	95%
INDUSTRY GROUP				
Mining & Construction	0	72,746	0%	23%
Manufacturing	11,890	42,898	73%	14%
Wholesale Trade	606	1,822	4%	1%
Retail Trade	307	36,838	2%	12%
Transportation-Warehousing-Utilities	1,090	28,362	7%	9%
Information	1,059	2,183	7%	1%
Financial Activities	357	6,283	2%	2%
Professional and Business Services	675	85,347	4%	27%
Educational and Health Services	225	4,495	1%	1%
Leisure and Hospitality	0	22,874	0%	7%
Other Services	0	6,907	0%	2%
OCCUPATIONAL GROUP				
Professional & Managerial	1,680	19,981	10%	6%
Services	2,530	47,618	16%	15%
Production	3,299	26,482	20%	9%
Miscellaneous Work	1,825	19,634	11%	6%
Information Not Available	6,875	197,040	42%	63%

Click here for an Excel file of the data.

The duration of unemployment was longer for those separated in movement of work layoffs, with more than half exhausting 26 weeks of regular UI benefits. This compares to a UI exhaustion rate of about 20 percent in all other layoffs.

About three-quarters of workers laid-off in movement of work layoffs were in Manufacturing as compared to 14 percent of separations in all other layoffs. About one in four workers separarated in all other layoffs were employed in Professional and Business Services.

One in five of workers separated in movement of work layoffs were formerly employed in production occupations, as compared to one in ten workers in all other layoffs. The percentage of workers formerly employed in Professional and Managerial and Services in movement of work and all other layoffs was relatively close.

Post-Layoff Employment Status and Earnings Recovery

This section will describe the post-layoff employment status and earnings recovery of workers separated in movement of work layoffs, with comparisons to workers in all other, non-seasonal layoffs. Employment status and earnings data were captured through quarterly UI wage records submitted by employers to the Illinois Department of Employment Security (IDES). Wage records are used by IDES to determine the monetary eligibility of workers who file for UI benefits. Employment here is defined as having earnings during any part of the quarter, regardless of how many hours were worked. Earnings recovery is defined as the average earnings for each quarter post-layoff divided by the average earnings for the four quarters prior to the layoff.

The time frame in this part of the article is slightly different than in the previous sections. We analyzed employment and earnings data for layoffs reported in years 2004 and 2005 only. This time frame was chosen so that we could track employment and earnings over eight quarters or two full years. As of this writing, relatively few quarters of wage records were available for all workers laid off in 2007. For example, we had just three quarters of post-layoff wage records for those laid off during the quarter including July-September 2007 and only two quarters of wage records for those separated during October-December 2007.

About two-thirds of the workers who were displaced because of the relocation of work were employed one year after being laid-off; the percentage employed in this group two years post-layoff was about the same. These workers recovered, on average, 75 percent of their earnings one year later and 83 percent of their earnings two years after being laid off. By comparison, three-quarters of all other workers separated in non-seasonal layoffs found jobs within six months and saw their earnings grow by 14 percent over two years. As was described earlier, the all other layoffs group includes workers who were recalled by their separating employers. See charts 1 and 2 below, and Table 2, on the following page.

CHART 1: POST-LAYOFF RE-EMPLOYMENT PERCENTAGES FOR ILLINOIS 2004-2005 NON-SEASONAL EXTENDED MASS LAYOFFS

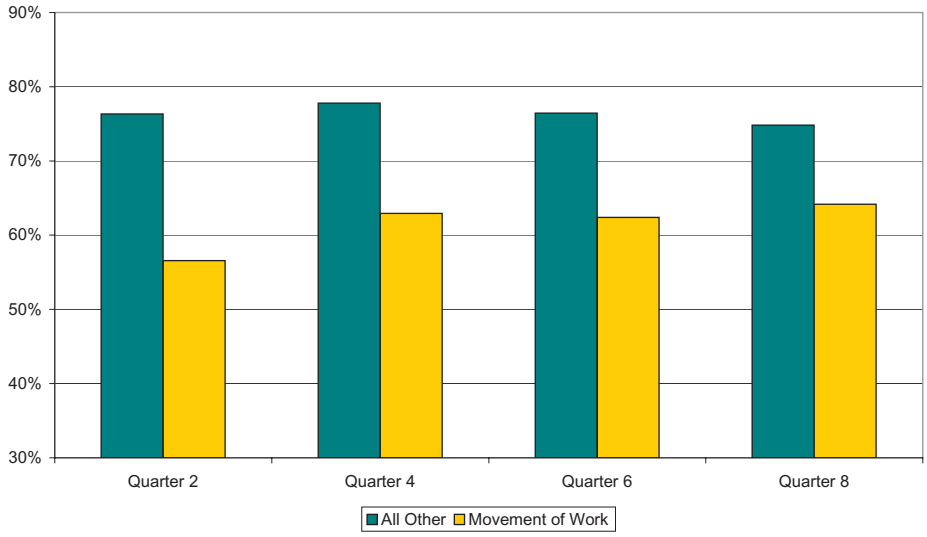


CHART 2: POST-LAYOFF EARNINGS RECOVERY PERCENTAGES FOR ILLINOIS 2004-2005 NON-SEASONAL EXTENDED MASS LAYOFFS

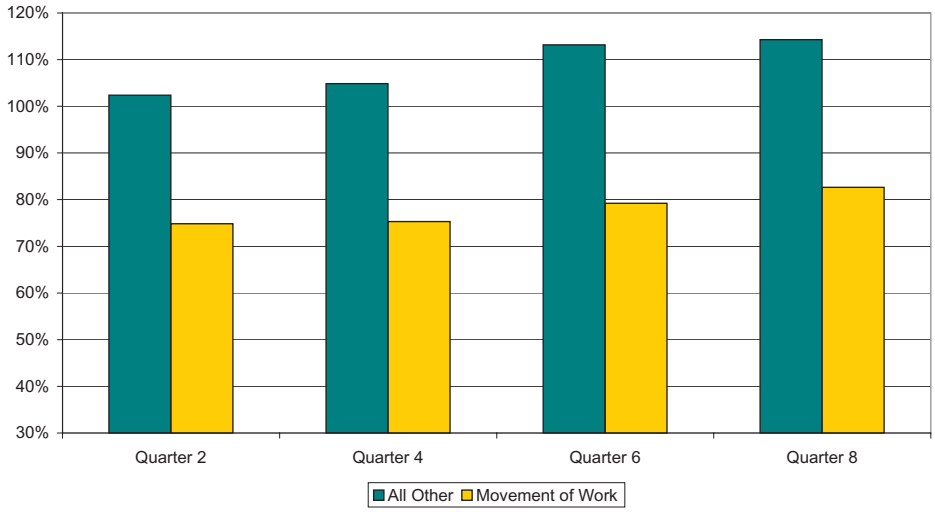


TABLE 2: EMPLOYMENT AND EARNINGS STATUS OF ILLINOIS UI CLAIMANTS IN EXTENDED, NON-SEASONAL MASS LAYOFF EVENTS DURING 2004-2005

CHARACTERISTIC	Total Initial UI Claims	Percent Re-Employed By Post-Layoff Quarter				Previous Average Quarterly Earnings*	Percent Previous Earnings Recovered By Post-Layoff Qtr.			
		Qtr 2	Qtr 4	Qtr 6	Qtr 8		Qtr 2	Qtr 4	Qtr 6	Qtr 8
ALL CLAIMANTS										
All Other Layoffs	84,064	76%	78%	76%	75%	$8,218	102%	105%	113%	114%
Movement of Work Layoffs	9,772	57%	63%	62%	64%	$8,437	75%	75%	79%	83%
GENDER										
MEN										
All Other Layoffs	54,473	79%	80%	78%	76%	$9,354	105%	107%	116%	117%
Movement of Work Layoffs	4,925	57%	63%	61%	63%	$9,566	75%	74%	78%	82%
WOMEN										
All Other Layoffs	29,591	71%	74%	73%	72%	$6,152	91%	95%	102%	104%
Movement of Work Layoffs	4,850	56%	63%	64%	66%	$7,291	75%	76%	81%	84%
AGE GROUP										
LESS THAN AGE 30										
All Other Layoffs	18,873	75%	78%	77%	75%	$5,388	107%	115%	130%	132%
Movement of Work Layoffs	1,145	57%	70%	72%	74%	$6,041	73%	90%	98%	101%
AGES 30-44										
All Other Layoffs	31,811	78%	80%	79%	78%	$8,445	103%	107%	115%	116%
Movement of Work Layoffs	3,279	60%	68%	68%	72%	$8,074	76%	84%	87%	91%
AGES 45-54										
All Other Layoffs	22,194	78%	79%	78%	77%	$9,585	101%	104%	109%	111%
Movement of Work Layoffs	3,353	58%	65%	64%	65%	$9,020	75%	70%	75%	79%
AGE 55 AND OLDER										
All Other Layoffs	11,047	71%	69%	65%	62%	$9,571	98%	94%	101%	98%
Movement of Work Layoffs	1,978	48%	48%	45%	45%	$9,392	76%	64%	66%	67%
RACE										
WHITE										
All Other Layoffs	55,787	80%	80%	78%	77%	$9,222	102%	105%	113%	115%
Movement of Work Layoffs	5,670	57%	60%	60%	62%	$9,219	78%	69%	74%	78%
BLACK										
All Other Layoffs	18,393	68%	72%	72%	70%	$5,780	101%	100%	113%	112%
Movement of Work Layoffs	2,091	60%	70%	71%	71%	$7,648	67%	81%	87%	90%
HISPANIC										
All Other Layoffs	8,044	69%	73%	74%	73%	$6,603	96%	101%	109%	113%
Movement of Work Layoffs	1,771	54%	64%	61%	64%	$6,786	75%	95%	90%	93%
ASIAN/PACIFIC ISLANDER										
All Other Layoffs	1,520	71%	72%	74%	71%	$8,689	89%	95%	99%	102%
Movement of Work Layoffs	200	46%	56%	56%	59%	$9,058	57%	77%	84%	88%
EDUCATIONAL ATTAINMENT										
9 THROUGH 11 YEARS										
All Other Layoffs	3,373	64%	66%	67%	65%	$4,378	85%	96%	104%	109%
Movement of Work Layoffs	808	54%	60%	57%	60%	$6,684	67%	84%	81%	82%
12 YEARS										
All Other Layoffs	22,125	72%	74%	73%	72%	$5,637	92%	100%	108%	111%
Movement of Work Layoffs	3,926	57%	64%	63%	65%	$7,890	71%	72%	75%	80%
13 TO 16 YEARS										
All Other Layoffs	14,832	73%	76%	75%	74%	$7,833	84%	92%	99%	101%
Movement of Work Layoffs	2,090	58%	67%	66%	68%	$9,364	72%	71%	78%	83%
17 OR MORE YEARS										
All Other Layoffs	830	70%	71%	71%	69%	$21,066	76%	75%	83%	84%
Movement of Work Layoffs	96	59%	57%	65%	66%	$20,587	73%	73%	76%	83%
UI BENEFITS EXHAUSTION STATUS										
DID NOT EXHAUST UI BENEFITS										
All Other Layoffs	62,520	86%	83%	81%	79%	$8,384	107%	110%	120%	120%
Movement of Work Layoffs	4,382	80%	77%	74%	73%	$8,727	88%	88%	90%	93%
EXHAUSTED UI BENEFITS										
All Other Layoffs	21,544	48%	61%	62%	64%	$7,726	71%	79%	83%	89%
Movement of Work Layoffs	5,473	38%	51%	53%	57%	$8,202	47%	58%	65%	71%
WORKSITE OPEN/CLOSED STATUS										
WORKSITE WAS CLOSED										
All Other Layoffs	7,132	50%	61%	65%	64%	$7,078	71%	83%	90%	94%
Movement of Work Layoffs	6,924	56%	63%	60%	63%	$8,501	73%	73%	76%	80%
WORKSITE REMAINED OPEN										
All Other Layoffs	76,932	79%	79%	78%	76%	$8,329	103%	106%	114%	115%
Movement of Work Layoffs	2,851	58%	64%	67%	67%	$8,281	79%	80%	86%	90%
INDUSTRY GROUP										
MANUFACTURING										
All Other Layoffs	16,297	81%	80%	79%	77%	$10,278	109%	99%	110%	100%
Movement of Work Layoffs	7,266	56%	60%	58%	61%	$8,793	79%	74%	77%	80%
WHOLESALE TRADE										
All Other Layoffs	738	64%	75%	64%	77%	$7,089	91%	107%	103%	119%
Movement of Work Layoffs	544	51%	60%	67%	67%	$7,246	68%	76%	83%	88%
TRANSPORTATION-WAREHOUSING-UTILITIES										
All Other Layoffs	2,339	60%	67%	68%	67%	$8,296	82%	89%	97%	100%
Movement of Work Layoffs	358	61%	72%	72%	68%	$5,724	61%	81%	94%	98%
FINANCIAL ACTIVITIES										
All Other Layoffs	1,914	60%	70%	71%	70%	$11,801	78%	80%	83%	84%
Movement of Work Layoffs	220	51%	69%	73%	73%	$10,135	59%	71%	75%	81%
OCCUPATIONAL GROUP										
PROFESSIONAL & MANAGERIAL										
All Other Layoffs	6,438	72%	75%	74%	73%	$10,328	80%	84%	90%	92%
Movement of Work Layoffs	903	65%	69%	72%	71%	$12,097	76%	69%	75%	80%
SERVICES										
All Other Layoffs	12,751	69%	74%	73%	72%	$4,714	82%	95%	103%	107%
Movement of Work Layoffs	1,513	58%	69%	69%	69%	$6,942	61%	74%	79%	83%
PRODUCTION										
All Other Layoffs	8,622	76%	76%	74%	73%	$7,084	97%	104%	112%	113%
Movement of Work Layoffs	2,027	53%	59%	58%	62%	$8,661	68%	69%	73%	76%
MISCELLANOUS WORK										
All Other Layoffs	5,084	71%	74%	72%	71%	$4,981	91%	100%	111%	114%
Movement of Work Layoffs	1,156	58%	66%	62%	63%	$6,916	75%	79%	83%	87%

Notes:
Individual categories may not sum to total; claims with data not available were excluded
* Previous earnings equals average for the four quarters prior to the layoff quarter
Average earnings were not adjusted for inflation

Click here for an Excel file of the data.

The post-layoff employment status and earnings recovery of men and women in movement of work layoffs were about the same. However, in movement of work layoffs, the previous earnings were 30 percent higher for men as compared to women.

Reemployment success and earnings recovery correlated strongly with age, for both groups of workers examined. Workers less than 45 years old had the greatest success finding new jobs and also recovered or surpassed their previous earnings. By comparison, less than half of those age 55 and older who were reported in movement of work layoffs found new jobs after two years and recovered two-thirds of their prior earnings.

There was no consistent pattern of reemployment and earnings recovery among racial groups, particularly for those displaced in movement of work layoffs. White workers who lost jobs in movement of work layoffs had the highest pre-layoff earnings but low re-employment and earnings recovery rates. Black workers had among highest reemployment and earnings recovery rates among those laid off in movement of work layoffs but also relatively low earnings. Hispanic workers reported the highest earnings recovery but also the lowest pre-layoff earnings. Workers in the all other layoffs group had greater success finding new jobs as compared to those separated in movement of work layoffs (with the exception of Black workers). This group also saw their earnings grow steadily over two years.

Educational attainment was a strong factor in finding new employment and recovering lost earnings. Those with at least 13 years of education who were separated in movement of work layoffs not only reported the highest pre-layoff earnings but also had the most success in finding new jobs that paid a large share of their pre-layoff earnings. Also, workers laid off in movement of work events also had significantly higher earnings than workers with the same educational attainment in the all other layoffs group.

Workers with the longest duration of unemployment had the least success finding jobs and recovering previous earnings. Less than 60 percent of those who were displaced in movement of work layoff events and exhausted 26 weeks of regular UI benefits found new employment after two years. This group of UI benefits exhaustees lost nearly 30 percent of their previous earnings. By comparison, nearly two-thirds of the UI benefits exhaustees in the all other layoffs group found jobs after two years and recovered about 90 percent of their previous earnings.

About three-quarters of the workers separated in movement of work layoffs were formerly employed in Manufacturing. These workers reported among the highest previous earnings but also the lowest rates of reemployment and earnings recovery. Manufacturing workers reported in all other layoffs saw greater reemployment success and recovered all of their previous earnings.

Within movement of work layoffs, those formerly employed in Professional and Managerial and Services occupations had greater success in finding new jobs and recovering previous earnings as compared to those who were employed in Production occupations. In the all other layoffs group, individuals who used to be employed in Professional and Managerial occupations did not enjoy greater success in finding new jobs and actually saw their earning decline over two years.

Industry of Re-employment: Where did workers laid-off in Manufacturing find new jobs?

As part of our analysis of individuals displaced in movement of work layoffs we examined the industries and earnings within those industries that workers formerly employed in Manufacturing found new jobs. We chose Manufacturing workers as they represented 75 percent of those separated in movement of work layoffs during the period studied.

Charts 3 and 4 below describe the industries that Manufacturing workers were reemployed in during the eighth quarter following their layoff. The charts include the percentage of previous earnings that were recovered within each industry group. Comparisons were made between workers separated in movement of work layoffs and all other layoffs. About 30 percent of Manufacturing workers separated in movement of work layoffs were reemployed in Manufacturing, another six percent found new jobs in Administrative and Waste Services (which includes temporary help services) and five percent in Retail Trade. The percent re-employed in other industry groups were less than five percent each. Workers reemployed in Manufacturing nearly recovered all of their previous earning but those who found new jobs in Administrative and Waste Services and Retail Trade replaced only about half of their prior earnings.

" Educational attainment was a strong factor in finding new employment and recovering lost earnings. "

CHART 3: PERCENT OF MANUFACTURING WORKERS RE-EMPLOYED BY INDUSTRY EIGHT QUARTERS POST-LAYOFF

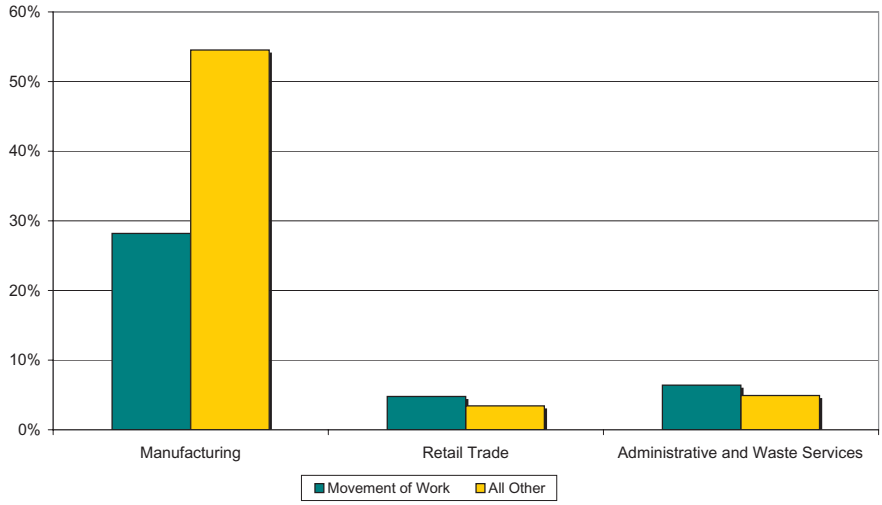
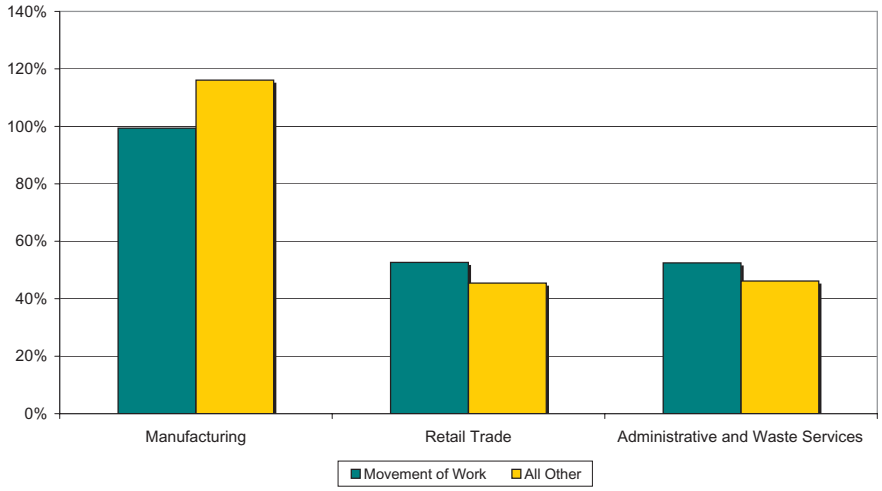


CHART 4: EARNINGS RECOVERY PERCENTAGES FOR MANUFACTURING WORKERS BY INDUSTRY EIGHT QUARTERS POST-LAYOFF



Conclusions

The analysis presented here should challenge the conventional wisdom on layoffs resulting from the relocation of work. We found that layoffs resulting from the movement of work represented only a small portion of all mass layoffs. We also found that the vast majority of these layoffs were due work moved to within the Midwest, including Illinois. Additionally, the layoffs due to movement of work were heavily concentrated in Manufacturing, with only a small number in other industries, such as Wholesale Trade, Transportation-Warehousing-Utilities and Financial Activities. Finally, those who were displaced in movement of work layoffs in 2004 and 2005 had difficulty finding new employment within two years, especially in jobs that paid at or above their previous earnings, despite relatively low unemployment in the years immediately prior to the current economic recession.

Questions and Answers

Why are the MLS outsourcing and offshoring numbers lower than what is commonly reported by the media and private studies?

The MLS program captures a portion of all outsourcing and offshoring activity. MLS does not report layoffs with fewer than 50 workers. Also, work may be outsourced to another company or offshored without jobs being lost. For example, a company can move work to one of its sites overseas or may contract services to another company without laying off employees in the U.S. Nonetheless, the MLS program is the only employer survey operating in all states that reports job losses due to work outsourced to other companies and offshored to other counties.

Where can I find the names and locations of employers that reported outsourcing and/or offshoring to the MLS program?

The MLS program collects data from employers under a pledge of confidentiality. Also, federal law prohibits us from disclosing the company names, locations, industries and other employer specific information obtained in the MLS program.

How frequently does the MLS program report layoffs due to outsourcing, offshoring?

MLS data, including layoffs due to the movement of work, are reported quarterly. Data may also be aggregated to annual totals to allow for expanded analysis.

Where can I find national MLS data on outsourcing and offshoring?

You can find a paper developed by the BLS at **http://stats.bls.gov/mls/mlsrelocation.pdf** as well as in each of the quarterly MLS news releases issued by the U.S. BLS **http://stats.bls.gov/news.release/mslo.toc.htm**

What other type of layoff data are available from the MLS program?

Mass layoff reports for Illinois statewide and sub-state areas are available at **http://lmi.ides.state.il.us/mls/mls.htm**

You can find national MLS reports at **http://stats.bls.gov/mls/home.htm**

Questions on this article may be forwarded to Rich Reinhold at Richard.Reinhold@illinois.gov or (312) 793-5896

New LED Applications Allow for Local Workforce Analysis

By Rachael Halloran

You may be familiar with the QWI Online application available through the LMI Source option of the Illinois Department of Employment Security's One Source Web site at **http://www.ILWorkInfo.com**. Now, IDES has implemented two new applications that allow in-depth local workforce analysis while still maintaining confidentiality. These applications are products of Local Employment Dynamics (LED), a partnership between the U.S. Census Bureau and the states.

The data used in these three applications is gathered by combining state Labor Market Information (LMI) from unemployment wage records and from businesses each quarter with demographic data gathered by the Census Bureau.

These applications are useful for business owners, workers, career planners, job seekers, urban planners, people relocating for work, and others. This article includes a brief description of each application and the features it offers. Information is also available through the U.S. Census Bureau's Web site and by contacting the Manager of the Local Employment Dynamics program, Allan Ross, at **Allan.Ross@Illinois.gov**.

QWI

http://lmi.ides.state.il.us/LED/qwi.htm

The Quarterly Workforce Indicator (QWI) program uses eight indicators to provide a dataset that represents the economic conditions of a particular area. These indicators are:

- Total Employment
- Net Job Flows
- Job Creation
- New Hires
- Separations
- Turnover
- Average Monthly Earnings
- Average New Hire Earnings

The information is available for several geographic areas: Workforce Investment Areas, Metropolitan Statistical Areas and counties within Illinois. The data can be further customized by selecting specific industries or by specifying demographic information such as age and sex. Quarterly data are available back to 1990. The QWI application also has features that allow the user to download data sets and to compare detailed reports. Below you can see a screen shot of the QWI application on the LMI Source.

The QWI application allows the user to compare Workforce Indicators over time and analyze trends according to their geographic, industrial and demographic preferences.

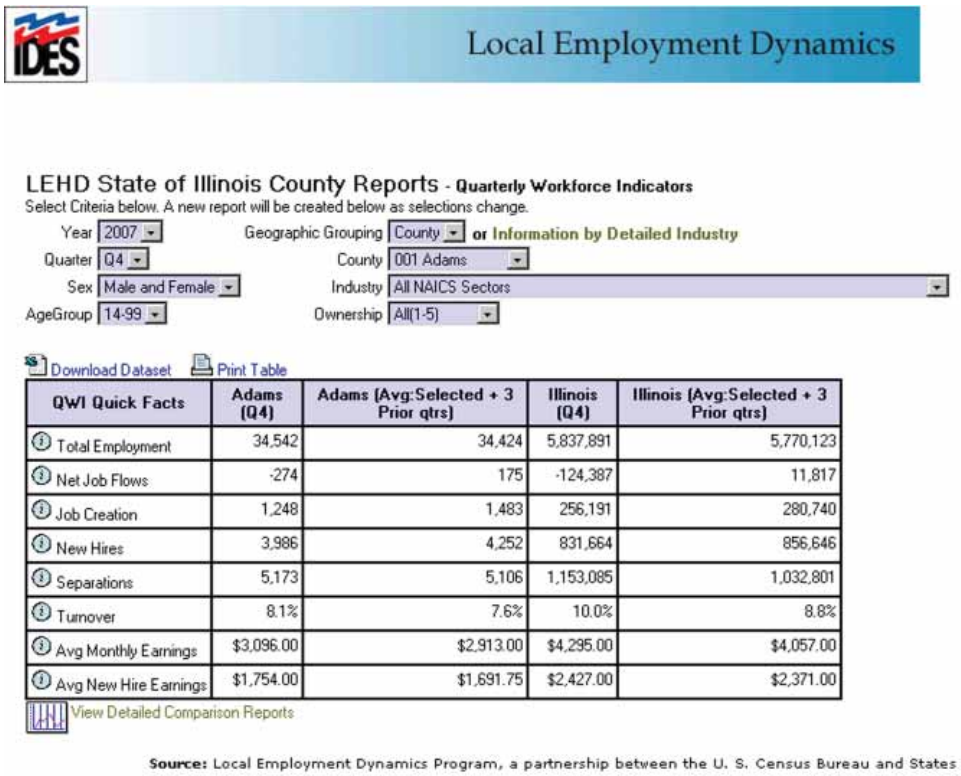
Industry Focus

http://lmi.ides.state.il.us/LED/industry_focus/default.htm

Industry Focus is a newly-implemented application that gives the user an in-depth perspective on industries within the state of Illinois. Top industries are reported using eight workforce indicators, and can be customized to a specific geographic area, age demographic, or gender. Reports can be created using any combination of workforce indicators. The indicators are:

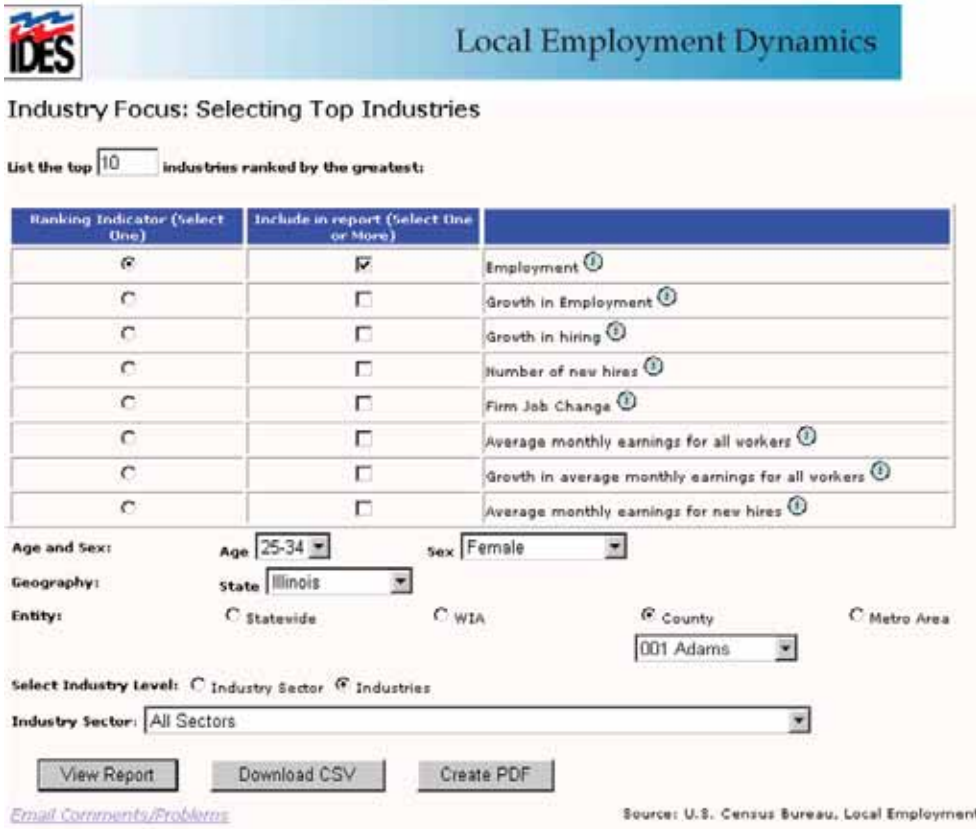
- Growth in Employment
- Growth in Hiring
- Number of New Hires
- Firm Job Change

A SCREEN CAPTURE OF THE QWI APPLICATION



QWI Quick Facts	Adams (Q4)	Adams (Avg:Selected + 3 Prior qtrs)	Illinois (Q4)	Illinois (Avg:Selected + 3 Prior qtrs)
Total Employment	34,542	34,424	5,837,891	5,770,123
Net Job Flows	-274	175	-124,387	11,817
Job Creation	1,248	1,483	256,191	280,740
New Hires	3,986	4,252	831,664	856,646
Separations	5,173	5,106	1,153,085	1,032,801
Turnover	8.1%	7.6%	10.0%	8.8%
Avg Monthly Earnings	$3,096.00	$2,913.00	$4,295.00	$4,057.00
Avg New Hire Earnings	$1,754.00	$1,691.75	$2,427.00	$2,371.00

A SCREEN CAPTURE OF THE INDUSTRY FOCUS APPLICATION



- Average Monthly Earnings for All Workers
- Growth in Average Monthly Earnings for All Workers
- Average Monthly Earnings for New Hires

This information is invaluable for employers, developers, job seekers and others. A screen shot of the application is on the previous page:

The user is able to select the options that best fit their needs and then either view the report on the Web browser, download the report in Excel Comma Separated Values (CSV) format, or create a PDF document containing the report.

OnTheMap

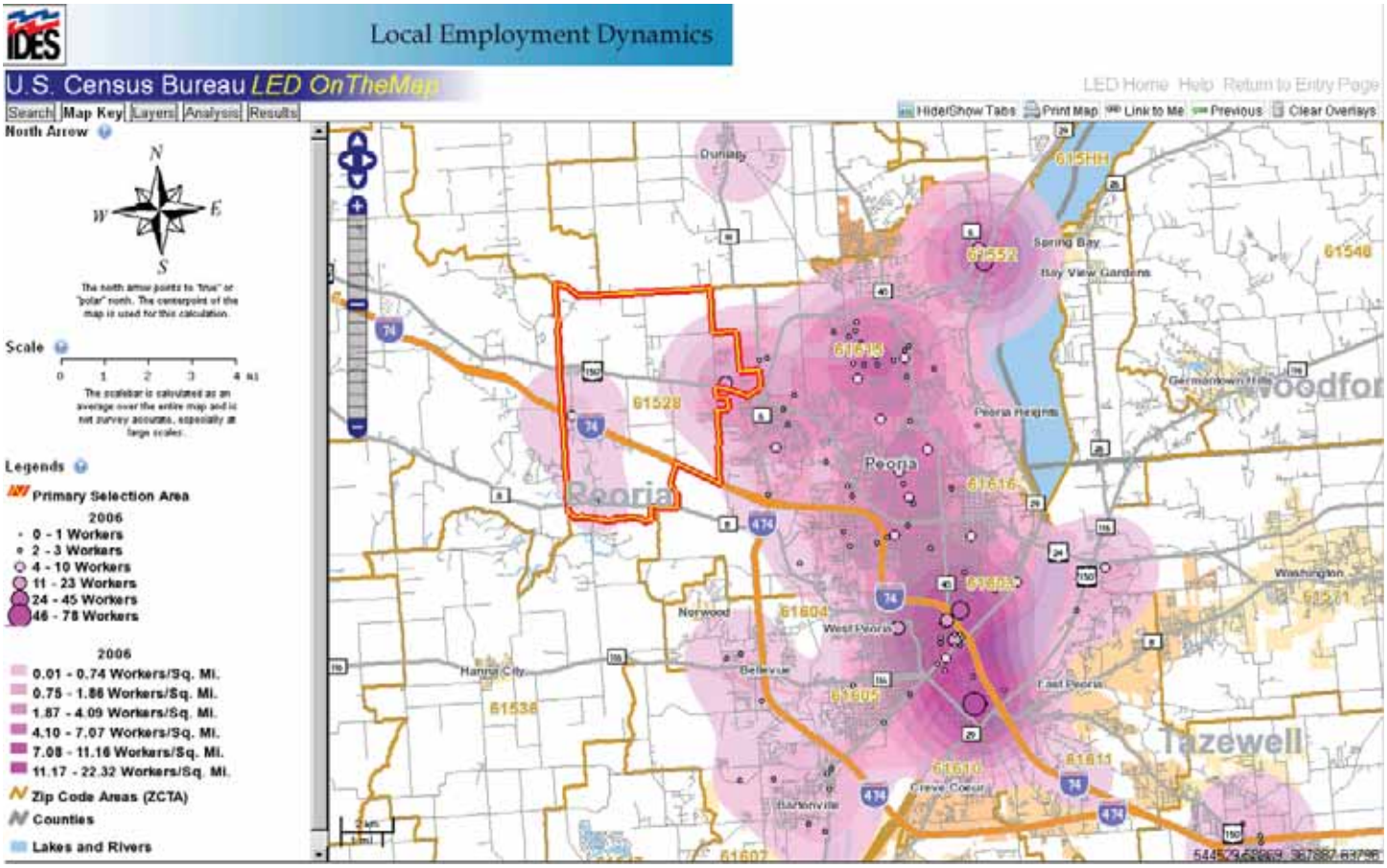
http://lmi.ides.state.il.us/led/on_the_map/default.htm

OnTheMap is an extremely powerful tool that shows the relationship between where workers work and where workers live. User-defined maps show where workers live or where resident workers are employed, to a Census Block Group level and can be customized by age, earnings, industry distributions, and local workforce indicators. Data is available for years 2002-2006, and the maps can be animated to see the change between years. Reports can be produced from query results and are available in several formats: HTML, Excel (XLS), Map and Report PDF, and Report-only PDF. In addition, a text-only version of the application is available.

There are three types of analyses available through OnTheMap:

- A Commute Shed analysis produces a map showing where an area's employed residents work.
- A Labor Shed analysis produces a map that shows where an area's workers live.
- An Area Profile report provides demographic information for workers in the selected area.

An example of a map is below. It is a Commute Shed analysis of ZIP code 61528, outlined in red. As you can see from the map, most people commute to the east for work with the darker shaded area indicating a higher concentration of workers from 61528.

The OnTheMap application was developed as a collaboration between the U.S. Census Bureau, its Local Employment Dynamics (LED) partner states, and the U.S. Department of Labor's Employment and Training Administration. Final compilations and confidentiality modeling are performed by the Census Bureau.

A SCREEN CAPTURE OF THE OnTheMap APPLICATION SHOWING COMMUTING PATTERNS OF RESIDENTS WITHIN THE 61528 ZIP CODE