STATE OF ILLINOIS ECONOMIC FORECAST

January 2015

Prepared for:

State of Illinois

Commission on Government Forecasting & Accountability

Prepared by:

Moody's Analytics / Economic & Consumer Credit Analytics

www.economy.com

Commission on Government Forecasting and Accountability

COMMISSION CO-CHAIRMEN

Vacant
Vacant

SENATE	*HOUSE*
David Koehler	Kelly Burke
Matt Murphy	Elaine Nekritz
Chapin Rose	Raymond Poe
David Syverson	Al Riley
Donne Trotter	Michael Tryon

EXECUTIVE DIRECTOR
Dan R. Long

DEPUTY DIRECTOR
Laurie L. Eby

REVENUE MANAGER
Jim Muschinske

CHIEF ECONOMIST
Edward H. Boss, Jr.

EXECUTIVE SECRETARY
Donna K. Belknap

State of Illinois Forecast Report

January 2015

Prepared for:

State of Illinois
Commission on Government Forecasting and Accountability
703 Stratton Building
Springfield, IL 62706

Moody's Analytics | Economic & Consumer Credit Analytics
www.economy.com

121 N. Walnut Street – Suite 500 – West Chester PA 19380

121 N. Walnut St., Suite 500
West Chester, PA 19380

State Economic Outlook

January 2015

Illinois

Aaron D. Smith, 610.235.5187

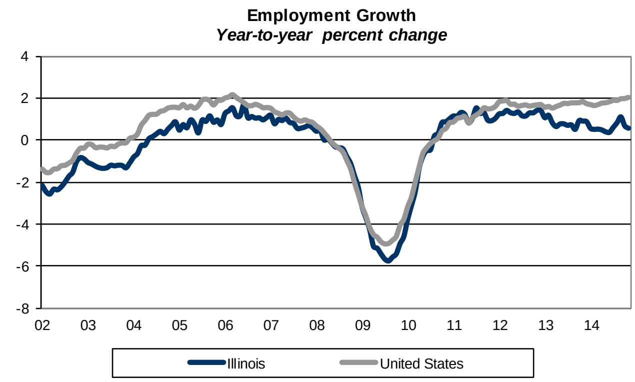
SUMMARY

Illinois' economy has improved over the last year, but progress has been slow and the state has underperformed the region and nation in key gauges such as jobs, income and output. The weakness can be traced to failed fiscal policy, a slow housing upturn, and a stalled manufacturing industry downstate. While Chicago and Lake County are recovering faster than in the 2000s, the rest of the state is advancing more slowly. The culprit is a softer factory sector, which has backpedaled over the last two years. Export-oriented manufacturing centers such as Decatur, Peoria and the Quad Cities face pressure from lower commodity prices and weaker demand for mining and farm equiment and will be slow to revive, preventing the state from narrowing its performance gap with the region and the nation this year.

Longer term, Illinois has a lot of what businesses need to thrive—talent, access to customers and capital, transportation—but painful fiscal reforms are needed before it can fully capitalize on these strengths. To be a solid performer longer term, the state must navigate its fiscal challenges without doing lasting damage to its business climate. Pension reform still faces a significant legal challenge, and a partial rollback of temporary income tax rate increases will lower tax revenues and cause the budget situation to worsen dramatically. The state's demographics present it with another challenge, as an aging population coupled with a trend toward fewer workers hampers job and income gains, which are forecast to be below average over the extended forecast horizon.

RECENT PERFORMANCE (back to top)

- Illinois' last recession was more severe than the nation's, and its recovery has been weaker. The state has lagged the region and the nation in income, output and employment over the last five years. The state's labor market is improving, but more slowly than elsewhere. Illinois is among a handful of Midwest states that still have jobs to make up from the recession, and nationally there are only a half dozen states (Nevada, Mississippi, Alabama, New Jersey, Arizona and New Mexico) where employment is further from its prerecession peak.



Source: Bureau of Labor Statistics

- It is clear from the collection of job market indicators that businesses in Illinois are under less pressure to add workers than they are elsewhere. The share of private industries increasing headcount is much lower than in other Midwest states, for example. Temporary employment is also up by less than average over the past year, with the 3% increase only about one-third of the 8% rise nationally.

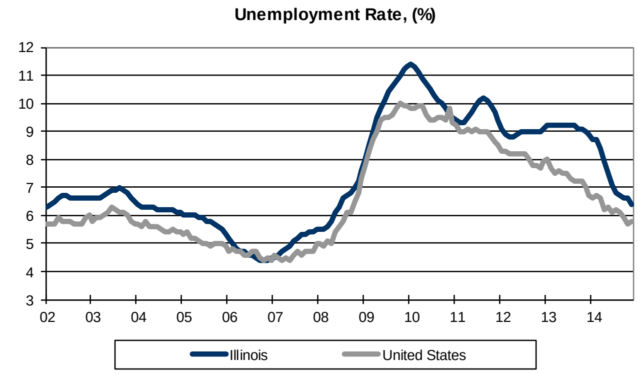
- The problems extend beyond the labor market. The Moody's Analytics business cycle tracker, which combines employment, factory output, homebuilding and house prices into a single indicator, is up less for Illinois than any other Midwest state over the last five years. Illinois is the only state in the region without a metro area in the expansion phase of the business cycle. Illinois also has three metro areas whose recoveries are at risk of coming undone (Bloomington, Danville, Springfield) and is home to the Midwest's only metro area in recession (Decatur).

- Lake County and Chicago are powering the state economy as strong growth in service industries more than compensates for sluggishness in the goods-producing arena. Faster job growth in Chicago's urban core is encouraging; there has been an explosion of tech-related hiring and corporate relocations from the suburbs by firms such as Motorola Mobility and United Continental Holdings. In the River North submarket, where Merchandise Mart is located, Braintree is more than doubling its headquarters space, and Google is expanding its Fulton market offices again. There are also more newly created firms that are expanding now that capital is in greater supply.

- A larger contribution from small businesses is one reason why the weakness in the Windy City's labor market earlier this year may be overstated. As is often the case, the household and establishment surveys tell different stories; the former is much more exuberant, with the household measure of employment in Chicago up almost three times as much as the payroll measure over the past year. The household survey is typically the less reliable of the two because of its smaller sample size, but it does a better job capturing small firms and the results align well with the data used for benchmarking payroll employment. According to Intuit, employment among Illinois' smallest firms, those with fewer than 20 workers, has risen steadily over the past two years even though it has fallen further in other large Great Lakes states. Nonfarm proprietors' income, another indicator of small-business health, is also keeping pace with that of the nation after lagging it in the first few years of the recovery.

- While Chicago's revival runs through downtown, the jobs boom is spreading only so far; the urban core has led, not followed, the metro division in growth. In addition, features that appeal to businesses in Chicago are not evident elsewhere, even where there is top talent. The University of Illinois in Champaign, for example, has one of the country's top engineering schools, but the startup ecosystem needed for graduates to turn research ideas into private companies is small. The entrepreneurial outlets for graduates are much better in Chicago, which is Champaign's largest destination for out-migration. The share of the adult population in Champaign with at least a bachelor's degree stacks up poorly with that in other Midwest college towns.

- The improvement in the job market is reflected in a lower unemployment rate, which has fallen two and a half percentage points over the last year. Despite the drop, unemployment in Illinois is still more pervasive than it is elsewhere in the region. Among Midwest states, only Michigan has a higher unemployment rate. Illinois' labor force has risen significantly over the last few months, slowing the drop in the unemployment rate. The pickup in the labor force is encouraging because it suggests greater job opportunities and increased confidence in the labor market.



Source: Bureau of Labor Statistics

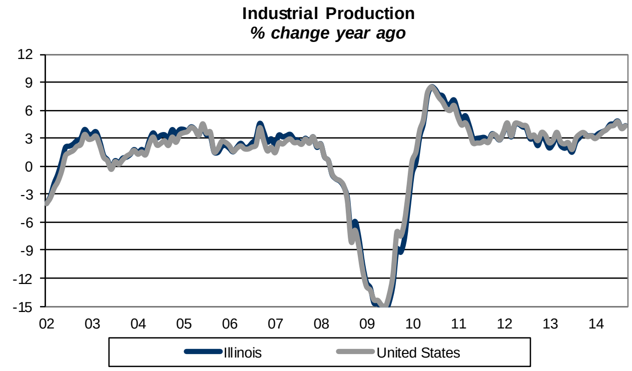
- Although the state's labor force has grown modestly over the last few months, it is roughly unchanged over the last year and has trended lower during the recovery. The decline in labor force participation has been especially pronounced in Illinois, with the decline since late 2007 the largest among Midwest states. Some of the drop is due to a combination of demographics factors, mainly the aging of the population, and other causes associated with the weak economy, especially downstate.

Illinois Employment, Recent Performance November 2014					
	Annualized growth rate				
	3-mo	6-mo	12-mo	5 yr	10 yr
Total	1.0	1.8	0.6	0.9	0.0
Construction	6.5	12.0	6.2	-0.1	-2.8
Manufacturing	1.5	2.4	-0.1	0.7	-1.9
Wholesale Trade	1.9	2.3	1.4	1.1	0.1
Retail Trade	-3.3	-1.7	-2.5	0.1	-0.6
Transportation and Utilities	-4.5	-0.4	0.3	1.5	0.4
Information	0.0	0.8	-1.3	-1.3	-2.0
Financial Activities	-0.1	1.9	-0.3	0.2	-0.8
Professional and Business Services	2.9	4.9	2.5	3.1	1.3
Education and Health Services	2.6	1.4	0.7	1.6	1.9
Leisure and Hospitality	0.9	0.1	0.3	1.5	0.8
Government	-1.1	-0.4	0.2	-0.6	-0.2
	Percent				
Unemployment rate	6.5	6.7	7.5	9.2	7.7

- The state's job market strengthened appreciably late last year. Payroll employment rose by 33,000 in the third quarter, the largest quarterly increase of the recovery to date. While some of the improvement may reflect payback for earlier weakness and therefore is not indicative of the underlying trend, there is also good reason to question the softness in the labor market in the first half of the year. Based on the hard count of jobs from the Quarterly Census of Employment and Wages, which is used for benchmarking employment, payrolls in the state appear to have risen and not fallen during this period.

- Even though employment may get revised higher, private service and goods-producing industries have underperformed in the state. In the service arena, it is population-dependent industries such as retail that have been the slowest to add jobs in Illinois, though slower healing in office-using industries has also prevented faster growth. Goods-producing industries have not fared much better, although construction payrolls are climbing thanks to a pickup in multifamily construction, especially in Chicago. Developers will complete more than 3,000 apartments downtown and twice that amount in 2016.

- Manufacturing payrolls in Illinois are also climbing again, but they are still below their mid-2012 high and further from their pre-recession level than the region or the nation. Foreign demand has been slower to improve in Illinois, making it especially challenging for those manufacturing-centric metro areas that export a lot what of they produce. Factories in Peoria and Decatur, where a much higher than average share of what is produced is shipped overseas, are struggling. Caterpillar and other manufacturers in its supply chain account for the vast majority of factory jobs in the two metro areas, and a dramatic weakening of sales concentrated in the resources segment, and mining in particular, has led to significant downsizing that has spilled over into other parts of these economies.



Source: Moody's Analytics

- Statewide exports remain soft as mining-related investment struggles to recover. Illinois is getting less support from trade because of its greater exposure to industrial machinery manufacturing. Industrial machinery accounts for about one-fifth of the state's exports, twice the national share, and industry exports have fallen over 50% since peaking in mid-2012.

- The auto industry has been a source of strength for Illinois manufacturing, albeit not to the extent as in surrounding states such as Indiana and Michigan. Although transportation equipment producers in the state employ about half as many workers as machinery manufacturers, they have added more jobs over the last four years. Chicago and Rockford account for the vast majority of the rebound, which amounts to about 13,000 jobs since mid-2009. Sales are strong for the three vehicles assembled at Chrysler's Belvidere plant in Rockford. Of these, the Dodge Dart is the most important since Chrysler is discontinuing the other two, the Compass and the Patriot, in 2016 and replacing them with a single model that is likely to be built elsewhere.

- The slowing in manufacturing has done significant damage to private service industries downstate, with employment faring better than in 2013 but still not far from its mid-2009 low. Downstream industries to manufacturing such as wholesale trade and transportation have ratcheted back because of soft overseas demand and weaker shipping volumes. Consumer-related industries such as retail and leisure/hospitality have been notable laggards downstate, with employment in both industries declining last year and not far from multiyear lows.

- Office-using industries in Illinois struggled a bit down the stretch last year, though employment has recovered from an earlier dip and is not far from its prerecession peak. While the number of jobs in administrative and support services has increased, industry growth has been powered by workforce additions at tech and science-based companies. Employment in this high-paying cluster is climbing rapidly and is at a new all-time high, helping to counter slower growth in the smaller but important core of management jobs. The Windy City has become a hot spot for headquarters, but downstate the number of management jobs has shrunk rapidly along with manufacturing over the last two years.

- Financial services are a sore spot. Real estate and leasing jobs have been slower to rebound, and the rest of financial services have been inconsistent. While insurers are expanding, securities firms, exchanges and banks are cutting back as they adapt to new regulations and a tougher lending and trading environment. In Chicago, JPMorgan has been cutting jobs in order to reduce expenses in its mortgage and retail businesses, while less profitable loans and elevated expenses tied to regulatory changes have hurt BMO Harris. Also, a higher than average share of Chicago's small banks are still not healthy by the standards of federal regulators because they have been slow to shed problem loans and write down the value of their assets. Delinquency rates on commercial mortgages in Chicago are the highest among the 100 largest metro areas.

- Consumer industries have struggled over the last year because of poor population trends and weakness in manufacturing, which have hurt income growth in the state. Leisure/hospitality has performed much better in the recovery than retail thanks to the boost from the travel industry and Chicago tourism in particular. A boom in tourism this summer helped hotels make up for last year's brutal winter, but slow growth in the number of international visitors and the loss of a top-10 convention customer are concerns.

- As if slower growth across a number of private industries was not bad enough, the state's budget problems are far from fixed. Illinois is the country's most financially troubled state, and without additional funding for increased costs, there will be even greater pressure to reduce headcount. Pension reform is being challenged in the courts, and a rollback of a temporary income tax rate increase will take a big bite out of tax revenues. The state's financial condition remains precarious as chronic deficits have led to a budget that is not fiscally sustainable.

- Illinois' financial problems were created over decades of fiscal management by previous governors and legislatures. The state's budget has been unbalanced and unsustainable for many years. Assessing the severity of the problem, and possible solutions, requires an understanding of just how much money the state brings in and spends in a given year. But tracking the budget is much more difficult than it seems because of convoluted accounting practices. The use of borrowing and budget maneuvers such as putting off bills until the following year can obscure the truth.

- The state's fiscal condition has deteriorated for two principal reasons. First, for decades it has balanced its annual cash budget by not putting aside sufficient funds to cover the increase in future pension benefits, causing unfunded liabilities to increase. Second, when the state economy was performing well from the late 1990s into the mid-2000s, Illinois expanded government services but did not raise taxes or put away cash reserves. The state's fiscal condition was poor going into the Great Recession, which had a devastating effect on revenues and increased demand for services. The chronic short-sightedness and avoidance of tough choices accumulated to a significant structural deficit for Illinois. The state's current tax structure creates inadequate revenue growth to maintain levels of services from one year to the next.

- The state’s ongoing budget shortfalls and rising liabilities are compounded by the fiscal stress in Chicago. The City of Chicago’s finances are a concern, and satisfying budget requirements will be increasingly difficult until action is taken to address enormous pension debts. The good news is that the city has the wherewithal to restore its financial health, unlike bankrupt Detroit, even if it does mean tax increases to help pay for its share of refinancing underfunded worker plans. Cook County’s finances are also poor, and local government in the collar counties is struggling because of depressed property values and slower population growth.

NEAR-TERM OUTLOOK (back to top)

- Illinois' economy has strengthened over the past year, but challenges remain. The public sector is still a drag, and severe state budget problems are a persistent threat and a deterrent to investment and hiring. Consumers will continue to be a weaker force for the recovery because of poor demographics, and the downstate economy will suffer from a lack of growth drivers. Housing will contribute more to growth, but downstate economies face a tough year because of softness in manufacturing. The improvement upstate will ensure that job and income growth strengthen, but Illinois' economy will underperform the nation and region by a significant margin this year and next.

- The upstate economies of Chicago and Lake County will account for the bulk of job and income gains this year. Chicago is wrestling with its own budget problems, but the city has the wherewithal to restore it financial health, unlike bankrupt Detroit. Chicago also outshines it peers in the competition for talent, customers and capital—advantages that will outweigh the specter of budget deficits and promote in-vestment and hiring.

- While fundamentals upstate are strongest in industries such as business/professional services and tourism, better performance from parts of the economy such as construction and financial services that have struggled with the residual effects of the downturn will pave the way for faster growth. Multifamily building is strong, and fewer foreclosures will promote more single-family construction and a pickup in real estate and leasing jobs. A more favorable lending and trading environment will help the rest of financial services.

- Poor population trends will act as a speed limit on consumer-driven industries, but recent increases in wealth, income growth and credit accumulation in Chicago point to faster gains in consumer spending that will provide support for industries such as retail and leisure/hospitality. Leisure/hospitality has performed much better in the recovery than retail thanks to the boost from the travel industry and Chicago tourism in particular. Hotel occupancy and room rates in the state have risen more quickly than they have nationally thanks mainly to more people visiting Chicago. More convention business will also help drive growth. Labor reforms enacted in 2011 have been an important recruiting tool for trade shows, and a new 1,200-room hotel adjacent to McCormick Place, along with a new 10,000-seat arena, should help attract more convention traffic.

- Illinois' budget problems are its biggest headache, and an escalation of the state's fiscal problems and weakness in the public sector suggest that Illinois will struggle to make the transition from recovery to self-sustaining expansion this year. The state's structural budget problems are so severe that it will take both spending restraint and revenue enhancements to overcome them. Only after there is more certainty of policy and pension restructuring will the threat posed by Illinois' poor fiscal health start to diminish.

- Weak income growth is hurting state tax revenues, making it difficult for Illinois to get a handle on its fiscal problems. Without additional funding for increased costs, pressure to reduce headcount will build. The rollback of the temporary income tax increase will dramatically reduce revenues, and though the budget for fiscal 2015 includes lower general fund expenditures, accounting gimmicks mask an increase in overall spending that will raise the state's backlog of unpaid bills for the first time in three years.

- Unless lawmakers decide to bring back the 2011 tax increase, large midyear adjustments will be necessary to get through the remaining half of fiscal 2015. This will require some combination of temporary revenue increases and spending cuts, permanent spending cuts, and additional borrowing. State and local government revenues will decline this year, and if lawmakers do not take action to increase revenue, additional cutbacks are likely in 2016.

- While the threat posed by Illinois' poor fiscal health extends to all parts of the state, Champaign and Springfield have the most to lose because of their outsize dependence on state government for jobs and income. The University of Illinois faces greater financial and political pressure than its peers. The threat of budget cuts and shortfalls in staffers' pension funds is making it difficult to retain and attract top talent. Although the university increasingly relies on other sources of funding to supplement state appropriations, its limited ability to withstand further reductions has hurt the school's credit rating and increased its borrowing costs. Faculty and staff healthcare costs keep rising, and the university is approaching an upper limit on tuition rates and the 4% increase in state funding that the university is requesting next fiscal year has almost no chance of being granted.

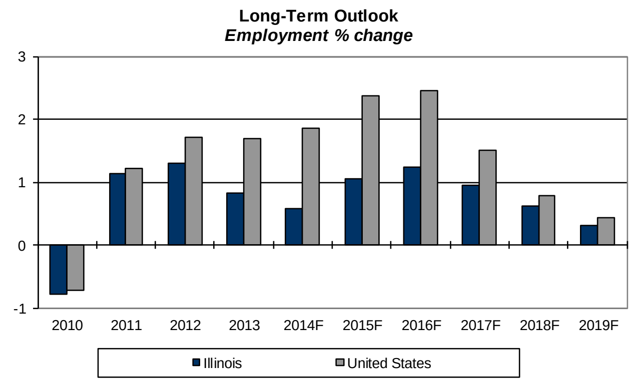
- Most other downstate economies are tethered to manufacturing, which has struggled the last two years and will face pressure this year from weak overseas demand. Peoria, Decatur and the Quad Cities face the biggest challenges as a result of their reliance on faster growth abroad and stronger overseas demand for heavy equipment in particular. Caterpillar will struggle to increase sales despite improving demand for construction and power equipment. A stronger dollar will make the equipment more expensive to foreign buyers unless the company cuts prices, and lower prices for commodities will extend weakness in the company's important resource segment. Although stronger global growth should equate to firmer demand for various metals in the coming quarters, miners are unlikely to invest more until commodity prices climb and they have more confidence in the outlook.

- Agricultural machinery giant John Deere also faces a more challenging environment. Higher interest rates will make equipment loans more expensive, and lower commodity prices will reduce anticipated returns. In recent years, these factors have driven many farmers to purchase new equipment. Anecdotal reports suggest that some farmers have replaced combines each year because it has been so inexpensive to do so. This means not only that farmers have on average newer equipment, but that the secondhand market is well-stocked. Weak demand for new tractors in the coming quarters will squeeze sales and restrict hiring, a negative for the Quad Cities' economy.

- The outlook for downstream industries to manufacturing such as transportation and distribution is more promising, especially in Chicago. Weaker foreign demand will slow but not stop the ascent of transportation and warehousing in the Windy City. Chicago does not export a lot of what it produces, and logistics firms will benefit as imports and shipping volumes rise. Also, because some of the rebound is structural rather than cyclical, Chicago should be able to sustain above-average job growth in transportation and warehousing this year and next.

LONG-TERM OUTLOOK: POSITIVE FACTORS

(back to top)



Sources: BLS, Moody's Analytics

- The state will continue to diversify into service-providing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will develop as the transportation/distribution center for the Midwest, fueled by the recent push for a high-speed passenger rail that will also result in an upgrade and modernization of its freight rail system and will increasingly develop its tech industry. The explosion of tech-related hiring on the Near North and West sides and corporation relocations such as Motorola Mobility and United Continental Holdings from the suburbs suggest that this new economic engine has reached critical mass, enabling its growth to become self-perpetuating.

Business services

- Business and professional services are expected to drive growth and will be a top performer in the long-run forecast horizon. Most of the growth will take place in northern Illinois. Downstate Illinois has few possibilities in developing well-paying business service jobs such as business consulting; it is more likely to attract low-end business services such as call centers that can get by with a low-skilled workforce as long as rents are low.

- Chicago’s large concentration of corporate headquarters; outsourcing; growth of the consulting industry, which serves both national and international clients; and growth of information technology should help boost the business and professional services industry.

- The outlook for Chicago depends on its expansion as a center of global commerce. The latest trends are encouraging in this regard as the metro division builds out its small but important core of high-paying headquarters jobs faster than its peers. In recent years, the urban core has become the new economic engine, as more jobs downtown attract residents to move nearby, prompting additional companies to join the inward migration. Indeed, a downtown location is fast becoming a necessity in the competition for talent. The gains have been concentrated in the urban core and the mega Loop in particular, the population of which has surged in part because of the expanding roster of high-tech companies in the Merchandise Mart in River North.

- In addition to business services, the success of the state's economy (particularly the Chicago metro area) will depend on the strength of its high-tech services, including computer systems and design and biotechnology. A second incubator for startup technology firms in Chicago, this one focusing on biotech and pharmaceutical companies, is in the works. Tech companies that are able to meet the needs of Illinois' vast manufacturing base will also be successful.

Financial services

- Financial services, which employ just over 6% of the state's workforce and closer to 7% of Chicago's workforce, will remain among the state's core industries. One reason for this is that the outlook for Chicago's commodities exchanges is promising. They have successfully adapted to new technologies and, through mergers, have increased their market share in the global marketplace. They also hold virtual monopolies over their most important products, thereby benefiting from strong pricing power. Chicago is considered the world capital of futures trading since it is now by far the world's largest derivatives exchange.

Tourism and conventions

- Illinois' tourism industry is expected to perform well over the next decade. The industry has come back faster in the state than it has nationally, thanks almost entirely to more people visiting Chicago. The mayor's goal of 50 million overnight visitors by 2020 looks increasingly attainable.

Transportation/distribution

- Even though manufacturing itself is not expected to be a significant positive force as a result of productivity enhancements and increasing globalization, the state's distribution and transportation network will remain an integral part of the economy and help drive growth. Transportation, warehousing and wholesale trade account for just over 11% of Chicago's output and about 10% of Illinois' gross state product. Among Midwest states, only Nebraska and North Dakota are more dependent on this cluster of industries.

- Northern Illinois remains the nation's rail hub. The industry is benefiting from stronger domestic demand and Chicago's well-developed transportation facilities. Intermodal traffic is the fastest-growing part of the rail industry, as most railway yards have been converted to handle intermodal traffic. Chicago is the third largest intermodal container handler in the world, behind Hong Kong and Singapore. A number of intermodal terminals have been built in recent years in Chicago, Rochelle and the Quad Cities.

Education

- Other service-based industries that will support growth in the state include healthcare facilities and educational institutions. The University of Illinois-Champaign, Illinois State University in Bloomington, and Southern Illinois University will provide long-term stability to the downstate economy. Chicago also supports a number of universities, including Northwestern, the University of

Chicago, the University of Illinois in Chicago, and Loyola, but they are not as vital to Chicago as schools downstate are to that economy.

Healthcare

- Healthcare will support growth throughout the state as the population ages. This will be a driver of growth downstate, particularly in regional healthcare centers such as Peoria, Rockford and Springfield. In Peoria, for example, healthcare is expected to lead growth in the medium and long term. Healthcare is also important in Kankakee, which uses its local cost advantages and proximity to Chicago to focus on long-term healthcare for the elderly and disabled. Although Illinois' 13% share of jobs that are in healthcare is roughly in line with the nation's, it is much higher than average in Kankakee, Peoria, Rockford and Springfield. However, industry job growth will lag the U.S. average primarily because of Illinois' weaker population trends.

Agriculture

- The outlook for Illinois' large agricultural industry is optimistic, despite the recent weakness in crop prices that have hurt farm incomes. Despite strong competition from agricultural powerhouses Brazil, Argentina, India and China, farmers will benefit from an expanding global economy longer term. Although efforts to rein in the federal budget deficit could result in a reduction in farm subsidies down the road, the forecast assumes that they will remain an integral component of U.S. agriculture in the longer term.

Energy

- The southern part of the state has rich deposits of natural gas, and state lawmakers have signed off on rules regulating oil and gas drilling in Illinois. Southeastern Illinois is home to the New Albany shale formation, which is largely undeveloped but could bring a much needed boost to that part of the state. However, a boom is unlikely in the near term given the sharp fall in commodity prices and pullback in investment spending by energy companies.

- While the potential of the state's New Albany shale formation is subject to considerable uncertainty, the direct employment result from an increase in drilling of oil and gas wells should be significant for southern Illinois. Hydraulic fracturing is expected to create more than 1,500 oil and gas drilling jobs over the next decade. There will also be a positive economic impact from land leases and royalties, and other industries such as accounting, credit intermediation, and transport will benefit as drillers demand more services.

- The outlook for the state's coal industry is less upbeat. The power sector has been shifting from coal to lower-carbon natural gas, a trend that will be hard to reverse. The federal government has rolled out new nationwide limits on coal-fired power plant emissions that are likely to hasten the shutdown of more coal-fired power plants. The federally subsidized FutureGen "clean coal" plant in downstate Illinois broke ground last year in order to qualify for the $1 billion in federal stimulus funds earmarked for the plant, but the project has been scaled down significantly and a new legal uncertainty will make it difficult to raise additional financing until it is resolved. The Illinois Supreme Court has agreed to take up an appeal on a controversial order requiring rate payers statewide to pay extra on their electric bills to help finance the plant downstate, with a ruling expected sometime later this year.

Business climate

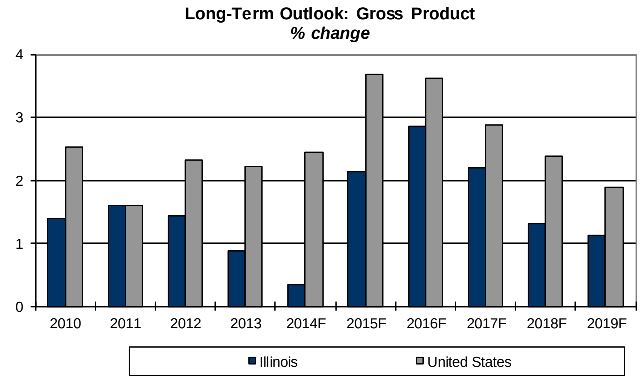
- Illinois' business climate outshines its regional rivals, but the state's shaky finances have some firms questioning whether they want to expand in the state or elsewhere. Illinois has what it needs to remain a top business center, as long as it can solve the fiscal problems that are eroding its edge in the competition for talent, jobs and capital.

- Specifically, Illinois has a huge talent pool of highly skilled workers, world-class universities, more money for investment, and better transportation with an airport with direct connections around the globe. The state has these advantages because it has Chicago, the nation's third largest metro area. No neighboring state has a city even half as large.

- About 20% of the state's population age 25 and older has a bachelor's degree and 12% has a graduate degree—both above the national average—according to Census Bureau data. In Chicago, the shares are even higher at 22% and 14%, respectively. In addition to better educational attainment levels, Illinois has deep pockets of specialized expertise in areas such as pharmaceuticals and medical devices, capital goods manufacturing, and logistics that businesses value. Chicago's central location and extensive transportation network add to its appeal, particularly for companies that need to move their workers around the country and the world. The metro area is unique among the nation's big cities as a hub to three major carriers. The state is also the country's top rail hub, with 3,000 to 4,000 more miles of track than any state that it borders.

- Illinois also offers businesses greater access to customers and capital than its neighbors. These factors are particularly important to newly formed companies that may be targeting a specific demographic and must be able to raise money in order to grow. Startups were much more active in the state last year, with the dollar volume of deals surpassing $1 billion for the first time since 2000. This was more than double the prior year's total and the amount of the state's closest regional competitors, Ohio and Minnesota. The greater availability of capital has played a key role in raising Chicago's technology profile, for example, most notably with the success of the 1871 incubator in the landmark Merchandise Mart in Chicago's River North neighborhood. The increase in activity is a clear positive for long-term growth because some of the smallest firms are the most important when it comes to spurring employment. Start-ups that can expand quickly, often dubbed "gazelles," are especially important to economic growth, sparking lots of job creation and investment.

LONG-TERM OUTLOOK: NEGATIVE FACTORS (back to top)



Source: Moody's Analytics

- Deep-rooted fiscal problems along with subpar demographic trends represent the biggest hurdles to the longer-term outlook. The forecast anticipates that the state will grow roughly in line with the Midwest average but a step behind the nation over the extended forecast horizon. Between now and the end of the decade, employment in Illinois is forecast to increase close to 4%, below the 5% increase for the Midwest and 7% rise nationally.

- Despite its close ties to the national business cycle, Illinois will underperform because of its worse long-run trend growth rate. This means the outlook for the Illinois economy is closely tied to the outlook for the nation, but in movement from growth to recession and back again, not through a common rate of growth. The state economy's tracking of the national business cycle is indicated below by the systemic volatility, which measures how much of the state's employment volatility is explained by the national business cycle. According to Moody's Analytics, 98% of the variation in the Illinois economy is related to variations in the national economy.

- Although Illinois' business cycle closely tracks the nation's business cycle, job growth has trailed the national pace for the last 10 years. A beta higher than 1 indicates that cyclical swings have greater amplitude than the national average. Unfortunately for Illinois, that amplitude has been evident in downswings in the business cycle but not in upswings. This has been the case in the latest cycle, with the state experiencing a steeper downturn than the nation but a more muted recovery thus far.

Business climate

- Although the state's ongoing fiscal crisis and the specter of higher taxes are expected to subtract modestly from growth, Illinois is unlikely to lose its appeal for corporate headquarters and companies that need highly skilled workers and are willing to pay for the top talent. Instead, the risk centers on businesses that are more cost-sensitive. Specifically, retaining businesses in industries such as manufacturing and transportation that hire semiskilled workers at decent wages will be a challenge if taxes increase again or if there is a perception that they will rise in the future. This is a concern since manufacturing in the state is sputtering, and downstream industries have been strong performers for Illinois during the recovery and in years past.

- While lawmakers are mindful of their state's business tax climate, they are often tempted to entice business with lucrative tax incentives and subsidies instead of broad-based tax reform. There is a recurring pattern of such behavior in Illinois, and it is not clear whether business incentives will generate enough money to pay back these costs. A far more effective method would be to take steps to improve the business tax climate for the longer term so as to improve the state's competitiveness in a systematic way that does not compromise the longer-term budget picture.

Manufacturing

- Manufacturing will occupy a slightly greater than average share of the Illinois economy, but the state will have to fight to hold on to its manufacturing base. The long-run decline of manufacturing will prevail despite the industry's current resurgence, which has lost momentum because of weakness downstate. Manufacturing is of greater importance in northern and central Illinois than it is in Chicago. While the share of employment in manufacturing in the state as a whole, at 10%, is only somewhat higher than the national average of 9%, the share outside Chicago is higher at close to 13%. Illinois' largest manufacturing industries, in order of number of jobs, are fabricated metals, industrial machinery, food processing, chemicals and plastics. Together, the five industries account for almost two-thirds of all manufacturing jobs, compared with half nationally. Areas such as Peoria, Decatur and Davenport-Moline have a particularly high exposure to the two largest industries.

- Illinois' manufacturers will face daunting competition in the global marketplace in the long term. They have been forced to shift operations to lower-cost regions of the world to remain competitive, and while this trend has slowed as labor has gotten more expensive overseas, it does not reduce the cost advantage sufficiently to reverse this process, especially now that the dollar is appreciating. Much of the state's low-value-added manufacturing, with the exception of food processing, is likely to leave the state.

Business costs

- The state's longer-term outlook is tarnished primarily by its budget woes and weak population trends, not its high costs relative to nearby states. Business costs in the state are only marginally higher than they are nationally. Costs are now lower than those in Wisconsin and Ohio but higher than those in neighboring Missouri and Indiana. Firms in Illinois tend to pay less in taxes and their utility costs are below average, but labor is on the expensive side. By and large, though, business costs are pretty favorable and lower than those in states that have similarly large metropolitan areas with unique features that appeal to businesses such as California and New York.

Index of Relative Business Costs, 2012								
	Labor Cost		**Tax Burden**		**Energy Cost**		**Overall Index**	
	Index	***Rank***	**Index**	***Rank***	**Index**	***Rank***		***Rank***
Illinois	**101**	***21***	**98**	***20***	**92**	***27***	**100**	***17***
Indiana	89	46	100	17	84	34	87	42
Ohio	98	27	108	11	95	22	98	22
Michigan	104	7	104	14	99	18	103	12
Wisconsin	102	19	109	10	99	19	101	15
Iowa	91	44	97	23	78	41	86	48

Notes:

1) Rank is for all states plus District of Columbia.
2) U.S. average = 100.
3) Labor Costs are measured by total earnings per employee at the 3-digit NAICS level.
4) Tax Burdens are measured by all taxes excluding severance, education, and hospital taxes relative to personal income.
5) Energy costs are measured by cents per kwh for industrial and commercial users.
6) In the overall Index, Labor Costs have 75% weight, Energy Costs have 15% weight, and Taxes have 10% weight.

- The cost of energy has shifted from a disadvantage for the state in the mid-1980s, when it was 20% more expensive than nationally, to an advantage today, with utility rates in Illinois now about 13% below the U.S. average. Although the entire Midwest has become more competitive in this area, Illinois has made bigger strides, and for the first time in more than four decades energy costs are noticeably less than the regional average.

- The state's tax burden has been consistently below that of the Midwest since the early 1980s and has been lower than the national average since the late 1980s. Illinois' tax burden is also lower than those of its neighboring states, with the exception of Missouri and Indiana. The state has been able to keep its tax rates low by deferring its commitments for employee compensation. However, now that debts must be repaid, the state must reform its tax system in order to get its finances on a sustainable path. This may require tax burdens to rise above national and regional norms, which, in the absence of an accompany rise in services, could diminish the appeal of investing and living in the state.

Right-to-work

- Unit labor costs in the state are above the national average, in part because of a still-high presence of unions. The state's unit labor costs are significantly higher than those of neighboring Indiana but lower than in Michigan's, two states that have adopted right-to-work laws. Under right-to-work laws, employees in unionized workplaces cannot be forced to pay union fees or join unions. Michigan passed a law after a number of businesses, mostly in manufacturing, cited the law as a factor in their decision to locate in the Hoosier State.

- Right-to-work laws weaken labor unions by eroding the power and influence of organized labor—they tilt the balance of power so that workers reap fewer of the gains from growth. The laws create what is known as a free-rider problem—by making the payment of union dues voluntary, workers are able to benefit from union bargaining efforts without having to pay for it. With fewer employees paying for the cost of representation, the financial resources of unions get eroded and their influence and power suffers.

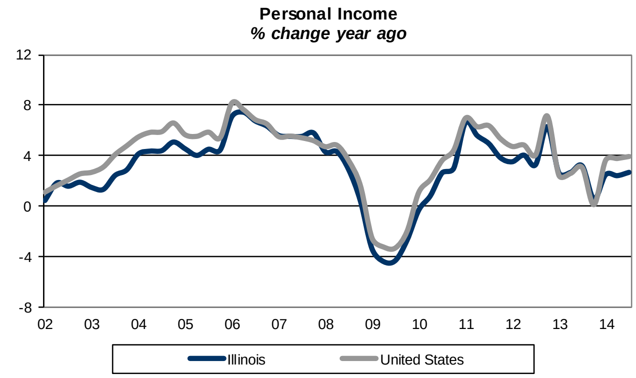
- Right-to-work laws do tend to cause a decline in union density. The percentage of workers belonging to unions fell more significantly in Idaho and Oklahoma than in the rest of the country after those states adopted such laws in the early 2000s. More recently, organized labor has suffered big membership losses in the industrial Midwest, including Michigan and Indiana, which have recently passed laws that make organizing labor more difficult.

- Less clear are the effects that right-to-work laws have on economic growth. The lack of clarity is mainly due to the fact that union strength is just one factor businesses look at when deciding whether to set up shop or relocate. Energy and other costs also matter, as do a slew of other factors including talent, infrastructure, and access to customers and capital that make it extremely difficult to gauge the effects of right-to-work laws on job creation and a state's economic prosperity.

- Also debatable is whether right-to-work laws enhance economic growth even in circumstances where they do help attract businesses to a state. Since laws that hurt unions shift the balance of power from employees to owners, they tend to erode wages and lead to a more uneven distribution of the gains of economic growth. Consequently, even if the impact of right-to-work laws is positive in the short run, it can diminish over time because of the downward pressure on incomes.

INCOME (back to top)

- Personal income has been slower to rise in Illinois, contributing to the underperformance of retail and leisure/hospitality. Consumption depends most on labor income, which has lagged badly during the recovery. The 14% increase in income from the end of 2007 is the smallest among Midwest states and 7 percentage points below the national average. The most important source of income, wages and salaries, has lagged by an even larger margin because job growth has been so sluggish.



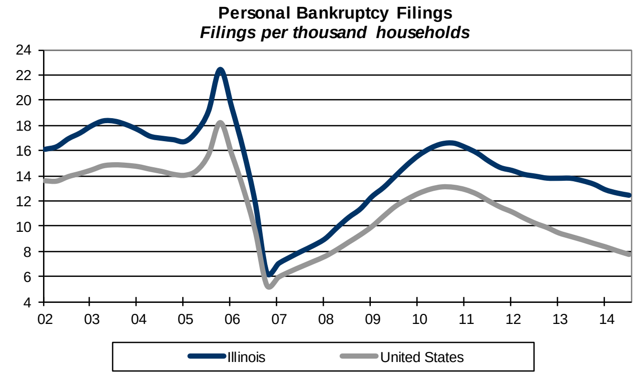
Sources: BEA, Moody's Analytics

- The 2.2% increase in personal income in 2013 was especially disappointing and can be traced to a slowdown in manufacturing that weighed heavily on wages and salaries downstate. Although the factory sector has been slow to improve, it is no longer backpedaling and service industries are performing much better than they were a year ago. As a result, personal income has risen more quickly, climbing at a 3% annual clip in the first three quarters of 2014. More timely data on hourly pay have also shown improvement, with average hourly earnings in the private sector at a new record high and up 4% from a year ago. This is the fastest year-over-year increase among the Great Lakes states and exceeds the 3% rise nationally.

- The state's high-wage jobs tend to be clustered in Chicago, which boasts higher than average incomes in just about every major industry. On a per capita basis, Chicago ranks 24th nationally, with incomes more than 109% of the national average. However, per capita income is about average for a metro area of its size, and Chicago's position relative to its peers and the nation has deteriorated steadily since the late 1990s, when per capita incomes were about 117% of the national average.

BALANCE SHEETS (back to top)

- Besides income, there are other reasons consumers have been a weaker force for Illinois' recovery. Household balance sheets in the state have taken longer to heal and are generally in worse shape than that of the nation's. Because their wealth fell so much during the recession, households upstate have been more aggressive in cutting debt and padding saving, hurting consumer industries in the process. Household debt in Chicago, Lake County and Rockford ended last year about 17% below its prior peak, twice as much as nationally.



Source: Administrative Office of U.S. District Courts

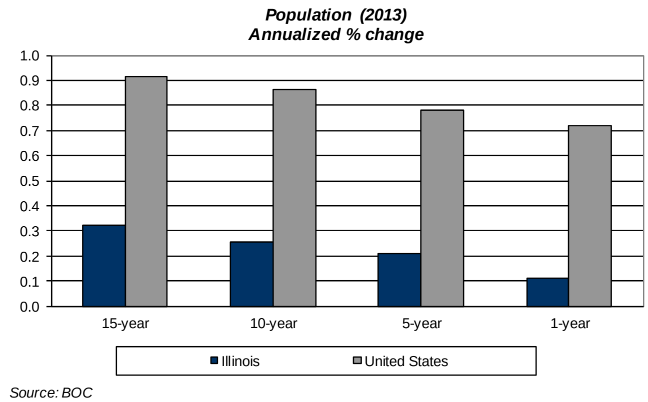
- Fortunately, Illinois households have come a long way in repairing their balance sheets and are increasingly willing and able to borrow. Although consumer debt is well below its prior peak upstate, it is no longer falling, and when Chicago, Lake County and Rockford are excluded, it is climbing and recently surpassed its prior peak. Because households did not overextend during the last expansion and were spared the foreclosure crisis, they have not had to make the adjustments to the liability side of their balance sheets that have been necessary upstate and sport lower delinquency rates for nearly all types of credit. The strength of balance sheets downstate has helped cushion the blow of weaker manufacturing on consumer industries such as retail and leisure/hospitality. Households downstate have been more willing and able to smooth through the income shock of a job loss by increasing debt to support spending.

- The rise in financial wealth in places such as Chicago and Lake County, where stock ownership is more pervasive and dividends, interest and rents account for a higher than average share of local incomes, has been more pronounced than the increase in the rest of the state. But because declines in housing wealth were also much larger than average upstate, consumer balance sheets have generally improved by less than average. While nationally house prices have reversed about one-half of their earlier decline, in Illinois only around one-third the drop has been recouped.

- With many homeowners upstate still struggling to overcome falling home values, mortgage credit quality is somewhat of a sore spot in Illinois. Although delinquencies on first mortgages are no more prominent in the state than they are nationally, late payments on home equity loans are more widespread. Home loan delinquencies have come down over the last three years, but at the end of 2014 the rate was still more than a percentage point above the national average. About four-fifths of the delinquent home loans are in Chicago, up from less than two-thirds prior to the recession. Mortgage credit conditions are apt to stay tighter for longer in Chicago, keeping some prospective homebuyers from entering the market and hurting sales.

- Personal bankruptcies are trending lower in the state, evidence that Illinois' recovery is slowly helping to reduce financial hardship for households as more previously unemployed workers find jobs. Personal bankruptcies were down 9% from a year earlier in the third quarter of 2014, almost as much as the 12% decline in the Midwest and 13% drop nationally. The number of personal bankruptcies per 1,000 households is also declining, but more slowly than it is nationally and was the highest among Midwest states at 12.4 in the third quarter. This compares with 9.1 per 1,000 households for the Midwest and 7.7 nationally. The gap with the nation is the largest in more than two decades.

DEMOGRAPHIC TRENDS (back to top)

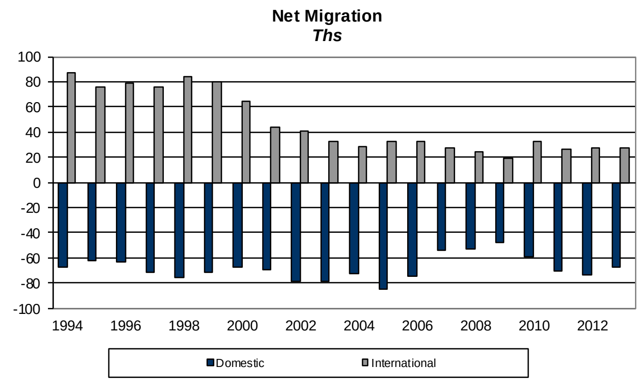


- While household credit quality has been less of a hindrance for the downstate economy, demographic trends have been a bigger challenge. Chicago's population grew 0.3% in 2013, the same as in 2011 and 2012. But across the rest of the state, the population contracted for a third straight year in 2013, the first time this has happened since the mid- to late 1980s.

- The population numbers for 2014 have been released for states, but not metro areas. Illinois' population shrank for the first time in 25 years, contracting 0.1% after rising by a similar amount the previous year. Population growth in the state has ratcheted lower fairly steadily since the early 1990s, though there was a temporary disruption in the weakening trend very late in the last expansion and during the recession. After slipping by almost a full percentage point between 1992 and 2005, from 1.1% to 0.2%, population growth in Illinois doubled to 0.4% by 2007 and held at that pace in the subsequent two years. The slowing trend resumed in 2010; both immigration and birth rates have declined since then.

- As the national recovery strengthens, more of the state's residents are seeking opportunities elsewhere. A net 63,000 residents left the state in 2014, almost twice as many as in 2013 when it surrendered 35,000 residents. The main reason for this is a loss of domestic residents. Although the state has been losing more domestic residents than it has taken in for decades, in the past few years the gap has widened as an underperforming economy has reduced the state's appeal. Illinois lost 95,000 net domestic residents in 2014, about 28,000 more than in 2013.

- Looking at the movement of workers across state lines, Illinois loses and gains the most number of residents from neighboring Indiana. In the early 1980s, the state took in approximately the same number of residents from Indiana that it lost to that state. Since then the number of residents relocating to Illinois from Indiana has stayed about the same, but the number of Illinois residents moving to Indiana has risen by about 50%. On the upside, since the mid-2000s the number of Illinois residents leaving for Indiana has fallen by about one-fourth.



Source: BOC

- Illinois also loses more residents to Missouri and Kentucky than it takes in from these states, but the trends have been about stable over the last two decades. The migration rate with Iowa was positive in the early 1990s, but Illinois now loses more residents to the Hawkeye State than it takes in and the numbers have steadily increased. On the upside, Illinois is losing fewer residents to Minnesota and Wisconsin, and the migration rate with Ohio and Michigan is positive.

- A big wild card for the state is whether baby boomers will leave en masse to retire to warmer climates. In the baseline outlook, the assumption that baby boomers will retire and move out of the state results in a gradual slowing in population growth after a brief period of improvement this year and next. While the largest number of the state's out-migrants is headed to Indiana, where living costs are lower, retiree destinations Florida, Texas and California now rank as the second, third and fourth most popular destinations for relocating residents.

- Over the past two decades, international migrants have helped temper the bite to Illinois' population base from the tide of domestic out-migrants. Foreign immigration has weakened since the mid-2000s, but the trend appears to be stabilizing. Although the 2014 total of 32,500 was up only slightly from the previous year, it marked the largest increase since 2009. Immigration policy is expected to become looser in the coming years because of the country's changing voter profile and Chicago in particular will remain a gateway for foreigners seeking jobs in the U.S.

Migration Flows - IL - 2011

Into Illinois	Number of Migrants	From Illinois	Number of Migrants
Indiana	14,429	Indiana	18,555
California	11,639	Texas	17,455
Wisconsin	10,958	Florida	16,581
Missouri	10,655	California	16,063
Florida	10,016	Wisconsin	14,931
Texas	9,780	Missouri	12,963
Michigan	8,670	Iowa	8,636
Iowa	6,889	Michigan	7,780
Ohio	6,157	Arizona	7,119
New York	5,300	Georgia	6,807
Inmigration	**164,439**	**Outmigration**	**215,596**
		Net Migration	**-51,157**

Note:
Net Migration: Number of Migrants is the net flow of migrants.

Source: Moody's Analytics calculation from 2011 IRS data

- The natural rate of population growth has also slowed in Illinois, from close to 80,000 per year just prior to the recession to a multidecade low of around 54,000 in 2014. The rate of natural population increase, or the difference between birth rates and death rates, has fallen short of the national average since the start of the decade. Although the state's death rate increased last year, the importance of elderly residents in Illinois' population base has been slower to increase. Among Midwest states, only Minnesota, Nebraska and North Dakota had a lower death rate than Illinois in 2014.

- Unfortunately, the birth rate in Illinois has dropped off significantly since the early 2000s, when it was well above both the regional and national averages. It dipped again last year to its lowest rate in more than three decades and was lower than in the rest of the Midwest and nation. While the birth rate did not fall as much last year as it did in 2013 in Illinois, it dipped again to its lowest rate in more than three decades. The birth rate was higher than in the rest of the Midwest but lower than the national average. It was higher than in Michigan, Ohio and Indiana but lower than in Missouri and Indiana.

- Illinois' population between the ages of 25 and 44 makes up a larger share of the total than that of the Midwest and the nation, but it has been contracting steadily for the past decade. The pace has slowed a bit over the last few years, and the trend should continue, with very small gains over the next few years expected to give way to more modest growth in the second half of the current decade. Some of this is natural and related to larger numbers of people entering the bucket and fewer leaving it. That said, the rate at which working-age adults are leaving the state in search of better opportunities is also expected to diminish somewhat over the next decade as the performance gap between Illinois and the nation diminishes.

- Because Illinois is expected to lose a good number of elderly residents to areas further south over the next decade, the share of the population 65 and older will be slower to increase and will fall short of the Midwest and national averages over the forecast horizon. This has important implications for the types of goods and services that will be demanded in the state. In particular, it will weigh on the growth of healthcare, with demand for health services rising more slowly than average as baby boomers age.

- Another demographic determinant of Illinois' outlook is the educational attainment of the population. About 32% of the workforce has a bachelor’s degree or higher and 12% has a graduate degree—both above the national average. Most of the state’s neighbors trail it in educational attainment. Illinois’ share of adults with a bachelor’s degree ranks 14th nationally. Most northeastern states rank ahead of Illinois, as do Colorado and Washington in the West. The only Midwest state to rank ahead of Illinois in the share of adults with at least a four-year degree is Minnesota. Wisconsin comes closest at about 28%, followed by Missouri and Michigan at 27%, Iowa at 26%, and Indiana at 24%. No southern state ranks above Illinois.

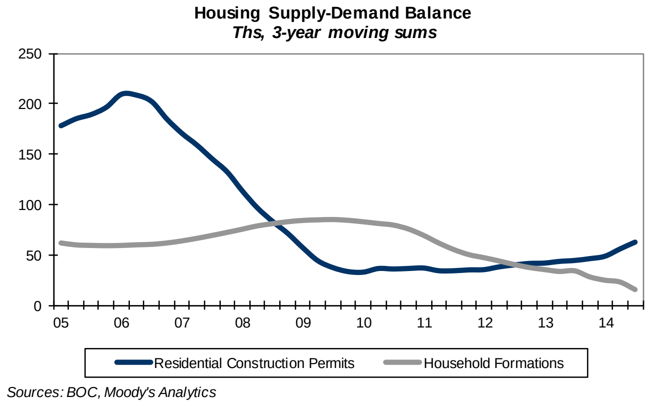
- The state's large pool of talented workers is primarily due to the concentration of white-collar jobs in the Chicago area and in downstate metro areas including Champaign, Bloomington and Springfield. The metro areas that have a high dependence on manufacturing, including Davenport, Decatur, Kankakee, Peoria and Rockford, have below-average educational attainment levels. Primary and secondary education in the state is uniformly strong, as every metro area in Illinois boasts an above-average share of high school graduates.

- Weak population growth has far-reaching consequences, from sluggish labor force growth to low demand for housing and consumer goods. Consequently, if the forecast for improvement in population growth takes longer to materialize, so too could the strengthening of the Illinois economy. The recent divergence in growth rates between Illinois and the lagging Midwest is a concern because it suggests that the state is losing out to its closest competitors when it comes to attracting and maintaining residents.

- Illinois' population is expected to increase this year, but risks are skewed to the downside because of weakness in manufacturing and the state's poor financial situation. The difference between birth rates and death rates is expected to narrow a bit further as a result of the aging population, but migration patterns are forecast to improve as a result of slightly firmer foreign immigration and smaller domestic resident outflows.

- One important element of the outlook is the strengthening demographics in Chicago and the downtown area in particular. Not since the late 1990s has population growth in Cook County been this strong. This recentralization of demographic growth from the suburbs to the urban core is expected to persist given the diminished appeal of owning a home in the outer suburbs and the increasing number of well-paying jobs downtown. The expanding roster of high-tech companies such as Groupon, Facebook and LinkedIn downtown has other companies believing that they need to locate there in order to land top talent and compete successfully.

RESIDENTIAL REAL ESTATE (back to top)



- Housing has been slower to rebound in Illinois, owing to a lingering foreclosure problem and weak and worsening demographic trends. Disappointing household formation downstate has been especially problematic. Housing starts have moved sideways this year, with gains in multifamily construction in Chicago offsetting a soft trend in single-family construction across the state. Home sales have also been weak as the market struggles to transition from one driven by investors to one driven by primary homeowners.

- House price growth has slowed, as expected, but the large number of borrowers with negative equity is shrinking as residential real estate appreciates in value. The shift to positive equity implies more homeowners with troubled balance sheets will be able to refinance or sell, freeing up cash for other consumption. Moreover, with mortgage rates down since the middle of last year, more can refinance, and affordability has improved. The pace of sales improvement in Illinois should pick up and leading indicators of homebuilding such as residential permits point to stronger single-family construction in the first half of 2015.

- Considerable progress was made clearing the supply of distress properties in the state last year. Because of Illinois' slow foreclosure process, there was still a lot of excess supply that needed to be worked through a year ago. However, investors have been very active in the state, scooping up distress properties in large numbers. The vast majority of Illinois' distress supply is located in Chicago, Lake County and Rockford. Foreclosure inventories in the three metro areas fell by one-third last year after a similar drop in 2013 and now their lowest since late 2007.

- Even with housing inventory very low across much of the state, demand is struggling to outpace supply. The ripple effects from factory slowing have hurt job and income growth, and with downstate metro areas also struggling to retain residents, the rate of household formation has languished. Consequently, opportunities for builders have been few and far between and house prices have been slower to rebound. In fact, in many downstate metro areas, house prices are either down modestly or unchanged from a year ago. Only in Chicago and Lake County are house prices climbing at a pace on par with that of the nation.

- In Chicago, homes in the lowest price tier are still appreciating much faster than those in the highest tier, though the gap has narrowed somewhat over the last year. Moreover, while renting still costs more than owning in most parts of Chicago and Lake County, the gap is narrowing thanks to slower house price growth and lower mortgage rates. Moreover, with multifamily construction surging in Chicago, especially downtown, rent growth will slow as more apartments come on line this year and next.

- The considerable decline in the stock of vacant homes is creating opportunities for single-family construction, which will strengthen appreciably this year as household formation and home sales increase. Household formation is expected to improve and job and income growth turn more supportive, a combination that will cause demand for housing to strengthen. Barring an expected spike in mortgage rates that undercuts demand and confidence, this will be the year that job creation in construction and related fields shows substantial, sustainable improvement.

COMMERCIAL REAL ESTATE (back to top)

- Commercial real estate conditions in Illinois are expected to improve this year, but progress will be slower than average because of the problems downstate. With manufacturing struggling and its near-term outlook challenging, the industrial market will be the slowest to improve. There will also be negative spillover into service industries that leads to weaker demand for office space downstate.

- A better job market will help extend the apartment boom in downtown Chicago, and the first wave of new office development since the crash should give way to a second wave as vacancies reach multiyear lows and rents creep higher. There is a shortage of loft office space, which is favored by Chicago's expanding high-tech industry and is more affordable than top-quality skyscrapers.

- Tourism will be a major driver of new investment in Chicago. There are several large hotels under construction downtown and additional projects are planned. The recent slowing in tourist traffic should not deter developers, since business travelers and meeting and trade-show visitors make up about 85% of customers. The pipeline of new hotels will fuel faster growth in leisure/hospitality employment in the Windy City the next couple of years. In addition, a $500 million plan to renovate Wrigley Field has been approved, and the Navy Pier is due for a $155 million makeover.

FORECAST RISKS (back to top)

- The risks to the outlook are evenly balanced in light of downward adjustments made to the forecast. The biggest threats relate to the state's budget problems and Illinois' weak demographic profile, which cast doubt on the forecasts for state and local government and consumer-related industries. Population growth in Illinois is forecast to return to this year, but risks are that it takes longer for this to happen because of the state's shaky finances and job growth that is slower than average. Meanwhile, the failure to extend or make the Illinois' temporary tax hike permanent could mean even bigger declines in state and local government employment down the road.

- Other areas of concern include small businesses, which may think twice about expanding or setting up operations in the service area if the state cannot get its fiscal house in order, and machinery manufacturing, where improvement will happen more slowly if emerging economies disappoint or if commodity prices fail to rebound as expected later this year.

- Housing could take longer to recover, and without its support the Illinois economy will be more vulnerable to anything that might go wrong in the public sector or manufacturing. If demand for housing disappoints, which could happen if household formation is slower to rebound, it would reduce the need for new construction. Household formation should pick up as the labor market improves, but if domestic out-migration does not slow as quickly as antici-pated the pace is likely to fall short of expectations.

- The scaling back of farm support programs is a longer-term risk for Illinois, particularly its rural areas in the southern part of the state. The federal government's near-term fiscal outlook is stable, but the nation's debt load is uncomfortably high, and unless policymakers come to terms on entitlement and tax reform soon, deficits and debt will balloon early in the next decade. Against this backdrop, farm support programs could be at risk, especially as the Midwest's population share, and hence representation in Congress, declines.

- On the upside, the longer-term forecast for manufacturing could prove too pessimistic, particularly if the dollar depreciates more than forecast. With its lowest energy costs and deep pockets of specialized expertise, the Midwest has more of what manufacturers need to thrive. If large multinational companies decide to bring some production work back to the U.S., the Midwest will be a key beneficiary and Illinois could benefit.

- In addition, enhancements to Chicago's vast transportation and distribution network as well as the expansion of O'Hare's international terminal could fuel better than expected growth in downstream industries to manufacturing and buoy growth more broadly if they help support corporate relocations and expansion of the city's population.

DEMOGRAPHIC PROFILE (back to top)

Illinois
Demographic Profile

Indicator	Units	Illinois	U.S.	Rank	Year
Households					
Households, % change (2009-2014)	Ann. % change	0.2	0.8	44	2014
Population w/ B.A. degree or higher	% of adult population	32.1	29.6	14	2013
Median household income	$	56,210	52,250	18	2013
% change year ago		*2.0*	*1.7*	29	2013
Population					
Per capita income	$	46,980	44,765	17	2013
% change year ago		*2.1*	*1.3*	6	2013
Population	thousands	12,881	318,857	5	2014
% change year ago		*-0.1*	*0.8*	50	2014
White	%	77.7	77.6	34	2013
Black or African American	%	14.7	13.2	15	2013
Hispanic	%	16.5	17.1	10	2013
Asian	%	5.1	5.3	11	2013
Net domestic migration, rate	Persons/ths. pop.	-7.4	0.0	49	2014
International migration, rate	Persons/ths. pop.	2.5	3.1	18	2014
Poverty rate	%	1845.4	48810.9	47	2013
Median age	years	36.6	37.2	16	2010
Household Cost Indexes					
Housing affordability index		245.7	198.8	9	2013
Median existing home price	$ ths	*152.7*	*193.9*	32	2013
% change year ago		5.81	12	34	2013

Illinois

Recent Monthly Performance

	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Most Recent Yr/Yr % Change
Establishment Employment (Ths, SA)														
Total Employment	5,826.0	5,828.7	5,810.7	5,818.9	5,815.2	5,806.6	5,807.2	5,814.2	5,823.6	5,844.3	5,858.3	5,856.1	5,858.4	0.6
% change	*0.2*	*0.0*	*-0.3*	*0.1*	*-0.1*	*-0.1*	*0.0*	*0.1*	*0.2*	*0.4*	*0.2*	*0.0*	*0.0*	
Natural Resources & Mining	9.7	9.6	9.8	9.7	9.7	9.7	9.8	9.9	10.0	9.9	10.0	9.9	10.0	3.1
% change	*-1.0*	*-1.0*	*2.1*	*-1.0*	*0.0*	*0.0*	*1.0*	*1.0*	*1.0*	*-1.0*	*1.0*	*-1.0*	*1.0*	
Construction	193.4	191.1	194.3	194.3	191.6	192.1	194.1	197.7	200.0	202.2	204.0	203.3	205.4	6.2
% change	*2.0*	*-1.2*	*1.7*	*0.0*	*-1.4*	*0.3*	*1.0*	*1.9*	*1.2*	*1.1*	*0.9*	*-0.3*	*1.0*	
Manufacturing	577.6	579.5	576.0	575.7	574.8	570.7	570.1	568.4	571.2	574.8	572.6	573.4	577.0	-0.1
% change	*0.1*	*0.3*	*-0.6*	*-0.1*	*-0.2*	*-0.7*	*-0.1*	*-0.3*	*0.5*	*0.6*	*-0.4*	*0.1*	*0.6*	
Trade, Transportation, & Utilities	1,172.5	1,174.7	1,162.5	1,157.1	1,154.8	1,162.2	1,164.4	1,162.5	1,164.0	1,169.0	1,171.7	1,171.0	1,162.3	-0.9
% change	*0.3*	*0.2*	*-1.0*	*-0.5*	*-0.2*	*0.6*	*0.2*	*-0.2*	*0.1*	*0.4*	*0.2*	*-0.1*	*-0.7*	
Retail Trade	606.8	606.9	599.5	593.8	592.0	596.1	596.6	595.9	596.0	596.6	599.0	600.3	591.6	-2.5
% change	*0.3*	*0.0*	*-1.2*	*-1.0*	*-0.3*	*0.7*	*0.1*	*-0.1*	*0.0*	*0.1*	*0.4*	*0.2*	*-1.4*	
Wholesale Trade	298.7	299.7	297.8	298.8	298.5	299.9	299.4	301.1	302.0	301.4	302.0	302.5	302.8	1.4
% change	*0.5*	*0.3*	*-0.6*	*0.3*	*-0.1*	*0.5*	*-0.2*	*0.6*	*0.3*	*-0.2*	*0.2*	*0.2*	*0.1*	
Transportation & Utilities	267.0	268.1	265.2	264.5	264.3	266.2	268.4	265.5	266.0	271.0	270.7	268.2	267.9	0.3
% change	*0.1*	*0.4*	*-1.1*	*-0.3*	*-0.1*	*0.7*	*0.8*	*-1.1*	*0.2*	*1.9*	*-0.1*	*-0.9*	*-0.1*	
Information Services	98.6	99.0	97.6	96.9	98.2	97.1	96.9	97.4	97.2	97.3	97.6	96.4	97.3	-1.3
% change	*0.4*	*0.4*	*-1.4*	*-0.7*	*1.3*	*-1.1*	*-0.2*	*0.5*	*-0.2*	*0.1*	*0.3*	*-1.2*	*0.9*	
Financial Services	369.8	369.6	368.3	368.4	368.6	366.8	365.4	368.6	369.1	368.9	369.8	368.3	368.8	-0.3
% change	*-0.1*	*-0.1*	*-0.4*	*0.0*	*0.1*	*-0.5*	*-0.4*	*0.9*	*0.1*	*-0.1*	*0.2*	*-0.4*	*0.1*	
Professional & Business Services	888.4	889.8	894.3	905.7	905.4	895.0	889.5	892.8	897.8	904.5	909.7	909.5	910.9	2.5
% change	*-0.3*	*0.2*	*0.5*	*1.3*	*0.0*	*-1.1*	*-0.6*	*0.4*	*0.6*	*0.7*	*0.6*	*0.0*	*0.2*	
Education & Health Services	882.6	881.5	878.4	878.9	879.7	879.6	883.0	883.6	884.4	883.5	885.4	888.9	889.1	0.7
% change	*0.3*	*-0.1*	*-0.4*	*0.1*	*0.1*	*0.0*	*0.4*	*0.1*	*0.1*	*-0.1*	*0.2*	*0.4*	*0.0*	
Leisure & Hospitality Services	549.1	548.4	545.0	548.1	551.6	550.3	550.5	547.1	545.2	549.5	547.5	548.8	550.7	0.3
% change	*0.2*	*-0.1*	*-0.6*	*0.6*	*0.6*	*-0.2*	*0.0*	*-0.6*	*-0.3*	*0.8*	*-0.4*	*0.2*	*0.3*	
Other Services	254.3	253.6	254.1	253.1	250.8	252.4	249.8	251.7	251.1	250.5	255.4	255.0	255.0	0.3
% change	*0.1*	*-0.3*	*0.2*	*-0.4*	*-0.9*	*0.6*	*-1.0*	*0.8*	*-0.2*	*-0.2*	*2.0*	*-0.2*	*0.0*	
Government	830.0	831.9	830.4	831.0	830.0	830.7	833.7	834.5	833.6	834.2	834.6	831.6	831.9	0.2
% change	*0.0*	*0.2*	*-0.2*	*0.1*	*-0.1*	*0.1*	*0.4*	*0.1*	*-0.1*	*0.1*	*0.0*	*-0.4*	*0.0*	
														1 Year Change
Unemployment Rate (%, SA)	9.0	8.9	8.7	8.7	8.4	7.9	7.5	7.1	6.8	6.7	6.6	6.6	6.4	-2.6
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,538.1	6,539.9	6,549.9	6,568.7	6,575.8	6,565.7	6,551.5	6,529.9	6,512.9	6,493.8	6,499.3	6,530.5	6,547.0	0.1
% change	*0.0*	*0.0*	*0.2*	*0.3*	*0.1*	*-0.2*	*-0.2*	*-0.3*	*-0.3*	*-0.3*	*0.1*	*0.5*	*0.3*	
Number of Unemployed (Ths)	585.8	580.0	567.2	569.0	551.7	516.0	492.3	461.7	445.4	433.0	427.5	428.9	421.0	-28.1
% change	*-1.0*	*-1.0*	*-2.2*	*0.3*	*-3.0*	*-6.5*	*-4.6*	*-6.2*	*-3.5*	*-2.8*	*-1.3*	*0.3*	*-1.8*	
Number of Employed (Ths)	5,952.3	5,959.9	5,982.7	5,999.7	6,024.1	6,049.8	6,059.3	6,068.2	6,067.5	6,060.8	6,071.8	6,101.7	6,125.9	2.9
% change	*0.1*	*0.1*	*0.4*	*0.3*	*0.4*	*0.4*	*0.2*	*0.1*	*0.0*	*-0.1*	*0.2*	*0.5*	*0.4*	
Total Residential Permits (# of units YTD, NSA)	14,296	15,348	660	1,538	3,315	5,732	7,647	9,825	12,026	13,598	15,021	16,969	17,819	24.6
year to year % change	*10.7*	*12.2*	*16.2*	*21.0*	*28.2*	*42.8*	*38.2*	*44.5*	*47.8*	*45.5*	*27.0*	*24.2*	*24.6*	
Single-family, (# of units YTD, NSA)	9,229	9,981	339	821	1,733	2,885	3,929	4,885	5,870	6,851	7,821	8,949	9,637	4.4
year to year % change	*10.5*	*12.5*	*-17.1*	*-6.3*	*3.9*	*11.6*	*12.4*	*10.9*	*8.2*	*6.9*	*7.1*	*6.2*	*4.4*	
Multifamily, (# of units YTD, NSA)	5,067	5,367	321	717	1,582	2,847	3,718	4,940	6,156	6,747	7,200	8,020	8,182	61.5
year to year % change	*11.1*	*11.7*	*101.9*	*81.5*	*72.3*	*99.2*	*82.3*	*106.3*	*126.7*	*129.8*	*59.2*	*53.0*	*61.5*	
5 +, (# of units YTD, NSA)	4,400	4,671	280	612	1,431	2,604	3,418	4,570	5,651	6,163	6,570	7,337	7,453	69.4
year to year % change	*9.0*	*12.2*	*229.4*	*155.0*	*104.1*	*135.4*	*104.9*	*130.6*	*148.2*	*152.7*	*66.6*	*58.8*	*69.4*	
														Most Recent Yr/Yr % Change
Avg. Hrly Earnings: Mfg, ($ Per Hr, SA)	19.41	19.27	19.12	19.33	19.32	19.30	19.55	19.45	19.70	19.61	19.44	19.56	19.55	0.7
% change	*0.7*	*-0.7*	*-0.8*	*1.1*	*0.0*	*-0.1*	*1.3*	*-0.5*	*1.3*	*-0.5*	*-0.8*	*0.6*	*0.0*	

Illinois

Recent Quarterly Performance

	11Q3	11Q4	12Q1	12Q2	12Q3	12Q4	13Q1	13Q2	13Q3	13Q4	14Q1	14Q2	14Q3	Most Recent Yr/Yr % Change
Gross State Product (Bil Constant$, SAAR)	655.9	661.9	668.4	666.0	666.5	661.6	667.5	670.1	671.5	676.5	666.5	671.8	677.1	0.8
% change	*-0.2*	*0.9*	*1.0*	*-0.4*	*0.1*	*-0.7*	*0.9*	*0.4*	*0.2*	*0.7*	*-1.5*	*0.8*	*0.8*	
Establishment Employment (Ths, SA)														
Total Employment	5,688.7	5,694.5	5,726.4	5,744.3	5,756.7	5,772.3	5,784.6	5,785.7	5,793.4	5,823.9	5,814.9	5,809.3	5,842.1	0.8
% change	*0.3*	*0.1*	*0.6*	*0.3*	*0.2*	*0.3*	*0.2*	*0.0*	*0.1*	*0.5*	*-0.2*	*-0.1*	*0.6*	
Natural Resources & Mining	9.8	9.9	10.1	10.3	10.2	10.0	9.9	9.7	9.6	9.7	9.7	9.8	10.0	3.5
% change	*3.5*	*1.0*	*2.4*	*2.0*	*-1.3*	*-2.0*	*-1.0*	*-2.4*	*-0.3*	*0.7*	*0.3*	*0.7*	*1.7*	
Construction	196.0	192.5	193.1	188.9	186.4	188.1	191.3	188.3	191.5	191.4	193.4	194.6	202.1	5.5
% change	*-0.9*	*-1.8*	*0.3*	*-2.2*	*-1.3*	*0.9*	*1.7*	*-1.6*	*1.7*	*-0.1*	*1.1*	*0.6*	*3.8*	
Manufacturing	575.0	575.5	579.9	583.1	585.4	583.6	583.1	580.3	576.8	578.1	575.5	569.7	572.9	-0.7
% change	*0.1*	*0.1*	*0.8*	*0.6*	*0.4*	*-0.3*	*-0.1*	*-0.5*	*-0.6*	*0.2*	*-0.5*	*-1.0*	*0.5*	
Trade, Transportation, & Utilities	1,145.9	1,148.9	1,153.1	1,154.6	1,156.4	1,160.6	1,159.8	1,161.7	1,164.6	1,172.0	1,158.1	1,163.0	1,168.2	0.3
% change	*0.3*	*0.3*	*0.4*	*0.1*	*0.2*	*0.4*	*-0.1*	*0.2*	*0.3*	*0.6*	*-1.2*	*0.4*	*0.4*	
Retail Trade	596.1	597.4	597.7	596.3	595.7	598.7	597.4	598.9	600.3	606.2	595.1	596.2	597.2	-0.5
% change	*0.2*	*0.2*	*0.1*	*-0.2*	*-0.1*	*0.5*	*-0.2*	*0.2*	*0.2*	*1.0*	*-1.8*	*0.2*	*0.2*	
Wholesale Trade	290.4	290.8	293.0	294.5	294.9	295.6	297.3	297.9	299.3	298.5	298.4	300.1	301.8	0.8
% change	*0.5*	*0.1*	*0.8*	*0.5*	*0.1*	*0.2*	*0.6*	*0.2*	*0.4*	*-0.3*	*0.0*	*0.6*	*0.6*	
Transportation & Utilities	259.4	260.7	262.4	263.8	265.8	266.4	265.0	264.9	265.0	267.3	264.7	266.7	269.2	1.6
% change	*0.3*	*0.5*	*0.7*	*0.5*	*0.8*	*0.2*	*-0.5*	*-0.1*	*0.1*	*0.9*	*-1.0*	*0.8*	*0.9*	
Information Services	100.8	100.4	100.5	100.3	99.7	99.9	99.1	99.4	98.4	98.6	97.6	97.1	97.4	-1.1
% change	*0.3*	*-0.4*	*0.1*	*-0.1*	*-0.7*	*0.3*	*-0.8*	*0.3*	*-1.0*	*0.2*	*-1.0*	*-0.4*	*0.2*	
Financial Services	363.3	363.7	364.6	365.9	366.5	366.0	367.6	368.2	368.9	369.9	368.4	366.9	369.3	0.1
% change	*0.2*	*0.1*	*0.2*	*0.4*	*0.2*	*-0.1*	*0.4*	*0.2*	*0.2*	*0.3*	*-0.4*	*-0.4*	*0.6*	
Professional & Business Services	836.1	841.5	853.4	862.4	868.6	874.3	878.0	881.3	883.2	889.9	901.8	892.4	904.0	2.4
% change	*1.2*	*0.6*	*1.4*	*1.1*	*0.7*	*0.7*	*0.4*	*0.4*	*0.2*	*0.8*	*1.3*	*-1.0*	*1.3*	
Education & Health Services	850.1	853.3	857.5	861.6	865.7	865.9	872.0	874.1	877.4	881.3	879.0	882.1	884.4	0.8
% change	*0.4*	*0.4*	*0.5*	*0.5*	*0.5*	*0.0*	*0.7*	*0.2*	*0.4*	*0.4*	*-0.3*	*0.3*	*0.3*	
Leisure & Hospitality Services	523.8	526.5	532.6	534.8	537.3	540.2	542.5	544.9	546.7	548.5	548.2	549.3	547.4	0.1
% change	*0.6*	*0.5*	*1.2*	*0.4*	*0.5*	*0.5*	*0.4*	*0.4*	*0.3*	*0.3*	*0.0*	*0.2*	*-0.3*	
Other Services	249.2	249.8	250.4	250.1	248.5	249.5	249.4	249.5	249.8	254.0	252.7	251.3	252.3	1.0
% change	*-0.4*	*0.3*	*0.2*	*-0.1*	*-0.6*	*0.4*	*0.0*	*0.0*	*0.1*	*1.7*	*-0.5*	*-0.5*	*0.4*	
Government	838.8	832.5	831.2	832.2	832.1	834.1	831.8	828.3	826.6	830.6	830.5	833.0	834.1	0.9
% change	*-0.2*	*-0.7*	*-0.2*	*0.1*	*0.0*	*0.2*	*-0.3*	*-0.4*	*-0.2*	*0.5*	*0.0*	*0.3*	*0.1*	
														1 Year Change
Unemployment Rate (%, SA)	10.1	9.7	8.9	8.9	9.0	9.0	9.2	9.2	9.2	9.0	8.6	7.5	6.7	-2.5
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,582.7	6,585.5	6,575.5	6,567.7	6,562.6	6,577.8	6,575.7	6,554.9	6,540.8	6,538.7	6,564.8	6,549.1	6,502.0	-0.6
% change	*0.2*	*0.0*	*-0.2*	*-0.1*	*-0.1*	*0.2*	*0.0*	*-0.3*	*-0.2*	*0.0*	*0.4*	*-0.2*	*-0.7*	
Number of Unemployed (Ths)	665.9	635.5	589.7	585.5	589.8	593.3	603.0	601.3	601.4	585.8	562.6	490.0	435.3	-27.6
% change	*4.6*	*-4.6*	*-7.2*	*-0.7*	*0.7*	*0.6*	*1.6*	*-0.3*	*0.0*	*-2.6*	*-4.0*	*-12.9*	*-11.2*	
Number of Employed (Ths)	5,916.7	5,950.0	5,985.8	5,982.1	5,972.8	5,984.5	5,972.7	5,953.5	5,939.5	5,952.8	6,002.2	6,059.1	6,066.7	2.1
% change	*-0.3*	*0.6*	*0.6*	*-0.1*	*-0.2*	*0.2*	*-0.2*	*-0.3*	*-0.2*	*0.2*	*0.8*	*0.9*	*0.1*	
Total Residential Permits (# of units YTD, NSA)	8,165	12,151	2,456	5,644	9,972	13,675	2,586	6,798	11,826	15,348	3,315	9,825	15,021	27.0
year to year % change	*-3.1*	*4.8*	*35.6*	*15.3*	*22.1*	*12.5*	*5.3*	*20.4*	*18.6*	*12.2*	*28.2*	*44.5*	*27.0*	
Single-family, (# of units YTD, NSA)	5,392	7,117	1,587	4,081	6,734	8,870	1,668	4,403	7,304	9,981	1,733	4,885	7,821	7.1
year to year % change	*-13.3*	*-9.5*	*17.0*	*21.9*	*24.9*	*24.6*	*5.1*	*7.9*	*8.5*	*12.5*	*3.9*	*10.9*	*7.1*	
Multifamily, (# of units YTD, NSA)	2,773	5,034	869	1,563	3,238	4,805	918	2,395	4,522	5,367	1,582	4,940	7,200	59.2
year to year % change	*25.6*	*34.8*	*91.0*	*1.0*	*16.8*	*-4.5*	*5.6*	*53.2*	*39.7*	*11.7*	*72.3*	*106.3*	*59.2*	
5 +, (# of units YTD, NSA)	2,354	4,464	779	1,233	2,761	4,162	701	1,982	3,944	4,671	1,431	4,570	6,570	66.6
year to year % change	*25.9*	*37.7*	*116.4*	*-8.9*	*17.3*	*-6.8*	*-10.0*	*60.7*	*42.8*	*12.2*	*104.1*	*130.6*	*66.6*	
														Most Recent Yr/Yr % Change
Existing Single-Family Home Sales (Ths, SAAR)	155.1	na	na	na	na	na	na	na	na	na	na	na	na	20.0
% change	*-3.2*	*na*	*na*	*na*	*na*	*na*	*na*	*na*	*na*	*na*	*na*	*na*	na	
Home Price Index (Index 1980Q1 = 100, NSA)	303.2	303.2	299.6	296.2	299.3	299.6	297.8	300.0	302.4	304.5	305.1	311.7	316.4	4.6
% change	*0.8*	*0.0*	*-1.2*	*-1.1*	*1.0*	*0.1*	*-0.6*	*0.7*	*0.8*	*0.7*	*0.2*	*2.2*	*1.5*	
Median Existing Home Sales Price (Ths, SA)	144.2	140.2	145.4	144.8	142.7	144.2	145.8	152.6	155.3	156.9	158.4	162.3	na	6.4
% change	*1.9*	*-2.7*	*3.6*	*-0.4*	*-1.5*	*1.1*	*1.1*	*4.7*	*1.8*	*1.0*	*1.0*	*2.5*	*na*	
Personal Income (Mil $, SAAR)	570,282	570,384	584,313	588,862	588,857	606,194	599,529	604,460	607,433	609,384	614,286	618,914	623,556.7	2.7
% change	*0.7*	*0.0*	*2.4*	*0.8*	*0.0*	*2.9*	*-1.1*	*0.8*	*0.5*	*0.3*	*0.8*	*0.8*	*0.8*	
Wages & Salaries (Mil. $)	305,163	302,241	313,869	312,819	312,813	319,301	317,271	319,596	320,134	322,418	329,627	329,764	332,529.0	3.9
% change	*0.8*	*-1.0*	*3.8*	*-0.3*	*0.0*	*2.1*	*-0.6*	*0.7*	*0.2*	*0.7*	*2.2*	*0.0*	*0.8*	
Nonwage Income (Mil. $)	265,118	268,142	270,443	276,043	276,044	286,894	282,258	284,864	287,299	286,965	284,659	289,150	*291027.8*	1.3
% change	*0.6*	*1.1*	*0.9*	*2.1*	*0.0*	*3.9*	*-1.6*	*0.9*	*0.9*	*-0.1*	*-0.8*	*1.6*	*0.6*	
Avg. Hrly Earnings: Mfg ($ Per Hr, SA)	18.25	18.45	18.71	19.09	19.34	19.53	19.65	19.49	19.33	19.32	19.26	19.43	19.58	1.3
% change	*2.1*	*1.1*	*1.4*	*2.0*	*1.3*	*1.0*	*0.6*	*-0.8*	*-0.8*	*0.0*	*-0.3*	*0.9*	*0.8*	
Personal Bankruptcies (# 3-Month Ending, SAAR)	69,263	68,731	69,357	66,829	66,716	65,781	69,362	66,952	63,414	59,892	60,659	62,059	59,653	-5.9

Illinois

Recent Annual Performance

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 Yr. Average Annual % Change
Gross State Product (Bil Constant$, SAAR)	623.5	637.7	648.6	667.0	671.6	654.9	637.0	645.8	656.1	665.6	671.4	0.5
% change	*1.4*	*2.3*	*1.7*	*2.8*	*0.7*	*-2.5*	*-2.7*	*1.4*	*1.6*	*1.4*	*0.9*	
Establishment Employment (Ths, SA)												
Total Employment	5,810.9	5,817.1	5,862.2	5,932.9	5,979.9	5,949.0	5,657.6	5,612.9	5,676.6	5,749.9	5,796.9	-0.5
% change	*-1.2*	*0.1*	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	*-0.8*	*1.1*	*1.3*	*0.8*	
Natural Resources & Mining	9.5	9.4	9.9	10.3	10.1	9.8	9.3	9.2	9.6	10.2	9.7	-0.1
% change	*-2.3*	*-0.9*	*5.1*	*4.1*	*-1.3*	*-3.5*	*-4.4*	*-2.0*	*5.2*	*5.5*	*-4.3*	
Construction	274.8	270.3	268.7	275.2	271.0	258.2	217.2	198.6	196.0	189.1	190.6	-5.9
% change	*-0.9*	*-1.7*	*-0.6*	*2.4*	*-1.5*	*-4.7*	*-15.9*	*-8.6*	*-1.3*	*-3.5*	*0.8*	
Manufacturing	714.1	697.2	688.2	683.4	675.1	657.1	576.8	561.0	573.9	583.0	579.6	-2.5
% change	*-5.3*	*-2.4*	*-1.3*	*-0.7*	*-1.2*	*-2.7*	*-12.2*	*-2.7*	*2.3*	*1.6*	*-0.6*	
Trade, Transportation, & Utilities	1,183.0	1,180.3	1,186.9	1,198.5	1,212.4	1,205.0	1,139.6	1,125.6	1,143.5	1,156.2	1,164.5	-0.7
% change	*-1.2*	*-0.2*	*0.6*	*1.0*	*1.2*	*-0.6*	*-5.4*	*-1.2*	*1.6*	*1.1*	*0.7*	
Retail Trade	625.5	625.4	626.3	628.7	635.5	628.0	595.5	588.3	595.1	597.1	600.7	-0.8
% change	*-1.0*	*0.0*	*0.1*	*0.4*	*1.1*	*-1.2*	*-5.2*	*-1.2*	*1.1*	*0.3*	*0.6*	
Wholesale Trade	303.0	299.9	302.9	307.8	310.7	310.3	291.9	285.8	289.5	294.5	298.3	-0.9
% change	*-1.4*	*-1.0*	*1.0*	*1.6*	*1.0*	*-0.1*	*-6.0*	*-2.1*	*1.3*	*1.7*	*1.3*	
Transportation & Utilities	254.5	255.0	257.7	262.0	266.1	266.7	252.2	251.5	259.0	264.6	265.5	-0.1
% change	*-1.6*	*0.2*	*1.1*	*1.7*	*1.6*	*0.2*	*-5.4*	*-0.3*	*3.0*	*2.2*	*0.3*	
Information Services	127.6	120.9	118.2	116.2	115.9	114.4	106.4	101.9	100.6	100.1	98.9	-2.9
% change	*-6.9*	*-5.2*	*-2.3*	*-1.7*	*-0.2*	*-1.4*	*-7.0*	*-4.3*	*-1.3*	*-0.5*	*-1.2*	
Financial Services	401.7	399.4	401.9	405.2	402.8	391.6	372.0	363.7	363.3	365.7	368.6	-1.2
% change	*0.3*	*-0.6*	*0.6*	*0.8*	*-0.6*	*-2.8*	*-5.0*	*-2.2*	*-0.1*	*0.7*	*0.8*	
Professional & Business Services	777.3	798.6	826.3	854.4	870.7	860.0	787.8	801.4	831.4	864.7	883.1	0.5
% change	*-1.8*	*2.7*	*3.5*	*3.4*	*1.9*	*-1.2*	*-8.4*	*1.7*	*3.7*	*4.0*	*2.1*	
Education & Health Services	718.2	729.8	745.1	762.1	779.7	801.3	816.6	833.1	848.5	862.7	876.2	1.8
% change	*1.1*	*1.6*	*2.1*	*2.3*	*2.3*	*2.8*	*1.9*	*2.0*	*1.9*	*1.7*	*1.6*	
Leisure & Hospitality Services	497.4	506.2	512.3	522.8	531.5	532.6	516.7	515.4	522.3	536.2	545.7	0.5
% change	*1.1*	*1.8*	*1.2*	*2.1*	*1.7*	*0.2*	*-3.0*	*-0.2*	*1.3*	*2.7*	*1.8*	
Other Services	254.4	259.7	258.4	259.4	261.1	263.7	258.0	249.3	249.5	249.6	250.7	-1.0
% change	*1.0*	*2.1*	*-0.5*	*0.4*	*0.7*	*1.0*	*-2.1*	*-3.4*	*0.1*	*0.0*	*0.4*	
Government	852.9	845.2	846.5	845.5	849.5	855.4	857.2	853.8	838.1	832.4	829.3	-0.6
% change	*-0.9*	*-0.9*	*0.1*	*-0.1*	*0.5*	*0.7*	*0.2*	*-0.4*	*-1.8*	*-0.7*	*-0.4*	
												5 Year Change
Unemployment Rate (%)	6.7	6.2	5.8	4.7	5.1	6.4	10.0	10.4	9.7	9.0	9.1	0.2
												5 Yr. Average Annual % Change
Labor Force (Ths)	6,318.5	6,342.3	6,405.0	6,526.6	6,661.1	6,672.6	6,601.8	6,614.1	6,576.0	6,570.9	6,552.5	-0.4
% change	*-0.5*	*0.4*	*1.0*	*1.9*	*2.1*	*0.2*	*-1.1*	*0.2*	*-0.6*	*-0.1*	*-0.3*	
Number of Unemployed (Ths)	425.5	395.5	370.7	303.1	337.2	425.4	662.1	690.2	638.0	589.6	597.9	7.0
% change	*2.2*	*-7.1*	*-6.3*	*-18.2*	*11.2*	*26.2*	*55.6*	*4.2*	*-7.6*	*-7.6*	*1.4*	
Number of Employed (Ths)	5,893.0	5,946.9	6,034.3	6,223.4	6,324.0	6,247.2	5,939.7	5,923.9	5,938.0	5,981.3	5,954.6	-1.0
% change	*-0.7*	*0.9*	*1.5*	*3.1*	*1.6*	*-1.2*	*-4.9*	*-0.3*	*0.2*	*0.7*	*-0.4*	
												5 Yr. Average
Total Residential Permits (# of units)	61,411	62,576	67,852	59,121	42,666	21,889	10,912	11,596	12,151	13,675	15,348	12,736
year to year % change	*6.3*	*1.9*	*8.4*	*-12.9*	*-27.8*	*-48.7*	*-50.1*	*6.3*	*4.8*	*12.5*	*12.2*	
Single-family	43,829	48,898	49,084	39,485	24,827	12,308	8,236	7,862	7,117	8,870	9,981	8,413
year to year % change	*3.9*	*11.6*	*0.4*	*-19.6*	*-37.1*	*-50.4*	*-33.1*	*-4.5*	*-9.5*	*24.6*	*12.5*	
Multifamily	17,582	13,678	18,768	19,636	17,839	9,581	2,676	3,734	5,034	4,805	5,367	4,323
year to year % change	*12.8*	*-22.2*	*37.2*	*4.6*	*-9.2*	*-46.3*	*-72.1*	*39.5*	*34.8*	*-4.5*	*11.7*	
5 +	13,705	9,500	13,906	16,023	15,395	8,416	2,169	3,242	4,464	4,162	4,671	3,742
year to year % change	*15.0*	*-30.7*	*46.4*	*15.2*	*-3.9*	*-45.3*	*-74.2*	*49.5*	*37.7*	*-6.8*	*12.2*	
												5 Yr. Average Annual % Change
Existing Single-Family Home Sales (Ths)	245.4	273.0	279.5	258.8	215.6	166.7	167.4	162.6	na	na	na	-10.3
% change	*0.8*	*11.3*	*2.4*	*-7.4*	*-16.7*	*-22.7*	*0.4*	*-2.8*	*na*	*na*	*na*	
Home Price Index (Index 1980Q1 = 100)	294.0	318.6	346.8	366.4	371.7	358.1	334.8	318.0	303.4	298.7	301.1	-3.4
% change	*5.3*	*8.4*	*8.9*	*5.7*	*1.5*	*-3.7*	*-6.5*	*-5.0*	*-4.6*	*-1.6*	*0.8*	
Median Existing Home Sales Price (Ths)	179.6	195.5	215.4	223.6	220.4	192.7	158.2	155.0	142.3	144.3	152.6	-4.6
% change	*6.0*	*8.9*	*10.2*	*3.8*	*-1.4*	*-12.6*	*-17.9*	*-2.0*	*-8.2*	*1.4*	*5.8*	
Personal Income (Mil $)	435,982	455,496	475,352	508,081	536,526	552,295	531,645	539,689	567,839	592,057	605,201	1.8
% change	*2.0*	*4.5*	*4.4*	*6.9*	*5.6*	*2.9*	*-3.7*	*1.5*	*5.2*	*4.3*	*2.2*	
Wages & Salaries (Mil. $)	245,936	256,671	267,041	282,735	297,799	303,221	286,839	291,045	303,013	314,700	319,855	1.1
% change	*1.2*	*4.4*	*4.0*	*5.9*	*5.3*	*1.8*	*-5.4*	*1.5*	*4.1*	*3.9*	*1.6*	
Nonwage Income (Mil. $)	190,046	198,825	208,311	225,346	238,727	249,074	244,807	248,644	264,826	277,356	285,347	2.8
% change	*3.1*	*4.6*	*4.8*	*8.2*	*5.9*	*4.3*	*-1.7*	*1.6*	*6.5*	*4.7*	*2.9*	
Avg. Hrly Earnings: Mfg. ($ Per Hr)	15.20	15.61	15.84	16.03	16.47	16.44	16.61	16.92	18.00	19.17	19.45	3.4
% change	*1.4*	*2.7*	*1.5*	*1.2*	*2.7*	*-0.2*	*1.1*	*1.9*	*6.4*	*6.5*	*1.5*	
Personal Bankruptcies	84,294	79,172	105,675	29,834	40,532	54,798	71,815	80,566	71,023	67,171	64,905	3.4
% change	*4.2*	*-6.1*	*33.5*	*-71.8*	*35.9*	*35.2*	*31.1*	*12.2*	*-11.8*	*-5.4*	*-3.4*	
Population (Ths)	12,556.0	12,589.8	12,609.9	12,644.0	12,695.9	12,747.0	12,796.8	12,840.1	12,858.7	12,873.8	12,890.6	0.1
% change	*0.2*	*0.3*	*0.2*	*0.3*	*0.4*	*0.4*	*0.4*	*0.3*	*0.1*	*0.1*	*0.1*	
												5 Yr. Average
Net Migration (Ths)	-45.8	-43.7	-52.9	-42.4	-26.5	-29.0	-29.5	-26.1	-40.9	-43.5	-35.2	-35.1

Illinois
History

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Employment (Ths.)	5,817.1	5,862.2	5,932.9	5,979.9	5,949.0	5,657.6	5,612.9	5,676.6	5,749.9	5,796.9
% Change	*0.1*	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	*-0.8*	*1.1*	*1.3*	*0.8*
Manufacturing	697.2	688.2	683.4	675.1	657.1	576.8	561.0	573.9	583.0	579.6
Construction	270.3	268.7	275.2	271.0	258.2	217.2	198.6	196.0	189.1	190.6
Prof. and Bus. Serv.	798.6	826.3	854.4	870.7	860.0	787.8	801.4	831.4	864.7	883.1
Edu. and Health Serv.	729.8	745.1	762.1	779.7	801.3	816.6	833.1	848.5	862.7	876.2
Leisure and Hospitality	506.2	512.3	522.8	531.5	532.6	516.7	515.4	522.3	536.2	545.7
Other Services	259.7	258.4	259.4	261.1	263.7	258.0	249.3	249.5	249.6	250.7
Trade, Trans. and Util.	1,180.3	1,186.9	1,198.5	1,212.4	1,205.0	1,139.6	1,125.6	1,143.5	1,156.2	1,164.5
Wholesale	299.9	302.9	307.8	310.7	310.3	291.9	285.8	289.5	294.5	298.3
Retail	625.4	626.3	628.7	635.5	628.0	595.5	588.3	595.1	597.1	600.7
Trans. and Util.	255.0	257.7	262.0	266.1	266.7	252.2	251.5	259.0	264.6	265.5
Financial Activities	399.4	401.9	405.2	402.8	391.6	372.0	363.7	363.3	365.7	368.6
Information	120.9	118.2	116.2	115.9	114.4	106.4	101.9	100.6	100.1	98.9
Government	845.2	846.5	845.5	849.5	855.4	857.2	853.8	838.1	832.4	829.3
Natural Res. and Min.	9.4	9.9	10.3	10.1	9.8	9.3	9.2	9.6	10.2	9.7
Unemployment Rate (%)	6.2	5.8	4.7	5.1	6.4	10.0	10.4	9.7	9.0	9.1
Population (Ths.)	12,589.8	12,609.9	12,644.0	12,695.9	12,747.0	12,796.8	12,839.7	12,856.0	12,868.2	12,882.1
% Change	*0.3*	*0.2*	*0.3*	*0.4*	*0.4*	*0.4*	*0.3*	*0.1*	*0.1*	*0.1*
Age: <5	871.2	865.9	854.4	851.5	848.6	840.3	833.7	823.3	811.1	799.0
Age: 5-19	2,698.4	2,686.7	2,682.9	2,679.6	2,673.5	2,669.4	2,655.5	2,629.8	2,603.7	2,578.0
Age: 20-24	893.1	887.6	883.0	881.0	876.7	877.4	880.4	882.8	895.3	905.9
Age: 25-44	3,633.9	3,595.3	3,571.0	3,551.8	3,536.0	3,516.7	3,500.6	3,489.6	3,478.1	3,470.3
Age: 45-64	2,979.9	3,056.9	3,128.9	3,189.1	3,241.7	3,300.4	3,354.3	3,391.4	3,385.4	3,385.4
Age: >65	1,513.2	1,517.5	1,523.7	1,542.8	1,570.5	1,592.6	1,615.1	1,639.1	1,694.5	1,743.6
Households (Ths.)	4,697.0	4,713.3	4,734.6	4,763.3	4,791.8	4,819.0	4,844.1	4,853.4	4,862.9	4,877.8
% Change	*0.5*	*0.3*	*0.5*	*0.6*	*0.6*	*0.6*	*0.5*	*0.2*	*0.2*	*0.3*
Personal Income (Bil. $)	455.5	475.4	508.1	536.5	552.3	531.6	539.7	567.8	592.1	605.2
% Change	*4.5*	*4.4*	*6.9*	*5.6*	*2.9*	*-3.7*	*1.5*	*5.2*	*4.3*	*2.2*
Total Residential Permits (#)	59,753.0	66,942.0	58,802.0	43,020.0	22,528.0	10,859.0	12,318.0	11,809.0	13,797.0	15,545.0
% Change	*-4.0*	*12.0*	*-12.2*	*-26.8*	*-47.6*	*-51.8*	*13.4*	*-4.1*	*16.8*	*12.7*
Single-family Permits	46,207.0	47,705.0	37,903.0	24,511.0	11,827.0	7,844.0	7,624.0	6,834.0	8,564.0	9,869.0
Multifamily Permits	13,546.0	19,237.0	20,899.0	18,509.0	10,701.0	3,015.0	4,694.0	4,975.0	5,233.0	5,676.0

Illinois
Forecast

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	08-13	13-18	18-23
											Annual Growth (%)		
Total Employment (Ths.)	5,830.9	5,892.8	5,966.2	6,023.0	6,060.6	6,079.0	6,093.1	6,108.4	6,127.5	6,146.3	-0.5	0.9	0.3
% Change	*0.6*	*1.1*	*1.2*	*1.0*	*0.6*	*0.3*	*0.2*	*0.3*	*0.3*	*0.3*			
Manufacturing	573.8	581.6	586.9	588.3	587.0	583.6	579.7	575.1	570.1	564.8	-2.5	0.3	-0.8
Construction	198.9	205.9	215.7	229.8	232.3	235.1	237.4	239.8	241.6	244.4	-5.9	4.0	1.0
Prof. and Bus. Serv.	902.3	924.5	940.3	953.1	967.0	974.0	979.0	985.5	995.7	1,007.0	0.5	1.8	0.8
Edu. and Health Serv.	883.7	895.3	910.0	919.6	930.5	936.5	941.7	946.7	951.0	953.3	1.8	1.2	0.5
Leisure and Hospitality	548.7	557.1	566.8	574.3	579.5	582.7	585.9	589.1	592.4	595.3	0.5	1.2	0.5
Other Services	252.8	256.1	258.6	258.6	257.1	254.8	252.7	250.7	248.8	246.9	-1.0	0.5	-0.8
Trade, Trans. and Util.	1,162.9	1,168.7	1,178.8	1,184.0	1,184.1	1,183.0	1,181.0	1,179.4	1,179.5	1,179.9	-0.7	0.3	-0.1
Wholesale	300.8	303.5	304.6	305.6	306.1	306.3	306.6	307.1	308.1	309.2	-0.8	0.5	0.2
Retail	595.0	594.4	598.9	601.2	601.7	601.4	600.2	599.6	599.9	600.6	-0.9	0.0	0.0
Trans. and Util.	267.1	270.8	275.2	277.1	276.3	275.3	274.1	272.7	271.4	270.1	-0.1	0.8	-0.5
Financial Activities	368.4	369.6	372.6	376.6	380.6	382.6	384.8	387.6	390.5	393.3	-1.2	0.6	0.7
Information	97.3	97.6	97.7	97.7	98.3	98.2	98.0	97.5	96.7	95.8	-2.9	-0.1	-0.5
Government	832.4	826.3	828.4	830.5	833.6	837.8	842.4	846.4	850.6	854.9	-0.6	0.1	0.5
Natural Res. and Min.	9.9	10.2	10.4	10.5	10.6	10.6	10.6	10.6	10.6	10.7	-0.1	1.7	0.2
Unemployment Rate (%)	7.3	5.4	4.9	4.4	4.3	4.3	4.4	4.4	4.3	4.2	9.1	5.9	4.3
											Annual Growth (%)		
Population (Ths.)	12,907.9	12,936.2	12,969.1	13,005.4	13,042.9	13,079.0	13,111.2	13,143.7	13,174.0	13,202.6	0.2	0.2	0.2
% Change	*0.2*	*0.2*	*0.3*	*0.3*	*0.3*	*0.3*	*0.2*	*0.2*	*0.2*	*0.2*			
Age: <5	807.0	815.7	823.8	825.1	825.8	825.9	825.4	824.4	822.9	820.9	-1.2	0.7	-0.1
Age: 5-19	2,553.1	2,531.6	2,516.7	2,513.1	2,511.4	2,510.7	2,507.5	2,506.2	2,508.7	2,511.5	-0.7	-0.5	0.0
Age: 20-24	907.7	899.6	886.8	873.9	862.9	851.7	845.1	841.9	837.8	834.0	0.7	-1.0	-0.7
Age: 25-44	3,471.9	3,471.3	3,476.4	3,489.7	3,509.5	3,533.0	3,548.0	3,564.9	3,575.7	3,586.5	-0.4	0.2	0.4
Age: 45-64	3,383.6	3,390.1	3,393.6	3,387.4	3,370.5	3,346.4	3,320.8	3,291.6	3,261.8	3,230.8	0.9	-0.1	-0.8
Age: >65	1,784.6	1,828.0	1,871.7	1,916.2	1,962.8	2,011.3	2,064.4	2,114.7	2,167.1	2,218.9	2.1	2.4	2.5
Households (Ths.)	4,876.8	4,889.0	4,938.2	4,982.3	5,017.2	5,032.1	5,048.4	5,063.8	5,077.6	5,091.9	0.4	0.6	0.3
% Change	*0.0*	*0.2*	*1.0*	*0.9*	*0.7*	*0.3*	*0.3*	*0.3*	*0.3*	*0.3*			
Personal Income (Bil. $)	621.0	642.2	670.7	702.9	735.9	763.9	791.6	821.4	852.7	885.0	1.8	4.0	3.8
% Change	*2.6*	*3.4*	*4.4*	*4.8*	*4.7*	*3.8*	*3.6*	*3.8*	*3.8*	*3.8*			
												Average	
Total Residential Permits (#)	19,906	14,273	24,909	30,285	34,712	36,851	38,500	39,975	41,872	42,895	14,476	23,272	39,134
% Change	*28.1*	*-28.3*	*74.5*	*21.6*	*14.6*	*6.2*	*4.5*	*3.8*	*4.7*	*2.4*			
Single-family Permits	9,047	7,077	13,592	19,003	24,292	25,976	26,723	27,480	28,550	29,218	8,760	13,813	27,040
Multifamily Permits	10,859	7,196	11,317	11,282	10,419	10,875	11,777	12,495	13,322	13,677	5,716	9,458	12,094

About Moody's Analytics

Economic & Consumer Credit Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. Through its Moody's Economy.com team of economists, Moody's Analytics is a leading independent provider of data, analysis, modeling, and forecasts on national and regional economies, financial markets, and credit risk.

Moody's Analytics tracks and analyzes trends in consumer credit and spending, output and income, mortgage activity, population, central bank behavior, and prices. Our customized models, concise and timely reports, and one of the largest assembled financial, economic and demographic databases support firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our clients include multinational corporations, governments at all levels, central banks and financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

Our web periodicals and special publications cover every U.S. state and metropolitan area; countries throughout Europe, Asia and the Americas; the world's major cities; and the U.S. housing market and other industries. From our offices in the U.S., the United Kingdom, the Czech Republic, and Australia, we provide up-to-the-minute reporting and analysis on the world's major economies on our real-time Dismal Scientist web site.

Moody's Analytics added Economy.com, now named Economic & Consumer Credit Analytics, to its portfolio in 2005. This arm is based in West Chester PA, a suburb of Philadelphia, with offices in London, Prague and Sydney. More information is available at www.economy.com.

Our Mission

To provide insightful analysis, timely data and actionable products on the world economy and financial markets.

Our Commitment

Our client service is widely acknowledged as the best in the economics consulting industry. Over 90% of our clients renew their services, and our main source of new business is word-of-mouth recommendation. Our clients know that we honor our pledge to:

- Ensure our clients' complete satisfaction.
- Uphold the highest standards of business ethics.
- Continually improve our products and services to anticipate our clients' evolving needs.
- Offer unparalleled choice and customization to meet clients' diverse requirements.
- Continually broaden how our products can be customized through the latest technology.
- Make our economists and representatives easily and conveniently accessible.
- Actively solicit our clients' views as we design new products and improve existing ones.

About Moody's Corporation

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. **Moody's Corporation** (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and **Moody's Analytics**, which encompasses the growing array of Moody's nonratings businesses including risk management software for financial institutions, quantitative credit analysis tools, economic research and data services, data and analytical tools for the structured finance market, and training and other professional services. The corporation, which reported revenue of $3 billion in 2013, employs approximately 8,500 people worldwide and maintains a presence in 31 countries.

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;
2) Analysis of the fiscal impact of revenue bills;
3) Preparation of State debt impact notes on legislation which would appropriate bond funds or increase bond authorization;
4) Periodic assessment of capital facility plans;
5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a “Monthly Briefing”, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The “Legislative Capital Plan Analysis” examines the State's capital appropriations plan and debt position. “The Financial Conditions of the Illinois Public Retirement Systems” provides an overview of the funding condition of the State’s retirement systems. Also published are an Annual Fiscal Year “Budget Summary”; “Report on the Liabilities of the State Employees’ Group Insurance Program”; and “Report of the Cost and Savings of the State Employees’ Early Retirement Incentive Program”. The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission’s website.

These reports are available from:

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

http://cgfa.ilga.gov