February 2011

State of Illinois Forecast Report

Prepared for:

State of Illinois

Commission on Government Forecasting & Accountability

Prepared by:

Moody's Analytics / Economic & Consumer Credit Analytics

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

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

State Economic Outlook

January 2011

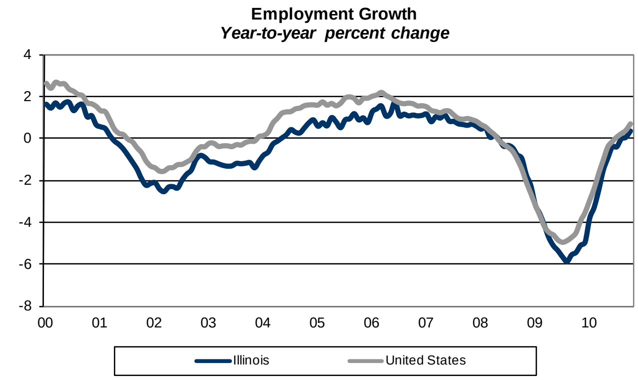
Illinois

Chris Cornell, 610.235.5234

SUMMARY

The Illinois economy is near the end of its recession, and conditions will improve through 2011 at a slightly slower pace than those of the U.S. However, this forecast has been clouded by the recent passage of a large increase in the state's personal income and corporate taxes, intended to alleviate the state government's fiscal imbalances, but at a potentially heavy price to the state's economy. Illinois' economy has lost 437,100 jobs from peak to trough, but 54,700 jobs have been created on net since employment reached a trough at the end of 2009. The ongoing weakness is driven by poor labor and housing market conditions in the Chicago area; most downstate metro areas are in recovery. Recessionary job losses were greatest in construction and manufacturing, but education/healthcare and business/professional services have led the job gains. The unemployment rate has fallen to 9.6%, a far cry from the 4.3% rate seen as recently as four years ago, but an improvement over the 11.5% seen as recently as March 2010. Over the long term, the state's economy will remain a below-average performer primarily because of its subpar demographic trends, concentration of slow growing and secularly declining industries, and increased tax burden. An improving national economy, strong service-producing industries, a more efficient and smaller manufacturing core, and transportation/distribution industries will drive the modest pace of growth.

RECENT PERFORMANCE (back to top)



Source: Bureau of Labor Statistics

- The recession in Illinois' economy has been moderating for at least one year but has not emerged into recovery, according to Moody's Analytics methodology, which combines estimated production, employment, house prices and housing starts. The Quarterly Census of Employment and Wages and household data display no significant deviations, so we do not anticipate any significant revisions in Illinois when the payroll data are revised this spring.

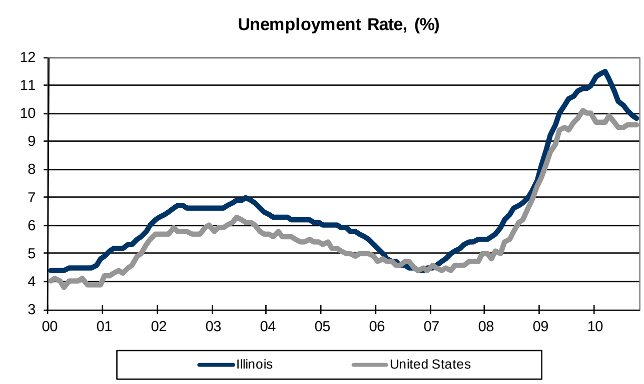
Illinois **Employment, Recent Performance** **November 2010**					
	Annualized growth rate				
	3-mo	**6-mo**	**12-mo**	**5 yr**	**10 yr**
Total	0.9	-0.2	0.6	-0.9	-0.8
Construction	4.1	5.1	-3.8	-5.9	-3.0
Manufacturing	-0.4	1.1	1.1	-3.8	-4.2
Wholesale Trade	-2.1	-0.2	-0.5	-1.5	-1.3
Retail Trade	3.1	-0.9	1.1	-0.9	-0.9
Transportation and Utilities	5.2	2.3	2.0	-0.3	-0.9
Information	1.1	1.7	1.9	-2.1	-3.5
Financial Activities	-0.2	-2.9	-1.4	-2.2	-1.1
Professional and Business Services	-1.1	0.9	2.0	-1.3	-0.7
Education and Health Services	5.0	0.5	1.7	2.2	2.0
Leisure and Hospitality	-7.5	-1.4	-0.7	-0.4	0.3
Government	2.2	-2.9	-0.3	0.2	0.2
			Percent		
Unemployment rate	9.8	10.0	10.6	7.3	6.7

- Modest job gains have been seen in most industries this year. Gains have been largest in education/healthcare, retailing and transportation. Even state government saw gains earlier in the year, though that trend has reversed in the last two months. The gains in transportation/utilities are notable given the industry's larger than average presence in the state's economy. However, the continued job losses in finance are most discouraging because of the severity of the earlier losses, as the industry lost 11% of its jobs since early 2007, and as the job losses have persisted throughout 2010.

- The universal count of employment from the Quarterly Census of Employment and Wages through the second quarter of 2010 suggests that the state's payroll data will not undergo a significant revision. According to the June data, which include the most recent QCEW data published, payroll employment in June fell 0.4% from last year, while QCEW employment fell 0.6%. The detail suggests some small industry revisions, such as likely upward revisions to leisure/hospitality, wholesaling, and business/professional services, will be balanced by likely downward revisions to retailing, information and finance.

- Household employment through December also appears stronger than payroll employment, unlike the pattern seen elsewhere in the nation. Household employment grew by 2.6% in November 2010 from last year, stronger than the 0.6% growth seen in payroll employment.

- The unemployment rate declined through 2010, falling to 9.6% in November 2010. The November rate is significant in that it is the first month since January 2007 that the Illinois jobless rate was less than the national jobless rate. Typically, the state's jobless rate is 0.5 of a percentage point higher than the national rate. This gap grew to 1.8 percentage points in early 2010 and has vanished since.



Source: Bureau of Labor Statistics

- However, the declining unemployment rate also carries some bad news, as a portion of the change stems from job discouragement rather than job growth. The state's active labor force shrank by 2% from the beginning of 2008 through the end of 2009, and has recovered only half that gap since. In contrast, the national active labor force remains near its prerecession level.

- The Bureau of Labor Statistics makes alternative calculations of the unemployment rate including discouraged workers and others not fully participating in the labor market. Their broadest measure, known as U-6, expands the definition of unemployment to include workers who are discouraged, marginally attached to the labor force, or are working part time for economic reasons. Their state-by-state estimates provide average alternative unemployment rates, with the latest update covering the average of the four quarters through the third quarter of 2010. According to these data, Illinois has a U-6 unemployment rate of 18% as compared with a conventional unemployment rate of 10.1%. Given that the conventional unemployment rate in the state is now 9.6%, we believe that if the U-6 unemployment rate in Illinois were measured for this month, it would be slightly below 18%, consistent with national trends.

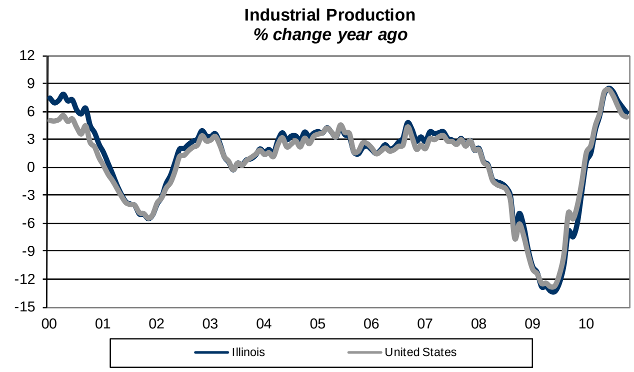
- Moderation of the state's recession is further evident in the declining unemployment insurance filings over 2010, from a peak of 121,600 in December 2009 to 76,724 in November 2010. While the decrease of initial unemployment insurance claims by over one-third marks a fading of the recession, much more progress is needed for the rate to return to the prerecession average of less than 60,000 new claims per month.

- The contraction of the employment base is also weighing on retail sales in the state. Estimated retail sales in the third quarter were virtually unchanged from their second quarter level, but stand 5% above their year-ago level. Growing labor market stability and a resumption of income growth are driving the small improvements in sales. New-vehicle registrations, for example, improved from almost 33,000 in February 2009 to the current level of just below 41,000. However, stronger economic growth will be needed to return this figure to the prerecession average of 55,000 seen between 2004 and 2007.

- The housing market contraction continues in Illinois: Existing-home sales and permitting are falling more sharply in Illinois than in the U.S. Permitting has fallen by nearly 87% from peak and has grown little in 2010. This compares with a 75% decline nationally. Illinois' home sales have declined by more than one-quarter from one year ago, compared with one-fifth nationally, reflecting both ongoing housing market weakness and the end of the 2009-10 homebuyers' tax credit. The severe drop in home construction and sales has taken a toll on construction, which has shed nearly 30% of its workers since the beginning of the recession, and total construction jobs remain little changed from last year.

- Nonresidential construction is also declining as a result of poor credit availability and weak demand conditions. Commercial developers have been forced to cancel or delay projects as a result, and typical property prices have plunged. Anecdotal evidence from the Chicago market suggests the peak-to-present declines are in line with the nearly 40% fall seen nationally. Moreover, high vacancy rates persist for office, retail and industrial space, placing further downward pressure on rents. During the expansion of the 2000s, a considerable amount of new warehouse space was added in northern Illinois, particularly Will County. Lower production, businesses failures, low levels of office-using employment, and weaker consumer spending have diminished the need for space.

- Manufacturing, as measured by the Chicago purchasing manager's index, indicates a revival of activity starting in late 2009, allowing manufacturing to outperform most other industries in the state. The index has remained above its critical value of 50, indicating rising activity, since that point. In December, 67% of surveyed manufacturers were expanding. Industrial production, estimated by Moody's Analytics, shows similar progress, having recovered about half of its recessionary loss by late 2010.



Source: Moody's Analytics

- Agriculture plays an important role in the downstate economy through direct farm activity, transportation and distribution, and food processing. Prices of corn and soybeans are enjoying a late-year rally following drought in other large agricultural nations such as Russia. By the end of 2010, corn prices rose to nearly \$6 per bushel, well above their historical range of \$2 to \$3 per bushel, and soybean prices rose above \$13 per bushel, well above their historical range of \$5 to \$6 per bushel. Prices are likely to revert to their 2009-10 averages once the effects of the drought abate, placing corn between \$3 and \$4 per bushel and soybeans around \$10 per bushel.

- Most metro areas in the state are seeing labor market improvements, especially in the second half of 2010. Only industrial-focused metro areas in northern Illinois, including Rockford, Kankakee, Danville and Decatur have unemployment rates above the national average, and these are tied to ongoing weakness in local blue-collar industries. Rockford's 14.4% jobless rate as of November is the most worrisome, though an improvement of its peak near 18%. Similar high jobless rates and similar improvements are also seen in Kankakee (11.7% unemployment rate), Danville (11%) and Decatur (also 11%). The metro areas with the lowest unemployment rates remain areas focused on white-collar industries such as Bloomington (7.2%, driven by insurance), Springfield (7.2%, driven by state government), and Champaign (8.2%, driven by the University of Illinois).

NEAR-TERM OUTLOOK (back to top)

- The Illinois economy is near the end of its recession and should technically enter recovery somewhere in the first half of 2011. However, the recent passage of large tax increases places downside risk on that forecast that the federal tax cut will mostly offset. Labor markets have been improving statewide. Economic growth in the state has been held back by the aftereffects of the bubble and bust in the Chicago-area residential and commercial real estate markets. Chicago was the only major Great Lakes housing market to suffer the bubble and bust seen in the southwestern and southeastern portions of the country. The Chicago area housing market continues to suffer from a nearly one-quarter drop in typical house prices from peak to present, along with the attendant problems of a more than 50% loss in average homeowner equity statewide, underwater mortgages, and high rate of foreclosures. These problems have prevented an earlier recovery by holding back construction and financial job growth, wealth and consumption growth, and other important economic drivers.

- Improvement is already being seen in industries producing capital goods, especially construction equipment for export overseas. Exports of capital goods fell dramatically during the recession and have been rising again in the past year as a strong recovery overseas, particularly in Asia, has been driving sales of capital goods. Auto manufacturing is also improving, though the state now has only has three major auto assembly plants: a Chrysler plant in Belvidere, a Ford plant in Chicago, and a Mitsubishi plant in Normal.

- Recovery will be even longer and slower than that seen in the early 1980s, even though the peak will not be as high as then. It will take three more years for the unemployment rate to recover to its long-run value of 5% to 6%. This follows the pattern of the early 1980s recession, the state's worst postwar recession before this one. At that time, the state's employment base contracted peak to trough by nearly 10%, and the unemployment rate peaked at 13%.

- The severity of the current recession is tempered by the change in the structure of the Illinois economy. At the end of the 1970s, nearly one-quarter of the workforce was involved in manufacturing. The state lost about 283,000 manufacturing jobs between 1978 and 1983. Then again, between 1998 and 2004, nearly 220,000 more were lost, and 135,000 more manufacturing jobs have been lost since 2004. Even though manufacturing jobs are again being shed, they only made up 10% of the employment base in 2010, near the national average of 9%, as the Illinois economy no longer relies heavily on manufacturing.

- Housing-related industries (construction, building materials, mortgage lenders, real estate, etc.) took a beating that rivals their decline in the early 1980s when the surge in interest rates devastated demand for housing and new construction activity, and remained down throughout 2010. Construction will remain low until the housing market recovers, which is expected by 2012 or 2013.

- Among industries that are undergoing a more dramatic decline than experienced in the state's previous recessions is financial services. Chicago's banking industry is being buffeted by a weak housing market and the lingering effects of mergers and acquisitions that have reduced the relative importance of Chicago in the national financial industry. Illinois' financial services industry lost 41,300 jobs between its 2007 peak and the end of 2009, and lost 4,900 in 2010 through November. Job losses have been concentrated in banking, with the heaviest losses in the Chicago area. The best performance is seen in the non-healthcare segment of insurance, the dominant industry in Bloomington.

- An important difference between the current recession and the last one of similar severity, the recession of the early 1980s, is that in the earlier recession Illinois suffered through a decade of declining or very weak population growth as a result, as households moved out of the state to parts of the country with better employment prospects. In contrast, in the current cycle migration has been off the table as weak housing markets and a widespread recession have effectively frozen migration across states and metro areas. As housing and credit markets thaw, workers will resume their pattern of job-seeking migration, returning Illinois to its usual pattern of a slowly declining population.

- The outlook for business and leisure travel to Chicago is positive, as local tourism and business travel have turned positive. A recent trend of declining hotel vacancy rates has been reversed; now, demand growth is seen across most measures of hotel demand. The recent exodus of long-standing conventions from the Chicago area has been reversed following the passage of a package of reforms at the Metropolitan Pier and Exhibition Authority.

- The outlook for tourism elsewhere in the state is better than for Chicago because downstate venues depend less on spending from outside the state or country. If Illinois residents are cutting back on their vacations, they may be more likely to spend at home, though in smaller amounts. For example, the state gaming board reports that while admissions to the state's casinos were down 3% in December from the year before, receipts were down 5%. The same pattern was seen in other months; while admissions were steady or even higher than year-ago levels, receipts were generally lower.

- The near-term outlook for Illinois' manufacturing industries is improving as the global financial crisis and global downturn in trade are easing. Exports from Illinois have increased by 30% since their trough in the spring of 2009, recovering two-thirds of their recessionary decline. This recovery has had its strongest impact in Peoria and Decatur, home to Caterpillar's Illinois operations, and to other exporters of capital goods across the state such as John Deere. Exports of capital goods and of industrial supplies and materials tend to respond disproportionally to the business cycle, meaning the above-average decline in Illinois exports is likely to be accompanied by an above-average recovery of Illinois exports in 2011 and 2012.

- Unfortunately, much of Caterpillar's corporate recovery will not be enjoyed in Illinois as the firm is expanding in the South rather than in Illinois. Caterpillar has been one of the most successful exporting companies in the state. The company has been a key beneficiary of the boom in global infrastructure spending that buoyed demand for its heavy earth-moving, mining and construction equipment. While Caterpillar has endured several rounds of job cuts in the last few years, sales prospects are improving in step with recovery in the global economy. Sales of mining equipment have already begun to improve thanks to stronger commodity prices. In addition, machine and engine demand is poised for a rebound. Other key manufacturers such as Deere will also see a turnaround this year. Global demand is likely to recover most strongly in the Asia/Pacific and Latin American regions.

- The outlook for the motor vehicle industry is improving also. After holding at just under 17 million units during the first half of the decade, vehicle sales fell below 10 million units during the first half of 2009. While the cash for clunkers program briefly boosted sales in July and August, the recovery in vehicle sales will proceed only gradually. Expect new-vehicle sales to climb past 11 million units in 2010 and to 14 million units in 2011. Sales will not return to a 17 million-unit pace until 2014.

- The outlook for auto manufacturing has improved and will benefit state's three auto assembly plants and a host of auto parts firms. The Chrysler plant at Belvidere is going through an unusual period of change as it is being upgraded to produce a to-be-announced mix of new Fiat models starting in the 2012 production year. Consumer response to the new vehicles will determine the plant's prospects.

- The outlook for Illinois' farmers has brightened as corn and soybean prices are rallying and are expected to remain high throughout 2011. Earlier in 2010, prices settled into a new range above their previous historical average. Late in the year, a drought affecting farm prices in Russia and other important global exporters led to rising farm prices, benefiting local farmers. The current peaks are expected to fade, but the new trading range is expected to remain.

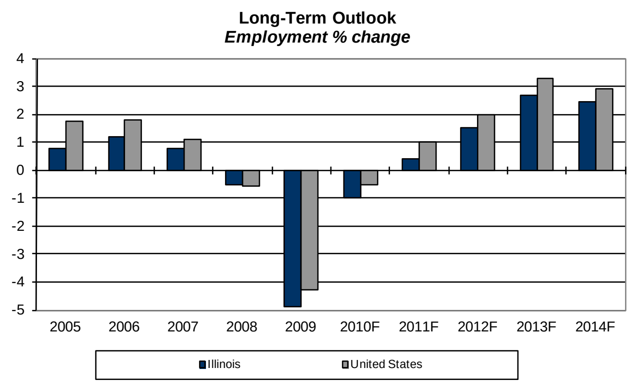
- Moody's Analytics expects Illinois' real gross state product to grow 2.7% over 2011, slower than the 3.9% growth forecast nationally.

- Illinois' finances are worse than underlying economic conditions would predict. The state comptroller's office reported at the beginning of 2011 that it has finally paid down the unpaid bills from fiscal 2010, which ended June 30, 2010. However, the state now has a backlog of unpaid fiscal 2011 bills of more than $6.3 billion, including unpaid vouchers, transfers and pension obligations. The law to raise taxes includes a provision to authorize borrowing to cover the gap in unpaid pension obligations, but another provision to authorize borrowing to cover the unpaid vouchers and transfers was rejected by the state legislature.

- Illinois follows the U.S. business cycle closely and this time will be no exception. Moody's Analytics expects a weak rebound in 2011 that will strengthen in 2012 and 2013. The tax increase has placed considerable downside risk to this forecast. However, Illinois' rebound in terms of employment, even in the baseline forecast, will be slightly weaker than the U.S. rebound, as has been the case during every recovery of the past 40 years.

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

- Illinois' greatest current strength is its economic diversity, ensuring it does not have excessive exposure to one individual industry that could sour. However, this alone does not insure a strong outlook.



Sources: BLS, Moody's Analytics

- The state will continue to diversify into service-producing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will continue to develop as the transportation/distribution center for the Midwest, fueled by the recent push for 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 best growth prospects for downstate are found in agriculture-related projects such as food-processing facilities, energy projects and distribution facilities.

Business Services

- Business and professional services are expected to drive growth and indeed be the strongest growing industry 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 service such as call centers, especially as a result of a high share of high school graduates.

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

- Indeed, the outlook for Chicago depends on its expansion as a center of global commerce. According to Moody's Analytics, Chicago ranks as the sixth most global metro area in the nation, behind New York, San Francisco, Boston, Miami and Bridgeport. Despite the loss of headquarters and hence Chicago's status as a world-class city, Chicago has managed to remain a business center through the growth of such businesses as insurance and benefits consulting, which involve intermediate firm-to-firm transactions rather than headquarters.

- 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. Tech companies that are able to meet the needs of Illinois' vast manufacturing base will be most successful. Outside of Chicago, much of the development and activity in high-tech services is in Champaign, centered on the University of Illinois.

Financial services

- Financial services, which employs over 6% of the state's workforce and over 7% of Chicago's workforce, will continue to be among the state's core industries despite its recent decline.

- The outlook for Chicago's commodities exchanges is promising. The exchanges 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

- Once economic activity picks up, Illinois' tourism and business travel industry will rebound, though at a slower pace. Chicago, in particular, will benefit from its tourist attractions, conventions and gaming. More than 40 million tourists visit Chicago on average each year, contributing about $10 billion to its economy. Between 2001 and 2007, 2.5 million attended events at McCormick Place on average annually. This pace is expected to resume as the implementation of long-delayed reforms lures conventions back to McCormick.

Transportation/distribution

- Even though manufacturing is declining in the Illinois economy, its distribution and transportation network remains an integral part of the economy facilitating the movement of both domestic and imported goods throughout the Midwest and supporting the state's manufacturing industries and export activities. Transportation and distribution job growth has outpaced manufacturing job growth consistently since the late 1990s. The outlook for logistics-related expansion remains positive. Once the global economy resumes growing, export penetration will help to stem manufacturing job losses, particularly in industrial machinery.

- In addition, distribution, warehousing, wholesale and transportation activities make up an estimated 9.5% of Illinois' output and 9.8% of Chicago's output. Among the nation's largest metro areas, only Dallas and Houston are more dependent on this cluster of industries. O'Hare International Airport is the nation's second busiest airport, after Hartsfield in Atlanta, handling about 67 million passengers annually. The airport has directly and indirectly generated 500,000 jobs.

- Chicago's transportation network, however, is reaching capacity. A $6 billion expansion of O'Hare (the O'Hare Modernization Program) is under way. A new runway was completed by November 2008, a runway extension is under construction, and a second new runway will begin construction in 2011. The remaining projects are expected to create 13,000 jobs, according to the City of Chicago. The most controversial part of the project is the proposed construction of a new terminal facility, supported by the airport authority but opposed by the airport's two principal tenants.

- A bid to privatize Midway Airport failed in 2009 as unusually tight credit conditions unwound a bid to lease the facility for 99 years in exchange for a $2.5 billion payment. The failure of the plan and recent concerns about parking meter privatization in Chicago have ended plans to proceed with further privatizations.

- Plans for a third airport to be called Abraham Lincoln National Airport in Will County have not materialized and are unlikely to emerge in the near future, as the expansion of the nearby Gary-Chicago International Airport is moving ahead, rendering a third Chicago airport unnecessary. The issue could be revived if plans to further expand O'Hare fall through and regional traffic into Chicago rises.

- Northern Illinois remains the nation's rail hub. While this industry, like others, is enduring the effects of reduced freight volume now, the long-term outlook is more promising. Almost three-quarters of national rail freight passes through Chicago and much of the physical plant remains in Chicago. However, like the air network, rail congestion could divert traffic to other hubs, such as Memphis TN. Southwestern Illinois, as part of the two-state St. Louis region, is the second largest rail center in the U.S. The region is served by nine trunk-line railroads, with more than 40 rail lines radiating to all parts of North America.

- 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 Davenport (Rock Island).

Education

- Other service-based industries that will support growth in the state include health-care 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 the Chicagoland economy as they are to downstate. With private university tuition rising and incomes remaining low, downstate public universities have become attractive and will likely be able to increase enrollment throughout the current decade. In addition to providing direct educational services, the universities also spur new avenues of growth through spin-off from university research.

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 growth 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' 12.3% share of healthcare employment is slightly lower than the national average, it is much higher than average in Kankakee, Peoria, Rockford and Springfield. However, growth will lag the national average primarily because of Illinois' relatively weaker population trends.

Agriculture

- The outlook for Illinois' large agricultural industry is optimistic. Despite the strong competition from agricultural powerhouses Brazil, Argentina, India and China, Illinois' farmers will benefit from a growing global economy. Domestic and international policy developments point to increased openness of agricultural markets.

- Developing alternative energy sources, including renewable sources that are eligible for tax breaks, are expanding markets for agricultural products. The price of oil, now in the $85 to $90 per barrel range, is likely to continue rising in the short and medium run. This will make alternative energy production, which in Illinois is focused on ethanol, more economically viable.

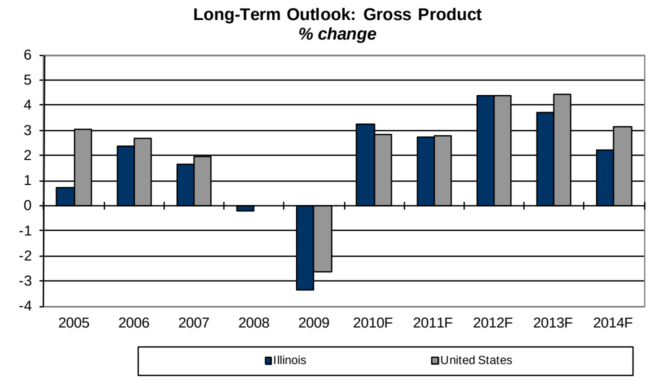
- Farm subsidies will remain an integral component of U.S. agriculture. The ballooning budget deficit could result in a reduction in subsidies down the road. Not only could farmers see cutbacks in obviously expendable programs, such as conservation set-asides, but they could see sharp cuts in both price supports and insurance.

Energy

- The increase in oil prices will drive the long-term outlook for alternative fuels as the U.S. seeks to reduce its dependence on foreign oil. Illinois is second only to Iowa in ethanol production from corn. Such companies as Decatur-based Archer Daniels Midland, corn processor A.E. Staley, and Adkins Energy should benefit.

- Even though the demand for coal declined as industrial production fell during the recession, the long-term outlook for Illinois' industry is still somewhat favorable. Illinois is home to the second-largest coal reserves in the nation. Many Illinois plants and mines have been resurrected as states attempt to keep electricity prices low, and boost energy security by offering an alternative to foreign oil and gas.

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



Source: Moody's Analytics

- Illinois will not grow as fast as the nation despite its close ties to the national business cycle 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.

- In the long run, Illinois will be a below-average performing economy, primarily because of its moderate population trends, which are expected to deteriorate as baby boomers retire to warmer climates, and exposure to declining industries. Employment growth is expected to peak in late 2013 at 2.9%, and output growth will surge to 5.4% in mid-2011 before decelerating.

- 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. While the amplitude of recessions in Illinois matches that of the nation, the trend is one of slower growth.

Employment Diversity and Volatility					
	Diversity[1]	Volatility 2009			
	2009	Total[2]	Systematic[3]	Nonsystematic[3]	Beta[4]
Illinois	**0.89**	**93**	**97**	**3**	**0.90**
Indiana	0.73	109	90	10	0.99
Ohio	0.85	94	97	3	0.91
Michigan	0.75	124	88	12	1.09
Wisconsin	0.73	92	96	4	0.88
Iowa	0.68	78	89	11	0.69
United States	1.00	100	100	0	1.00
Median	0.74	99	91	9	0.88

Notes:

1) Diversity is defined as the extent to which an state's industrial structure approximates that of the nation. The more closely the state's economy resembles the national economy, the higher the value. The diversity measure is bounded between 0 and 1. 1 means the state has the same industrial structure as the U.S., 0 means it has a totally different industrial structure than the U.S. Diversity is estimated using data for 2009.
2) Total volatility is the standard deviation of an state's employment growth. This relative deviation has been indexed to the United States = 100. Volatility is estimated using data for 2009.
3) Systematic fluctuation is that portion of an area's economy that is associated with national economic fluctuations. Nonsystematic volatility is that portion of an area's volatility not associated with national economic fluctuations.
4) Beta measures the magnitude of an area's sensitivity to national economic conditions. The U.S. average, by definition, is 1. A one percentage point increase in national employment will cause that portion of a metro area's employment base to rise by the percentage value of beta.

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. More than 348,000 jobs have been lost since 1997, or 38%. Most of these manufacturing losses are permanent. The long-run decline of manufacturing will prevail despite manufacturing's current resurgence, seen through 9,500 regained manufacturing jobs statewide since the beginning of 2010 and more expected gains as the state recovers in 2011 and 2012. Manufacturing is of greater importance in northern and central Illinois than it is in Chicago. The share of employment in manufacturing in the state as a whole, at 10%, is only somewhat higher than the national average of 8.9%, the share outside of Chicago is somewhat higher, at 12%. Illinois' largest manufacturing industries include food processing, fabricated metals, chemicals, plastics and transportation equipment. Areas such as Peoria, Decatur and Davenport-Moline have particularly high exposure to these industries.

- Illinois' manufacturers will continue to face daunting competition in the global marketplace long term. They have been forced to shift operations to lower-cost regions of the world to remain competitive, and the depreciating dollar does not reduce the cost advantage sufficiently to reverse this process, though it may slow it. This downward trend will prevail despite the near parity in business costs between downstate manufacturing centers and southern manufacturing centers, particularly in electricity costs. Many companies have yet to benefit from the global marketplace. Smaller exporters that depend on distributors do not see the exchange rate benefits as readily—unless overseas buyers increase their orders—because the distributors absorb the currency gains. Much of the state's low value-added manufacturing, with the exception of food processing industries, is likely to leave the state.

- Many manufacturers recognize that they cannot improve efficiency enough to be able to sell their products for as little as Chinese companies can. They are allowing their business to slowly dwindle. According to the Alliance for Illinois Manufacturing, up to three-quarters of the area's manufacturing companies are either struggling to figure out how to change or have no strategy to ensure long-term viability. More than two-thirds of manufacturers use outdated processes.

- Illinois' high exposure to telecommunications equipment manufacturing has been problematic, and competition in the industry remains heated as companies jostled for market share amid rapidly changing technology, particularly for mobile phones. Motorola recently split its business into two parts. Motorola Mobility, is focused on consumer electronics such as cell phones and cable set-top boxes. The other, Motorola Solutions, is focused on business and government electronics such as police communication systems. Motorola Solutions has committed to keeping its headquarters in Illinois, and the other has yet to decide on its headquarters location. There is a downside risk that Motorola Mobility and its jobs may leave the state.

- Illinois’ pharmaceuticals industry, headed by Abbott Labs and Baxter International, has not escaped the restructuring that has thinned the ranks of workers in other industries. Local production has declined as the industry is going through a wave of acquisitions, mergers, and downsizing. However, the industry has strong long-term prospects, and the local industry’s research and development connections to major local universities and hospitals will assure its continued presence in the area.

Tourism

- The state’s nine casinos are also an important element of tourism in Illinois. The riverboats admitted 13.8 million visitors in 2019, down 4% from last year. Similarly, adjusted gross receipts are also down; the $1.37 million in receipts in 2010 is down 3.8% from 2009, with receipts down in eight of the state’s nine casinos. The state's casinos inject a reported $1 billion a year into the Illinois economy.

Airlines

- The restructuring of Illinois’ airline industry has accelerated over the past year. Both United Airlines and American Airlines, O’Hare’s largest carriers, have struggled with increased competition in the industry. In 2010, United Airlines merged with Continental Airlines and kept its corporate headquarters in Chicago, avoiding the previous risk of headquarters job losses.

Structural deficiencies

- The state’s outlook is tarnished by such structural problems as a lack of strong growth drivers, slowly growing industries, and weak population trends. The state’s costs of doing business are average, but higher than in most Midwest states. Unit labor costs are above average, in part because of a still-high presence of unions. This makes it difficult for the state to attract expanding companies. For example, Illinois lost out to Texas in 2010 for a new Caterpillar plant.

- Among the state's metro areas, however, overall business costs are above average only in Chicago and Lake County. The Moody's Analytics measure of metro business costs includes an index of office rents, which is measured as rent per square foot. In particular, energy costs are higher in the Chicago area than they are elsewhere in the state. Labor costs are above average in every metro area, with the exception of Peoria and Springfield.

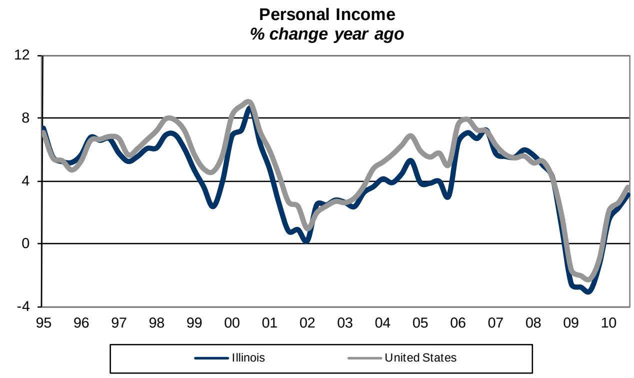
Index of Relative Business Costs

	Labor Cost		Tax Burden		Energy Cost		Overall Index	
	Index	*Rank*	Index	*Rank*	Index	*Rank*		*Rank*
Illinois	**104**	***13***	**99**	***19***	**98**	***19***	**102**	***15***
Indiana	94	40	102	13	77	36	91	40
Ohio	100	29	106	10	90	27	98	23
Michigan	106	6	102	14	92	23	103	14
Wisconsin	101	24	105	11	92	24	100	19
Iowa	87	49	96	27	70	44	85	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.

INCOME (back to top)

- Nominal income growth grew again, recovering its recessionary losses after declining for the first time since 1954. In the third quarter, the year-ago growth rate was 3.1%, allowing total personal income to grow just past its previous peak in 2008. The nation as a whole is seeing a slightly higher rate of growth, measured in the third quarter at a year-ago rate of 3.6%. Wages are growing again, with Illinois matching the national growth rate of 2.8% on a year-ago basis in the third quarter. However, on a year-ago basis, inflation-adjusted wages stand at their 2004 level after declining in 2008 and 2009.



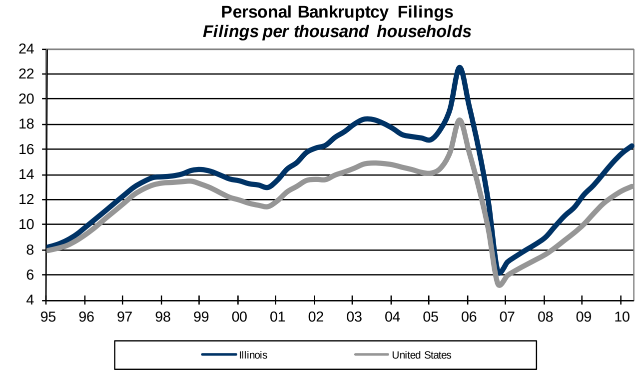
Sources: BEA, Moody's Analytics

- Income growth is driving consumer spending growth and thus growing sales tax revenues, but not yet enough to return consumption to its previous peak. Estimated retail sales have been growing since the second quarter of 2009, and now grow at a year-ago rate of 5% as of the third quarter of 2010, slightly worse than the national rate of 5.8%.

- In fiscal 2011, nominal income growth is expected to be stronger, rising by 3.8% Wage growth is expected to grow by 4.2% for fiscal 2011, which is an improvement over 2010's decline of 0.1%. Dividend, rent and interest income growth will be weaker in comparison, growing at 0.5% for fiscal 2011. Real income will grow by 2.4% for fiscal 2011. All of these figures reflect stronger growth in 2011 than was seen in 2010.

- The decline in house prices is having a deleterious effect on the wealth of Illinois households. Estimated homeowner equity peaked at just over $92,000 per household in 2005, declined to about $60,000 by the end of 2008 and bottomed out below $35,000 in the first quarter of 2009. It stands at just above $41,000 as of the third quarter of 2010, but will decline to $36,000 by the end of 2011 because of an anticipated double-dip in house prices following the clearance and resale of foreclosed homes. For Chicago homeowners, equity declined from a peak of $90,000 in early 2006 to a low of $25,000 in the first quarter of 2010. Home equity estimates are now volatile, driven by volatile house prices, meaning households will continue to have a diminished ability to tap into home equity to finance spending and, through the wealth effect, make households feel less wealthy and so less willing to spend.

BALANCE SHEETS (back to top)



Source: Administrative Office of U.S. District Courts

- After plunging following the October 2005 change in bankruptcy laws, personal bankruptcy filings are returning to pre-reform levels, driven by the recession and housing crisis. However, at almost 17 bankruptcies per 1,000 households, they remain just below the pre-reform peak of 22 per 1,000 households. Personal bankruptcies are expected to peak just above 20 per 1,000 households in late 2011 and early 2012.

- The deterioration in credit conditions is better examined through delinquencies and charge-offs. According to Equifax, the delinquency rate across loans has risen from a low of 2.4% in 2005 to a high of 6.6% at the beginning of 2010, but has improved to 6% by the third quarter of 2010. This compares with an escalation from 2.4% to 7.1% nationally. Delinquencies trail the national average across most household loan categories.

- The charge-off rate on first mortgages has increased from 0.4% in 2005 to 3.1% in the third quarter of 2010, slightly above the U.S. average. However, conditions are worse in Chicago as a result of the housing bust. At 3.6%, the first mortgage write-off rate for the Chicago area exceeded the national average in the third quarter.

- Illinois has a higher rate of foreclosures than the default data would lead one to believe. According to RealtyTrac, 30 houses were in foreclosure for every 1,000 households statewide in November, and 40 houses were in foreclosure for every 1,000 households in the Chicago metro division.

- Illinois has the nation's fourth-highest rate of delinquencies per household despite the fact that downstate Illinois did not experience a significant housing bubble. The other states with comparable or higher rates of foreclosure are the housing crisis states of Nevada, Florida, Arizona and California. The state's lengthy judicial foreclosure resolution process, exposure to the robo-signing scandal, and occasional foreclosure moratoria in Cook County were important factors adding to the delays.

- Based on data from Equifax, Moody's Analytics believes that delinquencies peaked in the first quarter of 2010 and that defaults peaked in the third quarter. The timing of peaks is the same when considering only first mortgages. Following the national trend, late-term delinquencies remain high and early-term delinquencies are falling. This reflects the fact that existing bad loans will remain bad in the near term, but few good loans are now turning bad. Thus, the high rates of default, foreclosure and bankruptcy now being seen will persist over the next year.

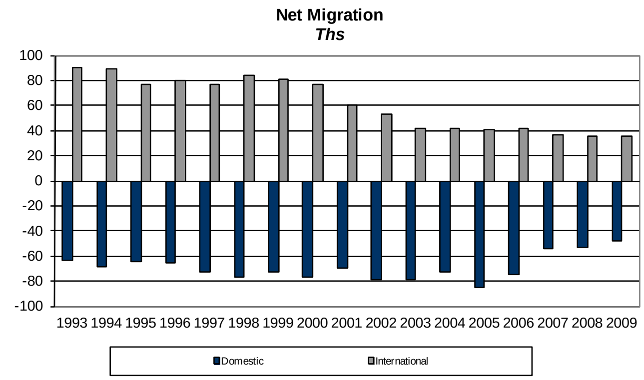
DEMOGRAPHIC TRENDS (back to top)

- An important determinant of the prospects for the Illinois economy is its demographic profile, which is considerably weaker than the national average. Population growth has been weakening steadily since 1992, reaching as low as 0.3% per annum, before reversing in 2006 to its present rate of 0.5%. However, much of this reversal appears to be tied to declining house prices, which have slowed migration across the U.S. Our latest forecast projects the state's population growth rate falling back to 0.4% by mid-decade.

- The recent improvement in the state’s population growth is driven almost entirely by declining domestic out-migration from a net loss of 85,000 in 2005 to a net loss of 48,000 in 2009. International migration is much more difficult to estimate. For Illinois, it has been revised down for previous years; in 2009, it was estimated to be 35,000, down from a peak of 60,000 in 2001. Thus, it does not fully offset losses of domestic migrants.

- While a weak economy is normally correlated with erosion in population trends, the fact that nearly every state is in recession and that homes are difficult to sell has kept more Illinois residents from moving away. However, Illinois will resume its role as a net loser of residents as the national economic recovery strengthens. The big wild card for Illinois is whether baby boomers will leave the state 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 steadily deteriorating population growth. Further, the assumption that other parts of the country will enjoy stronger growth will push more working-age adults out of the state. The recent increase in state income taxes risks strengthening this trend. Potential out-migrants will be slowed by the bursting of the housing bubble in the most popular retirement destinations, which reminds some retirees of the fragility of such housing markets, and the losses in retirement wealth and diminished 401(k) accounts, which makes the less costly option of staying put in retirement more attractive.

- The table below of domestic flows is compiled on the basis of IRS tax returns, and, therefore, the numbers are somewhat different than the estimates derived by the Bureau of Census. Illinois' aging residents continue to flow out of the state to Florida and Arizona. Other popular midwestern destinations of out-migrants are Indiana and Wisconsin, which enjoy lower costs of living. While Illinois attracts many migrants from such states as California and Texas, on net the state loses residents to the South and West Coast. There are a number of states with which Illinois enjoys a net inflow including most New England states, the Mid-Atlantic states, Alaska, Michigan, Ohio, Nebraska and North Dakota.



Source: BOC

Migration Flows - IL - 2008

Into Illinois	Number of Migrants	From Illinois	Number of Migrants
Indiana	16,126	Indiana	22,523
California	13,636	Texas	16,886
Florida	12,735	Wisconsin	16,535
Missouri	12,644	California	15,934
Wisconsin	12,519	Florida	14,293
Michigan	11,177	Missouri	13,987
Texas	10,211	Iowa	9,590
Iowa	7,428	Michigan	7,823
Ohio	7,158	Arizona	7,771
New York	5,648	Georgia	6,855
Inmigration	**192,433**	**Outmigration**	**223,922**
		Net Migration	**-31,489**

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

Source: Moody's Analytics calculation from 2008 IRS data

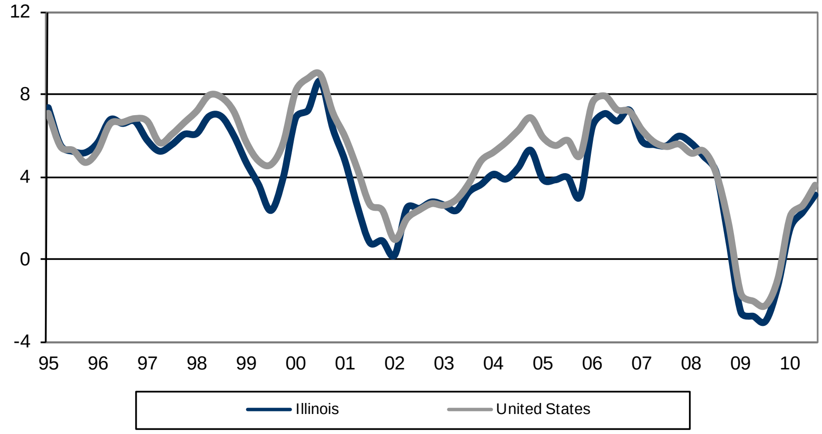
- After weakening earlier in the decade, population growth improved in the Chicago area in 2009 to 0.7%, up from a low of 0.3% in 2005. Growth is still down from 1% during the expansion of the 1990s. In 2009, net out-migration fell to less than 500 persons from 44,000 in 2005. Chicago's population growth rate now stands 0.1 of a percentage point higher than the state's, though this gap will be nearly closed by mid-decade.

- Population trends in the remainder of the state have also improved slightly during the past two years. However, what this means is that its population has strengthened from barely any gains at all to modest gains. The impetus behind the improvement is some abatement in out-migration compared with earlier in the decade as a result of the national recession and housing crisis.

- Population trends differ across the state, with the best trends in white-collar downstate metro areas and the worst trends in blue-collar downstate metro areas. The best population growth rates in the state are in Champaign and Peoria, both of which grew by over 0.8% in 2009. The metro areas of Danville and Decatur contracted, as they did last year. Population remains flat in rural Illinois with few drivers of growth.

- The age structure of the population is another important determinant of labor force and consumer trends in the state. The median age is the middle age of an area, the 50th percentile of local ages, so that half of an area's residents are older than the median age and half are younger. Nationally, the median age of the population is 36.8 years and typically grows by two to three months every year. Illinois' median age is lower, at 36.2, but there are large differences across metro areas. Champaign has the youngest median age at 28.8, driven by its large college population. Bloomington, another college-focused metro area, is not far behind at 30.3. Decatur and Springfield both have the state's oldest median age at 39.7, though Danville's median age of 38.9 is not far behind.

Personal Income
% change year ago



Sources: BEA, Moody's Analytics

- Another demographic determinant of Illinois' outlook is the education attainment of the population. In 2006, most Illinois workers had some postsecondary education, and nearly 31% held a college degree. Both of those figures are considerably better than national and regional averages. However, Illinois' share of adults with a college degree ranks 12th nationally. Most northeastern states rank ahead of Illinois, as do Colorado and Washington in the West. The only midwestern state to rank ahead of Illinois is Minnesota. No southern state ranks above Illinois.

- The state's relatively high ranking 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, all have below-average educational attainment levels. Champaign and Bloomington have the best-educated labor forces in the state. Primary and secondary education in the state is uniformly strong, as every metro area in the state boasts an above-average share of high school graduates.

RESIDENTIAL REAL ESTATE (back to top)

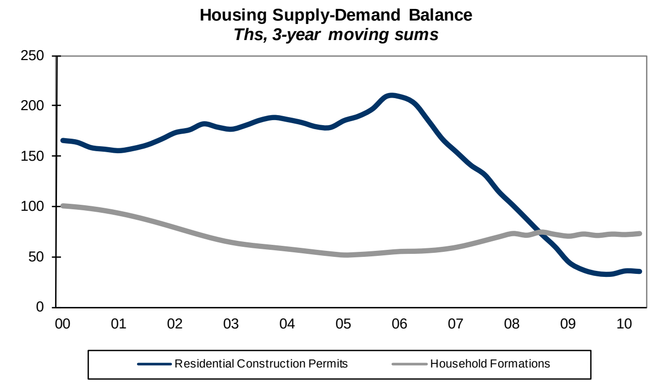
- The Illinois housing market endured a sharper adjustment than did the U.S. market, though building activity did not surge nearly as much in Illinois as in other parts of the nation with stronger population trends. Home sales and new residential construction remain at their weakest point in decades. Historically, single-family permitting accounts for 70% of all permits statewide, but they both broadly follow similar trends. Both single-family and multifamily housing permit growth is expected to solidify in 2011, and permits are expected to return to their historical averages between 2013 and 2014.

- Existing-home sales were down 25% on a year-ago basis in the third quarter of 2010, according to the Illinois Association of Realtors. However, this comparison ignores the role of the homebuyers' tax credit that spurred sales between the middle of 2009 and early 2010, pulling some sales away from late 2010. However, sales are still down sharply from their historical trend, demonstrating the weak state of homebuyers' demand.

- The median price of a home in the state fell by 6.1% between the third quarter of 2009 and the third quarter of 2010, further demonstrating the weakness of homebuyers' demand. The last time Illinois experienced such a dramatic downturn in home sales was in the depths of the recession in the early 1980s. The median house price now stands 32% below its 2005 peak value.

- Sales in the Chicago area have eroded slightly less than sales in other parts of the state have. Sales in greater Chicago fell by 22% since one year ago, less than the 25% decline seen statewide. Price erosion accelerated in Chicago, with the median home selling for 6% less in the third quarter ($188,666) than a year ealier.

- The sharp adjustment in construction is allowing Illinois' housing market to return to balance. This will facilitate a rebound once employment and credit markets improve. Housing market balance is determined by the difference between permitting and household formation.



Sources: BOC, Moody's Analytics

- Price erosion has helped house affordability to surge throughout the state, with affordability at its highest point in decades. In Chicago, a family earning the median income can afford to purchase a house costing 81% more than the median-priced house. This is a dramatic improvement from 2006, when the median family could afford only 97% of a median-priced house. In Lake County, a family can purchase a house costing 96% more. Elsewhere in the state, affordability is considerably higher. In most metro areas in the state, a family earning the median income can afford a home that costs about twice as much as the median-priced existing home. Affordability in downstate Illinois has been kept high by the weak rate of house price appreciation.

- During the housing bubble years, the rate of homeownership in the state rose to 72.7% in 2004, above the national average. Since then, the state's homeownership rate has fallen. The rate of homeownership in the state fell to 68.7% in the third quarter, broadly in line with national trends. This rate is expected to fall slightly further as more homes have gone into foreclosure and access to mortgages is difficult for all but the most creditworthy borrowers.

- The multifamily market has undergone as much of an adjustment as the single-family market. While earlier in the decade, the strong demand for housing and the conversion of apartment units to condominiums kept a lid on strong multifamily development, access to credit is now the principal deterrent.

- Further, despite the fact that homeownership has weakened, demand for apartments has not increased noticeably. This is because families have been moving in with other family members or they are renting the many available single-family homes.

- Single-family housing completions are expected to steadily improve through 2012, having bottomed out at an estimated level of less than 8,800 units per year in 2010. Homebuilding will level off in 2011 as existing-home inventories clear, then rise sharply back to its historical trend by mid-decade. Multifamily building, which bottomed out at an estimated level of below 3,300 units during 2010, follow the pattern of single-family completions, leveling off in 2011 before rising sharply and above its long-term trend by mid-decade to cover the anticipated shift in housing demand away from single-family homes toward apartments.

- Based on estimation using Case-Shiller and FHFA data, which is adjusted for the mix of homes sold, Illinois house prices have declined by 28% from their peak in early 2007. A second, smaller dip of 3% in house prices is expected through the middle of 2011 before growth resumes. Most of this adjustment is due to price erosion in Chicago. Prices are expected to decline very mildly elsewhere in the state.

COMMERCIAL REAL ESTATE (back to top)

- The recession has weighed heavily on Illinois commercial real estate markets. Nonresidential construction has declined. Vacancy rates are peaking, sublease space is widely available and there is continued downward pressure on commercial rents. Further, financing remains restricted for all but the most creditworthy developers and projects. As a result, new construction activity remains depressed.

- The hard-hit market for office space will stabilize in 2011 before demand takes off in 2012. Office demand is restrained for now by weak demand, but depressed prices will help the market kick-start a recovery in demand once office-using employers initiate their post-recession waves of hiring. Nearly 157,000 office-using jobs were lost between 2007 and the end of 2009, though about 10% of that loss has been regained since. The statewide forecast calls for tame growth in office-using employment before the pace of growth quickens in 2012. Expect office-using employment to return to its prerecession peak by late 2014 or early 2015.

- Demand for retail space will suffer more than office space as consumer spending remains low. Retail employment fell by 49,000 statewide between early 2008 and late 2009, and has recovered nearly 8,000 of those lost jobs since. The forecast calls for weak growth in 2011 and a stronger pace of growth in the next few years, through statewide retail employment is expected to remain permanently below its prerecession level.

- Outside of Chicago, distribution activities focus on traditional old-line manufacturing and the distribution of consumer products, such as the Kmart and Sears facilities in Kankakee and the Walmart distribution center in Spring Valley. In the South, East St. Louis' distribution industry is supporting the construction of build-to-suit warehouses.

FORECAST RISKS (back to top)

- The recently passed state tax increase, intended to shore up the state government's large fiscal imbalances, is the single largest risk facing the state's economy today. The tax package may prove unduly costly to job creation and retention. The risk to the forecast stems not from policy uncertainty but rather from the lack of history on states undertaking massive tax increases at the tail end of a recession, making the size of the effects more uncertain than usual. Even without the tax increase, the baseline outlook for Illinois was worse than for most states, in line with the state's historically weak pattern of recovery.

- If some of the state's considerable downside forecasts risks were realized, the most severe shocks would be felt in the state's real estate market and labor market. This would be reflected in weaker consumer and business spending. Tax revenues would continue to rise, as the rate increases would likely drive down sales, but not so much as to undo the effects of higher rates. Further, since Illinois is highly sensitive to movements in the business cycle, downside risks disproportionally hurt the state's manufacturers, retailers, financial institutions, and its distribution, warehousing and transportation networks. Many of those firms would not be able to survive and the rebound would take longer.

- Forecast risks should be considered in light of the state's unusual baseline outlook. The state's outlook remains well below the national average even without downside risks. Under the baseline forecast, Illinois will not recover the jobs lost during this recession until mid-2014. Net job creation has already returned, though slowly, and will remain below 1% on a year-ago basis until 2012. The national recovery will pull Illinois along, driving many of the expected job gains in 2012 and 2013. A return to the previous peak in employment will not mean a return to prerecessionary labor market conditions since population growth and in-migration will have since expanded the pool of eligible workers. In fact, we expect the state's jobless rate to hold above 10% throughout 2011.

- For each monthly forecast, Moody's Analytics produces a baseline scenario and six alternative scenarios to permit a characterization of a range of possible outcomes. In broad measure, Illinois is more sensitive to forecast risks than most states. In the S1 (most optimistic) scenario, the state quickly rebounds from the recession before returning to its long-term growth path. In the S2, S3 and S4 (progressively more pessimistic) scenarios, the state's economy suffers slightly more than the national economy. The latter two scenarios depict an intensifying second wave of the recession that causes total employment to shrink on a year-ago basis by more than 3%. The S5 and S6 scenarios depict unusual downside risks, though as before, Illinois suffers more in those scenarios than the nation as a whole.

- The scaling back of farm support programs, on which many Illinois farmers depend, create another risk for the state. Given the mounting federal government deficit, compounded by large federal budget deficits, the military engagements in Iraq and Afghanistan, and the impending retirement of baby boomers, farm support programs could be at risk, especially as the Midwest's population share (and, hence, representation in Congress) declines.

- Energy prices have stayed high recently, and have proven sensitive to brief interruptions in global supply. Were oil prices to escalate again, this would increase the stresses on the economy, particularly energy-dependent segments such as manufacturing and transportation/distribution industries, both of which are concentrated in the state.

- However, an increase in energy prices also has upside potential for Illinois. It would give a spark to the state's nascent alternative energy industries, including ethanol, biodiesel, and other forms of renewable energy, as well as more fuel-efficient technologies and equipment. Support for such "green" industries has been a consistent tool in the Obama administration's efforts to increase environmental protection.

DEMOGRAPHIC PROFILE (back to top)

Indicator	Units	Illinois	U.S.	Rank	Year
Households					
Households, % change (2004-2009)	Ann. % change	0.4	0.9	37	2009
Population w/ B.A. degree or higher	% of adult population	26.1	24.4	15	2000
Median household income	$	52,870	49,777	15	2009
% change year ago		*-0.7*	*-1.1*	21	2009
Population					
Per capita income	$	41,904	39,626	14	2009
% change year ago		*-2.9*	*-2.6*	35	2009
Population	thousands	12,910	307,007	5	2009
% change year ago		*0.5*	*0.9*	36	2009
White	%	73.5	75.1	35	2000
Black or African American	%	15.1	12.3	14	2000
Hispanic	%	12.3	12.6	10	2000
Asian	%	3.5	3.8	10	2000
Net domestic migration, rate	Persons/ths. pop.	-3.7	0.0	47	2009
International migration, rate	Persons/ths. pop.	2.8	2.8	16	2009
Poverty rate	%	10.7	12.4	22	1999
Median age	years	34.7	35.3	13	2000
Household Cost Indexes					
Housing affordability index		197.4	189.5	21	2009
Median existing home price	$ ths	*160.4*	*168.2*	20	2009
% change year ago		-17.36	-10.65	47	2009

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 and print periodicals and special publications cover every U.S. state and metropolitan area; countries throughout Europe, Asia and the Americas; and the world's major cities, plus the U.S. housing market and other industries. From our offices in the U.S., the United Kingdom, 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 to its portfolio in 2005. Its economics and consumer credit analytics arm is based in West Chester PA, a suburb of Philadelphia, with offices in London and Sydney. More information is available at www.economy.com.

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

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- 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.

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Illinois

Recent Monthly Performance

	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Most Recent Yr/Yr % Change
Establishment Employment (Ths, SA)														
Total Employment	5,580.0	5,558.2	5,581.5	5,581.9	5,590.4	5,611.5	5,618.0	5,621.9	5,600.0	5,600.3	5,603.9	5,615.5	5,612.9	0.6
% change	*-0.3*	*-0.4*	*0.4*	*0.0*	*0.2*	*0.4*	*0.1*	*0.1*	*-0.4*	*0.0*	*0.1*	*0.2*	*0.0*	
Natural Resources & Mining	9.6	9.3	9.2	9.4	9.4	9.6	9.5	9.6	9.8	9.8	10.0	10.1	10.2	6.2
% change	*2.1*	*-3.1*	*-1.1*	*2.2*	*0.0*	*2.1*	*-1.0*	*1.1*	*2.1*	*0.0*	*2.0*	*1.0*	*1.0*	
Construction	207.8	202.3	201.8	200.5	199.1	200.1	195.1	199.2	185.4	198.0	199.1	202.0	200.0	-3.8
% change	*-3.2*	*-2.6*	*-0.2*	*-0.6*	*-0.7*	*0.5*	*-2.5*	*2.1*	*-6.9*	*6.8*	*0.6*	*1.5*	*-1.0*	
Manufacturing	557.8	554.1	554.2	553.7	556.0	558.5	560.5	562.5	563.4	564.2	563.4	563.3	563.7	1.1
% change	*-0.3*	*-0.7*	*0.0*	*-0.1*	*0.4*	*0.4*	*0.4*	*0.4*	*0.2*	*0.1*	*-0.1*	*0.0*	*0.1*	
Trade, Transportation, & Utilities	1,124.1	1,121.1	1,129.0	1,128.3	1,132.0	1,132.5	1,134.2	1,131.9	1,131.1	1,127.9	1,130.1	1,134.7	1,134.2	0.9
% change	*-0.1*	*-0.3*	*0.7*	*-0.1*	*0.3*	*0.0*	*0.2*	*-0.2*	*-0.1*	*-0.3*	*0.2*	*0.4*	*0.0*	
Retail Trade	591.0	589.7	599.4	598.8	598.5	599.1	600.1	596.8	595.8	592.9	593.5	599.2	597.5	1.1
% change	*-0.1*	*-0.2*	*1.6*	*-0.1*	*-0.1*	*0.1*	*0.2*	*-0.5*	*-0.2*	*-0.5*	*0.1*	*1.0*	*-0.3*	
Wholesale Trade	283.8	281.5	279.8	279.2	281.3	283.7	282.7	283.4	283.9	283.9	284.7	283.6	282.4	-0.5
% change	*-0.1*	*-0.8*	*-0.6*	*-0.2*	*0.8*	*0.9*	*-0.4*	*0.2*	*0.2*	*0.0*	*0.3*	*-0.4*	*-0.4*	
Transportation & Utilities	249.3	249.9	249.8	250.3	252.2	249.7	251.4	251.7	251.4	251.1	251.9	251.9	254.3	2.0
% change	*-0.2*	*0.2*	*0.0*	*0.2*	*0.8*	*-1.0*	*0.7*	*0.1*	*-0.1*	*-0.1*	*0.3*	*0.0*	*1.0*	
Information Services	103.2	103.5	103.6	103.6	104.0	104.3	104.3	103.8	103.9	104.9	104.6	105.2	105.2	1.9
% change	*-0.9*	*0.3*	*0.1*	*0.0*	*0.4*	*0.3*	*0.0*	*-0.5*	*0.1*	*1.0*	*-0.3*	*0.6*	*0.0*	
Financial Services	365.9	365.5	366.9	366.1	367.3	366.8	365.9	364.8	362.5	360.8	362.5	359.9	360.6	-1.4
% change	*-0.3*	*-0.1*	*0.4*	*-0.2*	*0.3*	*-0.1*	*-0.2*	*-0.3*	*-0.6*	*-0.5*	*0.5*	*-0.7*	*0.2*	
Professional & Business Services	770.1	767.9	772.7	779.2	777.4	785.3	782.0	784.6	787.1	787.7	787.0	784.9	785.5	2.0
% change	*0.0*	*-0.3*	*0.6*	*0.8*	*-0.2*	*1.0*	*-0.4*	*0.3*	*0.3*	*0.1*	*-0.1*	*-0.3*	*0.1*	
Education & Health Services	822.6	820.8	824.1	826.6	829.4	833.4	834.3	830.7	832.0	826.3	828.8	835.6	836.5	1.7
% change	*0.1*	*-0.2*	*0.4*	*0.3*	*0.3*	*0.5*	*0.1*	*-0.4*	*0.2*	*-0.7*	*0.3*	*0.8*	*0.1*	
Leisure & Hospitality Services	507.9	506.8	511.4	507.3	507.8	508.2	507.6	516.7	513.5	514.0	503.4	503.5	504.1	-0.7
% change	*-0.5*	*-0.2*	*0.9*	*-0.8*	*0.1*	*0.1*	*-0.1*	*1.8*	*-0.6*	*0.1*	*-2.1*	*0.0*	*0.1*	
Other Services	253.0	252.5	254.2	253.8	254.9	257.5	256.1	258.5	256.1	255.6	258.7	259.1	257.2	1.7
% change	*-0.5*	*-0.2*	*0.7*	*-0.2*	*0.4*	*1.0*	*-0.5*	*0.9*	*-0.9*	*-0.2*	*1.2*	*0.2*	*-0.7*	
Government	858.0	854.4	854.4	853.4	853.1	855.3	868.5	859.6	855.2	851.1	856.3	857.2	855.7	-0.3
% change	*-0.4*	*-0.4*	*0.0*	*-0.1*	*0.0*	*0.3*	*1.5*	*-1.0*	*-0.5*	*-0.5*	*0.6*	*0.1*	*-0.2*	
														1 Year Change
Unemployment Rate (%, SA)	10.9	11.0	11.3	11.4	11.5	11.2	10.8	10.4	10.3	10.1	9.9	9.8	9.6	-1.3
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,593.6	6,591.3	6,617.0	6,641.0	6,668.9	6,695.5	6,693.9	6,661.1	6,630.1	6,624.5	6,637.0	6,641.1	6,666.8	1.1
% change	*-0.1*	*0.0*	*0.4*	*0.4*	*0.4*	*0.4*	*0.0*	*-0.5*	*-0.5*	*-0.1*	*0.2*	*0.1*	*0.4*	
Number of Unemployed (Ths)	721.5	725.3	744.6	757.7	764.8	752.3	720.8	693.7	683.3	671.4	659.3	648.7	641.0	-11.2
% change	*0.7*	*0.5*	*2.7*	*1.8*	*0.9*	*-1.6*	*-4.2*	*-3.8*	*-1.5*	*-1.7*	*-1.8*	*-1.6*	*-1.2*	
Number of Employed (Ths)	5,872.0	5,866.0	5,872.4	5,883.3	5,904.1	5,943.1	5,973.1	5,967.4	5,946.8	5,953.1	5,977.7	5,992.4	6,025.8	2.6
% change	*-0.1*	*-0.1*	*0.1*	*0.2*	*0.4*	*0.7*	*0.5*	*-0.1*	*-0.3*	*0.1*	*0.4*	*0.2*	*0.6*	
Total Residential Permits (# of units YTD, NSA)	10,225	10,912	381	1,117	2,151	3,224	4,582	5,705	6,442	7,442	8,428	9,720	10,460	2.3
year to year % change	*-51.3*	*-50.1*	*-46.8*	*3.5*	*35.3*	*32.1*	*38.5*	*29.7*	*12.2*	*9.9*	*3.8*	*6.6*	*2.3*	
Single-family, (# of units YTD, NSA)	7,773	8,236	333	875	1,735	2,635	3,439	4,243	4,903	5,564	6,220	6,859	7,516	-3.3
year to year % change	*-35.4*	*-33.1*	*15.2*	*0.5*	*44.0*	*34.2*	*25.9*	*16.5*	*5.7*	*3.2*	*-0.3*	*-3.4*	*-3.3*	
Multifamily, (# of units YTD, NSA)	2,452	2,676	48	242	416	589	1,143	1,462	1,539	1,878	2,208	2,861	2,944	20.1
year to year % change	*-72.7*	*-72.1*	*-88.8*	*16.3*	*8.1*	*23.5*	*98.4*	*93.6*	*40.0*	*36.4*	*17.0*	*41.4*	*20.1*	
5 +, (# of units YTD, NSA)	1,954	2,169	28	209	355	496	954	1,224	1,277	1,569	1,869	2,455	2,492	27.5
year to year % change	*-75.1*	*-74.2*	*-92.9*	*36.6*	*34.5*	*58.0*	*160.7*	*145.3*	*63.3*	*57.2*	*25.4*	*54.7*	*27.5*	
														Most Recent Yr/Yr % Change
Avg. Hrly Earnings: Mfg, ($ Per Hr, SA)	16.75	16.87	16.81	16.80	16.85	16.87	16.78	16.75	16.80	16.93	17.09	17.08	17.27	3.1
% change	*0.4*	*0.7*	*-0.3*	*-0.1*	*0.3*	*0.2*	*-0.5*	*-0.2*	*0.3*	*0.8*	*0.9*	*0.0*	*1.1*	

Illinois

Recent Quarterly Performance

	07Q3	07Q4	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2	09Q3	09Q4	10Q1	10Q2	10Q3	Most Recent Yr/Yr % Change
Gross State Product (Bil Constant$, SAAR)	588.8	599.8	599.4	592.1	588.2	585.1	566.1	569.2	571.3	579.1	585.9	588.2	592.8	3.8
% change	*-0.2*	*1.9*	*-0.1*	*-1.2*	*-0.7*	*-0.5*	*-3.2*	*0.5*	*0.4*	*1.4*	*1.2*	*0.4*	*0.8*	
Establishment Employment (Ths, SA)														
Total Employment	5,982.2	5,982.8	5,989.2	5,977.1	5,949.3	5,883.0	5,770.0	5,673.0	5,609.9	5,578.6	5,584.6	5,617.1	5,601.4	-0.2
% change	*0.0*	*0.0*	*0.1*	*-0.2*	*-0.5*	*-1.1*	*-1.9*	*-1.7*	*-1.1*	*-0.6*	*0.1*	*0.6*	*-0.3*	
Natural Resources & Mining	10.1	9.9	9.8	9.6	9.8	9.8	9.7	9.5	9.3	9.4	9.3	9.6	9.9	6.1
% change	*-2.3*	*-2.3*	*-0.3*	*-2.0*	*2.1*	*-0.3*	*-0.7*	*-2.7*	*-1.8*	*1.4*	*-1.1*	*2.5*	*3.1*	
Construction	271.0	268.3	264.3	262.0	259.1	248.8	234.5	220.4	214.0	208.3	200.5	198.1	194.2	-9.3
% change	*-1.4*	*-1.0*	*-1.5*	*-0.9*	*-1.1*	*-4.0*	*-5.7*	*-6.0*	*-2.9*	*-2.7*	*-3.7*	*-1.2*	*-2.0*	
Manufacturing	673.7	668.5	668.6	664.6	656.7	639.4	610.3	579.3	564.0	557.2	554.6	560.5	563.7	-0.1
% change	*-0.7*	*-0.8*	*0.0*	*-0.6*	*-1.2*	*-2.6*	*-4.6*	*-5.1*	*-2.6*	*-1.2*	*-0.5*	*1.1*	*0.6*	
Trade, Transportation, & Utilities	1,213.5	1,213.9	1,216.6	1,211.3	1,204.8	1,187.1	1,162.8	1,145.2	1,132.5	1,123.5	1,129.8	1,132.9	1,129.7	-0.3
% change	*0.2*	*0.0*	*0.2*	*-0.4*	*-0.5*	*-1.5*	*-2.0*	*-1.5*	*-1.1*	*-0.8*	*0.6*	*0.3*	*-0.3*	
Retail Trade	635.8	635.2	636.6	631.9	627.9	615.3	603.8	599.5	595.2	590.7	598.9	598.7	594.1	-0.2
% change	*0.1*	*-0.1*	*0.2*	*-0.7*	*-0.6*	*-2.0*	*-1.9*	*-0.7*	*-0.7*	*-0.8*	*1.4*	*0.0*	*-0.8*	
Wholesale Trade	311.2	311.7	311.9	312.1	310.1	307.0	300.2	293.3	288.2	283.2	280.1	283.3	284.2	-1.4
% change	*0.2*	*0.2*	*0.1*	*0.0*	*-0.6*	*-1.0*	*-2.2*	*-2.3*	*-1.7*	*-1.7*	*-1.1*	*1.1*	*0.3*	
Transportation & Utilities	266.5	267.0	268.1	267.3	266.7	264.9	258.8	252.3	249.2	249.6	250.8	250.9	251.5	0.9
% change	*0.3*	*0.2*	*0.4*	*-0.3*	*-0.2*	*-0.7*	*-2.3*	*-2.5*	*-1.3*	*0.2*	*0.5*	*0.1*	*0.2*	
Information Services	116.1	116.0	116.0	115.4	114.2	112.0	109.5	106.9	105.1	103.6	103.7	104.1	104.5	-0.6
% change	*0.3*	*-0.1*	*0.1*	*-0.6*	*-1.0*	*-1.9*	*-2.3*	*-2.3*	*-1.7*	*-1.5*	*0.1*	*0.4*	*0.3*	
Financial Services	401.8	398.7	396.6	394.1	390.2	385.8	379.3	373.5	368.4	366.1	366.8	365.8	361.9	-1.8
% change	*-0.7*	*-0.8*	*-0.5*	*-0.6*	*-1.0*	*-1.1*	*-1.7*	*-1.5*	*-1.3*	*-0.6*	*0.2*	*-0.3*	*-1.1*	
Professional & Business Services	873.0	872.5	873.8	868.6	857.1	839.7	813.6	786.0	770.2	769.4	776.4	784.0	787.3	2.2
% change	*0.1*	*-0.1*	*0.1*	*-0.6*	*-1.3*	*-2.0*	*-3.1*	*-3.4*	*-2.0*	*-0.1*	*0.9*	*1.0*	*0.4*	
Education & Health Services	780.8	787.3	791.5	798.8	805.2	809.7	812.7	815.5	817.9	821.6	826.7	832.8	829.0	1.4
% change	*0.4*	*0.8*	*0.5*	*0.9*	*0.8*	*0.6*	*0.4*	*0.3*	*0.3*	*0.5*	*0.6*	*0.7*	*-0.5*	
Leisure & Hospitality Services	531.1	534.3	534.4	535.0	532.5	528.8	521.7	518.6	515.2	508.4	508.8	510.8	510.3	-1.0
% change	*0.1*	*0.6*	*0.0*	*0.1*	*-0.5*	*-0.7*	*-1.3*	*-0.6*	*-0.6*	*-1.3*	*0.1*	*0.4*	*-0.1*	
Other Services	261.4	261.9	263.1	263.5	264.5	263.0	260.2	259.0	256.4	253.3	254.3	257.4	256.8	0.1
% change	*0.1*	*0.2*	*0.5*	*0.1*	*0.4*	*-0.6*	*-1.1*	*-0.5*	*-1.0*	*-1.2*	*0.4*	*1.2*	*-0.2*	
Government	849.7	851.5	854.3	854.1	855.1	858.8	855.7	859.2	856.7	857.8	853.6	861.1	854.2	-0.3
% change	*0.2*	*0.2*	*0.3*	*0.0*	*0.1*	*0.4*	*-0.4*	*0.4*	*-0.3*	*0.1*	*-0.5*	*0.9*	*-0.8*	
														1 Year Change
Unemployment Rate (%, SA)	5.3	5.5	5.6	6.2	6.7	7.3	8.7	10.0	10.6	10.9	11.4	10.8	10.1	-0.5
														Most Recent Yr/Yr % Change
Labor Force (Ths)	6,669.9	6,709.5	6,722.2	6,702.2	6,660.8	6,618.9	6,609.8	6,616.8	6,605.9	6,594.0	6,642.3	6,683.5	6,630.6	0.4
% change	*0.5*	*0.6*	*0.2*	*-0.3*	*-0.6*	*-0.6*	*-0.1*	*0.1*	*-0.2*	*-0.2*	*0.7*	*0.6*	*-0.8*	
Number of Unemployed (Ths)	353.5	367.2	376.3	412.3	448.2	482.1	572.7	659.6	702.0	721.1	755.7	722.3	671.4	-4.4
% change	*7.4*	*3.9*	*2.5*	*9.5*	*8.7*	*7.6*	*18.8*	*15.2*	*6.4*	*2.7*	*4.8*	*-4.4*	*-7.0*	
Number of Employed (Ths)	6,316.4	6,342.3	6,345.9	6,289.9	6,212.6	6,136.7	6,037.1	5,957.2	5,904.0	5,872.9	5,886.6	5,961.2	5,959.2	0.9
% change	*0.1*	*0.4*	*0.1*	*-0.9*	*-1.2*	*-1.2*	*-1.6*	*-1.3*	*-0.9*	*-0.5*	*0.2*	*1.3*	*0.0*	
Total Residential Permits (# of units YTD, NSA)	34,366	42,666	5,422	12,772	18,541	21,889	1,590	4,398	8,123	10,912	2,151	5,705	8,428	3.8
year to year % change	*-28.5*	*-27.8*	*-54.7*	*-47.1*	*-46.0*	*-48.7*	*-70.7*	*-65.6*	*-56.2*	*-50.1*	*35.3*	*29.7*	*3.8*	
Single-family, (# of units YTD, NSA)	20,356	24,827	2,740	7,014	10,400	12,308	1,205	3,643	6,236	8,236	1,735	4,243	6,220	-0.3
year to year % change	*-36.8*	*-37.1*	*-52.0*	*-49.6*	*-48.9*	*-50.4*	*-56.0*	*-48.1*	*-40.0*	*-33.1*	*44.0*	*16.5*	*-0.3*	
Multifamily, (# of units YTD, NSA)	14,010	17,839	2,682	5,758	8,141	9,581	385	755	1,887	2,676	416	1,462	2,208	17.0
year to year % change	*-11.5*	*-9.2*	*-57.2*	*-43.6*	*-41.9*	*-46.3*	*-85.6*	*-86.9*	*-76.8*	*-72.1*	*8.1*	*93.6*	*17.0*	
5 +, (# of units YTD, NSA)	12,140	15,395	2,343	5,168	7,178	8,416	264	499	1,490	2,169	355	1,224	1,869	25.4
year to year % change	*-5.6*	*-3.9*	*-58.9*	*-41.8*	*-40.9*	*-45.3*	*-88.7*	*-90.3*	*-79.2*	*-74.2*	*34.5*	*145.3*	*25.4*	
														Most Recent Yr/Yr % Change
Existing Single-Family Home Sales (Ths, SAAR)	206.2	191.7	179.0	170.1	168.2	149.5	144.1	148.4	172.7	204.3	181.3	187.4	130.3	-24.6
% change	*-7.6*	*-7.0*	*-6.6*	*-5.0*	*-1.1*	*-11.1*	*-3.6*	*3.0*	*16.4*	*18.3*	*-11.3*	*3.4*	-30.5	
Home Price Index (Index 1980Q1 = 100, NSA)	373.2	375.0	374.3	368.4	358.7	358.6	359.1	349.4	338.6	336.7	330.7	328.4	334.4	-1.2
% change	*-0.5*	*0.5*	*-0.2*	*-1.6*	*-2.6*	*0.0*	*0.1*	*-2.7*	*-3.1*	*-0.6*	*-1.8*	*-0.7*	*1.9*	
Median Existing Home Sales Price (Ths, SA)	219.3	213.5	210.0	198.4	189.1	175.2	160.7	160.0	158.7	156.6	156.1	160.8	154.6	-2.6
% change	*-1.3*	*-2.6*	*-1.7*	*-5.5*	*-4.7*	*-7.3*	*-8.3*	*-0.5*	*-0.8*	*-1.3*	*-0.4*	*3.0*	*-3.9*	
Personal Income (Mil $, SAAR)	535,000	545,702	551,801	556,374	557,644	551,074	537,736	541,098	541,014	544,131	545,988	553,506	557,936.0	3.1
% change	*1.0*	*2.0*	*1.1*	*0.8*	*0.2*	*-1.2*	*-2.4*	*0.6*	*0.0*	*0.6*	*0.3*	*1.4*	*0.8*	
Wages & Salaries (Mil. $)	298,412	304,778	306,080	305,077	305,286	300,246	288,798	288,049	287,049	288,077	287,229	292,215	295,041.0	2.8
% change	*0.5*	*2.1*	*0.4*	*-0.3*	*0.1*	*-1.7*	*-3.8*	*-0.3*	*-0.3*	*0.4*	*-0.3*	*1.7*	*1.0*	
Nonwage Income (Mil. $)	236,588	240,924	245,721	251,297	252,358	250,828	248,938	253,049	253,965	256,054	258,759	261,291	*262895.0*	3.5
% change	*1.5*	*1.8*	*2.0*	*2.3*	*0.4*	*-0.6*	*-0.8*	*1.7*	*0.4*	*0.8*	*1.1*	*1.0*	*0.6*	
Avg. Hrly Earnings: Mfg ($ Per Hr, SA)	16.59	16.54	16.42	16.42	16.41	16.50	16.52	16.54	16.63	16.76	16.82	16.80	16.94	1.9
% change	*0.8*	*-0.3*	*-0.7*	*0.0*	*-0.1*	*0.6*	*0.1*	*0.1*	*0.5*	*0.8*	*0.3*	*-0.1*	*0.8*	
Personal Bankruptcies (# 3-Month Ending, SAAR)	40,565	42,657	47,883	57,788	56,656	56,690	66,024	71,710	74,033	75,012	79,406	84,833	81,471	10.0

Illinois

Recent Annual Performance

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	5 Yr. Average Annual % Change
Gross State Product (Bil Constant$, SAAR)	518.6	537.1	538.8	540.7	551.7	565.4	569.5	583.0	592.5	591.2	571.4	0.2
% change	*3.2*	*3.6*	*0.3*	*0.4*	*2.0*	*2.5*	*0.7*	*2.4*	*1.6*	*-0.2*	*-3.4*	
Establishment Employment (Ths, SA)												
Total Employment	5,962.6	6,044.7	5,995.4	5,883.8	5,810.9	5,816.1	5,862.1	5,932.8	5,980.2	5,949.7	5,657.9	-0.6
% change	*1.0*	*1.4*	*-0.8*	*-1.9*	*-1.2*	*0.1*	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*	
Natural Resources & Mining	10.6	9.9	10.0	9.7	9.4	9.4	9.9	10.3	10.1	9.8	9.5	0.3
% change	*-4.1*	*-6.7*	*1.3*	*-3.2*	*-2.8*	*-0.6*	*5.3*	*4.1*	*-1.1*	*-3.5*	*-3.0*	
Construction	255.9	269.7	277.3	277.5	274.8	270.1	268.6	275.3	271.4	258.6	219.3	-4.1
% change	*4.5*	*5.4*	*2.8*	*0.1*	*-1.0*	*-1.7*	*-0.6*	*2.5*	*-1.4*	*-4.7*	*-15.2*	
Manufacturing	882.1	870.6	815.4	754.0	714.1	697.1	688.2	683.3	675.3	657.3	577.7	-3.7
% change	*-2.6*	*-1.3*	*-6.3*	*-7.5*	*-5.3*	*-2.4*	*-1.3*	*-0.7*	*-1.2*	*-2.7*	*-12.1*	
Trade, Transportation, & Utilities	1,230.3	1,247.6	1,231.8	1,197.8	1,182.9	1,180.2	1,186.9	1,198.4	1,212.3	1,205.0	1,141.0	-0.7
% change	*1.1*	*1.4*	*-1.3*	*-2.8*	*-1.2*	*-0.2*	*0.6*	*1.0*	*1.2*	*-0.6*	*-5.3*	
Retail Trade	641.8	650.7	643.4	631.7	625.3	625.2	626.4	628.7	635.5	627.9	597.3	-0.6
% change	*1.2*	*1.4*	*-1.1*	*-1.8*	*-1.0*	*0.0*	*0.2*	*0.4*	*1.1*	*-1.2*	*-4.9*	
Wholesale Trade	317.1	320.8	316.6	307.3	303.0	300.0	302.9	307.7	310.7	310.3	291.2	-0.9
% change	*1.1*	*1.2*	*-1.3*	*-2.9*	*-1.4*	*-1.0*	*1.0*	*1.6*	*1.0*	*-0.1*	*-6.1*	
Transportation & Utilities	271.4	276.1	271.7	258.7	254.6	255.0	257.6	262.0	266.1	266.7	252.5	-0.2
% change	*1.0*	*1.8*	*-1.6*	*-4.8*	*-1.6*	*0.2*	*1.0*	*1.7*	*1.6*	*0.2*	*-5.3*	
Information Services	147.9	147.6	147.3	137.2	127.6	120.9	118.2	116.3	116.0	114.4	106.3	-2.5
% change	*-1.6*	*-0.2*	*-0.2*	*-6.8*	*-7.0*	*-5.2*	*-2.2*	*-1.6*	*-0.2*	*-1.4*	*-7.1*	
Financial Services	405.6	404.1	403.6	400.6	401.7	399.4	401.9	405.2	402.8	391.7	371.8	-1.4
% change	*1.2*	*-0.4*	*-0.1*	*-0.7*	*0.3*	*-0.6*	*0.6*	*0.8*	*-0.6*	*-2.8*	*-5.1*	
Professional & Business Services	817.3	842.7	820.4	791.5	777.4	798.7	826.6	854.2	870.6	859.8	784.8	-0.3
% change	*4.0*	*3.1*	*-2.6*	*-3.5*	*-1.8*	*2.7*	*3.5*	*3.3*	*1.9*	*-1.2*	*-8.7*	
Education & Health Services	665.0	681.2	697.1	710.6	718.0	729.9	745.2	762.3	779.7	801.3	816.9	2.3
% change	*0.5*	*2.4*	*2.3*	*1.9*	*1.0*	*1.6*	*2.1*	*2.3*	*2.3*	*2.8*	*2.0*	
Leisure & Hospitality Services	479.0	486.6	491.1	492.0	497.3	506.1	512.3	522.7	531.5	532.7	516.0	0.4
% change	*1.3*	*1.6*	*0.9*	*0.2*	*1.1*	*1.8*	*1.2*	*2.0*	*1.7*	*0.2*	*-3.1*	
Other Services	243.4	245.3	251.1	252.0	254.4	259.6	258.4	259.5	261.2	263.5	257.2	-0.2
% change	*2.5*	*0.8*	*2.4*	*0.3*	*1.0*	*2.1*	*-0.5*	*0.4*	*0.7*	*0.9*	*-2.4*	
Government	825.6	839.6	850.4	861.0	853.3	844.7	846.0	845.5	849.3	855.6	857.3	0.3
% change	*1.2*	*1.7*	*1.3*	*1.2*	*-0.9*	*-1.0*	*0.1*	*-0.1*	*0.4*	*0.7*	*0.2*	
												5 Year Change
Unemployment Rate (%)	4.5	4.5	5.4	6.6	6.7	6.2	5.8	4.7	5.1	6.4	10.1	3.6
												5 Yr. Average Annual % Change
Labor Force (Ths)	6,426.7	6,463.4	6,447.0	6,351.0	6,318.5	6,342.3	6,405.0	6,524.0	6,660.0	6,676.0	6,606.6	0.8
% change	*1.7*	*0.6*	*-0.3*	*-1.5*	*-0.5*	*0.4*	*1.0*	*1.9*	*2.1*	*0.2*	*-1.0*	
Number of Unemployed (Ths)	287.8	291.2	350.3	416.3	425.5	395.5	370.7	303.6	339.0	429.7	663.8	10.9
% change	*1.6*	*1.2*	*20.3*	*18.8*	*2.2*	*-7.1*	*-6.3*	*-18.1*	*11.7*	*26.8*	*54.5*	
Number of Employed (Ths)	6,138.9	6,172.2	6,096.7	5,934.7	5,893.0	5,946.9	6,034.3	6,220.5	6,320.9	6,246.3	5,942.8	0.0
% change	*1.7*	*0.5*	*-1.2*	*-2.7*	*-0.7*	*0.9*	*1.5*	*3.1*	*1.6*	*-1.2*	*-4.9*	
												5 Yr. Average
Total Residential Permits (# of units)	52,515	52,011	53,900	57,791	61,411	62,576	67,852	59,121	42,666	21,889	10,912	40,488
year to year % change	*11.2*	*-1.0*	*3.6*	*7.2*	*6.3*	*1.9*	*8.4*	*-12.9*	*-27.8*	*-48.7*	*-50.1*	
Single-family	39,456	37,750	38,808	42,200	43,829	48,898	49,084	39,485	24,827	12,308	8,236	26,788
year to year % change	*10.0*	*-4.3*	*2.8*	*8.7*	*3.9*	*11.6*	*0.4*	*-19.6*	*-37.1*	*-50.4*	*-33.1*	
Multifamily	13,059	14,261	15,092	15,591	17,582	13,678	18,768	19,636	17,839	9,581	2,676	13,700
year to year % change	*15.3*	*9.2*	*5.8*	*3.3*	*12.8*	*-22.2*	*37.2*	*4.6*	*-9.2*	*-46.3*	*-72.1*	
5	9,636	11,098	11,876	11,917	13,705	9,500	13,906	16,023	15,395	8,416	2,169	11,182
year to year % change	*20.1*	*15.2*	*7.0*	*0.3*	*15.0*	*-30.7*	*46.4*	*15.2*	*-3.9*	*-45.3*	*-74.2*	
												5 Yr. Average Annual % Change
Existing Single-Family Home Sales (Ths)	226.4	225.8	228.7	243.4	245.4	273.0	279.5	258.8	215.6	166.7	167.4	-9.3
% change	*1.0*	*-0.3*	*1.3*	*6.4*	*0.8*	*11.3*	*2.4*	*-7.4*	*-16.7*	*-22.7*	*0.4*	
Home Price Index (Index 1980Q1 = 100)	232.9	247.4	262.7	279.0	293.8	318.3	346.6	367.8	374.8	365.0	346.0	1.7
% change	*3.9*	*6.2*	*6.2*	*6.2*	*5.3*	*8.3*	*8.9*	*6.1*	*1.9*	*-2.6*	*-5.2*	
Median Existing Home Sales Price (Ths)	136.3	141.4	154.9	169.6	179.6	195.6	215.7	223.6	220.6	193.2	159.0	-4.1
% change	*3.8*	*3.8*	*9.5*	*9.5*	*5.9*	*8.9*	*10.3*	*3.7*	*-1.3*	*-12.4*	*-17.7*	
Personal Income (Mil $)	378,415	405,919	415,021	423,278	435,901	455,291	472,073	504,493	533,248	554,223	540,995	3.5
% change	*3.7*	*7.3*	*2.2*	*2.0*	*3.0*	*4.4*	*3.7*	*6.9*	*5.7*	*3.9*	*-2.4*	
Wages & Salaries (Mil. $)	222,654	236,932	242,154	243,034	245,913	256,737	267,283	283,068	298,718	304,172	287,993	2.3
% change	*5.9*	*6.4*	*2.2*	*0.4*	*1.2*	*4.4*	*4.1*	*5.9*	*5.5*	*1.8*	*-5.3*	
Nonwage Income (Mil. $)	155,762	168,987	172,867	180,244	189,988	198,554	204,790	221,426	234,530	250,051	253,002	5.0
% change	*0.7*	*8.5*	*2.3*	*4.3*	*5.4*	*4.5*	*3.1*	*8.1*	*5.9*	*6.6*	*1.2*	
Avg. Hrly Earnings: Mfg. ($ Per Hr)	na	na	14.66	14.99	15.20	15.61	15.84	16.03	16.47	16.44	16.61	1.3
% change	*na*	*na*	*na*	*2.2*	*1.4*	*2.7*	*1.5*	*1.2*	*2.7*	*-0.2*	*1.1*	
Personal Bankruptcies	62,624	59,934	73,043	80,887	84,294	79,172	105,699	29,846	40,518	54,754	71,695	-2.0
% change	*-4.0*	*-4.3*	*21.9*	*10.7*	*4.2*	*-6.1*	*33.5*	*-71.8*	*35.8*	*35.1*	*30.9*	
Population (Ths)	12,359.0	12,437.6	12,507.8	12,558.2	12,598.0	12,645.3	12,674.5	12,718.0	12,779.4	12,843.0	12,910.4	0.4
% change	*0.7*	*0.6*	*0.6*	*0.4*	*0.3*	*0.4*	*0.2*	*0.3*	*0.5*	*0.5*	*0.5*	
												5 Yr. Average
Net Migration (Ths)	7.8	-0.3	-9.7	-25.3	-36.7	-30.4	-44.1	-33.2	-17.4	-17.2	-12.4	-24.9

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Employment (Ths.)	6,044.7	5,995.4	5,883.8	5,810.9	5,816.2	5,862.1	5,932.8	5,980.2	5,949.7	5,657.9
% Change	*1.4*	*-0.8*	*-1.9*	*-1.2*	*0.1*	*0.8*	*1.2*	*0.8*	*-0.5*	*-4.9*
Manufacturing	870.6	815.4	754.0	714.1	697.1	688.2	683.3	675.3	657.3	577.7
Construction	269.7	277.3	277.5	274.8	270.2	268.6	275.3	271.4	258.6	219.3
Prof. and Bus. Serv.	842.7	820.4	791.5	777.4	798.7	826.6	854.2	870.6	859.8	784.8
Edu. and Health Serv.	681.2	697.1	710.6	718.1	729.9	745.2	762.3	779.7	801.3	816.9
Leisure and Hospitality	486.6	491.1	492.0	497.3	506.1	512.3	522.7	531.5	532.7	516.0
Other Services	245.3	251.1	252.0	254.4	259.6	258.4	259.5	261.2	263.6	257.2
Trade, Trans. and Util.	1,247.6	1,231.8	1,197.8	1,182.9	1,180.2	1,186.9	1,198.4	1,212.3	1,205.0	1,141.0
Wholesale	320.8	316.6	307.3	303.0	300.0	302.9	307.7	310.7	310.3	291.2
Retail	650.7	643.4	631.7	625.3	625.2	626.4	628.7	635.6	627.9	597.3
Trans. and Util.	276.2	271.7	258.7	254.6	255.0	257.6	262.0	266.1	266.7	252.5
Financial Activities	404.1	403.6	400.6	401.7	399.4	401.9	405.2	402.8	391.7	371.8
Information	147.6	147.3	137.2	127.6	120.9	118.2	116.3	116.0	114.4	106.3
Government	839.6	850.4	861.0	853.3	844.7	846.0	845.5	849.3	855.6	857.3
Natural Res. and Min.	9.9	10.0	9.7	9.4	9.4	9.9	10.3	10.1	9.8	9.5
Unemployment Rate (%)	4.5	5.4	6.6	6.7	6.2	5.8	4.7	5.1	6.4	10.1
Population (Ths.)	12,437.7	12,507.8	12,558.2	12,598.0	12,645.3	12,674.5	12,718.0	12,779.4	12,843.0	12,910.4
% Change	*0.6*	*0.6*	*0.4*	*0.3*	*0.4*	*0.2*	*0.3*	*0.5*	*0.5*	*0.5*
Age: <5	876.8	880.8	885.2	889.3	894.8	894.4	887.6	889.4	892.3	894.0
Age: 5-19	2,730.7	2,728.5	2,721.1	2,707.8	2,698.4	2,683.8	2,679.3	2,675.2	2,669.3	2,664.9
Age: 20-24	856.5	876.4	886.3	898.8	913.1	911.8	911.3	913.0	911.5	917.3
Age: 25-44	3,789.2	3,763.0	3,730.2	3,686.8	3,648.3	3,612.0	3,590.4	3,572.3	3,560.8	3,545.0
Age: 45-64	2,683.7	2,756.9	2,833.6	2,905.9	2,976.3	3,052.5	3,123.4	3,184.9	3,236.3	3,294.8
Age: >65	1,500.8	1,502.2	1,501.7	1,509.3	1,514.3	1,519.9	1,526.0	1,544.6	1,572.8	1,594.5
Households (Ths.)	4,598.7	4,625.5	4,645.7	4,662.7	4,682.9	4,697.1	4,717.6	4,742.1	4,770.1	4,788.0
% Change	*0.7*	*0.6*	*0.4*	*0.4*	*0.4*	*0.3*	*0.4*	*0.5*	*0.6*	*0.4*
Personal Income (Bil. $)	405.9	415.0	423.3	435.9	455.3	472.1	504.5	533.2	554.2	541.0
% Change	*7.3*	*2.2*	*2.0*	*3.0*	*4.4*	*3.7*	*6.9*	*5.7*	*3.9*	*-2.4*
Total Residential Permits (#)	51,944	54,839	60,971	62,211	59,753	66,942	58,802	43,020	22,528	10,859
% Change	*-3.8*	*5.6*	*11.2*	*2.0*	*-4.0*	*12.0*	*-12.2*	*-26.8*	*-47.6*	*-51.8*
Single-family Permits	37,817	39,362	42,545	45,379	46,207	47,705	37,903	24,511	11,827	7,844
Multifamily Permits	14,127	15,477	18,426	16,832	13,546	19,237	20,899	18,509	10,701	3,015

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	04-09	09-14	14-19
												Annual Growth (%)	
Total Employment (Ths.)	5,604.0	5,669.3	5,769.9	5,873.7	5,997.3	6,079.5	6,081.2	6,069.2	6,061.5	6,062.0	-0.6	1.2	0.2
% Change	*-1.0*	*1.2*	*1.8*	*1.8*	*2.1*	*1.4*	*0.0*	*-0.2*	*-0.1*	*0.0*			
Manufacturing	560.6	561.8	561.0	564.1	569.2	580.7	576.2	570.4	564.9	559.5	-3.7	-0.3	-0.3
Construction	198.2	199.1	205.8	213.0	221.4	224.7	221.0	215.2	212.3	215.3	-4.1	0.2	-0.6
Prof. and Bus. Serv.	783.3	807.9	833.7	854.2	881.4	898.5	906.8	912.8	920.2	928.5	-0.3	2.3	1.0
Edu. and Health Serv.	831.3	849.5	867.9	889.0	913.8	930.1	938.8	944.6	949.6	954.5	2.3	2.3	0.9
Leisure and Hospitality	508.5	511.6	525.9	542.3	560.0	570.3	575.8	579.9	584.0	588.1	0.4	1.7	1.0
Other Services	256.4	262.7	268.8	272.9	277.1	278.7	278.1	276.9	275.8	274.7	-0.2	1.5	-0.2
Trade, Trans. and Util.	1,131.6	1,148.0	1,160.0	1,162.7	1,170.5	1,171.7	1,164.2	1,153.3	1,143.2	1,134.0	-0.7	0.5	-0.6
Wholesale	282.5	285.3	288.0	288.5	290.4	291.4	290.3	288.4	286.6	284.8	-0.6	-0.1	-0.4
Retail	597.3	603.8	610.1	611.2	615.0	614.9	610.0	603.3	597.2	592.0	-0.9	0.6	-0.8
Trans. and Util.	251.9	258.8	261.9	263.0	265.2	265.4	263.9	261.6	259.4	257.2	-0.2	1.0	-0.6
Financial Activities	363.8	361.1	365.5	371.9	381.6	385.9	386.5	385.9	385.4	385.0	-1.4	0.5	0.2
Information	104.4	105.7	107.3	109.2	111.2	112.0	111.8	111.3	110.7	110.2	-2.5	0.9	-0.2
Government	856.2	851.3	863.8	883.7	900.4	916.3	911.6	908.6	905.4	902.2	0.3	1.0	0.0
Natural Res. and Min.	9.7	10.5	10.5	10.6	10.8	10.7	10.4	10.2	10.0	9.9	0.3	2.5	-1.7
												Average	
Unemployment Rate (%)	10.7	10.4	8.8	7.1	5.4	4.9	5.1	5.2	5.3	5.3	6.4	8.7	5.2
												Annual Growth (%)	
Population (Ths.)	12,992.6	13,068.5	13,129.0	13,186.6	13,243.0	13,294.8	13,345.8	13,395.1	13,443.8	13,491.5	0.4	0.5	0.4
% Change	*0.6*	*0.6*	*0.5*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*			
Age: <5	898.5	903.4	907.8	911.9	915.7	918.6	920.8	922.3	923.1	923.5	0.0	0.5	0.2
Age: 5-19	2,663.7	2,662.5	2,661.3	2,661.1	2,663.0	2,666.0	2,672.4	2,684.0	2,697.4	2,710.7	-0.2	0.0	0.4
Age: 20-24	929.0	940.2	949.5	954.3	954.7	949.1	941.6	932.0	922.1	913.9	0.1	0.8	-0.9
Age: 25-44	3,541.9	3,547.5	3,551.2	3,557.8	3,563.1	3,561.2	3,562.4	3,568.9	3,582.1	3,598.3	-0.6	0.1	0.2
Age: 45-64	3,348.0	3,381.0	3,382.7	3,383.7	3,390.9	3,402.5	3,411.8	3,409.9	3,398.2	3,379.6	2.1	0.6	-0.1
Age: >65	1,611.5	1,634.0	1,676.7	1,717.8	1,755.6	1,797.4	1,836.8	1,877.9	1,920.9	1,965.5	1.0	1.9	2.3
Households (Ths.)	4,813.7	4,840.6	4,881.8	4,918.8	4,954.8	4,985.5	5,007.9	5,025.0	5,040.6	5,059.0	0.4	0.7	0.4
% Change	*0.5*	*0.6*	*0.9*	*0.8*	*0.7*	*0.6*	*0.4*	*0.3*	*0.3*	*0.4*			
Personal Income (Bil. $)	555.3	581.8	610.0	654.5	692.3	728.2	758.4	787.8	817.0	847.4	4.7	5.1	4.1
% Change	*2.6*	*4.8*	*4.8*	*7.3*	*5.8*	*5.2*	*4.1*	*3.9*	*3.7*	*3.7*			
												Average	
Total Residential Permits (#)	12,476	30,265	48,529	63,082	66,144	65,528	64,804	64,466	64,159	63,872	43,651	38,559	64,829
% Change	*14.9*	*142.6*	*60.3*	*30.0*	*4.9*	*-0.9*	*-1.1*	*-0.5*	*-0.5*	*-0.4*			
Single-family Permits	8,487	20,391	30,248	41,763	44,066	43,360	43,217	43,606	43,928	44,175	29,333	25,466	43,725
Multifamily Permits	3,989	9,874	18,281	21,319	22,078	22,168	21,587	20,859	20,231	19,697	14,318	13,093	21,103

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 "Bonded Indebtedness Report" examines the State's debt position as well as other issues directly related to conditions in the financial markets. 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://www.ilga.gov/commission/cgfa2006/home.aspx