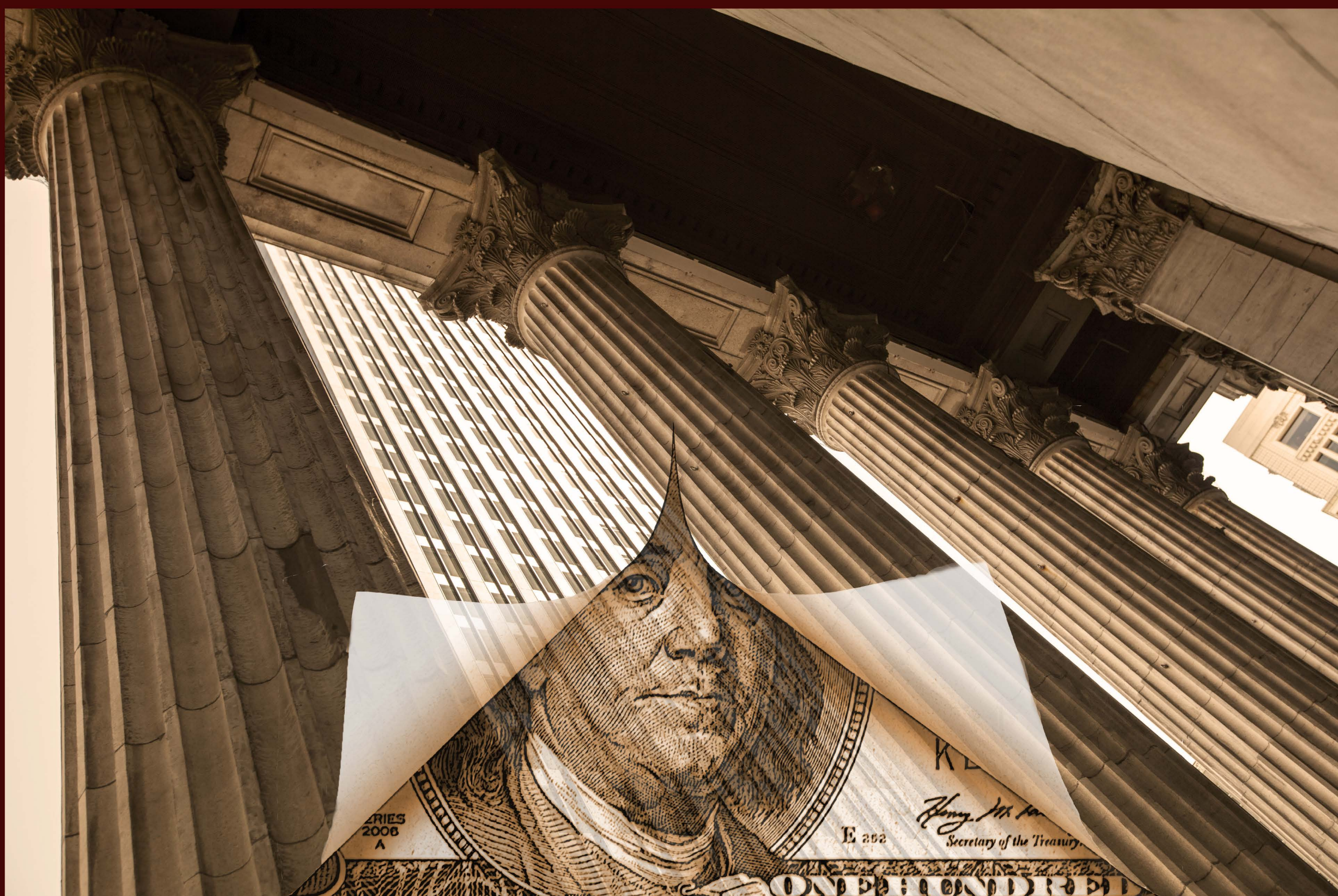
STATE OF ILLINOIS ECONOMIC FORECAST

FEBRUARY 2022



PREPARED FOR:

STATE OF ILLINOIS

COMMISSION ON GOVERNMENT FORECASTING & ACCOUNTABILITY

PREPARED BY:

MOODY'S ANALYTICS / ECONOMIC & CONSUMER CREDIT ANALYTICS

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February 2022

State of Illinois Forecast Report

Prepared for the State of Illinois Commission on Government Forecasting and Accountability

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Contents

Summary

Illinois navigated the COVID-19 downturn about as well as the U.S., though a performance gap materialized over the course of the recovery. The labor market has recouped a smaller share of the jobs lost in the recession than nationally, though the disparity stems from the larger-than-average setback in late 2020. Employment growth gained momentum in 2021. Job growth from December 2020 to December 2021 matched the national pace and exceeded the regional pace. The decrease in joblessness has been typical for the U.S. but slightly slower than in the Midwest. Labor market conditions are about as tight as they are nationally judging by metrics such as the unemployment rate, the size of the labor force, the number of job openings, and wage growth.

Stronger-than-expected revenues and federal relief from the American Rescue Plan have put state finances on a firmer footing. The state promptly repayed a loan from the Federal Reserve, is reducing its backlog of unpaid bills, and has a budget surplus. These developments helped Illinois draw upgrades to its credit rating and outlook from multiple ratings agencies.

Though the past 12 months have been stronger than average, full recovery will come more slowly than in the region and the nation. Payrolls are poised to return to their previous peak in the middle of the decade, later than in the rest of the Midwest and U.S., and it will take longer for the unemployment rate to drop to pre-pandemic norms. Tailwinds to the manufacturing base are numerous, but easing of supply-chain bottlenecks is key to the near-term forecast. Prospects are solid for service-providing industries, especially professional/business services and logistics. Leisure/hospitality will also forge ahead as travel picks up, but a slow return of international visitors and less business travel and convention traffic are concerns.

Some existing headwinds will prove exceedingly difficult to overcome. Even as the pandemic loosens its grip on the job market and labor force, persistent out-migration will weigh on the strength of employment gains. Illinois was one of four states or territories that lost residents during the past decade, and additional losses are in store. Fiscal problems continue to plague the state, and Chicago faces the same challenges as many other large cities.

Recent Performance

Illinois navigated the COVID-19 downturn about as well as the U.S., though a performance gap materialized over the course of the recovery. The labor market has recouped a smaller share of the jobs lost in the recession than nationally, though the disparity stems from the larger-than-average setback in November and December of 2020. Employment growth gained momentum in 2021. Job growth from December 2020 to December 2021 was 4.7%, more than the regional pace of 3.7% and a bit higher than the national pace of 4.5%. At the end of the year, employment was 3.8% lower than in December 2019, versus 3.1% lower in the Midwest and 1.95% nationally.

The decrease in joblessness has been typical for the U.S. but slightly slower than in the Midwest. The unemployment rate at the end of the year was 5.3%, higher than the 4% regional average and 3.9% national average, but not as high as in many other large states. Jobless rates are generally lower outside of Chicago, but so is labor force growth. The state's labor market conditions are about as tight as they are nationally judging by metrics such as the unemployment rate, the size of the labor force, the number of job openings, and wage growth.

Labor force participation has been volatile for the past two years, but it generally rose in 2021. The Illinois rate was 63.4% as of December, compared with the Midwest rate of 63.5% and the U.S. rate of 61.9%, and averaged 63% for the year, just slightly below the Midwest rate of 64% and above the U.S. rate of 61%. The labor force ended the year about 1.8% smaller than in the last month of 2019. That contraction was between the Midwest's 2.2% gap and the nation's 1.4% gap.

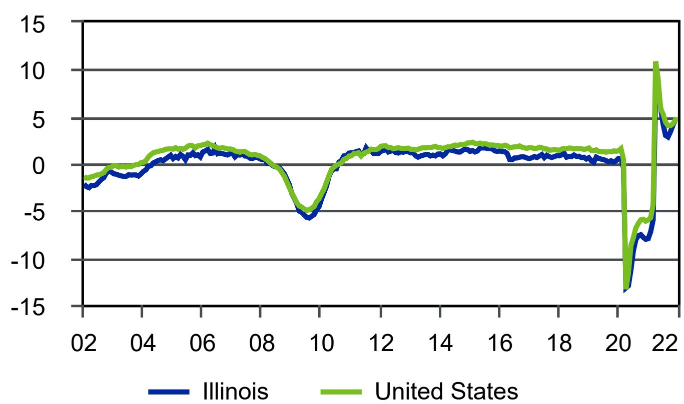
Inflation and wage pressures are in line with those at the U.S. level, though there is some variation across economies. Supply-chain stresses are having the biggest impact in areas with a high concentration of manufacturing, exports or both, which helps explain why the consumer price index has risen more in factory centers such as Peoria than they have in the Chicago area. The Employment Cost Index for Chicago suggests that wages are rising at a pace similar to that nationally.

Most major industries are strengthening, and industries that started with strong recoveries such as transportation/warehousing have generally extended their leads. Green shoots are appearing in office-using industries such as professional/business services, which had been sluggish for most of the recovery. The leisure/hospitality industry has benefited meaningfully from the distribution and wide acceptance of the COVID-19 vaccines in 2021: Employment in this industry is coming off an extremely depressed base, but job creation has gained significant momentum. Employment in some other parts of the economy, including manufacturing and government, is moving in the right direction at a tepid pace.

Strengthening in the housing market has made construction a strong performer. Though not as hot as in the rest of the country, the housing market has heated up. In 2021, Illinois single-family house price appreciation reached its most robust pace since the 1980s. Year-over-year growth in the Case-Shiller single-family house price index peaked at 12.9% in July and registered at 11.8% in November. The median sales prices of existing single-family homes reached $272,800 in the third quarter of 2021, versus $233,060 in the Midwest and $353,230 in the U.S. Larger price increases have translated to an uptick in single-family starts, though

Employment Growth

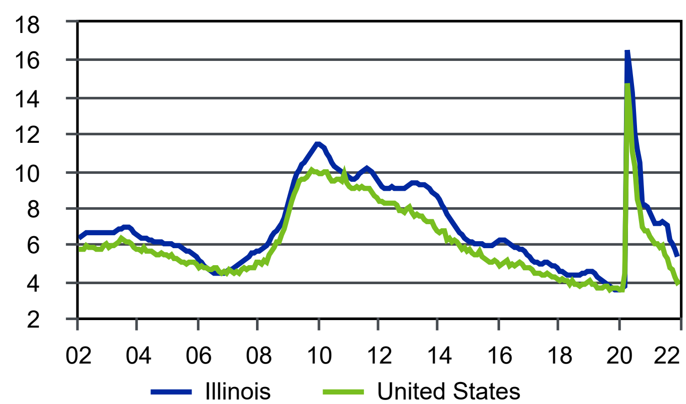
% change yr ago



Sources: BLS, Moody's Analytics

Unemployment Rate

%



Sources: BLS, Moody's Analytics

they remain at historically low levels. Growth in single-family construction is making up for a sharp drop in the multifamily segment. New construction is helping to push house price appreciation past its peak.

The fallout in Chicago from the crisis has been high for the state and the region by virtue of its sheer size and global connections, but typical for the country's largest metro areas and divisions, especially those in the Midwest and Northeast. The economy slowed more than most in late 2020 but has strengthened markedly since then. Professional/business services and leisure/hospitality employment is moving more convincingly in the right direction, and transportation/warehousing is soaring to new heights. Total employment was up 4.6% year over year in December, and the unemployment rate fell to 5.8%. Labor force pressures are mild but the workforce is growing at a solid clip, in contrast with the state overall. Homebuilding increased modestly during the past year following a four-year slowdown. House price gains have started to decelerate a bit more than in the rest of Illinois.

After a slow start to the year, Lake County's economy gained steam in the second half. Employment is growing and the pace of monthly gains has caught up with the state's. The manufacturing driver has revved back up, and factory jobs have fully recovered and then some. Consumer-facing industries and government are also growing. These three parts of the economy are doing the heavy lifting for the labor market. Office-using industries and healthcare are still performing poorly.

Among metro areas, Urbana-Champaign's economy is the strongest in Illinois and one of the best-performing in the region. Job growth is accelerating after a mid-2021 hiccup in the private sector. State government, anchored by the University of Illinois, has performed remarkably well and exceeds the pre-pandemic job count by one of the largest margins in the region. Enrollment soared to an all-time high in the fall, supporting solid job growth. Most private-sector industries in Urbana-Champaign are improving. The labor force has made a convincing comeback, setting it apart not only from the rest of the state but from the rest of the country. The housing market has been lukewarm compared with its state and national counterparts as the multifamily building boom has wound down.

Springfield's economy was struggling before the pandemic, and it has been growing at a mediocre pace. Employment growth is no longer keeping up with the state, as it was earlier in the recovery. Most crucially for the capital, state government employment has been on the downslide for most of the year, leaving the private sector to do the heavy lifting. Leisure/hospitality and healthcare also started backpedaling recently as employers struggled to find workers amid the ongoing pandemic.

Bloomington's economy is one of the weakest in Illinois. The two main drivers, state government and financial services, are struggling to get any momentum in job creation. However, downbeat finance employment estimates look overly pessimistic judging by the latest data from the Quarterly Census of Employment

Illinois Employment, Recent Performance

Dec 2021

	Annualized growth rate				
	3-mo	6-mo	12-mo	5 yr	10 yr
Total	6.0	5.0	4.7	-0.4	0.3
Construction	13.8	10.8	5.8	1.6	1.9
Manufacturing	3.7	4.8	1.6	-0.5	-0.3
Wholesale Trade	5.5	2.7	2.7	-0.6	-0.1
Retail Trade	3.4	2.6	0.7	-1.5	-0.4
Transportation and Utilities	23.6	15.5	11.2	3.7	3.4
Information	-4.5	-0.7	1.3	-3.1	-1.5
Financial Activities	0.5	-0.8	-1.2	0.4	0.7
Professional and Business Services	10.3	5.7	3.2	-0.0	1.1
Education and Health Services	-0.4	0.5	1.2	-0.5	0.4
Leisure and Hospitality	15.9	19.0	31.0	-2.4	0.1
Government	-0.4	0.9	2.2	-0.9	-0.6
			%		
Unemployment rate	5.7	6.2	6.7	5.9	6.7

Sources: BLS, Moody's Analytics

and Wages. State Farm is on a firm footing. Illinois State University has struggled to grow its student body in recent years, to the detriment of its budget and payrolls. Total enrollment for fall 2021 was the lowest in several years. On the upside, electric-vehicle maker Rivian reports that it has hired more than 3,000 workers at the Normal plant since fall 2020.

Peoria's economy softened a bit after strengthening through the third quarter. Manufacturing employment popped in the second half of the year, led by durable-goods makers such as Caterpillar. Outside of the impressive transportation/warehousing industry, service-providing industries have backtracked. Though healthcare employment is higher than before the emergence of COVID-19, the industry gave back most of the gains from earlier in 2021. Leisure/hospitality had late-year job losses as well. The destructive Delta wave of the virus could explain part of the weakness in consumer-dependent industries.

The Decatur, Quad Cities and Danville economies are recovering at a measured pace. The solid initial recovery for Decatur gave way to a setback toward the end of the year as healthcare employment deteriorated. The key manufacturing industry is moving in the right direction, however, thanks to its focus on ascendant food processing. Manufacturing in the Quad Cities had been doing even better, having quickly made a full recovery of pandemic job losses. The recent contraction in factory jobs caused by the United Auto Workers' strike at John Deere will prove temporary. Weakness in private services is weighing on top-line growth. The subpar employment situation is keeping would-be workers on the sidelines, and the labor force is nearly the smallest on record. With fewer job seekers, the unemployment rate is closer to its pre-pandemic rate than elsewhere. Though job growth in Danville has been slow, the jobs recovery is in line with the nation's since the initial downturn was unusually mild. Private services have performed relatively well, but manufacturing has given up some of the gains from earlier in the year and the public sector remains weak.

Rockford's economy was stuck in neutral for most of 2021, but employment started increasing late in the year. Although cargo volume at Chicago Rockford International Airport has been on a tear in recent years and transportation employment has been expanding strongly, this has not been enough to offset the weakness in manufacturing. Declining domestic demand for the Jeep Cherokee has weighed heavily on Stellantis—formerly Fiat-Chrysler—for the last few years. Jeep Cherokee sales and demand improved, but the global semiconductor shortage has stifled production.

Illinois' stronger-than-expected revenues and federal relief from the American Rescue Plan have put state finances on a firmer footing. The state promptly repayed a loan from the Federal Reserve, is reducing its backlog of unpaid bills, and has a budget surplus. The state drew upgrades to its credit rating and outlook from multiple ratings agencies, though it still has the lowest credit rating of any state. Government agencies' hiring plans have been conservative given the onetime nature of the pandemic relief, and as is the case nationally, they are having a hard time competing with private-sector employers for workers.

Higher prices for key crops and government subsidies have lifted farm income and provided support for agriculture-dependent parts of the state. Rising corn, soybean and wheat prices reflect increases in exports and lower stocks compared with a year earlier. Agricultural prices rocketed higher last spring and remained elevated at year's end. Farmers' expenses are also soaring. Supply shortages and inflation for everything from fuel to fertilizer are straining crop and livestock producers.

Near-term outlook

Though the past 12 months have been stronger than average, full recovery will come more slowly than in the region and the nation. Even as the pandemic loosens its grip on the job market and labor force, persistent out-migration will weigh on the strength of employment gains. Payrolls are poised to return to their pre-pandemic peak in the middle of the decade, later than in the rest of the country. By the end of the year, Illinois' unemployment rate will clock in around 4%, higher than in other Midwest states and the U.S. but close to large peers California and New York.

Manufacturing will have a solid year, as businesses need to replenish inventories and supply-chain issues are expected to ease. Consumer and business demand for goods is robust, and regional producer sentiment remains relatively upbeat. Factories are running at full capacity, limited only by labor and logistical challenges. Though shortages are hampering production, producers will have room to run as supply-chain problems ease this year.

The large logistics cluster will be a standout performer in the near term and will be more of a boost in Illinois than elsewhere. Years of large-scale transportation/warehousing job gains have cemented the state's status as a logistics hub. Even as e-commerce growth decelerates following the pandemic-fueled boom, transportation/warehousing will benefit from the rise of online shopping and increasing demand for materials handling, storage and shipping. Over the next two years, transportation/warehousing job growth will outpace the overall economy, as long as there are workers to fill the positions.

White-collar industries such as professional/business services will be key to the economy's success during the next leg of the recovery. As a hub for global business activity with a huge talent pool, the Chicago area remains fertile ground for growth in these industries, including tech. The economy's performance will be closely tied to the return of workers and visitors to downtown. The large concentration of office-using industries has given many people the opportunity to work from home during the pandemic. Now that nearly all COVID-19 restrictions have been lifted, offices reopening and refilling with workers will be crucial for other local businesses to maximize the next phase of recovery.

Chicago is positioned reasonably well to benefit from the impending surge in service spending and pent-up demand for vacations. Hotel occupancy was more than halfway back to its prepandemic levels as of last fall, on par with other major markets. The remaining ground will be tougher to make up. Though the vast majority of visitors come from within the U.S., the area is a bit more dependent than average on international travel, which is rebounding much slower than domestic travel. Reduced restrictions for international travel will boost visitation from overseas this year and contribute to the tourism industry's turnaround. It is the weak, and likely partial, return of business meetings and conventions that will pose a bigger problem for business travel hubs like Chicago. COVID-19 variants further complicate matters. The spread of new virus strains could postpone a strong renewal in international leisure travel and even discourage some would-be domestic visitors.

Lake County's economy will move in line with the state in the near term. Conditions are ripe for sustained, better-than-average job growth in manufacturing, and logistics will strengthen as a driver. Job gains in the critical life-sciences cluster will be strong as demand for locally made products pushes firms to expand. A few factors underpin the favorable outlook: The factory sector's tilt toward goods that cater to domestic buyers gives Lake County an edge over the Midwest's export-dependent manufacturing centers, and the aging U.S. population will uphold demand for medicine and medical devices. Further, given new virus variants and the return of people to schools and workplaces, Abbott Labs will need to keep up with demand for its 15-minute COVID-19 test.

Bloomington's recovery will be tepid. The outlook is tightly tethered to sluggish state government and financial services employment. Weak enrollment trends at Illinois State University will weigh on tuition revenue and limit the need for more faculty and staff. Financial services will remain a stable yet sluggish source of relatively high wage jobs, but a meaningful increase in finance jobs will not materialize in the near term. Rivian's EV factory offers a glimmer of hope to an otherwise lackluster outlook. The manufacturer recently went public with one of the largest IPOs in years. The surge in production and hiring at the plant will have positive effects on downstream industries such as transportation/warehousing and business/professional services, as well as consumer-dependent industries. Growth will rise above our baseline if Rivian's success and international attention draw other large investment projects to Bloomington.

Strength at the University of Illinois' flagship campus will be a major advantage for Urbana-Champaign's economy. The Illinois Board of Higher Education approved a fiscal 2023 budget, which calls for a 7% funding increase for the state's higher education system, including 4% more for the University of Illinois system. It still requires approval by the General Assembly and Governor J.B. Pritzker. One of UofI's priorities is faculty hiring and retention to keep up with the growing student body. If the request for UofI is granted, the larger budget will lend upside to our forecast for a slowdown in state government employment gains.

Construction will strengthen as a contributor to Urbana-Champaign's growth during the next couple of years. Key UofI construction projects such as new university buildings, renovations, and other upgrades will ramp up after projects were put on hold during the pandemic. Builders will be busy on residential projects as well, with starts tilting toward single-family units after years of robust multifamily activity. But below-average household formation will keep housing construction subdued compared with the U.S. The economy will make a complete employment recovery by the middle of the year, and growth will shift to a slower pace.

Springfield's lack of dynamic drivers will keep it from picking up much momentum. The state government will have some breathing room over the next few years. However, this temporary cushion will not translate into hiring or solve Illinois' deeper structural issues. Longer-term fiscal challenges such as massive unfunded pension liabilities will continue to put pressure on the budget and on job growth in Springfield. Healthcare will provide the best avenue for growth because of the continued graying of the population. Providers' struggle to fill open positions as well as the contraction of the overall population will keep the industry a step behind the national average.

Peoria's outlook is cautiously optimistic, but job growth will still be relatively weak. Caterpillar is no stranger to the supply-chain constraints and materials shortages plaguing many manufacturers, but its factories will have room to run as supply-chain problems ease in 2022. Global demand for heavy machinery is strengthening, and U.S. infrastructure spending will be a boon for Caterpillar and producers in its supply chain. The need for more homebuilding and the reshoring of some manufacturing will also benefit the company, boosting business for construction equipment as well as mining equipment for extracting raw materials.

The improvement in goods production offers some upside for business/professional services, which largely serves the metro area's manufacturing core. Healthcare will be the main source of service job additions, with leisure/hospitality providing support. The unusually high proportion of aging residents will work in healthcare's favor, helping it to lead job creation in the next few years.

The Quad Cities' recovery will shift into a higher gear but will lag those of the state and the nation. Manufacturing and logistics hold the most promise for growth. A strengthening global economy and weakening of the U.S. dollar will support gains in the export-oriented factory sector. Domestic markets will also lend a hand, as favorable conditions for farmers, including high crop prices and above-average income growth, support greater spending on agricultural equipment produced by Deere. Manufacturing employment will fare better than it does in most parts of the country in the near term.

Logistics will be a source of strength. Although the increase in shipments will slow as the shift to e-commerce moderates, demand for warehouse space and transport services will remain elevated and transportation/warehousing employment will grow faster than the state and national averages in the year ahead.

Economic growth in Decatur will proceed at a slow but steady pace. Manufacturing will outperform its U.S. peers as global demand for mining equipment rises, while logistics will benefit as factory output and agricultural shipments grow. Durable-goods makers, which rely heavily on sales to coal mining operators, will turn a corner as the global recovery lifts coal prices. In addition, higher prices for natural gas, a substitute for coal, will make coal more attractive to consumers, leading mining firms to further increase production and spur greater spending on mining equipment. Caterpillar's Resource Industries division, which anchors the large manufacturing industry, will benefit as more mining companies expand operations and purchase off-road mining trucks.

Danville's economy faces more hurdles than most and will underperform in the short term. Hiccups resulting from semiconductor shortages are a drag on the auto-heavy factory sector. Employers are assessing the production impacts of these supply-chain constraints on materials prices and availability, putting hiring on the back burner. Federal government will provide less of a boost to Danville employment than nationally. Federal government employment accounts for an outsize share of jobs thanks to the Veterans Affairs hospital, which also provides the largest portion of high-wage jobs for the metro area. Illinois is experiencing one of the nation's largest declines in its veteran population. Combined with smaller numbers of future military members, this will translate into weaker demand for medical services and little to no growth of federal government headcounts.

Rockford's economy will take longer than average to heal from the recession. The outlook for the factory sector has deteriorated, and the industry will struggle to help pull the metro area from the doldrums. Semiconductor shortages will curtail production and reduce weekly hours worked at least through the first half of 2022, increasing the odds of additional job losses at the Belvidere plant. Logistics will play an important role in providing stability and offsetting some of the weakness in manufacturing. The metro area's low business costs, abundant land, large airport, and proximity to Chicago make it an ideal location for logistics and storage businesses. The Chicago Rockford airport will be a key asset, situating Rockford as a major logistics hub for the nation's third-largest metro division over the long term.

The assumptions underpinning our outlook for state and local government budgets have changed a great deal in the past year. Unprecedented federal support to the economy has juiced tax collections and the state of Illinois has more money to put to work than it has had in many years. The stronger state budget has paved the way for Governor Pritzker to propose a temporary $1 billion tax cut for Illinoisans in the fiscal 2023 spending plan. State and local government spending will rebound aggressively in the next couple of years as federal stimulus and infrastructure funds flow to states and cities. The windfall is earmarked for patching budget holes and onetime projects, and revenues will eventually drift back to normal, so spending will not be accompanied by a significant bump in government jobs.

Agricultural price increases are projected to soften in the coming year, but a full crop-price recovery is in view and upward pressures are numerous. Inflation is a major factor, global grain and meat demand is strong, supply chains are still dysfunctional, and there is uncertainty surrounding trade and COVID-19. The Phase One trade deal helped fuel the rise in agricultural exports and prices, but it expired at the end of 2021 and it is unclear to what extent China will retain its appetite for American farm products.

Long-term outlook: Positive factors

The state will continue to diversify into service-providing industries while nurturing its more efficient and smaller traditional manufacturing core. Chicago will continue to develop as the transportation and distribution center for the Midwest and will increasingly develop its tech industry. The explosion of tech-related hiring on the Near North and West sides and corporate relocations from the suburbs—such as those by Walgreens, Mondelez International, Peapod, Hillshire Brands, Kraft Heinz, and United Continental Holdings—suggest that this economic engine has reached critical mass, enabling its growth to become self-perpetuating.

Professional/business services. Professional/business services will be critical to the economy's success. Most of the growth in well-paying industries such as professional, scientific and technical consulting will take place in northern Illinois. As a hub for global business activity with a large concentration of corporate headquarters and a huge talent pool, the Chicago area remains fertile ground for growth in these industries, including tech. In recent years, the urban core has become the new economic engine as more jobs downtown attract residents to move nearby, prompting additional companies to join the inward migration to the urban core. In addition to professional/business services, the success of the state's economy, and particularly that of the Chicago metro area, will depend on the strength of its high-tech services, including computer systems and design and biotechnology. Tech companies that can meet the needs of Illinois' manufacturing base will also be successful. White-collar industries such as professional/business services will be key to the economy's success during the next leg of the recovery. As a hub for global business activity with a huge talent pool, the Chicago area remains fertile ground for growth in these industries.

Elsewhere, low business costs and the presence of a major research university give Urbana-Champaign strong prospects for growth in high tech, and professional, scientific and technical services in particular. Tech will outperform overall job growth and at least keep pace with that in other major Midwest college towns.

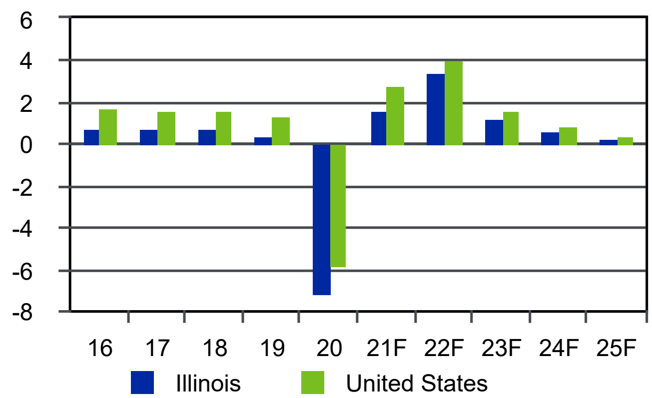
Financial services. Financial services, which employ 6.9% of the state's workforce and 7.7% of Chicago's workforce, compared with 6% nationally, will remain among the state's core industries. One reason for this is that the outlook for Chicago's commodities exchanges is promising. They have successfully adapted to new technologies and, through mergers, have increased their market share in the global marketplace. They also hold virtual monopolies over their most important products, thereby benefiting from strong pricing power. Chicago is considered the world capital of futures trading since it is now home to by far the world's largest derivatives exchange.

An outsize tech industry and legacy ties to financial services make financial technology a promising area of development, but stiff competition from existing fintech hubs limits upside. The insurance industry also has a large footprint on Illinois' economy, especially in Bloomington, where it makes up 17% of employment, almost nine times the U.S. average. Insurance will remain a reliable source of jobs and income.

Tourism. Illinois' tourism-dependent industries are expected to outperform other parts of the economy over the next decade, but they will be crawling out of an extremely deep hole. Illinois achieved its ninth consecutive year of record tourism growth in 2019, before COVID-19 brought travel to a halt. Job growth in leisure/hospitality outperformed in the past business cycle thanks almost entirely to more people visiting Chicago. Vacationers and business travelers have flocked to the area's hotels, restaurants, recreation facilities and entertainment venues, and Chicago's appeal as a destination will remain a bright spot for the economy.

Long-Term Outlook: Employment

% change



Sources: BLS, Moody's Analytics

Because Chicago draws not just vacationers but a large number of business travelers, the resumption of leisure travel will not lift the tourism industry by itself. Even a complete recovery for leisure travel leaves a highly lucrative segment facing an uncertain future as the cost savings and convenience associated with virtual gatherings replace a still-undetermined share of face-to-face meetings and in-person events. This will further compound the impact of increased remote work on the city and complicate its recovery.

Transportation/distribution. Illinois' transportation and distribution network will remain an integral part of the economy and help drive growth. Transportation, warehousing and wholesale trade account for 13% of output in Chicago and Illinois, versus 10% in the U.S. Among Midwest states, only Nebraska and North Dakota are more dependent on this cluster of industries. A central location and transportation advantages such as an airport with direct connections around the globe have made Chicago a hub for distribution and logistics. Even as e-commerce growth decelerates following the pandemic-fueled boom, internet retail sales will uphold strong demand for logistics services and cause transportation/warehousing to best other industries in job creation. The state will have an advantage in securing future investment because of its central location, low costs, transportation advantages and agglomeration economies.

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

Education and healthcare. Other service-based industries that will support growth in the state include education and healthcare. The University of Illinois Urbana-Champaign, Illinois State University in Normal, and Southern Illinois University in Carbondale will provide long-term stability. Chicago also supports a number of universities, including Northwestern, the University of Chicago, the University of Illinois at Chicago, and Loyola, but they are not as vital to Chicago as schools downstate are to those economies.

Healthcare will contribute positively to growth throughout the state as the population ages. The industry has been one of the economy's strongest in recent years and will be an especially potent driver downstate. The cohort of those age 65 and older is the only part of the population that is growing, a distinction it will retain. Although declines in other cohorts will drag on demand, seniors consume a lot of medical services. Illinois will add such jobs at a stronger pace than overall job growth over the next five years. However, industry job growth will lag the U.S. average, primarily because of Illinois' weaker population trends.

Agriculture. The outlook for Illinois' large agricultural industry is optimistic. The resurgence in agricultural prices is still in full swing, and producers will benefit from sustained higher prices after enduring several lean years. Despite the strong competition from agricultural powerhouses Brazil, Argentina, India and China, Illinois farmers will benefit from an expanding global economy. Although efforts to rein in the federal budget deficit could lead to more substantive cuts in farm subsidies down the road, the forecast assumes that they will remain an integral component of U.S. agriculture in the longer term.

Business climate. Illinois has what it needs to remain a top business center, as long as it can solve the fiscal problems that are eroding its edge in the competition for talent, jobs and capital. Specifically, Illinois has a huge talent pool of highly skilled workers, world-class universities, more money for investment, and better transportation with an airport with direct connections around the globe. The state has these advantages because it has Chicago, the nation's third largest metro area. No neighboring state has a city even half as large.

About 36% of the state's population age 25 and older has at least a bachelor's degree and 14% has a graduate degree—both above the national average—according to Census Bureau data. Among midwestern states, only Minnesota has a higher educational attainment rate than Illinois. In Chicago, the shares are even higher, with 40% holding at least a bachelor's degree and 16% holding a graduate degree. Illinois is well-positioned when comparing living costs to educational attainment, and the workforce is stronger than college attainment data alone suggest. Traditional measures of workforce quality may understate the competitiveness of large factory centers where an above-average share of workers are skilled even if they are not highly educated.

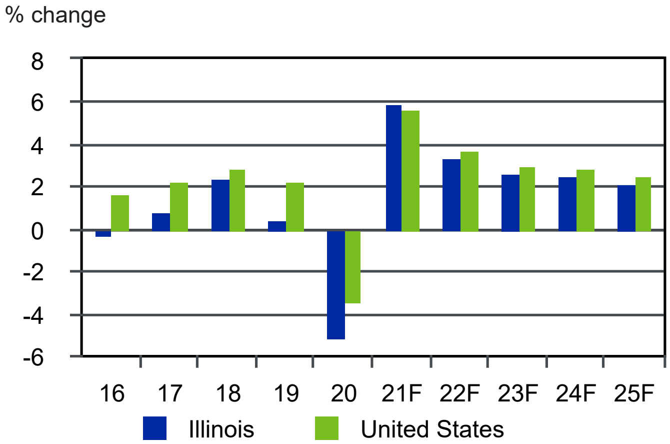
Chicago's central location and extensive transportation network add to its appeal, particularly for companies that need to move their workers around the country and the world. The metro area is unique among the nation's big cities as a hub to three major carriers. The state is also the country's top rail hub, with 3,000 to 4,000 more miles of track than any state that it borders.

Business costs in the state are lower than they are nationally and have trended downward for the past few decades. Overall costs are lower than those in Michigan and Wisconsin, but higher than those in Indiana, Iowa and Ohio. By and large, business costs are favorable and lower than those in states that have similarly large metropolitan areas with unique features that appeal to businesses such as California and New York. The cost of energy has shifted from a disadvantage for the state in the mid-1980s, when it was 20% more expensive than nationally, to an advantage today, with utility rates in Illinois now about 10% below the U.S. average. Although the entire Midwest has become more competitive in this area, Illinois has made bigger strides, and energy costs are noticeably less than the regional average.

Illinois also offers businesses greater access to customers and capital than its neighbors. The greater availability of capital has played a key role in raising Chicago's technology profile, most notably with the success of the 1871 incubator in the landmark Merchandise Mart in Chicago's River North neighborhood. The increase in activity is a clear positive for long-term growth because some of the smallest firms are the most important when it comes to spurring employment. Startups that can expand quickly, often dubbed "gazelles," are especially important to economic growth, sparking lots of job creation and investment.

New industries. The legalization of recreational cannabis offers upside risk for Illinois to become a hub for the cannabis business. The Cannabis Regulation and Tax Act of 2019 made Illinois the 11th state to legalize recreational cannabis. It is now one of 18 states, Washington DC, and Guam where the recreational use and sale of cannabis is legal. Michigan remains the only other midwestern state in the group. Medical cannabis has been legal in Illinois since 2014.

Long-Term Outlook: Gross Product



Sources: BEA, Moody's Analytics

There is no question that Illinois' cannabis market is booming. Buyers have been willing to purchase legally, which owes in some part to limited recreation options during the pandemic. Illinois exceeded $1 billion in adult-use marijuana sales in 2021, generating more tax revenue than alcohol sales. That owed partly to the fact that Illinois cannabis prices, and the state and local tax burden on retail cannabis sales, are among the country's highest.

As a major center for food production and packaged food companies, Chicago is well-situated to nurture cannabis cultivators, processors, retail stores and testing labs. Chicago already has strong ties to the industry, as it is home to three of the five biggest public companies in the U.S. that grow and sell cannabis.

Prices warrant a close watch since Illinois ties its taxation entirely to the price of cannabis, which has been shown to fall in other states after legalization. Although falling prices for legal cannabis is good news for users, it spells budgetary trouble for states that tax legal cannabis as a percentage of price. Sales volume growth per state is unlikely to accelerate enough to compensate for sinking prices, especially as markets mature and more states enter, or the federal government ends prohibition. Legalization of recreational cannabis will benefit Illinois employment, income and tax revenues, but more time and data will paint a clearer picture of the ways in which legalization will reshape the economy.

Long-term outlook: Negative factors

Weak demographic trends and deep-rooted fiscal problems such as mounting pension obligations and a shrinking tax base represent the biggest hurdles to the longer-term outlook. The forecast anticipates that the state will grow a step behind the Midwest average and a few steps behind the nation over the extended forecast horizon. Over the next five years, employment in Illinois is forecast to increase 3.9%, below the 4.6% increase for the Midwest and 5.5% rise nationally.

The recovery will proceed much more quickly than the last one, which was hampered by damaged household and business balance sheets and a fragile financial system. However, the economy will emerge somewhat altered, because the pandemic has accelerated the shift toward e-commerce and the consolidation of higher education. The near-term outlook for Illinois closely resembles that for the U.S., but the state will underperform in the long term because of poor population trends and extraordinary pressure on state and local governments.

Manufacturing. Manufacturing will occupy a slightly greater-than-average share of the Illinois economy, but the state will have to fight to hold on to its manufacturing base. The long-run decline of manufacturing will prevail despite the industry's short-lived resurgence. Manufacturing is of greater importance in northern and central Illinois than it is in Chicago. While the share of employment in manufacturing in the state, at 9.5%, is only somewhat higher than the national average of 8.5%, the share outside Chicago is higher at 12.7%. Illinois' largest manufacturing industries, in order of number of jobs in 2021, are food processing, fabricated metals, machinery, chemicals and transportation equipment. Together, these industries account for about 59% of all manufacturing jobs,

Index of Relative Business Costs, 2020

	Labor cost		Tax burden		Energy cost		Overall index	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Illinois	102	27	104	36	89	14	99	25
Indiana	94	7	85	14	103	37	96	15
Ohio	96	11	105	38	94	22	96	18
Michigan	108	45	87	16	106	39	106	39
Wisconsin	104	32	97	26	104	38	104	34
Iowa	93	4	105	37	94	23	94	10

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.

Source: Moody's Analytics

compared with 53.2% nationally. Downstate areas besides Springfield have a high exposure to at least one, and typically several, of these industries.

Illinois' manufacturers will face daunting competition in the global marketplace in the long term. They have been forced to shift operations to lower-cost regions of the world to remain competitive, and although this trend has slowed as labor has become more expensive overseas, it does not reduce the cost advantage sufficiently to reverse this process. Among the state's key manufacturing industries, employment levels will be best preserved in transportation equipment manufacturing.

Higher education. Although higher education has typically been insulated from the whims of the business cycle—and sometimes even been the beneficiary of economic downturns—the COVID-19 pandemic is hitting the sector head-on and thrusting into the spotlight problems that have long been simmering in higher education. Academia faces a looming demand problem not only due to rising costs but also due to changing demographic patterns. Longer-term structural issues in combination with pandemic-related stress will leave some institutions at risk of failure. If and when school failures occur, they are likely to be dominated by those already in poor financial condition due to sagging enrollment, poor student retention, and an overreliance on public funding.

Institutions that can weather the current crisis should be able to recover, and schools in Illinois are generally well-positioned. The most vulnerable institutions are small, nonelite private schools with poor finances, small endowments and retention issues, and small public universities with an overreliance on room and board and government funding as drivers of revenue. The least vulnerable schools are selective colleges with excellent balance sheets, large endowments, and little reliance on public funding and room and board revenue.

Although the pandemic has the potential to weigh on college enrollment in the short run as some students temporarily alter their plans, the longer-term structural decline in enrollment is the bigger risk to most universities. With the college-age population in Illinois and the broader U.S. set to decline over the coming decades, it will take a greater share going to school or more international students to increase demand for Illinois' higher education institutions. Colleges across the U.S. face demographic headwinds, but they are more acute in Illinois, where the cohort of 20- to 24-year-olds is shrinking more rapidly.

Business climate. Illinois, and Chicago in particular, is an appealing location to corporate headquarters and companies that need highly skilled workers and are willing to pay for top talent. Despite Illinois' advantages, however, the state's financial problems threaten to discourage firms from locating to or remaining in the state. The state's outlook is tarnished primarily by its budget woes and weak population trends, not its high costs relative to nearby states. Firms in Illinois tend to pay more in taxes compared with those in neighboring states and labor is on the expensive side, but overall business costs are no higher than the national average. Illinois is gradually increasing its minimum wage, but dozens of other states and local governments are raising their wage floors as well. Twenty-five states and the District of Columbia are set to raise their minimum wage in 2022.

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

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

Income

Personal income has been slower to rise in Illinois than nationally, a trend that will extend through the new business cycle. Consumption depends mostly on the state's income from labor, predominantly wages and salaries, which has lagged the U.S. and regional averages. Total personal income increased 3.6% per year on average over the course of the expansion that ended in 2019, less than the 3.7% regional average and 4.3% national average.

Growth in the most important source of income, wages and salaries, averaged 3.3% per year over the 10-year period, versus 3.5% in the Midwest and 4.2% in the U.S. Wage and salary income fell 0.1% in 2020, compared with a 0.4% increase in the region and a 1.3% increase in the U.S. Earnings in half of the major industry categories increased in 2020—healthcare, professional/business services, financial services and retail—but the majority slowed from the previous year. Performance was below the regional and national averages in industries where earnings grew and those where it contracted.

State personal income surged in the first quarter of 2021 as two rounds of fiscal stimulus coursed through the economy. Transfer receipts drove the uptick in Illinois and other states. Fiscal support to households and businesses faded in the second and third quarters, but the labor market recovery replaced a portion of transfer receipts with stronger earnings. Dividends, interest and rent incomes also picked up in the second quarter as vaccination and reopening campaigns began to entice residents back to cities. Through the third quarter, personal income was up 8.4% in Illinois, compared with 7.5% in the Midwest and 7.4% in the U.S.

With pandemic aid to household incomes winding down, personal income will be much more dependent on traditional sources, namely wage and salary income and investment income. Both were growing strongly through the third quarter of 2021 and prospects, at least for compensation, are strong given the rapid wage growth and abundance of job openings. The recent stock market declines may be a weight on investment income, although interest rate increases should be an offsetting support. Given the below-average forecast for Illinois' jobs recovery, income growth will remain a step behind the Midwest and U.S. rates.

Balance sheets

Illinois households were willing and able to borrow over the course of the last expansion and through late 2021. Consumers had taken on increasing amounts of debt leading up to the COVID-19 crisis, though growth in borrowing had slowed in the past several years. Consumer credit balances in the state grew about 5% from December 2020 to December 2021, compared with 7.4% in the U.S. This was up from an average of 1.8% per year in the previous five years. Growth will slow in 2022 as the stimulus-fueled spending spree wanes. The CARES Act mortgage forbearance provisions are expiring, and student loan forbearance is scheduled to end May 1.

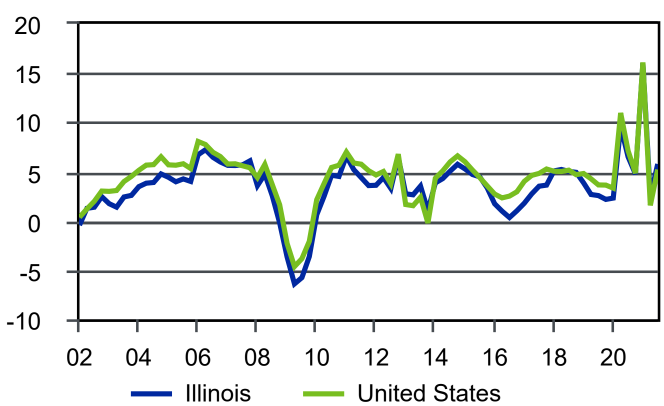
Consumer credit performance improved during 2021. Federal income supports and responsiveness on the part of creditors have kept late-payment rates down despite the stressed state of the labor market. Illinois delinquency rates as reported by Equifax ended the year at very low levels. At about 1% of outstanding balances, delinquency rates were on par with those in the U.S. The amount of credit extended within the last two years is large, however, and many consumers are facing higher prices on everyday items, eating into budgets and ultimately resources for debt repayment. Barring a profoundly negative setback in terms of COVID-19 variants, forbearance and tenant protection policies will not be as generous in 2022 and beyond to aid struggling borrowers. But even if trouble arises, the strength of labor markets edging closer to full employment and the emergence of wage growth are factors that put a ceiling on how high delinquencies can reasonably rise.

Business bankruptcy filings spiked during the teeth of the recession, but the number of new filings is declining, suggesting that the reopening of the economy and the increase in demand have been enough to prevent healthy businesses from closing. Further, court closures have artificially slowed bankruptcy proceedings, and government relief for businesses and individuals has temporarily offset financial losses. Business bankruptcies decreased 28.8% year over year in the third quarter of 2021, versus a 30.3% decline in the Midwest and a 27.9% drop in the U.S.

As they have nationally and in the Midwest, personal bankruptcies have dropped sharply in Illinois. Personal bankruptcies were down 40% from a year earlier in the third quarter of 2021, versus a 29% drop in the region and a 29% decrease in the U.S. That reduced the number of personal bankruptcies per household. In Illinois, there were 4.3 bankruptcies per 1,000 households in the third quarter. This compares with 4 in the Midwest and 3.3 nationally. As accommodation programs expire, bankruptcies and delinquency and default rates will increase, but they are likely to return only to pre-pandemic levels.

Personal Income

% change



Sources: BEA, Moody's Analytics

Demographic trends

Illinois has been losing population since 2014. Immigration and the birthrate are falling, and more people are leaving the state than moving in. According to the 2020 decennial census, Illinois was one of four states or territories that lost residents between 2010 and 2020, shrinking by 0.1% during that period. Mississippi (-0.2%), West Virginia (-3.2%) and Puerto Rico (-11.8%) were the other three. All of these have either a long-standing outsize reliance on an ailing economic driver such as mining or manufacturing, frail state finances, or both.

The Census Bureau's latest midyear estimates of population incorporate the results of the 2020 decennial census in period 2020, but periods 2011 to 2019 have not been revised, causing a level shift from 2019 to 2020 and distorting the 2020 growth rate. The break is particularly evident in a handful of states, including Illinois. Comparisons between the 2020 and 2021 state figures are meaningful, however.

These estimates show Illinois' population decreased 0.9% in the year ending June 30, 2021. The Midwest's population declined 0.1%, and the U.S. population was up 0.1%. The midyear population estimates mostly reflect a continuation of long-term trends, but the COVID-19 shock and economic fallout detracted from population growth nationally and regionally. Sixteen other states and the District of Columbia joined Illinois in losing population between mid-2020 and mid-2021, including midwestern peers Michigan (-0.2%), Ohio (-0.09%), Kansas (-0.04%) and North Dakota (-0.5%), as well as large peers California (-0.7%), New York (-1.6%) and Pennsylvania (-0.2%).

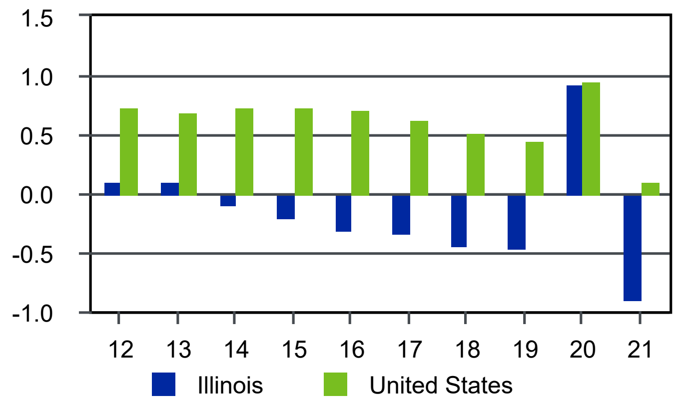
According to the Census Bureau, total net migration in Illinois clocked in at -116,690 in 2021, a larger outflow than in 2020. Net migration is the difference between in-migration to a place and out-migration from a place during a time period. The main reason for out-migration has been a loss of domestic residents, or people moving from the state to other parts of the U.S.

Data from Equifax offer a more detailed view of migration flows between states. Movement out of large, expensive states with major cities has shown little sign of abating over the past year. Outmigration from Illinois has intensified since the middle of 2020; this suggests that the return of residents who temporarily moved elsewhere is being outweighed by migration to other parts of the country. As they have for several years, Florida and Texas ranked as first and second for net migration flows from Illinois, followed by neighboring Indiana and Wisconsin. Arizona rounds out the top five. California's popularity has decreased since the pandemic; it too is losing residents to other states at an accelerating pace.

International migration has weakened during the past several years. This is troubling because international migrants have become increasingly important to the maintenance of population as domestic out-migration accelerates and natural population growth slows. The Trump administration's stiff implementation of immigration law has reduced net immigration into the U.S., and the COVID-19 pandemic has drastically curtailed immigration since 2020. Net international migration totaled 5,770 in 2021,

Population

% change



Sources: Census Bureau, Moody's Analytics

down from 11,160 the previous year and in the 40,000 range in the mid-2000s. President Biden is easing U.S. immigration policy, which should help boost international in-migration as the pandemic wanes.

Natural population growth—or births minus deaths—has slowed dramatically in all parts of the U.S. during the past decade, but Illinois' pace has slowed a bit more than average over the past several years. Natural population growth contributed very little to Illinois' population numbers in 2021. Despite this, the state is typical for the region and retains an edge over other Great Lakes states, most of which underwent natural population decline. The 60-and-older age group was the only major segment of the population to increase during the past few years, and will be the only one to grow in coming years.

The 2019 to 2020 population growth rates are still meaningful for metro areas but, like for states, the figures will be distorted for a time after the decennial census is incorporated into the estimates. All of Illinois' metro areas and divisions suffered population declines in 2020, according to midyear estimates. The fastest-shrinking metro areas were Danville, Decatur, Peoria, Kankakee and Chicago. The Chicago metro area's population fell 0.5% in 2020. The loss was most pronounced in the Chicago metro division, but the Lake County and Elgin metro divisions logged declines as well.

Large U.S. cities generally lost residents, mostly to their outskirts and suburbs. Although the challenges facing urban areas were exacerbated by the COVID-19 downturn, they did not originate with the pandemic. The shift out of cities appears to owe at least partly to broader demographic trends such as the aging of millennials. Exurban counties are more mixed, generally overperforming cities but struggling in a few metro areas, most notably

Chicago. Relatively rural Kendall County was the only Chicago county, and one of just a few statewide, that gained residents from 2019 to 2020, and it did so at a faster rate than a year earlier.

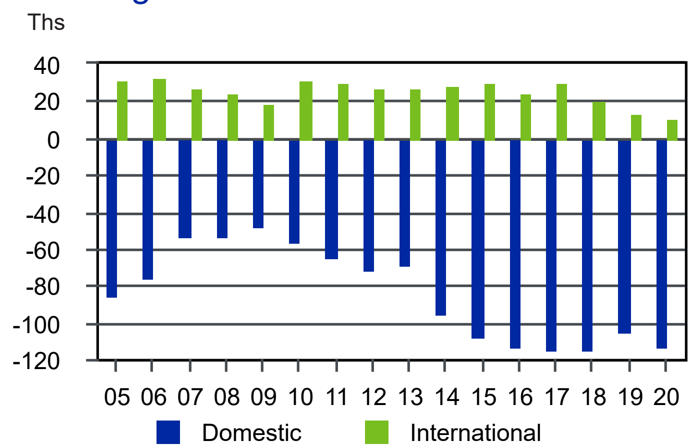
The end of the pandemic will not resolve Illinois' demographic woes. Population decline over the next few years will be the one of the worst among the states, and the deterioration in the working-age population will remain more severe than in other parts of the country. Fewer young adults will make it harder to fill jobs and keep consumer and housing demand afloat. The shrinking tax base will also aggravate state and local fiscal strain. Even as pandemic-related barriers to labor force participation diminish, persistent out-migration and increased remote work will weigh on the strength of employment gains.

In terms of educational attainment, an above-average share of Illinoisans hold four-year college degrees. The state's large pool of highly educated workers is primarily due to the concentration of white-collar jobs in the Chicago area and in downstate metro areas, including Champaign, Bloomington and Springfield. The metro areas that have a high dependence on manufacturing, including the Quad Cities, Decatur, Kankakee, Peoria, and Rockford, have below-average educational attainment levels. Primary and secondary education in the state is strong, as almost every metro area in Illinois boasts an above-average share of high school graduates. Only in Elgin is the high school graduation rate significantly below the U.S. rate.

Housing

A declining population and below-average income growth will keep house price appreciation and residential construction subdued. Conditions related to the pandemic and its fiscal and monetary policy response fueled big house price gains in 2020 and 2021, though increases in Illinois were smaller than the national average. Prices spiked primarily because exceptionally low mortgage rates have boosted demand. Prices are also rising because housing inventory is in short supply.

Net Migration



Sources: Census Bureau, Moody's Analytics

However, the pace of house price appreciation is past its peak. Price gains have started to lessen and the moderation will continue in the coming year. With prices up by double digits year over year in the state, affordability is declining, and combined with rising interest rates and new supply, this will dampen upward momentum in house prices. Still, Illinois' affordability edge over the U.S. has been relatively stable during the past decade, according to the Moody's Analytics Housing Affordability Index. Price appreciation will slow slightly less than in the U.S. in the near term.

New construction softened some in 2021 after jumping in mid-2020. Single-family starts have gained momentum, but a pullback in multifamily starts, which had been unusually strong, has offset the increase. The number of single-family starts was

Migration Flows

INTO ILLINOIS	NUMBER OF MIGRANTS
Indiana	14,907
California	13,621
Texas	12,562
Florida	12,128
Missouri	11,899
Wisconsin	11,735
Iowa	7,367
Michigan	6,935
New York	6,223
Ohio	5,306
Total in-migration	*172,137*

FROM ILLINOIS	
Indiana	25,754
Florida	23,884
Texas	20,599
California	19,130
Wisconsin	18,924
Missouri	14,591
Arizona	11,114
Michigan	9,814
Iowa	9,139
Tennessee	8,868
Total out-migration	*259,810*
Net migration	**-87,673**

Sources: IRS, Moody's Analytics, 2018

still lower than in a majority of midwestern states, despite Illinois having more people and households than any of its regional peers. Single-family construction will pick up speed in 2022, accompanied by stable multifamily activity. The continuing turnaround in the labor market will pave the way for new-home construction to maintain momentum in the near term. But after a couple of years, persistent population declines and softening housing formation will subdue residential building.

Forecast risks

Near-term risks remain heavily weighted to the downside, but there are also reasons for optimism. The COVID-19 crisis presents several downside risks to the forecast. Moody's Analytics assumes that expanded vaccine eligibility, booster shots, and the development of new drugs and treatments to battle COVID-19 should all help to reduce the healthcare and economic disruptions of each successive wave of the virus. Despite the improvements, a sizable unvaccinated population puts the U.S. more at risk for future outbreaks. While major economic disruptions will be avoided, the fear of getting sick could nevertheless dampen consumer confidence and cause unexpected softening in economic growth, either in the national economy or in Illinois.

In addition, the pandemic could worsen supply-chain disruptions and labor shortages. With COVID-19 still affecting many parts of the world, supply-chain troubles could take longer to resolve, resulting in a longer period of elevated inflation. The reopening of businesses is driving demand for workers. Job gains have picked up recently, but employers are struggling to find workers to fill open positions. When combined with shortages of raw and intermediate goods, the lack of labor could limit production and force producers to raise prices.

Struggles to increase production and an inability to quickly bring more inputs on line might push a stronger rebound in Illinois well into 2023. And given manufacturers' difficulty finding workers, the comeback could transpire without a significant increase in jobs. However, the federal infrastructure bill offers upside for a broad range of local manufacturers, most notably heavy machinery producers and metal fabricators, as well as producers in their supply chains.

Major population centers such as Chicago are up against their own headwinds. The degree to which white-collar workers will continue to work from home is uncertain, but hybrid and remote work arrangements are here to stay. In the year ahead it will become clearer whether remote work represents a modest adjustment or something more transformative. Some government agencies and large companies have required office workers to return, but other private-sector firms, particularly in tech, are taking a more flexible approach. Should this extend to other industries like finance and broader professional/business services, establishments that rely on office workers will struggle. Job creation will be weaker than expected if increased workplace flexibility leads enough white-collar firms and professionals to relocate altogether.

Though increased workplace flexibility would come with downside risks, it also presents an opportunity. Many smaller towns that have struggled to retain residents because of a lack of high-wage white-collar opportunities could experience reduced out-migration, especially if firms pay similar wages to employees regardless of their location. The resulting infusion of money into otherwise-struggling economies could provide a broader boost to areas that have long struggled to keep up with their peers.

Similarly, the longer-term forecast for manufacturing could prove too pessimistic. Illinois' low costs, central location, transportation advantages, and deep pockets of specialized expertise still make it an appealing location for factories. If large multinational companies decide to bring production work back to the U.S., the state will be a key beneficiary.

Risks to the government outlook revolve mainly around non-economic factors such as the resilience of new COVID-19 strains in response to vaccines. Should officials close schools and government offices again, it will have substantial consequences for the broader economy and take longer for the public sector to regain lost jobs. Long-term risks are to the downside should policymakers make the mistake of building onetime monies into their recurring budgets. As is the case in the rest of the country, much of the tax revenue windfalls are a result of federal aid programs boosting consumer spending or idiosyncrasies around the pandemic. Federal funds currently flowing into Illinois as a part of the American Rescue Plan Act will go away by 2024, meaning that any funding obligations that exist beyond that year will need to be picked up by the state and local governments.

The scaling back of farm support programs is a longer-term risk for Illinois, particularly its rural areas in the southern part of the state. The federal government's near-term fiscal outlook is stable, but the deficit-financed 2017 tax cuts and COVID-19 relief will cause the nation's debt load to rise faster than previously thought over the next decade. The nation's publicly traded debt-to-GDP ratio has surged to an all-time high. Lawmakers are not focused on the red ink given the COVID-19 crisis, but once the virus is contained, addressing the nation's fragile fiscal situation will be critical. Against this backdrop, farm support programs could be at risk, especially as the Midwest's population share, and hence representation in Congress, declines.

Demographic profile

Indicator	Units	Illinois	U.S.	Rank	Year
Households					
Households, % change (2015-2020)	Ann % change	0.1	0.6	45	2020
Population w/ BA degree or higher	% of adult population	35.8	33.1	13	2019
Median household income	$	68,586	64,581	17	2020
% change yr ago		*-0.9*	*-1.7*	*20*	*2020*
Population					
Per capita income	$	62,930	59,510	12	2020
% change yr ago		*6.5*	*6.2*	*22*	*2020*
Population	ths	12,588	329,484	6	2020
% change yr ago		*-0.6*	*0.4*	*50*	*2020*
White	%	76.4	76.0	34	2020
Black or African American	%	14.7	13.5	16	2020
Hispanic	%	17.6	18.6	10	2020
Asian	%	6.0	6.1	11	2020
Net domestic migration, rate	Persons/ths pop	-9.0	0.0	48	2020
International migration, rate	Persons/ths pop	0.9	1.4	32	2020
Poverty rate	%	11.5	12.3	25	2019
Median age	yrs	38.6	ND	26	2019
Housing Costs					
Median existing-home price	$ ths	238.5	296.1	30	2020
% change yr ago		*8.55*	*9.75*	*31*	*2020*

Illinois
Recent Monthly Performance

	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Most recent % change yr ago
Establishment Employment (ths, SA)									
Total Employment	5,732.6	5,758.7	5,796.8	5,804.2	5,815.2	5,857.2	5,877.1	5,899.9	4.7
% change	*0.1*	*0.5*	*0.7*	*0.1*	*0.2*	*0.7*	*0.3*	*0.4*	
Natural Resources & Mining	6.5	6.4	6.5	6.6	6.7	6.7	6.6	6.6	0.0
% change	*0.0*	*-1.5*	*1.6*	*1.5*	*1.5*	*0.0*	*-1.5*	*0.0*	
Construction	221.6	223.8	226.6	226.4	228.1	229.3	233.7	235.6	5.8
% change	*-2.3*	*1.0*	*1.3*	*-0.1*	*0.8*	*0.5*	*1.9*	*0.8*	
Manufacturing	543.4	544.1	547.8	554.4	552.0	552.9	555.1	557.0	1.6
% change	*0.6*	*0.1*	*0.7*	*1.2*	*-0.4*	*0.2*	*0.4*	*0.3*	
Trade, Transportation, & Utilities	1,182.1	1,186.9	1,189.7	1,189.3	1,195.9	1,204.9	1,214.7	1,223.2	4.1
% change	*0.3*	*0.4*	*0.2*	*-0.0*	*0.6*	*0.8*	*0.8*	*0.7*	
Retail Trade	562.7	565.5	564.2	563.1	568.0	570.1	572.1	572.7	0.7
% change	*0.1*	*0.5*	*-0.2*	*-0.2*	*0.9*	*0.4*	*0.4*	*0.1*	
Wholesale Trade	282.2	282.4	285.1	282.5	282.4	284.1	286.0	286.2	2.7
% change	*0.4*	*0.1*	*1.0*	*-0.9*	*-0.0*	*0.6*	*0.7*	*0.1*	
Transportation & Utilities	337.2	339.0	340.4	343.7	345.5	350.7	356.6	364.3	11.2
% change	*0.5*	*0.5*	*0.4*	*1.0*	*0.5*	*1.5*	*1.7*	*2.2*	
Information Services	86.0	86.4	87.3	87.9	87.1	85.7	85.9	86.1	1.3
% change	*-0.2*	*0.5*	*1.0*	*0.7*	*-0.9*	*-1.6*	*0.2*	*0.2*	
Financial Services	400.5	400.2	399.3	399.2	398.1	401.4	400.4	398.6	-1.2
% change	*-0.3*	*-0.1*	*-0.2*	*-0.0*	*-0.3*	*0.8*	*-0.2*	*-0.4*	
Professional & Business Services	908.5	909.5	912.5	913.2	912.3	928.5	925.5	934.9	3.2
% change	*0.0*	*0.1*	*0.3*	*0.1*	*-0.1*	*1.8*	*-0.3*	*1.0*	
Education & Health Services	891.3	891.7	900.9	894.5	894.7	894.4	894.2	893.9	1.2
% change	*0.2*	*0.0*	*1.0*	*-0.7*	*0.0*	*-0.0*	*-0.0*	*-0.0*	
Leisure & Hospitality Services	474.8	488.7	501.4	507.4	513.8	523.0	530.9	533.1	31.0
% change	*2.2*	*2.9*	*2.6*	*1.2*	*1.3*	*1.8*	*1.5*	*0.4*	
Other Services	238.1	240.1	241.7	240.7	241.2	245.2	245.4	246.3	6.1
% change	*0.1*	*0.8*	*0.7*	*-0.4*	*0.2*	*1.7*	*0.1*	*0.4*	
Government	779.8	780.9	783.1	784.6	785.3	785.2	784.7	784.6	2.2
% change	*-0.9*	*0.1*	*0.3*	*0.2*	*0.1*	*-0.0*	*-0.1*	*-0.0*	
									1-yr change
Unemployment Rate (%, SA)	7.1	7.2	7.1	7.0	6.2	6.0	5.7	5.3	-2.7
	0.0	1.4	-1.4	-1.4	-11.4	-3.2	-5.0	-7.0	**Most recent**
									% change yr ago
Labor force (ths)	6,158.7	6,180.7	6,206.6	6,217.6	6,214.2	6,222.9	6,243.1	6,271.5	2.0
% change	*0.2*	*0.4*	*0.4*	*0.2*	*-0.1*	*0.1*	*0.3*	*0.5*	
Number of unemployed (ths)	437.4	443.5	437.8	435.9	383.4	370.4	354.2	333.1	-32.1
% change	*-0.2*	*1.4*	*-1.3*	*-0.4*	*-12.0*	*-3.4*	*-4.4*	*-6.0*	
Number of employed (ths)	5,721.3	5,737.1	5,768.7	5,781.7	5,830.7	5,852.5	5,888.8	5,938.4	4.9
% change	*0.2*	*0.3*	*0.6*	*0.2*	*0.8*	*0.4*	*0.6*	*0.8*	
Total Residential Permits (# of units YTD, NSA)	6,953	8,914	11,155	12,855	14,526	16,917	18,712	19,792	11.0
% change yr ago	*-1.1*	*6.7*	*8.2*	*12.4*	*10.0*	*13.5*	*13.3*	*11.0*	
Single-family, (# of units YTD, NSA)	4,436	5,452	6,410	7,601	8,656	9,494	10,449	11,383	17.1
% change yr ago	*39.3*	*32.9*	*24.7*	*25.0*	*20.8*	*16.6*	*16.8*	*17.1*	
Multifamily, (# of units YTD, NSA)	2,517	3,462	4,745	5,254	5,870	7,423	8,263	8,409	3.7
% change yr ago	*-34.6*	*-18.5*	*-8.2*	*-1.9*	*-2.9*	*9.8*	*9.2*	*3.7*	
5 +, (# of units YTD, NSA)	2,106	2,898	4,100	4,531	5,006	6,372	7,107	7,206	-0.2
% change yr ago	*-40.2*	*-24.5*	*-11.6*	*-4.0*	*-5.9*	*6.5*	*5.6*	*-0.2*	
									Most recent
									% change yr ago
Avg Hrly Earnings: Mfg, ($ per hr, SA)	22.51	22.54	22.49	22.96	23.08	22.64	22.92	22.80	2.5
% change	*1.8*	*0.1*	*-0.2*	*2.1*	*0.5*	*-1.9*	*1.3*	*-0.5*	

Illinois
Recent Quarterly Performance

	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	Most recent % change yr ago
Gross State Product (Ch. 2009$ mil, SAAR)	763,614.3	694,926.7	742,852.1	749,181.3	766,829.0	771,306.0	775,271.1	na	4.4
% change	*-1.9*	*-9.0*	*6.9*	*0.9*	*2.4*	*0.6*	*0.5*	*na*	
Establishment Employment (Ths, SA)									
Total Employment	6,128.4	5,361.1	5,618.1	5,649.9	5,695.0	5,739.9	5,805.4	5,878.1	4.0
% change	*-0.0*	*-12.5*	*4.8*	*0.6*	*0.8*	*0.8*	*1.1*	*1.3*	
Natural Resources & Mining	7.7	6.7	6.4	6.5	6.5	6.5	6.6	6.6	1.5
% change	*-4.5*	*-13.0*	*-5.0*	*2.6*	*-1.0*	*0.0*	*2.1*	*0.5*	
Construction	227.4	206.1	213.9	219.0	219.3	224.1	227.0	232.9	6.3
% change	*-0.2*	*-9.4*	*3.8*	*2.4*	*0.1*	*2.2*	*1.3*	*2.6*	
Manufacturing	579.8	539.0	548.5	547.9	547.2	542.6	551.4	555.0	1.3
% change	*-0.2*	*-7.0*	*1.8*	*-0.1*	*-0.1*	*-0.8*	*1.6*	*0.7*	
Trade, Transportation, & Utilities	1,204.9	1,092.1	1,162.2	1,170.9	1,180.1	1,182.6	1,191.6	1,214.3	3.7
% change	*-0.1*	*-9.4*	*6.4*	*0.7*	*0.8*	*0.2*	*0.8*	*1.9*	
Retail Trade	585.1	504.4	557.8	566.9	568.3	563.5	565.1	571.6	0.8
% change	*0.1*	*-13.8*	*10.6*	*1.6*	*0.2*	*-0.8*	*0.3*	*1.2*	
Wholesale Trade	293.8	274.8	278.3	277.8	280.0	281.9	283.3	285.4	2.7
% change	*-0.1*	*-6.5*	*1.3*	*-0.2*	*0.8*	*0.7*	*0.5*	*0.7*	
Transportation & Utilities	326.0	312.9	326.1	326.2	331.9	337.2	343.2	357.2	9.5
% change	*-0.4*	*-4.0*	*4.2*	*0.0*	*1.8*	*1.6*	*1.8*	*4.1*	
Information Services	93.5	85.9	85.1	85.1	86.0	86.2	87.4	85.9	1.0
% change	*-0.8*	*-8.2*	*-1.0*	*0.0*	*1.1*	*0.2*	*1.4*	*-1.8*	
Financial Services	414.6	402.0	404.1	404.3	402.4	400.9	398.9	400.1	-1.0
% change	*0.4*	*-3.0*	*0.5*	*0.0*	*-0.5*	*-0.4*	*-0.5*	*0.3*	
Professional & Business Services	944.9	855.8	865.6	892.6	913.4	908.8	912.7	929.6	4.2
% change	*-0.2*	*-9.4*	*1.1*	*3.1*	*2.3*	*-0.5*	*0.4*	*1.9*	
Education & Health Services	948.1	855.9	878.9	882.6	888.0	890.7	896.7	894.2	1.3
% change	*0.3*	*-9.7*	*2.7*	*0.4*	*0.6*	*0.3*	*0.7*	*-0.3*	
Leisure & Hospitality Services	620.5	342.9	446.0	435.2	437.0	476.1	507.5	529.0	21.6
% change	*-0.9*	*-44.7*	*30.1*	*-2.4*	*0.4*	*8.9*	*6.6*	*4.2*	
Other Services	256.3	212.3	232.6	232.9	234.7	238.7	241.2	245.6	5.5
% change	*0.0*	*-17.1*	*9.5*	*0.1*	*0.8*	*1.7*	*1.0*	*1.8*	
Government	830.7	762.4	774.8	772.8	780.4	782.6	784.3	784.8	1.6
% change	*0.7*	*-8.2*	*1.6*	*-0.2*	*1.0*	*0.3*	*0.2*	*0.1*	
									1-yr change
Unemployment Rate (%, SA)	3.6	15.4	11.2	8.1	7.4	7.1	6.8	5.7	-2.4
									Most recent
									% change yr ago
Labor force (ths)	6,356.8	6,180.4	6,254.2	6,212.8	6,138.1	6,161.9	6,212.8	6,245.8	0.5
% change	*-0.7*	*-2.8*	*1.2*	*-0.7*	*-1.2*	*0.4*	*0.8*	*0.5*	
Number of unemployed (ths)	227.7	948.9	697.9	500.9	454.5	439.8	419.1	352.6	-29.6
% change	*0.2*	*316.7*	*-26.5*	*-28.2*	*-9.3*	*-3.2*	*-4.7*	*-15.9*	
Number of employed (ths)	6,129.2	5,231.5	5,556.3	5,711.9	5,683.6	5,722.2	5,793.7	5,893.2	3.2
% change	*-0.8*	*-14.6*	*6.2*	*2.8*	*-0.5*	*0.7*	*1.3*	*1.7*	
Total Residential Permits (# of units YTD, NSA)	4,295	8,351	13,211	17,831	3,612	8,914	14,526	19,792	11.0
% change yr ago	*19.7*	*-18.8*	*-13.0*	*-14.8*	*-15.9*	*6.7*	*10.0*	*11.0*	
Single-family, (# of units YTD, NSA)	1,760	4,103	7,163	9,719	2,323	5,452	8,656	11,383	17.1
% change yr ago	*-1.9*	*-9.3*	*1.4*	*7.8*	*32.0*	*32.9*	*20.8*	*17.1*	
Multifamily, (# of units YTD, NSA)	2,535	4,248	6,048	8,112	1,289	3,462	5,870	8,409	3.7
% change yr ago	*41.3*	*-26.2*	*-25.6*	*-31.8*	*-49.2*	*-18.5*	*-2.9*	*3.7*	
5 +, (# of units YTD, NSA)	2,377	3,836	5,319	7,219	1,094	2,898	5,006	7,206	-0.2
% change yr ago	*50.0*	*-26.8*	*-26.4*	*-32.4*	*-54.0*	*-24.5*	*-5.9*	*-0.2*	

Illinois
Recent Quarterly Performance

	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	Most recent % change yr ago
Existing Single-Family Home Sales (ths, SAAR)	195.8	145.9	na	na	na	na	na	na	na
% change	*4.0*	*-25.5*	*na*	*na*	*na*	*na*	*na*	*na*	
Home Price Index (1980Q1=100, NSA)	357.2	357.7	360.8	367.2	371.5	386.4	399.2	na	10.6
% change	*0.5*	*0.1*	*0.9*	*1.8*	*1.2*	*4.0*	*3.3*	*na*	
Median Existing Home Sales Price (ths, SA)	231.1	223.6	243.0	256.5	265.9	270.5	272.8	na	na
% change	*2.7*	*-3.2*	*8.7*	*5.5*	*3.7*	*1.7*	*0.9*	*na*	
Personal Income ($ mil, SAAR)	761,810	816,602	799,112	791,018	883,845	836,601	845,192	na	5.8
% change	0.9	7.2	-2.1	-1.0	11.7	-5.3	1.0	na	
Wages & Salaries ($ mil)	401,668	377,139	392,234	405,602	411,938	419,862	431,726	na	10.1
% change	*0.8*	*-6.1*	*4.0*	*3.4*	*1.6*	*1.9*	*2.8*	*na*	
Nonwage Income ($ mil)	360,142	439,463	406,878	385,416	471,906	416,739	413,465	na	1.6
% change	*0.9*	*22.0*	*-7.4*	*-5.3*	*22.4*	*-11.7*	*-0.8*	*na*	
Avg Hrly Earnings: Mfg ($ per hr, SA)	22.00	22.18	22.07	22.21	22.27	22.39	22.84	22.79	2.6
% change	*-0.9*	*0.8*	*-0.5*	*0.6*	*0.3*	*0.5*	*2.0*	*-0.2*	
Personal Bankruptcies (# 3-mo Ending, SAAR)	43,254	26,156	27,606	23,423	22,651	21,075	18,864	18,775	-19.8

Illinois
Recent Annual Performance

	2014	2015	2016	2017	2018	2019	2020	2021	5-yr Avg Annual % change
Gross State Product (Ch. 2009$ mil, SAAR)	741,194.0	751,755.0	749,333.5	755,594.7	774,065.1	777,653.9	737,643.6	na	-0.4
% change	*2.1*	*1.4*	*-0.3*	*0.8*	*2.4*	*0.5*	*-5.1*	*na*	
Establishment Employment (Ths, SA)									
Total Employment	5,877.8	5,964.2	6,012.3	6,056.2	6,103.0	6,125.5	5,689.4	5,779.6	-0.8
% change	*1.3*	*1.5*	*0.8*	*0.7*	*0.8*	*0.4*	*-7.1*	*1.6*	
Natural Resources & Mining	9.9	9.3	8.1	7.8	7.9	8.2	6.8	6.5	-4.1
% change	*2.7*	*-6.0*	*-13.4*	*-3.3*	*0.6*	*4.6*	*-17.0*	*-4.2*	
Construction	201.8	213.4	218.5	220.4	226.2	228.4	216.6	225.8	0.7
% change	*5.5*	*5.7*	*2.4*	*0.9*	*2.7*	*0.9*	*-5.1*	*4.3*	
Manufacturing	580.4	582.0	575.1	576.1	587.2	586.1	553.8	549.0	-0.9
% change	*0.1*	*0.3*	*-1.2*	*0.2*	*1.9*	*-0.2*	*-5.5*	*-0.9*	
Trade, Transportation, & Utilities	1,177.3	1,198.6	1,208.5	1,210.5	1,211.7	1,205.9	1,157.5	1,192.2	-0.3
% change	*1.3*	*1.8*	*0.8*	*0.2*	*0.1*	*-0.5*	*-4.0*	*3.0*	
Retail Trade	606.4	616.6	620.3	613.1	601.4	587.1	553.6	567.1	-0.8
% change	*1.1*	*1.7*	*0.6*	*-1.2*	*-1.9*	*-2.4*	*-5.7*	*2.5*	
Wholesale Trade	296.0	296.7	294.2	294.7	294.3	294.8	281.2	282.7	-1.8
% change	*0.4*	*0.3*	*-0.9*	*0.2*	*-0.1*	*0.2*	*-4.6*	*0.5*	
Transportation & Utilities	274.9	285.3	294.1	302.8	316.0	324.1	322.8	342.4	3.1
% change	*3.0*	*3.8*	*3.1*	*3.0*	*4.4*	*2.5*	*-0.4*	*6.1*	
Information Services	99.0	100.4	98.5	97.5	94.8	94.8	87.4	86.4	-2.6
% change	*0.1*	*1.4*	*-1.9*	*-1.0*	*-2.8*	*0.0*	*-7.8*	*-1.1*	
Financial Services	378.0	382.4	386.7	394.9	402.8	411.3	406.2	400.6	0.7
% change	*-0.2*	*1.2*	*1.1*	*2.1*	*2.0*	*2.1*	*-1.2*	*-1.4*	
Professional & Business Services	908.9	921.1	931.5	942.0	947.9	948.5	889.7	916.1	-0.3
% change	*2.9*	*1.3*	*1.1*	*1.1*	*0.6*	*0.1*	*-6.2*	*3.0*	
Education & Health Services	886.1	900.3	915.1	923.8	932.2	940.2	891.4	892.4	-0.5
% change	*1.2*	*1.6*	*1.6*	*0.9*	*0.9*	*0.9*	*-5.2*	*0.1*	
Leisure & Hospitality Services	558.4	578.4	597.3	610.8	617.7	623.3	461.1	487.4	-4.0
% change	*2.2*	*3.6*	*3.3*	*2.3*	*1.1*	*0.9*	*-26.0*	*5.7*	
Other Services	252.2	252.1	251.3	252.9	254.3	255.6	233.5	240.1	-0.9
% change	*0.9*	*-0.1*	*-0.3*	*0.6*	*0.6*	*0.5*	*-8.6*	*2.8*	
Government	825.7	826.2	821.7	819.6	820.4	823.4	785.2	783.1	-1.0
% change	*-0.3*	*0.1*	*-0.5*	*-0.3*	*0.1*	*0.4*	*-4.6*	*-0.3*	
									5-yr change
Unemployment Rate (%)	7.2	6.0	5.9	5.0	4.4	4.0	9.6	6.7	-2.8
									5-yr Avg
									Annual % change
Labor force (ths)	6,515.4	6,513.0	6,558.6	6,484.4	6,472.9	6,445.2	6,251.0	6,189.7	-1.2
% change	*-0.7*	*-0.0*	*0.7*	*-1.1*	*-0.2*	*-0.4*	*-3.0*	*-1.0*	
Number of unemployed (ths)	467.5	391.3	386.4	321.0	283.7	256.1	593.8	416.5	1.5
% change	*-21.3*	*-16.3*	*-1.3*	*-16.9*	*-11.6*	*-9.7*	*131.9*	*-29.9*	
Number of employed (ths)	6,047.9	6,121.7	6,172.2	6,163.4	6,189.2	6,189.0	5,657.2	5,773.2	-1.3
% change	*1.4*	*1.2*	*0.8*	*-0.1*	*0.4*	*-0.0*	*-8.6*	*2.0*	
									5-yr Avg
Total Residential Permits (# of units)	19,857	19,472	22,508	25,313	21,776	20,917	17,831	19,792	21,126
% change yr ago	*29.4*	*-1.9*	*15.6*	*12.5*	*-14.0*	*-3.9*	*-14.8*	*11.0*	
Single-family	10,258	10,551	10,677	10,692	10,225	9,017	9,719	11,383	10,207
% change yr ago	*2.8*	*2.9*	*1.2*	*0.1*	*-4.4*	*-11.8*	*7.8*	*17.1*	
Multifamily	9,599	8,921	11,831	14,621	11,551	11,900	8,112	8,409	10,919
% change yr ago	*78.9*	*-7.1*	*32.6*	*23.6*	*-21.0*	*3.0*	*-31.8*	*3.7*	
5 +	8,849	8,122	10,954	13,522	10,496	10,683	7,219	7,206	9,825
% change yr ago	*89.4*	*-8.2*	*34.9*	*23.4*	*-22.4*	*1.8*	*-32.4*	*-0.2*	

Illinois
Recent Annual Performance

	2014	2015	2016	2017	2018	2019	2020	2021	5-yr Avg Annual % change
Existing Single-Family Home Sales (Ths)	175.9	190.3	196.8	200.1	191.0	187.1	183.7	na	na
% change	*-7.7*	*8.2*	*3.4*	*1.7*	*-4.5*	*-2.1*	*-1.8*	na	
Home Price Index (1980Q1=100)	305.0	315.7	325.3	333.5	340.9	350.5	360.7	na	2.7
% change	*3.1*	*3.5*	*3.0*	*2.5*	*2.2*	*2.8*	*2.9*	*na*	
Median Existing Home Sales Price (ths)	172.2	182.2	195.5	208.0	215.5	219.7	238.5	na	na
% change	*6.9*	*5.8*	*7.3*	*6.4*	*3.6*	*1.9*	*8.6*	na	
Personal Income ($ mil)	638,640	666,944	673,691	693,331	728,366	748,812	792,135	na	3.5
% change	*4.7*	*4.4*	*1.0*	*2.9*	*5.1*	*2.8*	*5.8*	*na*	
Wages & Salaries ($ mil)	333,328	350,187	356,091	368,010	382,924	394,609	394,161	na	2.4
% change	*4.1*	*5.1*	*1.7*	*3.3*	*4.1*	*3.1*	*-0.1*	*na*	
Nonwage Income ($ mil)	305,312	316,757	317,600	325,321	345,442	354,203	397,975	na	4.7
% change	*5.4*	*3.7*	*0.3*	*2.4*	*6.2*	*2.5*	*12.4*	*na*	
Avg Hrly Earnings: Mfg. ($ per hr)	19.49	19.77	20.25	20.21	21.30	21.89	22.11	22.57	2.2
% change	*0.2*	*1.4*	*2.4*	*-0.2*	*5.4*	*2.8*	*1.0*	*2.1*	
Personal Bankruptcies	60,205	56,104	52,843	50,468	47,218	47,704	30,110	20,341	-17.4
% change	*-7.2*	*-6.8*	*-5.8*	*-4.5*	*-6.4*	*1.0*	*-36.9*	*-32.4*	
Population (ths)	12,885.1	12,859.6	12,821.7	12,779.9	12,724.7	12,667.0	12,785.2	12,671.5	-0.2
% change	-0.1	-0.2	-0.3	-0.3	-0.4	-0.5	0.9	-0.9	
Age: <5	793.7	786.7	779.2	769.8	759.7	745.7	727.5	na	na
Age: 5-19	2,542.7	2,511.8	2,482.7	2,454.9	2,426.4	2,399.5	2,370.5	na	na
Age: 20-24	907.4	898.5	880.4	862.3	844.9	829.5	818.4	na	na
Age: 25-44	3,464.1	3,443.8	3,423.7	3,413.2	3,404.5	3,395.6	3,377.7	na	na
Age: 45-64	3,378.2	3,374.9	3,363.3	3,339.6	3,299.8	3,254.5	3,204.2	na	na
Age: >65	1,799.1	1,843.9	1,892.5	1,940.1	1,989.3	2,042.3	2,089.2	na	na
Households (ths)	4,982.2	5,019.2	5,054.6	5,073.8	5,084.8	5,077.7	5,044.1	na	-0.5
% change	0.7	0.7	0.7	0.4	0.2	-0.1	-0.7	na	
Net Migration (ths)	-66.0	-77.5	-88.6	-84.6	-92.9	-90.8	-102.0	na	na

Notes:

Existing Single-Family Home Sales data is an estimate for 2020. Households data are estimates for 2019 and 2020.

The Census Bureau’s latest midyear estimates of population incorporate the results of the 2020 decennial census in period 2020, but periods 2011 to 2019 have not been revised, causing a level shift from 2019 to 2020 and distorting the 2020 growth rate.

Illinois
Forecast

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Employment (ths)	5,779.6	5,980.6	6,055.0	6,092.3	6,108.5	6,115.3	6,119.4	6,126.5	6,134.7
% change	*1.6*	*3.5*	*1.2*	*0.6*	*0.3*	*0.1*	*0.1*	*0.1*	*0.1*
Manufacturing	549.0	562.6	558.2	549.9	540.4	530.5	521.2	512.8	504.7
Construction	225.8	238.5	244.4	246.9	247.9	246.4	244.9	243.8	242.9
Prof. and Bus. Serv.	916.1	946.3	953.8	961.9	973.4	983.1	990.4	998.6	1,006.7
Edu. and Health Serv.	892.4	915.0	933.3	941.5	945.1	947.2	948.5	949.9	951.2
Leisure and Hospitality	487.4	532.6	551.4	565.7	572.8	577.3	581.5	585.8	589.6
Other Services	240.1	251.8	255.5	256.7	256.8	256.8	256.7	256.8	256.8
Trade, Trans. and Util.	1,192.2	1,241.2	1,255.7	1,260.9	1,262.6	1,262.6	1,261.2	1,259.9	1,258.8
Wholesale	282.7	291.5	294.0	294.1	293.6	292.9	292.0	291.2	290.3
Retail	567.1	582.5	588.9	591.1	591.2	590.6	589.4	588.2	587.1
Trans. and Util.	342.4	367.2	372.8	375.8	377.8	379.1	379.9	380.5	381.3
Financial Activities	400.6	406.5	410.0	411.1	412.1	414.2	417.0	419.9	423.0
Information	86.4	87.6	88.5	88.8	88.8	88.7	88.4	88.1	87.9
Government	783.1	791.0	795.3	799.9	799.7	799.7	800.8	802.6	804.7
Natural Res. and Min.	6.5	7.5	8.8	8.9	8.9	8.8	8.7	8.6	8.5
Unemployment Rate (%)	6.7	4.5	4.0	4.0	4.2	4.5	4.6	4.6	4.6
Personal Income ($ bil)	852.9	861.1	900.0	941.3	981.6	1,021.2	1,062.5	1,106.8	1,153.2
% change	*7.7*	*1.0*	*4.5*	*4.6*	*4.3*	*4.0*	*4.1*	*4.2*	*4.2*
Population (ths)	12,555.0	12,522.6	12,495.7	12,458.1	12,416.9	12,382.4	12,348.7	12,310.4	12,268.1
% change	*-0.3*	*-0.3*	*-0.2*	*-0.3*	*-0.3*	*-0.3*	*-0.3*	*-0.3*	*-0.3*
Age: <5	722.3	719.2	720.6	723.4	724.1	724.3	723.8	722.2	719.3
Age: 5-19	*2,338.7*	*2,317.0*	*2,293.5*	*2,266.9*	*2,242.6*	*2,220.7*	*2,199.8*	*2,181.8*	*2,169.1*
Age: 20-24	804.9	793.9	784.8	775.9	765.4	759.3	757.8	754.0	744.9
Age: 25-44	3,386.6	3,380.0	3,372.9	3,359.0	3,338.8	3,320.2	3,297.6	3,275.4	3,254.8
Age: 45-64	3,154.4	3,110.7	3,070.2	3,031.2	2,996.4	2,964.1	2,937.0	2,910.0	2,883.0
Age: >65	2,148.1	2,201.8	2,253.8	2,301.7	2,349.6	2,393.9	2,432.7	2,467.1	2,497.1
Households (ths)	5,056.9	5,061.9	5,071.4	5,071.9	5,067.3	5,061.3	5,053.5	5,045.5	5,038.0
% change	*0.1*	*0.1*	*0.2*	*0.0*	*-0.1*	*-0.1*	*-0.2*	*-0.2*	*-0.2*
Total Residential Permits (#)	19,325.9	29,635.8	33,678.6	33,258.4	32,230.1	29,480.9	26,916.3	25,201.3	23,825.8
% change	*7.0*	*53.4*	*13.6*	*-1.3*	*-3.1*	*-8.5*	*-8.7*	*-6.4*	*-5.5*
Single-family permits	11,288.4	17,244.3	20,645.7	20,175.1	19,782.4	18,686.2	17,370.6	16,094.1	14,926.4
Multifamily permits	8,037.5	12,391.5	13,032.9	13,083.3	12,447.7	10,794.7	9,545.7	9,107.2	8,899.4

Note: The Census Bureau's latest midyear estimates of population incorporate the results of the 2020 decennial census in period 2020, but periods 2011 to 2019 have not been revised, causing a level shift from 2019 to 2020 and distorting the 2020 growth rate. The distortion has also affected the levels in the population forecasts.

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ANALYTICS

COMMISSION OVERVIEW

The Commission on Government Forecasting & Accountability is a bipartisan legislative support service agency responsible for advising the Illinois General Assembly on economic and fiscal policy issues and for providing objective policy research for legislators and legislative staff. The Commission's board is comprised of twelve legislators—split evenly between the House and Senate and between Democrats and Republicans. Effective December 10, 2018, pursuant to P.A. 100-1148 the former Legislative Research Unit was merged into the Commission.

The Commission has three internal units—Revenue, Pensions, and Research, each of which has a staff of analysts and researchers who analyze policy proposals, legislation, state revenues & expenditures, and benefit programs, and who provide research services to members and staff of the General Assembly. The Commission's staff fulfills the statutory obligations set forth in the Commission on Government Forecasting and Accountability Act (25 ILCS 155/), the State Debt Impact Note Act (25 ILCS 65/), the Illinois Pension Code (40 ILCS 5/), the Pension Impact Note Act (25 ILCS 55/), the State Facilities Closure Act (30 ILCS 608/), the State Employees Group Insurance Act of 1971 (5 ILCS 375/), the Public Safety Employee Benefits Act (820 ILCS 320/), the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/), and the Reports to the Commission on Government Forecasting and Accountability Act (25 ILCS 110/).

- The **Revenue Unit** issues an annual revenue estimate, reports monthly on the state's financial and economic condition, and prepares bill analyses and debt impact notes on proposed legislation having a financial impact on the State. The Unit publishes a number of statutorily mandated reports, as well as on-demand reports, including the *Monthly Briefing* newsletter and annually, the *Budget Summary*, *Capital Plan Analysis*, *Illinois Economic Forecast Report*, *Wagering in Illinois Update*, and *Liabilities of the State Employees' Group Insurance Program*, among others. The Unit's staff also fulfills the agency's obligations set forth in the State Facilities Closure Act.
- The **Pension Unit** prepares pension impact notes on proposed pension legislation and publishes several statutorily mandated reports including the *Financial Condition of the Illinois State Retirement Systems*, the *Financial Condition of Illinois Public Pension Systems* and the *Fiscal Analysis of the Downstate Police & Fire Pension Funds in Illinois*. The Unit's staff also fulfills the statutory responsibilities set forth in the Public Safety Employee Benefits Act.
- The **Research Unit** primarily performs research and provides information as may be requested by members of the General Assembly or legislative staffs. Additionally, the Unit maintains a research library and, per statute, collects information concerning state government and the general welfare of the state, examines the effects of constitutional provisions and previously enacted statutes, and considers public policy issues and questions of state-wide interest. Additionally, the Unit publishes *First Reading*, a quarterly newsletter which includes abstracts of annual reports or special studies from other state agencies, the *Illinois Tax Handbook for Legislators*, *Federal Funds to State Agencies*, various reports detailing appointments to State Boards and Commissions, the *1970 Illinois Constitution Annotated for Legislators*, the *Roster of Illinois Legislators*, and numerous special topic publications.

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