MEDIA RELEASE

FOR IMMEDIATE RELEASE

MORE INFORMATION:
Sarah Wolin, Director of Communications
Office: 217.525.1173
Cell: 217.622.6539

Increased Economic Activity Forecasted for Springfield Area
and Positive Expectations in the Healthcare and Education Sectors

Results Released for the March Springfield Enterprise Index
and the Fall Sangamon County Economic Outlook Survey

Through a partnership among University of Illinois at Springfield, the Institute of Government and Public Affairs at the University of Illinois and The Greater Springfield Chamber of Commerce, two local economic assessment tools have been developed and analyzed in regards to the local economy.

Results show that Springfield can expect above normal economic activity and an increase over one year ago. And although there are somewhat negative expectations for the economy of Sangamon County in the next 12 months, there are positive expectations in the healthcare and education sectors for Sangamon County.

The Greater Springfield Enterprise Index (SEI) is a leading indicator of the local area status of the business cycle. The SEI helps predict the trend in the local economy. It can be used by businesses and workers government to understand profits, job prospects and tax revenues. The Sangamon County Business Economic Outlook Survey is a biannual vehicle to assess the economic outlook of businesses and non-profit organizations in Sangamon County.

**Springfield Enterprise Index**
The Greater Springfield Enterprise Index (SEI) for July 2008 is 125, which means expected above normal economic activity and an increase over one year ago. If the value of the index is 100 it means that the area economy is on its long-term growth trend.
An SEI value greater than 100 indicates “above average” activity. While still above normal, there is a slight downturn in activity in the last months of 2008. This returns to even higher levels in early 2009. By July 2009, the level of activity is expected to have even higher above normal activity than this year.
The SEI measures the economy based on national and local factors. The national component is from the national business cycle using the Chicago Federal Reserve Bank National Activity Index (CFNAI), which is a composite of many indicator including output and income, employment and unemployment, consumption, housing starts and sales, manufacturing and trade sales, and inventories and orders. The local business cycle component is represented by non-farm employment in four sectors, manufacturing, construction, retail, and other sectors (including government). The sectors are based on the local employment activities and Midwest manufacturing activities estimated from the Chicago Fed Midwest Manufacturing Index (CFMMI). The index was developed and created by the Regional Economic Applications Laboratory, Institute of Government and Public Affairs, University of Illinois.

**Sangamon County Business Economic Outlook Survey**

The Sangamon County Business Economic Outlook Survey is a biannual vehicle to assess the economic outlook of businesses and non-profit organizations in Sangamon County. The survey solicits opinions from a sample of businesses/firms/organizations in Sangamon County with 10 or more employees. Opinions solicited include expectations about the performance of various aspects and sectors of the Sangamon County economy in the next 12 months; expectations for the respondent’s own business; and the biggest challenges facing their firm in the local economy over the next 12 months. The most recent results are based on 200 survey responses that were collected during late August through mid-September, 2008. The survey was also conducted last March.

The survey ask respondents whether an economic indicator over the next 12 months will: decrease quite a bit, decrease a little, stay about the same, increase a little, or increase quite a bit. For the purpose of tracking responses over time, we developed an “Intensity Index Score” for each of the outlook indicators. The Intensity Index Score is the average of all ratings when the following values are given to each response: decline quite a bit (-100), decline a little (-50), stay about the same (0), increase a little (+50), and increase quite a bit (+100).

This score can range from a low of -100, meaning every respondent expects the topic to “decline quite a bit” -- to a high of +100, meaning every respondent expects the topic to “increase quite a bit.” A score of 0 either indicates that every respondent expects the topic to “stay about the same,” or that the increase and decrease responses are evenly balanced.

According to the survey results, expectations for the performance of the Sangamon County economy as a whole over the next 12 months are somewhat negative (Intensity Index Score = -28). One in ten respondents expects any increase in the performance (0% quite a bit; 10% a little) while well more than half expect some kind of decrease (10% quite a bit; 47% a little). One in three (33%) expect it to stay about the same. The September expectations for the Sangamon County economy are slightly more pessimistic than the expectations found last March (Intensity Index of -22). The
September results show somewhat fewer expecting an increase (10% vs. 16% in March) and at the same time show slightly more expecting a decrease (57% vs. 54% in March) and expecting stability (33% vs. 30% in March).

By sector, the most positive expectations are found in the medical/health care sector (IIS = +32), education sector (+10), and information and communications systems and services sector (+2). The most negative expectations are found for construction/building (-35) and manufacturing (-29), followed by retail trade (-25), wholesale trade (-25), finance/insurance/real estate (-25) and transportation/warehousing (-23).

When survey respondents were asked about their own firm/business in Sangamon County over the next 12 months, the results were slightly negative (Intensity Index Score = -5). Almost one-third expect some kind of increase (2% quite a bit; 30% a little) while just over one-third expect some kind of decrease (9% quite a bit; 25% a little). Just over one-third (34%) gave a rating of “stay about the same.”

Survey respondents also had the opportunity to note the biggest challenges they are facing. The challenges most noted were energy prices (52%), consumer confidence/spending (42%), employee compensation/benefits (40%), government regulations/taxation (32%), inflation (31%), and state government finances (27%). From March to September, the largest increases for these concerns are for consumer confidence/spending (+8%, from 34% to 42%) and energy prices (+6%, from 46% to 52%).

The Sangamon County Business Economic Outlook Survey is a partnership between the University of Illinois at Springfield Center for Entrepreneurship and Center for State Policy and Leadership and The Greater Springfield Chamber of Commerce.

###

**Note to media:** For complete copies of index and survey results, contact Sarah Wolin, The Chamber, at 217.525.1173 or swolin@gscch.org.