

Fall 2017 Sangamon County Economic Outlook Survey

*Prepared by the Survey Research Office, Center for State Policy and
Leadership at the University of Illinois Springfield
for the Greater Springfield Chamber of Commerce
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Executive Summary

Since 2008, the Sangamon County Economic Outlook Survey has examined the economic perceptions, expectations and challenges businesses, nonprofit organizations and public entities face. The survey asks representatives of organizations who are members of the Greater Springfield Chamber of Commerce to respond to questions on their organizations' economic outlook over the next 12 months. Each survey, in addition to standard questions, includes a special, topical question on issues organizations in Sangamon County currently face. Topical questions are developed with the assistance of the survey planning committee, a group of individuals involved with the project for several years. This year's topical section is on e-commerce.

The fall 2017 survey results are from 233 local organizations contacted in October 2017, via email invitations using Qualtrics Research Suite. A more detailed discussion of the methodology is available on the next page.

For more information about this survey, please contact Center for State Policy and Leadership Executive Director David Racine at draci2@uis.edu or (217) 206-8417. Special thanks to steering committee members Richard Schuldt, Dr. Beverly Bunch and Dr. Patricia Byrnes at the University of Illinois Springfield, and to Josh Collins at the Greater Springfield Chamber of Commerce for their guidance.

Some key findings from the current survey include:

- *State finances continue, for the fourth survey in a row, to be a concern for employers:* Despite the breaking of the state budget impasse, 58 percent cite "state government finances" as one of the top three concerns facing their organization during the next 12 months. This is only slightly below the 61percent level captured by the spring 2017 survey.
- *Expectations for higher interest rates and inflation have come down some since spring 2017 but remain pronounced:* Sixty-four percent expect interest rates to increase compared to 83percent in the spring, and 63 percent expect inflation to grow compared to 76percent in the spring.
- *The medical/health care sector continues to be perceived as having the strongest growth prospects:* Sixty-one percent expect this sector to increase in the next year. The next closest is construction, at a distant 38 percent.
- *Expectations for one's own firm's revenue/sales, profitability, and overall status are all up compared to spring 2017 and fall 2016:* Fifty-five percent for revenue/sales compared to 51 percent in spring 2017 and 49 percent in fall 2016; 46 percent for profitability compared to 43 percent in spring 2017 and 45 percent in fall 2016; and 50 percent for overall status compared to 46 percent in spring 2017 and 43 percent in fall 2016.
- *The effects of e-commerce competition are seen as slightly more positive than negative:* Most report the effect as neutral, while 36 percent indicate it as positive and 26 percent a negative.

Project Methodology

In 2015, the UIS Survey Research Office (SRO) became a charter member of the American Association for Public Opinions Research's Transparency Initiative (TI). By joining the TI, the SRO supports broader and more effective disclosure of research methods. The Transparency Initiative provides formal, public recognition by AAPOR of an organization's voluntary commitment to abide by the disclosure standards in the AAPOR Code of Professional Ethics and Practices, while benefiting the public by providing more information with which to evaluate the quality of individual surveys. As part of SRO's continued investment in this initiative, it has committed to providing a detailed methodological report for all its survey projects. For more information on the Transparency Initiative, please visit:

<http://transparency.aapor.org/index.php/transparency/about>



SANGAMON COUNTY ECONOMIC OUTLOOK SURVEY

The Sangamon County Economic Outlook Survey is sponsored by the Greater Springfield Chamber of Commerce, with a contribution from the University of Illinois Springfield's Office of the Chancellor. It was conducted by researchers at the University of Illinois Springfield's SRO. A steering committee comprised of university and Chamber representatives assisted with questionnaire development for the topical section of the project. The topline report in Appendix A (pg. 19) includes actual question wording and frequency. Open-ended responses are presented in Appendix B (pg. 31).

SAMPLE AND METHODOLOGY

A list of local firms and organizations included in the Spring 2017 Sangamon County Economic Outlook Survey was generated by examining a list of Greater Springfield Chamber of Commerce members. After review, 1,269 individuals were deemed eligible to participate. On October 9, at 8:30 a.m., SRO sent emails to all 1,298 email addresses. Reminder emails were sent to respondents on October 13 at 8:30 a.m., October 17 at 9:30 a.m., and October 20 at 9:05 a.m. Responses were accepted until October 29 at 11:59 p.m.

Of the 1,298 respondents in the sample, 233 completed the survey. Additionally, 14 emails failed to send and 31 emails bounced. The response rate for the survey is 16.2 percent (AAPOR Response Rate 3). The margin of error for this project is ± 7 percent. When examining subgroups, owing to smaller numbers, the margin of error increases. Margins of error for this survey were not adjusted for design effect, nor have the data been weighted.

Table A1. Organization Statistics (N=233)

Sector	<i>Percent</i>
Private sector (for-profit)	75
Nonprofit sector	15
Public sector	10
Primary Economic Activity (Self-Described)	<i>Percent</i>
Construction	9
Manufacturing	3
Retail trade	12
Transportation/ warehousing	1
Finance/ insurance/ real estate	16
Medical/ health care	6
Education/ educational services	4
Accommodations/ food/ entertainment/ recreation	11
Information and communications systems	5
Business and professional support services	19
Personal services	6
Natural resources and mining	1
Public administration	8
Wholesale trade	1
Years in Operation	<i>Years (median)</i>
Years in current location	17
Years in Sangamon County	28
Years in Illinois	30
Number of Full-Time Employees	<i>Percent</i>
20 or less	63
21 – 50	11
51 -100	11
More than 100	16

The Sangamon County Economy

As with past surveys, the current survey looks at respondents' expectations regarding different aspects of the Sangamon County economy. The survey asks respondents their expectations during the next 12 months of overall employment, capital investments, interest rates, gross sales, inflation, contributions to nonprofits, and the overall economy. Table One shows the percentage of respondents who expect to see an increase in each of these areas over the past three survey administrations.

Table 1. Percentage of Respondents Who Expect to See an Increase in the Following Aspects of the Local Economy			
	Fall 2017	Spring 2017	Fall 2016
Overall Employment	32	29	27
Capital Investment	28	34	25
Interest Rates	64	83	63
Gross Sales/ Revenue	32	33	33
Inflation/ Price of Goods	63	76	66
Contribution to Non-Profits	15	14	15
Overall Economy	33	36	31

The survey finds expectations for overall economic growth have changed little since the fall of 2016, with approximately a third of respondents anticipating an increase. Interest rate expectations have shifted the most, although across all three surveys majorities have anticipated increases. Currently, 64 percent of respondents expect interest rates to rise during the next 12 months, about the same as a year ago. However, last spring (six months ago), 83 percent of respondents predicted interest rates would increase. The Federal Reserve increased the short-term benchmark rate in March of this year and again in June, and some have predicted the rate may be upped one more time in December. Expectations of higher inflation in Sangamon County followed a similar pattern. Clear majorities in the last three administrations of the survey predicted increases in inflation, with a peak level – 76 percent in the spring of 2017 – bookended by somewhat lower expectations in the fall of 2016 and fall of 2017. The consumer price index nationally rose 2.2 percent between September of last year and September of this year, with energy prices leading the way. Local expectations for employment, capital investment, and sales/revenue remained relatively weak throughout.

The figure below provides a more complete picture of expectations for Sangamon County’s economy during the next 12 months. Note roughly a third of respondents predict declines in capital investment, sales/revenue, and the overall economy. While the data are not shown, this reflects some moderation from higher levels of expected decline in these areas last spring.

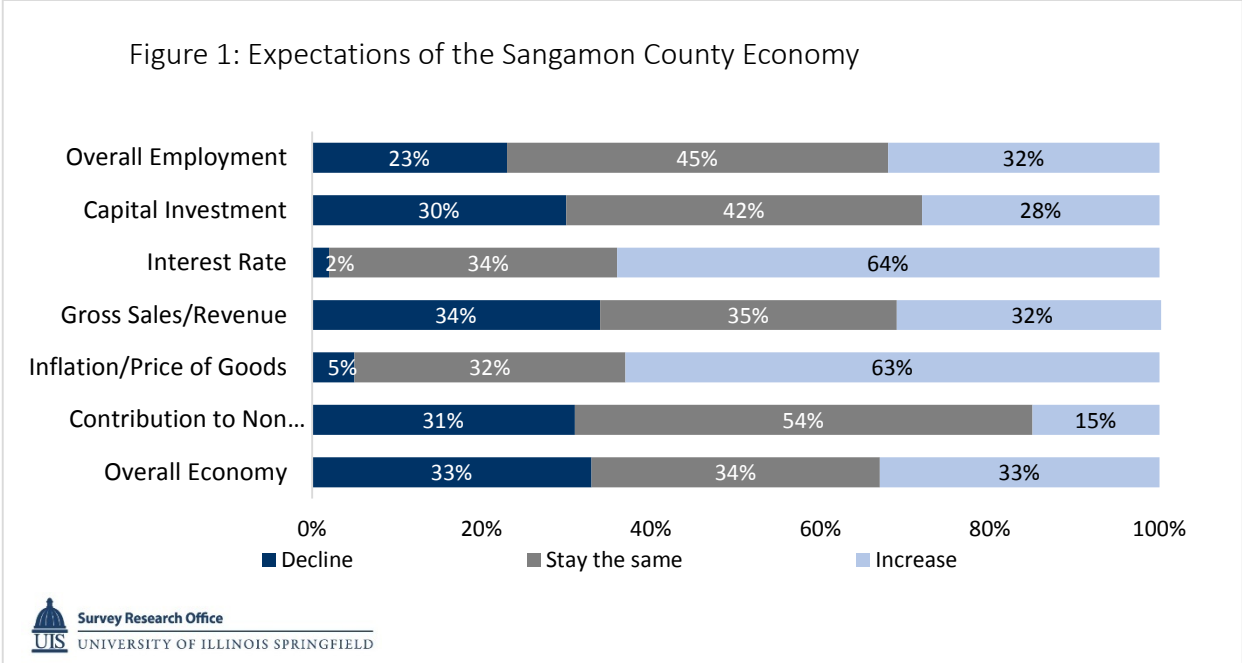


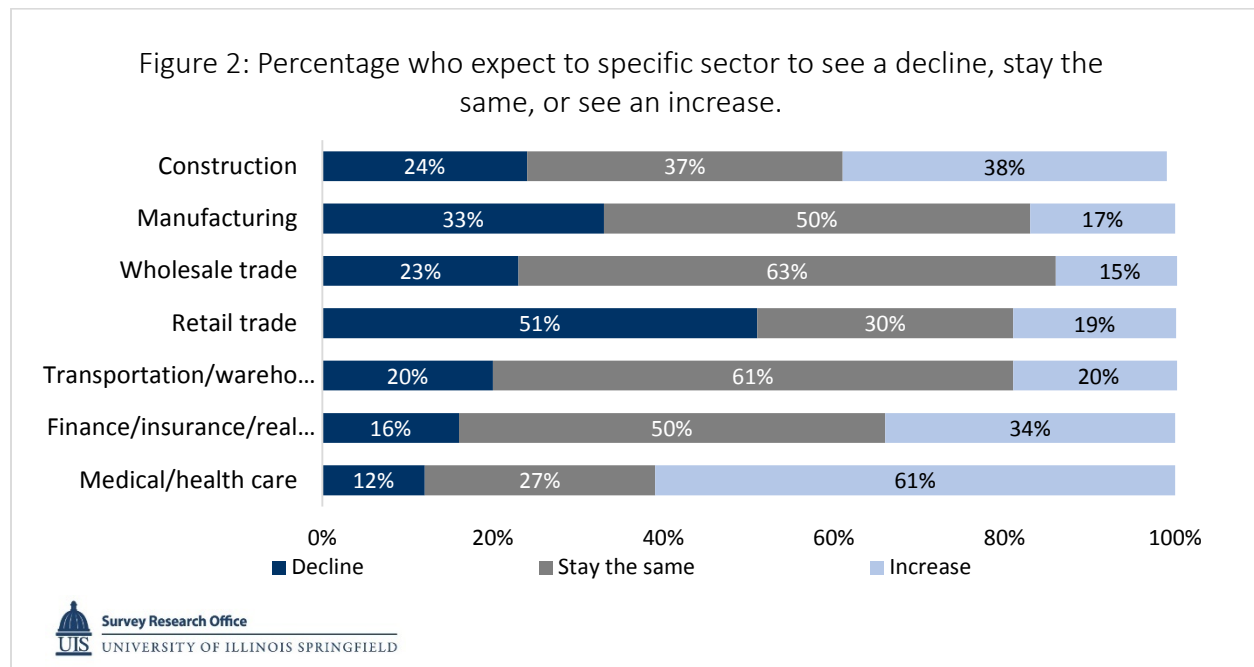
Table Two (next page) breaks down expectations by different types of employers. Private employers and public/nonprofit employers do not diverge markedly on expectations for increases in employment, sales/revenue, inflation, and the overall economy. They diverge more on expectations regarding capital investment, with public/nonprofit employers having higher expectations for growth, and interest rates, where private employers’ expectations are higher. Also, public/nonprofit employers are twice as likely as private employers to predict increases in contributions to nonprofit organizations. Expectations do not differ much across employers based on how long they have been doing business in Sangamon County. However, there is considerable divergence based on number of employees. The smallest employers (20 or fewer employees) and the two groups of larger employers (51-100 employees and more than 100 employees) worried most about interest rates and inflation, while employers with 21-50 employees are almost equally worried about inflation but concerned relatively little about interest rate increases. Interestingly, this last group is much more likely to expect the overall economy to grow, with almost half saying this. Expectations for increased capital investment are also highest in this group, at 35 percent, while few employers with 51-100 employees (just 17 percent) foresee more investment during the next 12 months. Employers who provide goods and services to the state and those who don’t have similar expectations (except for employment and contributions to nonprofits) with the former type of employer more likely to anticipate increases.

Table 2. Percentage Who Say They Expect an Increase In _____ During the Next 12 Months.

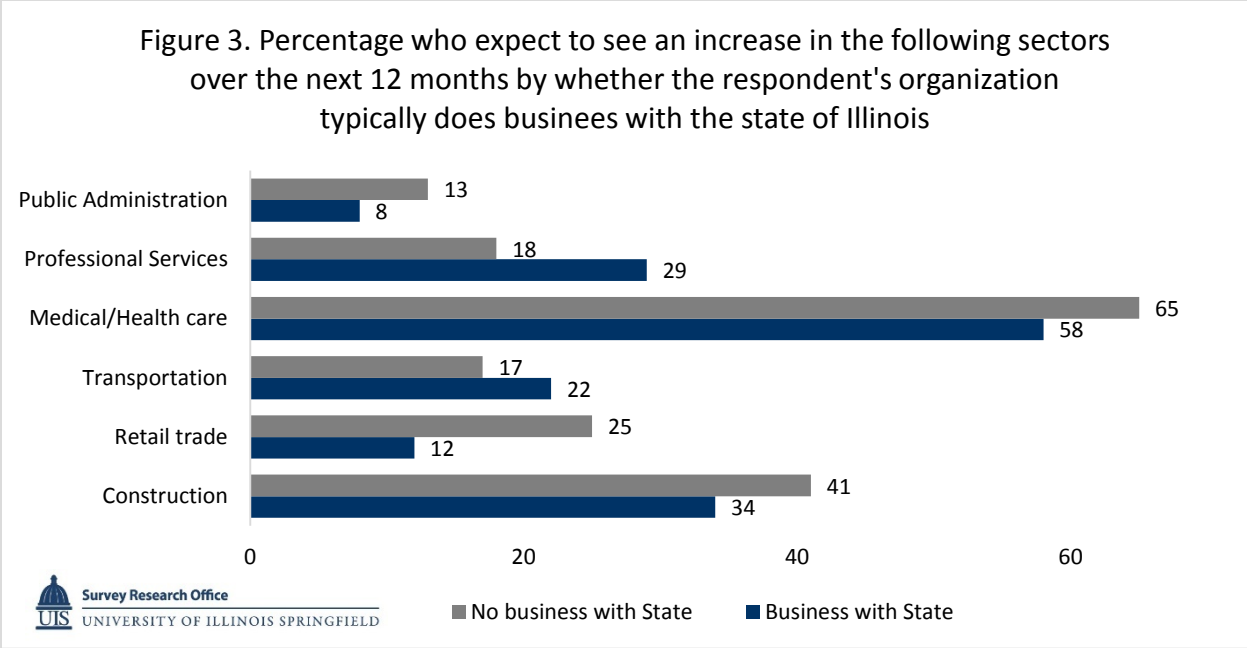
	Employment	Capital Investment	Interest Rate	Gross Sales/ Revenue	Inflation/ Price of Goods	Contribution to Non-Profits	The Overall Economy
Type of Organization							
Private	32	25	67	33	63	12	33
Public or Nonprofit	34	34	56	29	61	23	29
Years in Sangamon County							
15 years or less	32	32	67	31	63	32	33
16-30 years	33	20	59	30	65	33	33
30+ years	35	29	65	32	63	35	32
Number of Employees							
20 or less	23	28	68	29	68	34	30
21-50	18	35	29	35	59	29	47
51 – 100	33	17	61	22	56	22	33
More than 100	20	24	72	40	52	32	32
Goods/Services Provided to State							
Yes	38	29	65	31	61	19	29
No	28	26	63	33	65	9	36
Survey Year							
Fall 2017	32	28	64	32	63	15	33
Spring 2017	29	34	83	33	76	14	36
Fall 2016	27	25	63	33	66	15	31

Examining Expectations for Economic Sectors

Expectations for growth in Sangamon County vary across different economic sectors, as shown in Figure Two. Almost two-thirds of respondents expect the medical/health care sector to grow, continuing a pattern over the past several administrations of the outlook survey. By contrast, half of respondents think retail will decline, approximately the same as the spring of 2017. Manufacturing, wholesale trade, transportation/warehousing, and finance/insurance/real estate are expected to stay the same by half or more respondents. The most mixed picture is construction, where equal percentages of respondents anticipate either the status quo or increases, and a fourth of respondents predict a decline.



Doing business with the state the past two years has been a challenge, owing to fiscal uncertainties. Consequently, the passage of a budget in July of this year might be anticipated to have a positive effect on the outlook from employers who do business with the state. Figure Three (next page) shows survey respondents' predictions of increases for sectors likely to provide services to or for the state. Only for professional services and transportation are "increase" expectations higher for those respondents doing business with the state. Respondents not doing business with the state are more likely to anticipate increases for public administration, medical/healthcare, retail trade, and construction during the next 12 months.



As shown in Tables Three and Four, private and public/nonprofit respondents do not differ much in their expectations for growth in different economic sectors. The two notable exceptions are professional services and personal services, where public/nonprofit respondents are clearly more likely than private respondents to anticipate increases. While how long an employer has operated in Sangamon County is not predictive of expectations for different measures of economic activity (Table 2 above), it does appear to be a more meaningful differentiator of expectations for different economic sectors. On average, employers in business 16-30 years are less likely to expect sectors to grow (21 percent) than are younger (28 percent) and older (29 percent) employers. Respondents from the two smallest groups of employers in terms of employees (20 or less and 21-50) and the largest group of employers (100+ employees) are, on average, similar in their expectations for growth across the various sectors, at just under 30 percent. Respondents from employers with 51-100 employees are more pessimistic. On average, only 18 percent of this group expects sectoral growth, which is consistent with their lower expectations for the economy overall, as previously indicated in Table Two.

Table 3. Percentage Indicating Economic Activity Will Increase During the Next 12 Months for the Following Economic Sectors (1 of 2).

	Construct -ion	Manufac uring	Wholesale trade	Retail trade	Transpor tation	Finance/ Insurance	Medical/ Health care
Type of Organization							
Private	38	15	17	19	19	31	60
Public or Nonprofit	37	20	10	15	24	37	64
Provides Goods and Services to State							
Yes	34	16	13	12	22	33	58
No	41	17	17	25	17	33	65
Years in Sangamon County							
15 Years or Less	31	22	20	24	18	35	61
16 to 30 Years	35	10	15	13	18	23	53
More than 30 years	43	14	12	17	25	39	66
Full-Time Employees							
20 or less	37	14	17	19	20	35	59
21 to 50	41	18	12	29	35	35	71
51 to 100	39	11	17	11	11	22	50
More than 100	36	24	12	16	16	32	68
Survey Year							
Fall 2017	38	17	15	19	20	34	61
Spring 2017	41	20	19	19	20	31	55
Fall 2016	34	6	14	28	20	28	68

Table 4. Percentage Indicating Economic Activity Will Increase During the Next 12 Months for the Following Economic Sectors (2 of 2).

	Education	Entertainment	Information	Profess. Services	Personal Services	Natural Resources	Public Admin.
Type of Organization							
Private	20	39	36	20	21	11	11
Public or Nonprofit	24	39	41	34	34	10	10
Provides Goods and Services to State							
Yes	24	40	38	29	24	10	8
No	23	37	38	18	26	12	13
Years in Sangamon County							
15 Years or Less	22	37	47	22	24	18	8
16 to 30 Years	18	30	28	20	15	5	13
More than 30 years	32	46	37	27	34	9	11
Full-Time Employees							
20 or less	24	43	37	21	27	13	11
21 to 50	29	29	59	13	29	6	18
51 to 100	17	17	22	11	17	6	6
More than 100	28	44	36	52	24	8	8
Survey Year							
Fall 2017	23	39	38	24	25	11	11
Spring 2017	9	26	34	25	24	20	7
Fall 2016	20	33	45	24	25	6	13

Overall Expectations for Own Firm/Organization

The Fall 2017 Economic Outlook Survey finds respondents' views for their own firm or organization have changed relatively little since the fall of 2016 (Table Five). In only one of the five aspects measured do a majority of respondents indicate they expect to see an increase during the next 12 months: in gross revenue/sales. Though not a majority, a growing percentage of respondents anticipate an improvement in the overall status of their firm, with 50 percent in fall 2017, compared to 46 percent in spring 2017 and 43 percent in fall 2016. While capital investment and number of employees are expected to remain stable for the most part, higher expectations for revenue/sales and profitability, along with overall status, point toward a moderately improving outlook among respondents for their own businesses (Figure Four). Expectations of increased sales/revenue and profitability are especially strong among private, mid-sized, and younger employers (Table Six).

Table 5. Expectations for Own Business/ Firm/ Organization Aspects (Percentage Indicating They Expect to See an Increase During the Next 12 Months)			
	Fall 2017	Spring 2017	Fall 2016
Capital Investment	30	31	32
Total Number of Employees	30	31	26
Gross Revenue/ Sales	55	51	49
Profitability	46	43	45
Overall Status	50	46	43

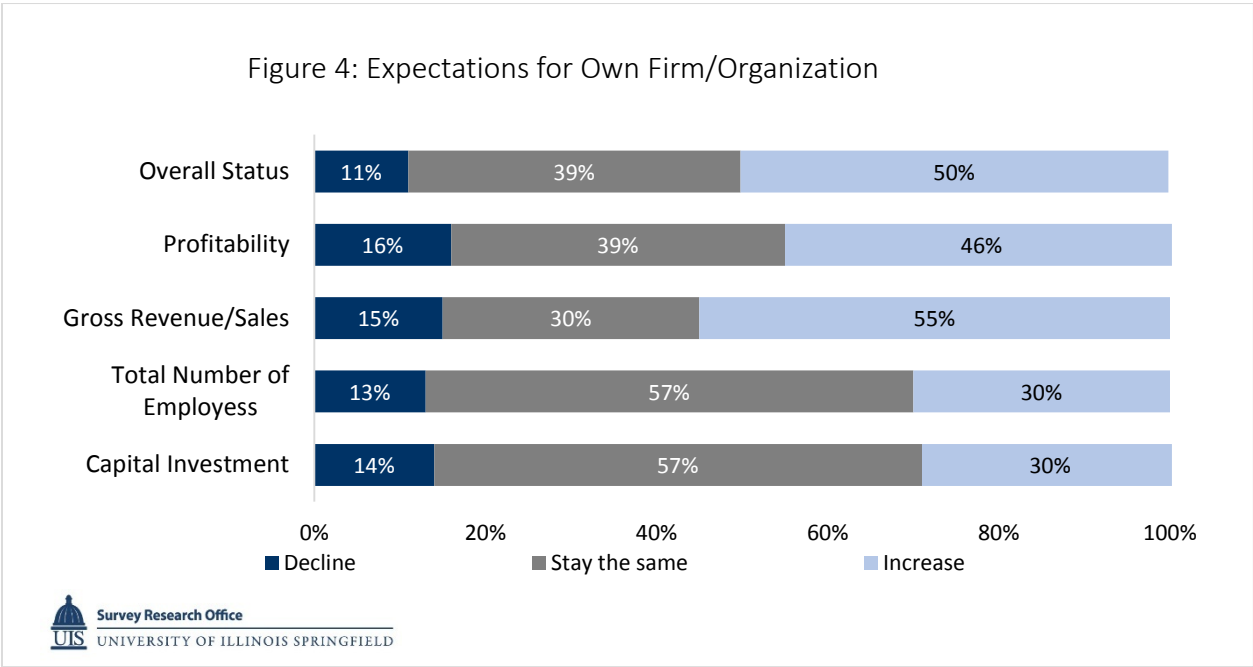
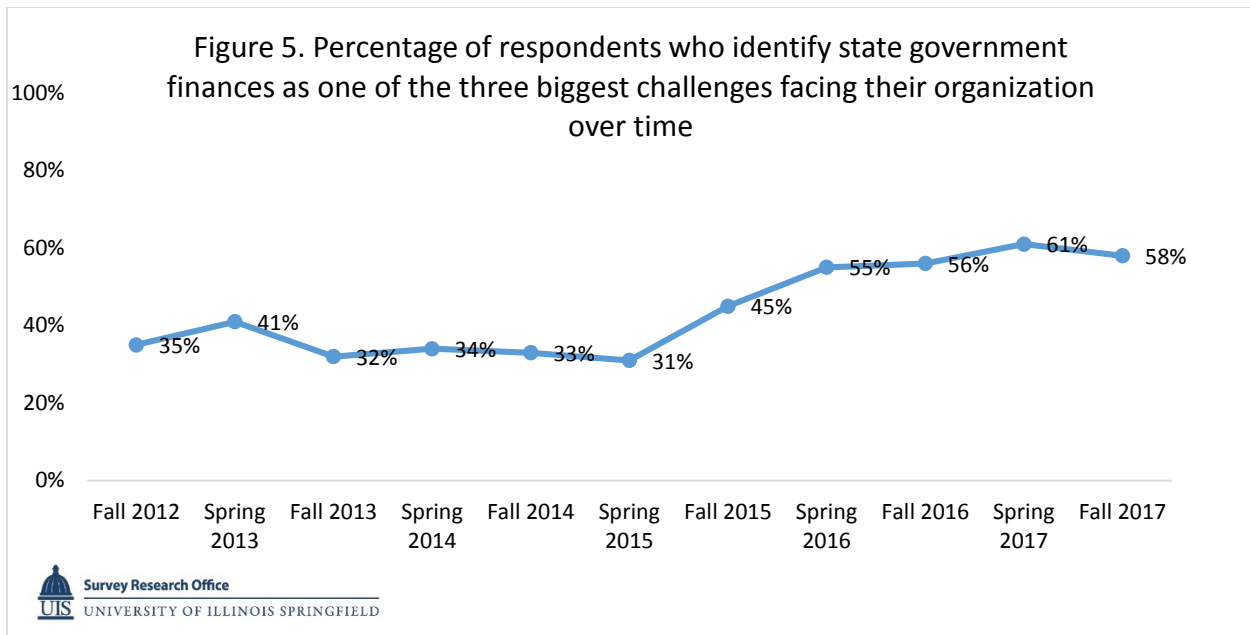


Table 6. Growth Expectations for Own Business/ Firm/ Organization by Demographics (% Increase)

	Capital Investment	Total Number of Employees	Gross Revenue/Sales	Profitability	Overall Status
Type of Organization					
Private	30	34	63	50	54
Public or Nonprofit	27	15	29	24	37
Provide Goods and Services to State					
Yes	32	34	61	44	51
No	27	25	47	45	49
Years in Sangamon County					
15 Years or Less	37	43	71	59	67
16 to 30 Years	15	13	45	40	30
More than 30 Years	31	29	46	35	48
Number of Full-Time Employees					
20 or less	27	32	53	44	55
21 to 50	6	12	71	53	35
51 to 100	33	17	50	22	28
More than 100	52	44	56	56	56
Survey Year					
Fall 2017	30	30	55	46	50
Spring 2017	31	31	51	43	46
Fall 2016	32	26	49	45	43

Biggest Challenges Facing Sangamon County Employers

The survey asks respondents to identify the three biggest challenges for their organization during the next 12 months from a list of 13 possibilities (including the option to specify some other, unlisted challenge). As with the most recent previous surveys, a majority of respondents (58 percent) list state government finances as one of their three biggest challenges (Figure Five). This is only a slight drop from the 61 percent who indicated this last spring. State government finances as a challenge has been a top-of-the-mind concern for local employers since the spring of 2016, roughly half a year into Illinois' state budget impasse.



Other significant challenges for survey respondents, both currently and last spring, include consumer confidence, government regulations and taxation, availability of skilled workers, and employee healthcare (Table Seven). Concerns about consumer confidence increased the most, five percentage points, between spring and fall of 2017. This contrasts to some extent with national data on consumer confidence. The Conference Board in October 2017 reported consumer confidence was at its highest level in nearly 17 years. The hang-over from the state budget impasse, which may be stronger in Sangamon County than other parts of the state, and out migration contributing to population loss could fuel more pessimistic local perceptions.

Table 7. Percentage of Respondents Naming Challenges As the Three Biggest Challenges Facing Their Organization in the Spring and Fall

	Fall 2017	Spring 2017	Difference (%)
Inflation	5	8	-3
Interest Rates	9	16	-7
State Government Finances	58	61	-3
Energy Prices	6	4	+2
Commodity Prices	8	7	+1
Availability of Skilled/Trained Workers	31	28	+3
Employee (Union and Nonunion) Compensation	15	15	-
Competition From Local/State/National Firms	23	28	-5
Global Competition	6	4	+2
Consumer Confidence and Spending	45	40	+5
Health Care for Employees (e.g., Affordable Care Act)	30	26	+4
Government Regulations and Taxation	40	45	-5

Perceiving state government finance as a challenge is clear among employers of all ages and sizes, but is particularly strong among older and mid-sized employers (Table Eight). Mid-sized employers are also much more likely to point to the availability of skilled workers as a challenge.

Table 8. Percent of Respondents Indicating _____ Is One of the Top Three Challenges Facing Their Organization (1 of 2)

	Inflation	Interest Rates	State Government Finances	Energy Prices	Commodity Prices	Availability of Skilled/Trained Workers
Type of Organization						
Private	4	11	56	6	7	31
Public or Nonprofit	5	2	68	10	7	39
Provide Goods and Services to State						
Yes	3	9	71	5	6	36
No	5	9	45	9	9	29
Years in Sangamon County						
15 Years or Less	6	12	49	10	6	37
16 to 30 Years	3	10	60	8	8	28
More than 30 Years	3	6	66	5	8	34
Number of Full-Time Employees						
20 or less	5	13	55	7	5	25
21 to 50	0	0	77	0	0	53
51 to 100	6	0	72	6	6	56
More than 100	0	8	67	8	21	29

Non-global competition is more of a challenge for younger and older employers than for middle-aged ones, while firm age appears to be largely unrelated to perceptions of global competition as a challenge (Table Nine). The challenge posed by government regulation and taxation is felt more strongly among middle-aged and older firms than among younger firms. Interestingly, private employers and public/nonprofit employers weight the regulation/tax challenge about the same. Regarding consumer confidence as a top concern varies consistently with the number of employees an employer has: the smaller the employer the bigger the concern.

Table 9. Percent of respondents indicating that ____ is one of the top three challenges facing their organization (2 of 2)

	Employee Compensa- tion and Benefits	Competition from Local/State/ National Firms	Global Competition	Consumer Confidence/ Spending	Health care for Employees	Government Regulations and Taxation
Type of Organization						
Private	7	24	9	50	32	43
Public or Nonprofit	39	17	2	32	27	42
Provide Goods and Services to state						
Yes	15	23	3	45	35	36
No	16	23	12	45	25	49
Years in Sangamon County						
15 Years or Less	12	29	8	53	29	31
16 to 30 Years	13	10	10	45	30	50
More than 30 Years	15	28	6	40	32	45
Number of Full Time Employees						
20 or less	9	23	7	53	34	43
21 to 50	18	24	6	41	29	29
51 to 100	17	17	0	33	22	56
More than 100	29	29	17	21	29	38

Topical Section: Online Presence and E-Commerce

The National Retail Federation reported in February 2017 it expected retail sales in the United States to grow 3.7-4.2 percent in 2017, but it expected online retail to grow 8-12 percent, two and three times higher. According to the federal Bureau of Labor Statistics, e-commerce employment grew 334 percent since 2002, while employment in the retail industry overall remained flat. Because of the rapid ascent of online/e-commerce, it made sense in the fall 2017 outlook survey to find out more what local employers think about this trend.

The survey finds nearly all respondents' firms/organizations (97 percent) have an online presence and 39 percent of responding employers sell goods or services online. In response to a question about the effect of online competition on their organization's growth, respondents reported the following:

A large positive effect	16%
A small positive effect	20%
No effect	38%
A small negative effect	21%
A large negative effect	5%

So, while a plurality of respondents reported no effect, somewhat more indicate a positive effect (36 percent) than a negative effect (27 percent) of online competition on their business.

The topical section dug a little deeper into the effects of online competition. It first asked respondents whether in the past year they experienced a decline in gross revenue or sales, taking into account the fact that sales tax revenue declined in the city of Springfield. Thirty-three percent (55) respondents indicated their revenue/sales had dropped in the past year. The survey then asked respondents who indicated a decline in revenue/sales to say how much of this decline they would attribute to e-commerce. Most respondents reported the effect was "not much" (67 percent), while 24 percent said there was some effect and nine percent attributed "a great deal" of the decline to e-commerce.

Appendix A: Topline Report¹

Section 1: Sangamon County Economic Expectations

During the next 12 months, do you expect the following aspects of the local economy to see a large decline, small decline, stay the same, a small increase, or a large increase?

Overall Employment

	Valid Percent (n)
Large decline	1.8% (3)
Small decline	21.2% (36)
Stay the same	44.7% (76)
Small increase	30% (51)
Large increase	2.4% (4)

Capital Investment

	Valid Percent (n)
Large decline	4.1% (7)
Small decline	25.4% (43)
Stay the same	42.0% (71)
Small increase	27.2% (46)
Large increase	1.2% (2)

Interest Rates

	Valid Percent (n)
Large decline	0% (0)
Small decline	1.8% (3)
Stay the same	33.9% (58)
Small increase	60.8% (104)
Large increase	3.5% (6)

Gross Sales/ Revenue

	Valid Percent (n)
Large decline	2.9% (5)
Small decline	31.0% (53)
Stay the same	34.5% (59)
Small increase	29.8% (51)
Large increase	1.8% (3)

¹ For this section, due to rounding, the totals may not always equal 100 percent.

Inflation/ Price of Goods

	Valid Percent (n)
Large decline	0% (0)
Small decline	4.7% (8)
Stay the same	32% (55)
Small increase	57.6% (99)
Large increase	5.8% (10)

Contributions to Nonprofits

	Valid Percent (n)
Large decline	3.5% (6)
Small decline	27.6% (47)
Stay the same	54.1% (92)
Small increase	13.5% (23)
Large increase	1.2% (2)

The Overall Economy

	Valid Percent (n)
Large decline	2.3% (4)
Small decline	30.2% (52)
Stay the same	34.3% (59)
Small increase	30.8% (53)
Large increase	2.3% (4)

Section 2: Expectations for Sangamon County Economic Sectors

During the next 12 months, what are your expectations for the following economic sectors in Sangamon County? Do you think each sector will see a large decline, small decline, stay the same, small increase, or large increase?

Construction

	Valid Percent (n)
Large decline	3.5% (6)
Small decline	20.9% (36)
Stay the same	37.2% (64)
Small increase	33.1% (57)
Large increase	5.2% (9)

Manufacturing

	Valid Percent (n)
Large decline	3.5% (6)
Small decline	29.7% (51)
Stay the same	50% (86)
Small increase	14.5% (25)
Large increase	2.3% (4)

Wholesale Trade

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	21.6% (37)
Stay the same	62.6% (107)
Small increase	14% (24)
Large increase	0.6% (1)

Retail Trade

	Valid Percent (n)
Large decline	3.5% (6)
Small decline	47.7% (82)
Stay the same	30.2% (52)
Small increase	17.4% (30)
Large increase	1.2% (2)

Transportation/ Warehousing

	Valid Percent (n)
Large decline	2.3% (4)
Small decline	17.4% (30)
Stay the same	60.5% (104)
Small increase	18% (31)
Large increase	1.7% (3)

Finance/ Insurance/ Real Estate

	Valid Percent (n)
Large decline	0.6% (1)
Small decline	15.7% (27)
Stay the same	50% (86)
Small increase	32.6% (56)
Large increase	1.2% (2)

Medical/ Health Care

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	11% (19)
Stay the same	27.3% (47)
Small increase	51.2% (88)
Large increase	9.3% (16)

Education/ Educational Services

	Valid Percent (n)
Large decline	2.3% (4)
Small decline	16.4% (28)
Stay the same	57.9% (99)
Small increase	22.8% (39)
Large increase	0.6% (1)

Accommodations/ Food/ Entertainment/ Recreation

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	18.6% (32)
Stay the same	41.3% (71)
Small increase	38.4% (66)
Large increase	0.6% (1)

Information and Communications Systems

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	9.3% (16)
Stay the same	51.7% (89)
Small increase	35.5% (61)
Large increase	2.3% (4)

Business and Professional Support Services

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	21.1% (36)
Stay the same	53.8% (92)
Small increase	22.8% (39)
Large increase	1.2% (2)

Personal Services

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	13.5% (23)
Stay the same	60.2% (103)
Small increase	24% (41)
Large increase	1.2% (2)

Natural Resources and Mining

	Valid Percent (n)
Large decline	6.4% (11)
Small decline	30.2% (52)
Stay the same	52.3% (90)
Small increase	8.7% (15)
Large increase	2.3% (4)

Public Administration

	Valid Percent (n)
Large decline	1.7% (3)
Small decline	26.2% (45)
Stay the same	61.6% (106)
Small increase	9.3% (16)
Large increase	1.2% (2)

Which of the above economic sectors best describes your firm's primary economic activity?

	Valid percent (n)
Construction	69% (14)
Manufacturing	2.6% (4)
Retail Trade	11.6% (18)
Transportation/ Warehousing	1.3% (2)
Finance/ Insurance/ Real Estate	16.1% (25)
Medical/ health care	6.5% (10)
Education/ Educational Services	3.9% (6)
Accommodations/ Food/ Entertainment/ Recreation	11% (17)
Information and Communications Systems	4.5% (7)
Business and Professional Support Services	18.7% (29)
Personal Services	5.8% (9)
Natural Resources and Mining	0.6% (1)
Public Administration	7.7% (12)
Wholesale Trade	0.6% (1)

Section 3: Expectations for Your Business/Firm/Organization in Sangamon County

During the next 12 months, what are your expectations for your business/firm/ organization in Sangamon County? Do you think each aspect of your organization will see a large decline, small decline, stay the same, small increase, or a large increase?

Capital Investment in Firm

	Valid Percent (n)
Large decline	2.4% (6)
Small decline	11.3% (41)
Stay the same	56.5% (144)
Small increase	25% (77)
Large increase	4.8% (10)

Total Number of Employees

	Valid Percent (n)
Large decline	1.8% (3)
Small decline	11.2% (19)
Stay the same	56.8% (96)
Small increase	27.2% (46)
Large increase	3.0% (5)

Gross Revenue/ Sales

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	13.6% (23)
Stay the same	30.2% (51)
Small increase	46.7% (79)
Large increase	8.3% (14)

Profitability

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	14.8% (25)
Stay the same	38.5% (65)
Small increase	39.1% (66)
Large increase	6.5% (11)

Overall Status

	Valid Percent (n)
Large decline	1.2% (2)
Small decline	10.1% (17)
Stay the same	38.5% (65)
Small increase	43.2% (73)
Large increase	7.1% (12)

Right now, as you look over the next 12 months, what are the three biggest challenges facing your organization?

	Valid Percent (n)
Inflation	4.7 % (8)
Interest rates	9.3% (16)
State government finances	58.1% (100)
Energy prices	6.4% (11)
Commodity prices	7.6% (13)
Availability of skilled/trained workers	30.8% (53)
Employee (union and nonunion) compensation and benefits (not health care)	15.1% (26)
Competition from local/ state/ national firms	22.7% (39)
Global competition	6.4% (11)
Consumer confidence/ spending	45.3% (78)
Health care for employees (e.g., Affordable Care Act)	29.7% (51)
Government regulations and taxation	40.1% (69)
Other, specify:	11.6% (20)

Other: Corporate affiliations; Change in society norms; City county state and federal interference; Competition from the internet; Corporate and individual Philanthropy; Declining economy; Decrease in federal funding; Individuals, families are all looking for ways to save money. I work with images. They, regardless of law copy, use and share images that by law should go through me; Internet purchasing; Internet taxation regulation/equality; Lack of demand; Lack of infrastructure spending and growth; Lack of vision and capabilities to grow the economy; Local economy is stagnant-Sangamon Government is great- Stat government sucks- they need to get out the way- cut or freeze Real Estate taxes—Too much regulation- get out of the way- Government grows economy slows- that is my slogan; Local inability to attract new business to the area; New President; Online shopping; People moving from the area; Taxes; Workman’s comp insurance, IRS, Federal Audits

Section 4: Online presence and E-commerce

This section is the topical portion of the survey and changes during each survey administration.

Does your organization, either at the local or national level, have an online presence? (This could be a Facebook page, a web page, or something else)

	Valid Percent (n)
Yes	97.1% (165)
No	2.9% (5)

Does your organization sell goods or services online?

	Valid Percent (n)
Yes	38.8% (64)
No	54.5% (90)

What effect, if at any do you believe online competition (e-commerce) has on your organization's growth?

	Valid Percent (n)
Large positive effect	16.0% (27)
A small positive effect	19.5% (33)
No effect	37.9% (64)
A small negative effect	21.3% (36)
A large negative effect	5.3% (9)

The city of Springfield experienced a decline in sales tax revenue compared to the previous year. Thinking about the past year, has your organization experienced a decline in its gross revenue or sales?

	Valid Percent (n)
Yes. Our organization has experienced a decline.	32.7% (55)
No. Our organization has not experienced a decline.	67.3% (113)

To what extent do you attribute this decline to e-commerce (for instance, online sales)?

	Valid Percent (n)
Not much	67.3% (37)
Some	23.6% (13)
A great deal	9.1% (5)

Is there anything else you would like to tell us about how e-commerce affects your organization?

Commercial real estate and taxes are too high considering all the empty store fronts and lagging real estate market in the area. These things NEVER go down even with less demand. You wish to spur growth then get them in line with demand.
Congress should pass the market fairness legislation to charge sales tax for on-line sales.
E Commerce only helps promote our business and our abilities to current and prospective customers.
E-commerce and state budget impasse are not the only causes of local retail trade slow down. Massive local dollars going into video gaming machines is also a cause.
E-commerce does not give the full spectrum of customized services. Difficult to evaluate and compare quality and deliverables fully.
E-commerce does not really affect our service oriented business.
E-commerce is irrelevant to our organization.
E-commerce is the continued wave of future for our business. We need markets outside of Springfield to survive and grow.
I believe e-commerce has lowered pricing of goods across the board due to increased competition and access. This in turn leads to having to sell more of the same items to hit the same sales/tax which has not been the case. In addition, the tax subsidy given to some internet sellers like Amazon has hurt the local economies as we do not see that money coming back to the local level. For example, consumer from Springfield purchases item on Amazon. Amazon sales go up and helps the corporate office of Amazon but doesn't specifically help the local level. You pay 6.25% vs if you buy from local stores at the mall where you're paying 8.5% or at a store like SCHEELS where you're paying 9.5%. That is significant money tax loss. Also, there are still too many internet sellers not paying/charging taxes at all or the right amount.
I not only lose money, it costs me money. Internet shoppers come in to my store, try on my clothes and shoes, make a mess and leave my staff to pick up after them, clean the make up off the product and then they go purchase off the internet. I have researched this and honestly in most cases my prices beat the internet or come very close. It is becoming a culture. And most frustrating are the other offices that do this to me. I have physician and dental offices actually send their staff in to try on clothing with the sole intent to tell the secretary their size so she can online shop. What happens is that they (secretary or office) get points and use credit cards with perks, which basically give them kickbacks. Even if my prices are cheaper, it won't matter because I cannot compete with their mindset and selfish choices. These are local business owners doing this. Some don't realize what their staff is doing or don't care and everyone fails to appreciate the trickle down. We are all in a "buying/sending" food chain, and those missing links makes up weak.
I sell services, so it's via word of mouth rather than e-commerce.
Is has changed our business model slightly to accommodate the online user who now come less frequently to our branch locations. We are considering closing a branch office which would then allow us to put additional resources toward our online presence.
It affects many of our clients in different ways. It helps with exposure such as with marketing efforts and expanding their reach. However, the security issues associated with it are a constant threat. The services to combat and prepare against cyber-attacks is gaining traction among businesses of all sizes.
It also affects the advertising impact. We are not just spending against other local advertisers, our advertising spend must compete with national advertiser spends.

It is imperative for our "new" way of selling to clients. We have been selling photos for over 18 years now, with the internet or e-commerce, the flow has been wonderful.
It's hard to be competitive with e-commerce businesses. They often sell on line at or below our cost for the same products.
No
No
No other issue
None
Not at this time
On low margin goods often online offers will entice customers away from buying locally.
Our online presence is for branding and awareness. We do not directly sell services online.
There are many factors impacting our economic outlook. Some are not in our control - the stability of our government and its impact on our customers' spending confidence and the change in shoppers' behavior and their reliance on on-line shopping. However, we are responsible to recognize the changes and respond to them in a manner which is positive for our business. While responding may be challenging, it is much easier than trying to change those elements not in our control.
People will shop online if they do not feel they have enough choices. While it may hurt some local retailers, a regional outlet mall would increase spending and add to the tax base.
Puts burden on sales tax. Should eliminate sales and property taxes and move to progressive income tax. Business should be able to reduce their taxes by the amount of income tax their employees pay.
Some services we provide are available on-line
Springfield is afraid to think BIG. Only in Springfield does it take years to get anything done, be it permitting, construction, public works, etc. Our city fathers will talk something to death before it gets done. Even Chicago moves faster on bureaucracy than Springfield. Wake up!
State government needs to get their act together!
Tanning laws
We are covering more ground logistically than ever before, but this has help maintain our sales and volume but we are working twice as hard.
We need a sale take on internet

Section 5: Demographic Information

This last section is used for analysis purposes only and is not intended to identify respondents.

Is your organization in the private sector, nonprofit sector, or public sector?

	Valid Percent (n)
Private sector (for-profit)	75.2% (124)
Not-profit section	15.2% (25)
Public sector (government)	9.7% (16)

In a typical year, do you provide goods or services to any state-funded entity, organization, or program? (This could be any state agency or entity or to an organization or program which typically receives state funds). If no please skip the next question.

	Valid Percent (n)
Yes	54.2% (90)
No	45.8% (76)

If yes, how does your current level of business with these entities, organizations, or programs compare with your typical level of business with them?

	Valid Percent (n)
You are currently doing no business with them	9.2% (8)
Less than a typical year	41.4% (36)
About the same as a typical year	42.5% (37)
More than a typical year	6.9% (6)

How many years has your organization been operating in your current location?

	Valid Percent (n)
15 years or less	47.8% (76)
16 to 30 years	28.3% (45)
More than 30 years	23.9% (38)

How many years has your organization operated in Sangamon County?

	Valid Percent (n)
15 years or less	32.1% (51)
16 to 30 years	25.2% (40)
More than 30 years	42.8% (68)

How many years has your organization operated in Illinois?

	Valid Percent (n)
15 years or less	27.7% (44)
16 to 30 years	23.9% (38)
More than 30 years	48.4% (77)

Total number full-time employees at your organization:

	Valid Percent (n)
20 or less	61.5% (96)
21 to 50	10.9% (17)
51 to 100	11.5% (18)
More than 100	16% (25)

Appendix B. Answers to Open-ended Question: *Is there anything else you would like to tell us about your economic outlook during the next 12 months?*

If the Democrats remain in control of the Illinois Legislature, and worse if a Democrat governor is elected to rubber stamp its actions, I see a continued downward spiral of the economy in Illinois. They are overtly anti-business, pro-union, statist, been on maintaining their power and overcoming their errors of judgment on the remaining taxpayers of Illinois. The number of potential investors in Illinois business is declining as a result of the "Threshold," non-tax credit based State Death tax alone implemented by the Democratic Legislature and Blagojevich when he was in office.
All of the growth in our organization is occurring in offices located in other states. The economic outlook for Illinois is bleak and we are experiencing contraction in our Illinois offices.
Business expected to decline in 2018
City government needs to stop whining about the state budget and loss of revenue due to e-commerce and find a way to breathe life into our city. Nor can we continue to rely on President Lincoln to fund our city! We need a sports team, a manufacturer, and a vibrant downtown to attract and keep our young people.
Dismal with the governmental debt / obligations on all levels! How can anyone be optimistic with our per capita debt obligations? Is giving away the store to lure Amazon etc. a cure? Are all the tax increment districts the cure? The proof of all this is written large if one cares to look at the results.
Election shenanigans and the likelihood of budget impasse II will be much more damaging than round one.
Everything looks good for us, our business model makes it hard to lose income
I am concerned most about state finances and who they affect both state funded services and consumer and business confidence within Illinois.
I run a tight operation, pay myself far less than I previously earned working for others. I honestly pay more in taxes and fees monthly than I take home. I am making this state money, providing a needed retail business, employing people, and have to put EVERYTHING back into the store to keep products on the shelves and customers desires filled. There has to be something wrong with the formulas which require that much of me. I need more staff, I simply cannot afford it. So the solution to that is for m (owner) to work harder and take nothing more. I have seriously considered returning back to working for others. It pays better, and is easier. There needs to be some sort of payoff for the efforts of the small business
No
No
No
Not at this time
Not very promising.
Perception and Confidence will shape outlook as much or more than factual data, given the general negative sentiment about the shape of the state, and lack of competitiveness.
Politicians need to understand that without a strong NEW housing market the Sangamon county economy will be very soft
Springfield is actually doing very well compared to the rest of the state, and once state government returns to a more Normal existence, we will see a healthy local economic boost
State budget is huge for Springfield. We needed Capitol spending, state, schools and higher education

State budget uncertainty and lack of intentional economic development and planning locally have a negative impact on profitability, business and resident growth, and ability to attract workers to the Springfield area.
State of Illinois is still not paying its bills to private sector companies.
State finances are continuing to hinder our growth in Sangamon county. We do not anticipate this changing in the foreseeable future.
The stagnancy will continue
The State of Illinois needs to set the pace, set a good fiscal example and pay for goods and services on time.....not 14, 15, 16 months behind.... The delinquency of payments from the State is rampant and inexcusable. Service and goods cost money, paying employees on time is important and all the State of Illinois does is speak of fiscal responsibility but act irresponsible when meeting its obligations. It's beyond political, it has become an accepted mindset. Abe Lincoln would have ran out of paper by now had he been asked to comment on the state of affairs about the State he loved so much.
There are many factors impacting our economic outlook. Some are not in our control - the stability of our government and its impact on our customers' spending confidence and the change in shoppers' behavior and their reliance on on-line shopping. However, we are responsible to recognize the changes and respond to them in a manner which is positive for our business. While responding may be challenging, it is much easier than trying to change those elements not in our control.
Very hard to make any predictions for the next 12 months, IMO
We are a B to B business. Most small businesses and companies are reluctant to take risks and spend money. Uncertainty over state government finances is probably the cause.
We are currently undertaking a close down of our business and selling of all of the equipment, property and assets.
We look for a 20% sales increase
We need more jobs in our region. Lack of regional growth and even declining employment is hurting our economy. More innovation and leadership is needed. Thank you.
We used to be the largest provider of metal office furniture to the State of Illinois. We refuse to sell to them unless the funding comes from other than the General Revenue Fund. It has been so long I find it hard to believe they can function.....terrible environment!!
We went through a Federal audit that lasted three years. In that three years, they switched auditors three different times. Due to the changes the audit pretty much had to start over each time. This audit cost our company so much time and money (because we had to pay the accountants close to \$20,000 over a 3 year period). One of our auditors took over a month long vacation due to a small surgery that should've been healed in one week. There were no problems reported that they found, but it cost us so much time and money. Everybody suffered.
We're experiencing the worst year ever. The lack of a state budget for so long makes all aspects of our local economy become more cautious in spending. So not only state workers and retired state workers hesitant to spend, the many associations and not-or-profits as well as all levels of education aren't spending. High level professionals are leaving our state and that affects our business as well. For the first time in my life of owning a business, I am truly concerned about our future success.
Yes, your silly survey would not let me tell you how many years our business has been thriving. This is exactly the reason I don't take these surveys, nothing comes of them. I am quite sure none of you have an idea about our struggles. But, without us none of you have a job. Not sour grapes, just the truth. Try doing what we do sometime.