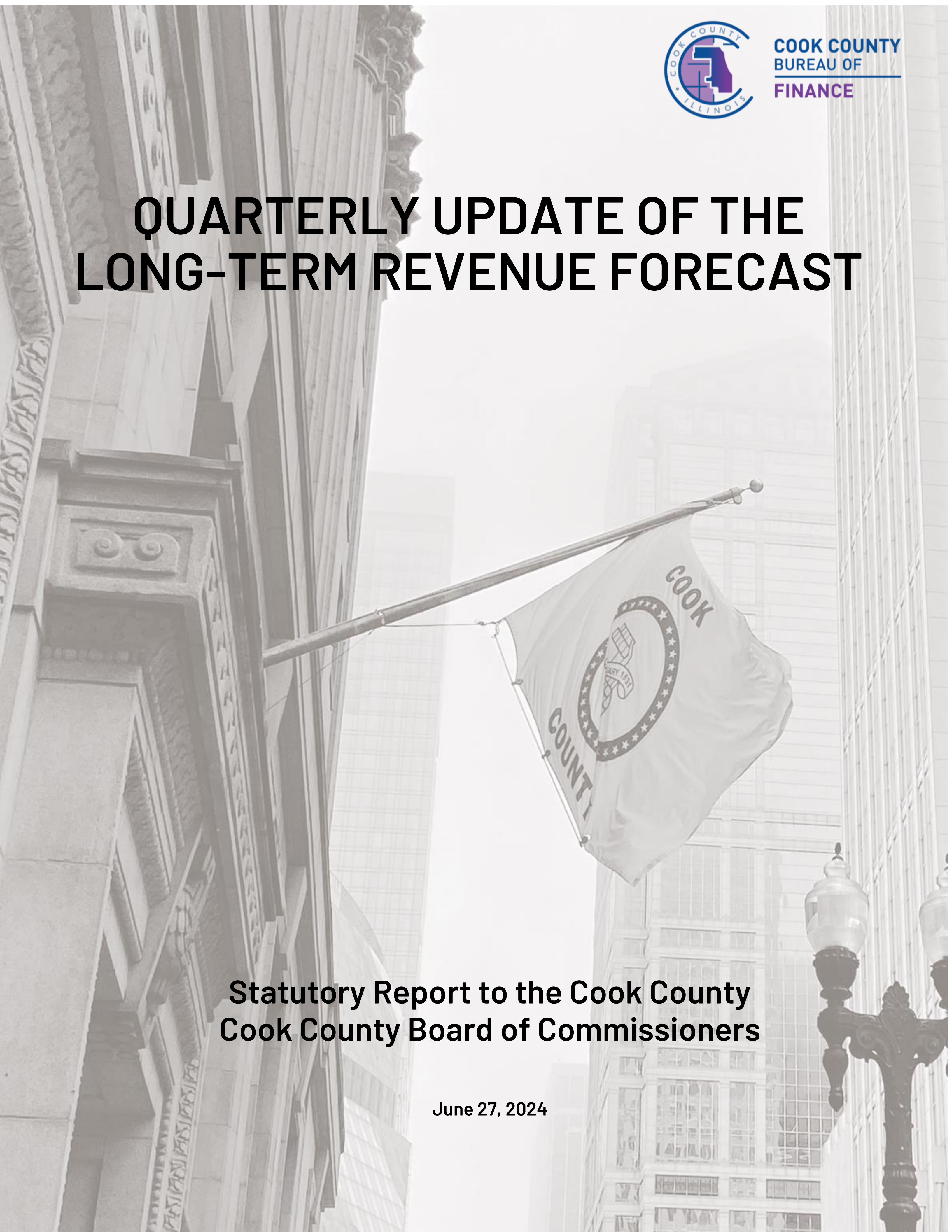

COOK COUNTY
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QUARTERLY UPDATE OF THE LONG-TERM REVENUE FORECAST

Statutory Report to the Cook County
Cook County Board of Commissioners

June 27, 2024

The following report provides an update between the long-term financial plan provided to the IRFC and posted on the County's website in April 2024, and the most up-to-date forecast. The forecast was updated in accordance with Section Sec. 2-78 of the Cook County Code, which states:

b) The purpose of the Independent Revenue Forecasting Commission (IRFC) will be to review and analyze an annual five-year revenue forecast (the "forecast") for the County as developed and prepared by the Chief Financial Officer (the "CFO"). Updates pertaining to the forecast will be provided to the IRFC, the Board and posted on the IRFC website on a quarterly basis by the CFO. The forecast will include, but not be limited to, analysis of the following County revenue streams: Sales and Use taxes, Property Taxes, Cigarette Taxes, Fuel Taxes, and other sources of County revenue.

This report includes a note on the 2025 preliminary forecast, a summary of the variance analysis comparing the two forecasts and provides an explanation for the significant variances, along with additional supporting detail outlining progress made on the County's sales tax projections and a summary of the impact of the revenue projections on our long-term expense projections for both the General and Health Funds. The report concludes with FY2024 project plans and an update on recent regional economic activity.

FY2025 Preliminary Forecast

On June 18, 2024, Cook County unveiled its preliminary budget forecast for FY2025.[1] The preliminary forecast report presents a mid-year projection of year-end revenues and expenses for FY2024 and an initial forecast for FY2025 revenues for the General Fund and Health Enterprise Fund, the County's two major operating funds. The report can be viewed on the county's website.[2]

FY2024 General Fund Year End Projection

Cook County's General Fund is projected to end FY2024 $142.0 million favorable to budget. The total budgeted FY2024 revenue for the General Fund is $2,196.3 million. The projected year-end revenue of $2,281.0 million is higher than the budgeted revenue by $84.8 million. The favorable variance is driven by higher than anticipated County Sales Tax and Investment Income, which are projected to be higher than the FY2024 budget by $18.9 million and $11.7 million respectively. Higher revenues can be also attributed to higher than anticipated one-time revenues from declared Tax Increment Financing (TIF) surpluses and fines collected by the Cook County Treasurer. Year-end expenditures in the General Fund are projected to have a $57.2 million (or 2.6%) favorable variance to budget. This is primarily attributable to lower than anticipated salary and wage expenses across the County as a result of higher than anticipated attrition.

[1]Cook County, President Toni Preckwinkle Unveils Preliminary Budget Forecast for Fiscal Year 2025, https://www.cookcountyil.gov/news/president-toni-preckwinkle-unveils-preliminary-budget-forecast-fiscal-year-2025

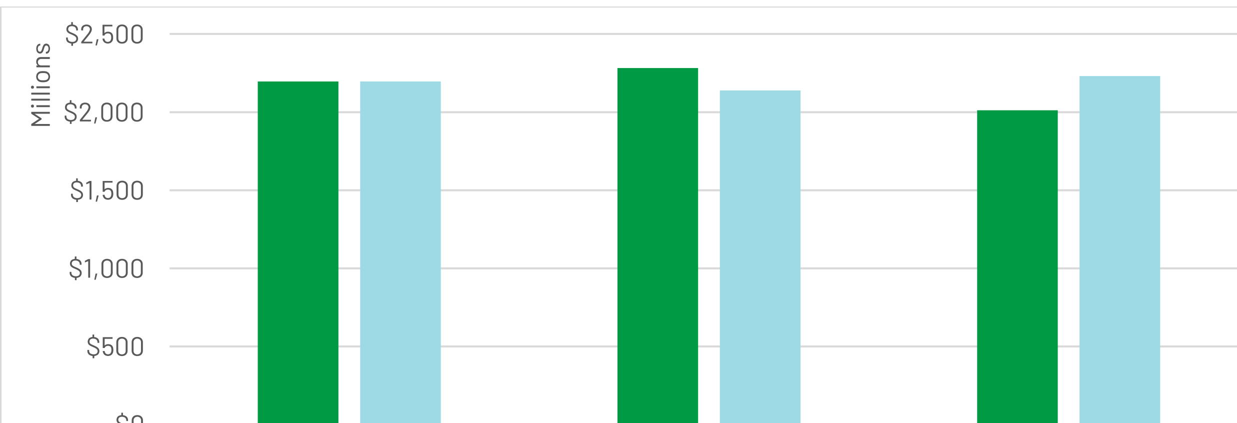
[2] Cook County, FY2025 Preliminary Forecast Report, https://www.cookcountyil.gov/sites/g/files/ywwepo161/files/documents/2024-06/FY2025%20Cook%20County%20Preliminary%20Forecast.pdf

FY2025 General Fund Preliminary Forecast

The outlook for FY2025 includes a General Fund deficit projected at $218.2 million. The preliminary estimate for General Fund revenues in FY2025 is $2,012.1 million. This represents a decrease of $184.1 million (or 8.4%) compared to FY2024 adopted revenues. Revenues in FY2025 are projected to be lower because the County is not anticipating using transfers from unassigned and assigned General Fund balance like it did in FY2024. However, when the unassigned and assigned fund balance is excluded from FY2024 adopted budget, the County is forecasting a modest revenue increase in the General Fund of $53.3 million. This includes a modest $27.9 million increase in Sales Taxes revenue in FY2025, due in part to a stronger than anticipated economy.

FY2025 General Fund expenditures are forecasted to increase by $34.1 million (or 1.6%) over the FY2024 adopted budget. Accounting for the one-time General Fund unassigned and assigned fund balance investments made in FY2024, however, General Fund expenditures are expected to increase by $271.6 million. This increase is largely driven by increases in salaries, wages, and overtime costs due to normal salary progression and a 5% cost of living adjustment. Another component of these personnel-related expenses is employee health benefit costs. The overall cost of the HMO and PPO medical plans are expected to rise by 7.6% and 6.8%, respectively, while the self-funded pharmacy plan is anticipating an increase of 12.0%. In addition, the required pension contribution is expected to be $573.0 million and General Fund pension contribution is estimated at $369.4 million, which is a $35.7 million increase from the FY2024 budget contribution.

Figure 1. General Fund projection, in millions



	FY2024 Adopted	FY2024 Year-end projection	FY2025 Estimate
Revenue	$2,196,250,989	$2,281,012,317	$2,012,147,014
Expense	$2,196,250,989	$2,139,061,665	$2,230,396,547

FY2024 Health Fund Year End Projection

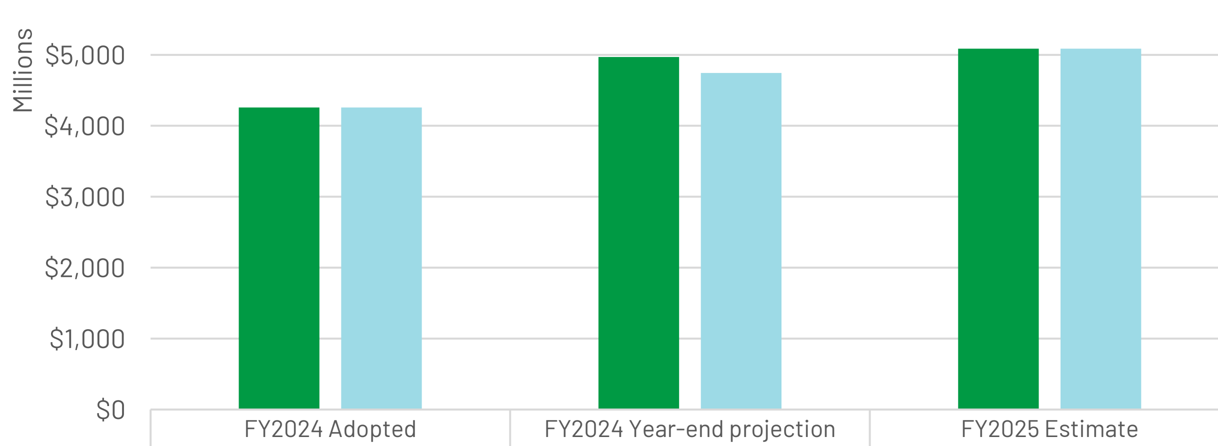
For FY2024, the Health Enterprise Fund is projected to end the year with a favorable variance of $224.6 million. The total budgeted revenue for FY2024 is $4,256.3 million for the Health Enterprise Fund and the projected year-end revenues are $4,968.2 million, $711.9 million (or 16.7%) above the adopted budget. The increase in revenue is largely due to higher than budgeted monthly average CountyCare membership levels and revenue cycle improvement efforts, increasing the collection rate in Net Patient Service Revenues (NPSR). Likewise, Health Enterprise Fund year-end expenditures are projected to exceed the FY2024 adopted budget by $487.3 million primarily due to an increase in health plan claims associated with the higher than budgeted CountyCare membership.

FY2025 Health Fund Preliminary forecast

The outlook for FY2025 includes a projected balanced budget of $5.09 billion in the Health Enterprise Fund. This represents an increase of $829.9 million (or 19.5%) compared to FY2024 budgeted revenues. NPSR are forecasted to be $165.7 million higher than the FY2024 adopted budget. Medicaid and Medicare revenues are expected to be above the FY2024 adopted budget by $74.9 million and $64.8 million, respectively. CountyCare revenues are also expected to increase from the FY2024 adopted budget by $689.0 million which is $184.9 million higher than the FY2024 year-end estimates. While the traditional CountyCare membership level is declining, the membership level of new immigrant adult and seniors are expected to offset some of the decline. Net membership levels are expected to be lower than FY2024 year-end, but PMPM reimbursement rates are expected to be higher, leading to a net increase in the CountyCare revenues.

Health Fund expenditures are expected to increase by $829.9 million (or 19.5%) above the FY2024 adopted budget, with forecasted expenses for FY2025 totaling $5.09 billion. The primary driver is an increase in CountyCare claims due to higher than FY2024 membership levels. Further, FY2025 costs associated with salaries and wages are forecasted to increase by $46.1 million because of a 5.0% cost of living adjustment and increases from normal salary progression.

Figure 2. Health Enterprise Fund projection, in millions



	FY2024 Adopted	FY2024 Year-end projection	FY2025 Estimate
Revenue	$4,256,298,868	$4,968,230,863	$5,086,236,684
Expense	$4,256,298,868	$4,743,594,608	$5,086,236,684

Long-Term Forecast

Cook County prepares a long-term financial forecast to support responsible fiscal planning. This section provides an overview of updates to the long-term General Fund and Health Fund forecasts.

General Fund

The General Fund accounts for approximately a quarter of the County's overall budget. It is comprised of the Corporate Fund and Public Safety Fund and supports the County's general operations.

COOK COUNTY BUREAU OF FINANCE

Changes in forecasts since April 2024

Table 1 shows the nominal variance between the current forecast and what was presented at the last quarterly IRFC meeting in April. The FY2024 General Fund revenue forecast increased by $4.2 million, however, there were decreases in the out-years of the long-term forecast. The long-term forecast for each revenue source was revised upward or downward based on the actual revenues through May 2024, as well as preliminary revenue estimates from departments for 2024 and 2025. The forecast for County Treasurer revenue from penalties on delinquent property taxes was revised down for FY2024 and revised up for FY2026 through FY2028 based on additional department feedback. Upward revisions to revenue were also made to the Clerk of the Circuit Court Fees because of higher than anticipated YTD revenue. The out-year county sales tax projections were modestly revised downward after considering more recent economic data from Moody's Analytics into the sales tax forecast. The non-property tax forecast has also decreased in the short term as a result of the State of Illinois increasing the reallocation of revenues out of the personal property tax replacement revenue it disburses to local governments pursuant to a required annual reconciliation process.[3] Additionally, revenue from the State of Illinois was also revised down based on departmental feedback during the preliminary revenue estimate processes regarding reimbursements for staff salaries.

Table 1. Significant nominal variances between 04/30/2024 and 06/27/2024 forecast, in millions

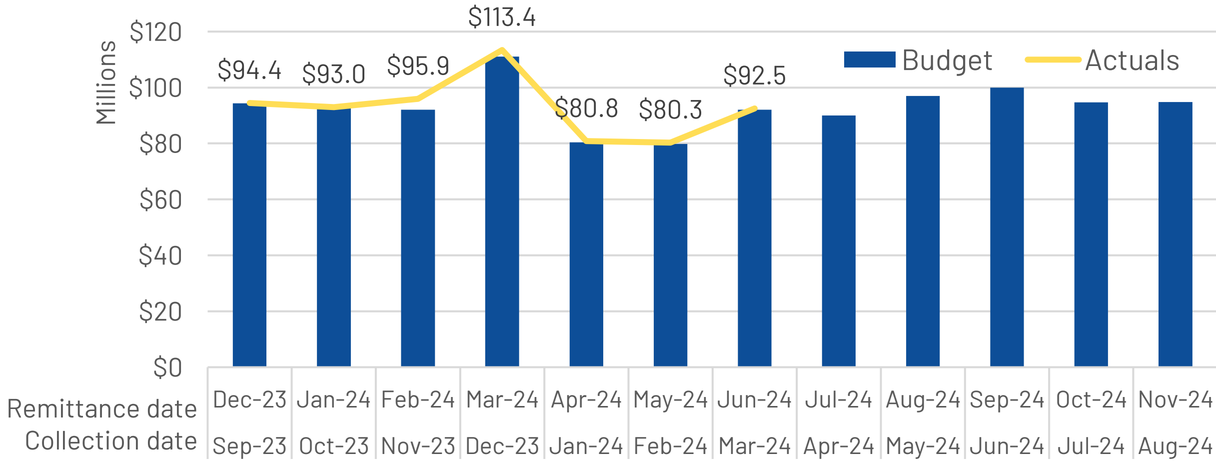
	June forecast	Percent change in forecast	Amount change in forecast from Apr 2024 forecast				
Revenue source	**FY2025**	**FY2025**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**
402100-County Treasurer	$40.0	(0.2%)	($3.4)	($0.1)	$2.3	$2.3	$2.3
407010-Miscellaneous Revenue	$39.7	0.5%	$5.7	$0.2	$1.6	$1.5	$1.6
401190-Gasoline / Diesel Tax	$86.3	0.0%	($0.4)	$0.0	$1.5	$1.5	$1.4
402548-Clerk of the Circuit Court Fees	$64.8	0.0%	$3.0	$0.0	$1.2	$1.3	$1.5
406010-State of Illinois	$56.4	(6.5%)	($3.3)	($3.9)	($4.0)	($4.1)	($4.2)
401110-Non Property Taxes	$78.5	0.0%	($3.4)	$0.0	($4.5)	$1.4	$0.9
401150-County Sales Tax	$1,146.9	0.0%	($1.0)	$0.0	($7.8)	($13.1)	($18.3)
Subtotal major changes	**$1,512.6**	**(0.3%)**	**($2.7)**	**($3.8)**	**($9.8)**	**($9.2)**	**($14.7)**
Other GF revenues	$751.3	(0.4%)	$6.9	($2.7)	($1.4)	($1.0)	$0.9
Total GF revenues	**$2,263.8**	**(0.3%)**	**$4.2**	**($6.5)**	**($11.2)**	**($10.1)**	**($13.8)**

Sales tax estimate

To date, FY2024 sales tax revenues are 1.2% higher than the original forecast. These positive results follow FY2023, when sales tax revenues totaled $1.126 billion, which was 3.1% higher than the original budgeted forecast. Figure 3 compares sales tax revenue with forecasts through June 2024.

[3] Illinois Department of Revenue, May 2024 PPRT Statement, https://tax.illinois.gov/localgovernments/localtaxallocation/may-2024-pprt-statement.html

Figure 3. FY2024 Sales tax revenue, actual and forecasted

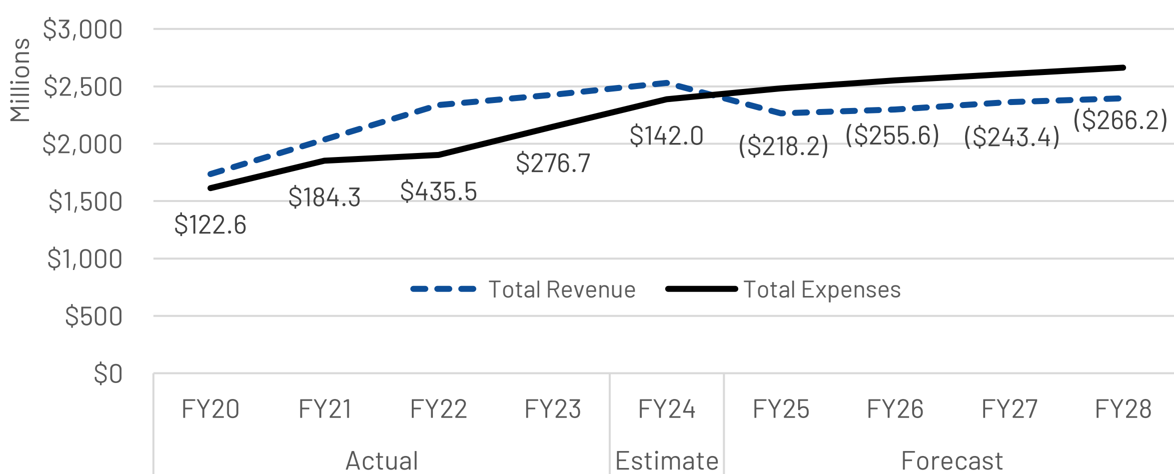


Long-term fiscal plan

Although Cook County has a diverse revenue base, the natural growth in revenues may not keep pace with expenditures. Expenditures rise over time due to inflationary pressures, with medical trends for health benefits and several other categories of expenditures growing faster than general inflation. Several critical revenue sources are declining over time or growing at rates below general inflation.

The General Fund is projected to have a surplus in FY2024 amounting to $142 million, however, expenses outpace revenues beginning in FY2025 creating deficits in the long term. In FY2025, the General Fund is projected to have a deficit of $218 million before increasing to a $266 million deficit in FY2028. Between FY2025 and FY2028, total expenses for the General Fund are expected to increase at a compound annual growth rate (CAGR) of 2.4%, while revenues are estimated to increase by a CAGR of 1.9%. The sales tax is expected to grow at an average annual rate of 1.5% through FY2028, while Hotel and Amusement taxes are anticipated to increase by 1.9% and 2.3%, respectively. That said, a handful of Cook County revenue streams from volume-based taxes are either failing to keep pace with inflation or declining, including the cigarette, gasoline, and alcoholic beverage taxes.

Figure 4. General Fund* net surplus/(deficit) projections



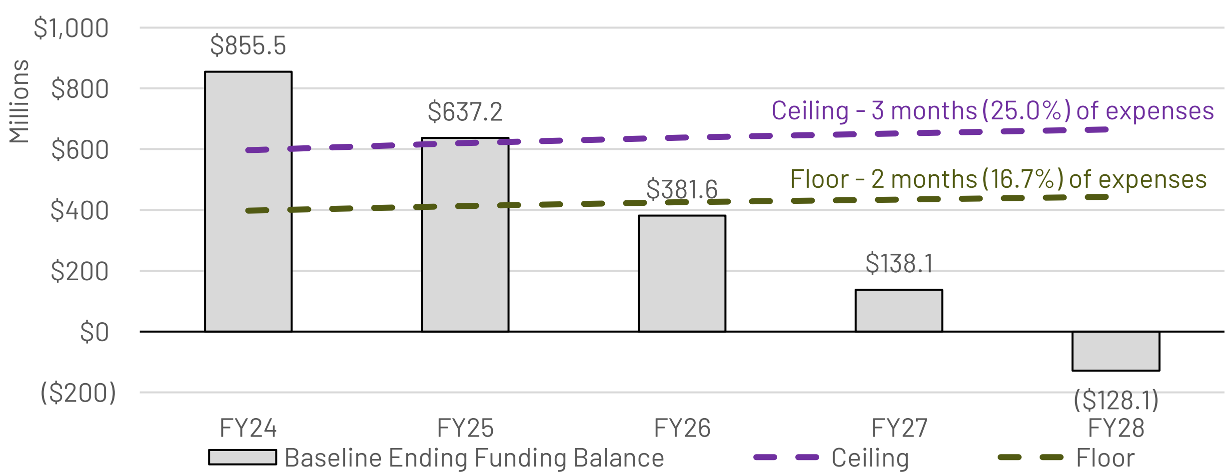
*Includes Transportation Related Home Rule Tax Fund

Fund balance projection

Current estimates indicate that the FY2024 unassigned ending fund balance within the General Fund will be $855.5 million, reflecting $143.1 million in fund balance transfers from the General Fund and an assignment of $158.8 million to a new American Rescue Plan Act (ARPA) Program Sustainability Reserve. This fund balance is equivalent to approximately 35.8% of the County's FY2024 annual budgeted expenditures from the General Fund and the Transportation Fund.

Figure 5 illustrates that the projected ending fund balances are anticipated to decrease based on the long-term revenue and expense forecasts for FY2024 to FY2028. The purple dotted line (ceiling) represents three months of projected General Fund and Transportation Related Home Rule Taxes Fund expenses, and the dark green dotted line (Floor) represents two months of projected annual General Fund and Transportation Related Home Rule Taxes Fund expenses. The floor is the Government Finance Officers Association's (GFOA) minimum recommended value that local governments maintain in their unassigned ending fund balance.[4] A result of large outyear deficits beginning in FY2025, the long-term projected ending fund balance is estimated to decrease, reaching $381.6 million by FY2026, which is $43.8 million below the $434.5 million floor. By FY2028, the unassigned ending fund balance would be completely depleted.

Figure 5. Unassigned ending fund balance projection, FY2024 to FY2028



Alternative fund balance scenarios

To understand the impact of different economic scenarios on General Fund revenues and the resulting fund balance, the OCFO forecasts economically sensitive revenues based on different economic indicators using Moody's baseline, S1, and S3 scenarios, which represent the 50th, 10th, and 90th percentile forecasts of potential economic conditions, respectively. Indicators such as gross metropolitan project, unemployment rate, and CPI are used for different revenue sources.

Each revenue scenario is compared to the expenditure forecast, along with the fund balance floor and ceiling; the floor represents two months of projected annual expenses and ceiling represents three

[4] Government Finance Officers Association, Best Practices: Fund Balance Guidelines for the General Fund, 2015, https://www.gfoa.org/materials/fund-balance-guidelines-for-the-general-fund

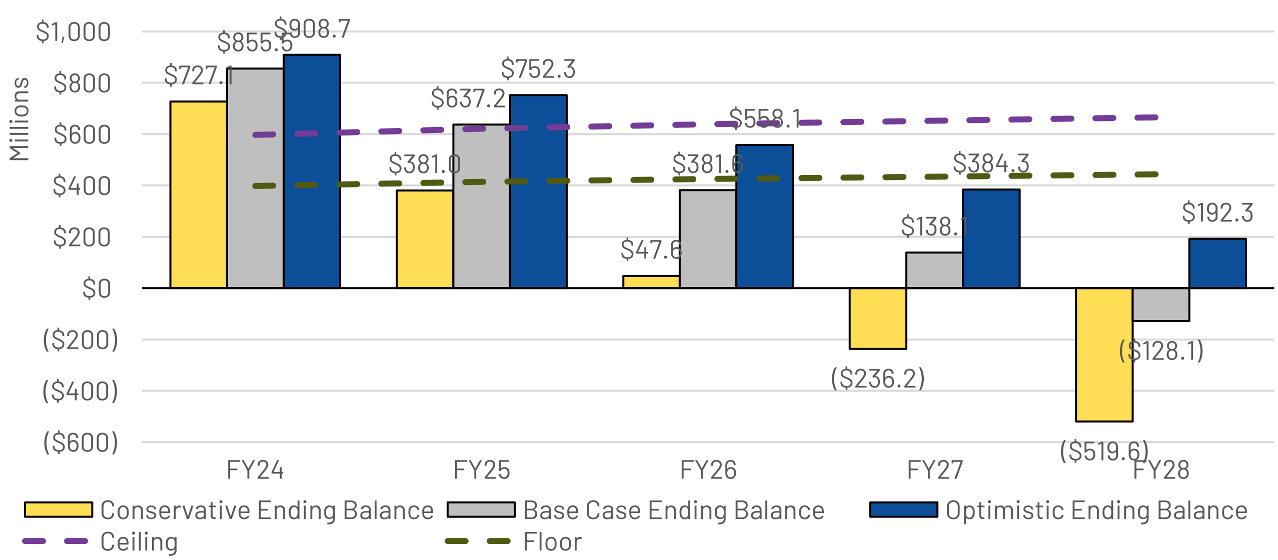
months of projected annual expenses. The revenue scenarios, as well as the floor and ceiling, incorporate both General Fund and Transportation Fund revenues and expenses in order to fully capture the potential economic impacts on revenues used by the County for operating expenses.

Figure 6 represents the baseline scenario alongside the optimistic and conservative scenarios. In the baseline scenario, fund balance remains above the fund balance floor through FY2025, before dipping below the floor in FY2026. This Moody's Analytics baseline forecast assumes the federal government avoids a shutdown and remains in continuous operation through 2024, U.S. fiscal policy will remain unchanged through the November elections, and that the Federal Reserve is done tightening and will begin easing interest rates twice in 2024 - in September and December - by 25 basis points each.

The optimistic scenario, where there is a 10% probability that the economy will perform better and a 90% probability that it will perform worse, assumes interest rates and inflation are a bit higher than baseline due to stronger growth, the economy has more than full employment starting the fourth quarter of 2024, and the Russian invasion of Ukraine and Hamas-Israel conflict resolve faster than anticipated. The optimistic scenario also assumes that the Fed will begin to cut rates in the third quarter of 2024, but a bit more slowly than in the baseline scenario due to a stronger economy.

The conservative scenario, where there is a 90% chance of the economy performing better and a 10% chance it will perform worse, assumes there is a rise in unemployment starting in the third quarter of 2024 and peaking at 8% in the third quarter of 2025, as well as the economy falling into a recession beginning in the third quarter of 2024 due to the combination of still-elevated interest rates, concerns about bank failures causing the stock market to fall, and political tensions. In this conservative scenario, Moody's assumes that the Fed will begin to lower the fed funds rate in the third quarter of 2024 and more than the decline in the baseline starting in that quarter. This conservative scenario results in an ending funding balance $128.4 million below the base case in FY2024 and drops below the floor in FY2025 as revenues decline faster than expenses.

Figure 6. Unassigned ending fund balance projection, FY2024 to FY2028



Health Fund

The Health Fund accounts for nearly half of the County's overall budget. The Health Fund receives revenue from and is used to support health system operations and CountyCare.

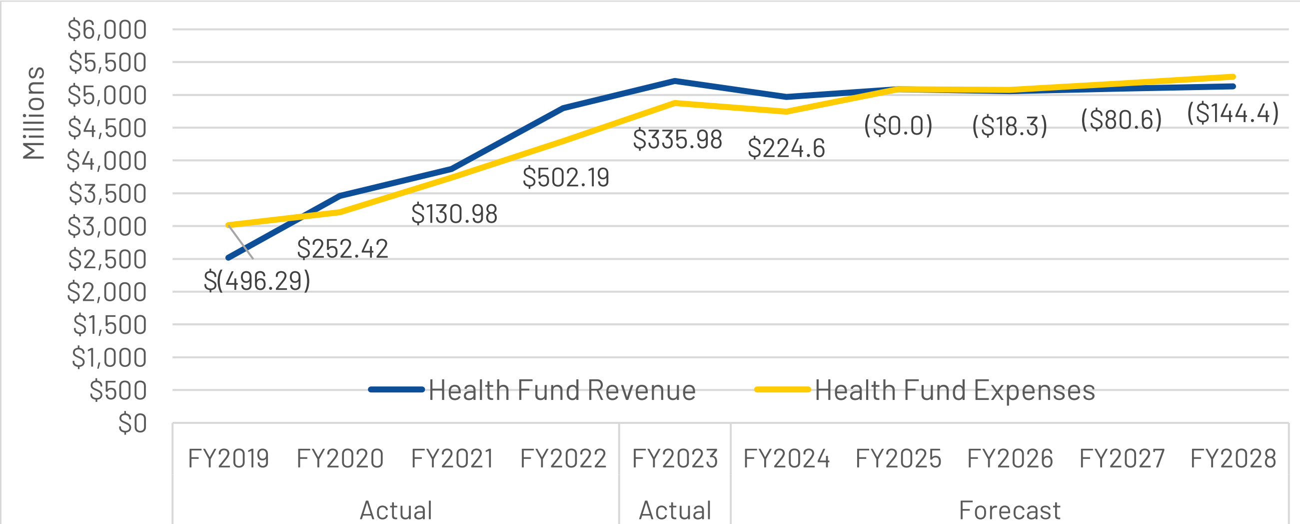
Long-term fiscal plan

By FY2028, CCH revenues are expected to increase by $164 million from the FY2024 forecast, a CAGR of 0.8%. Overall, this is primarily driven by growth in per member per month (PMPM) revenues at Health Plan Services (HPS), which are expected to grow $239.4 million at a CAGR of 1.8% from FY2024 to FY2028. The reinstatement of redetermination has not resulted in drop-offs in membership that CountyCare originally anticipated. In fact, CountyCare has been able to maintain 83.7% retention of CountyCare membership. Declines in membership due to redetermination have been offset in part by increases in membership due to the addition of Immigrant Adult and Immigrant Senior members to CountyCare. As of January 1, 2024, individuals covered under Health Benefits for Immigrant Adults have been moved from fee-for-service care and became eligible for managed care. As of May 2024, 30,600 of these newly eligible members joined CountyCare, while 40,000 members were originally anticipated. Despite the addition of the immigrant adult and senior members reducing the impact of redetermination, CountyCare still anticipates additional drop-offs in membership in FY2025 before flattening out in the long run. These additional drop-offs will cause some declines in revenues in FY2024 but will eventually be compensated for by increases in PMPM rates ultimately driving revenue surpluses at HPS.

The Net Patient Service Revenues (NPSR) forecast is anticipated to remain flat from FY2024 to FY2028. Collection rates are expected to be improved due to several revenue cycle initiatives including fee schedule increases, better charge capture, improved follow up efforts on rejected claims, and implementation of a new eligibility tool that finds coverage for uninsured patients. All of which results in an overall assumed yield of 38.4% up from 36.5% in the previous forecast. The forecast continues to assume no growth in gross charges. Payor mix was also updated to reflect FY2024 actual gross revenues through May 2024.

Expenses are still anticipated to grow faster than revenue over the forecast period, resulting in deficits for FY2026 through FY2028. Figure 7 compares forecasted revenues and expenses for the Health Fund through FY2028. Expenditures within the entire fund are expected to increase by $533.1 million, a compounded annual rate of 2.7%, while revenues, after property tax allocation, grow by $164.1 million, a 0.8% increase over the same period.

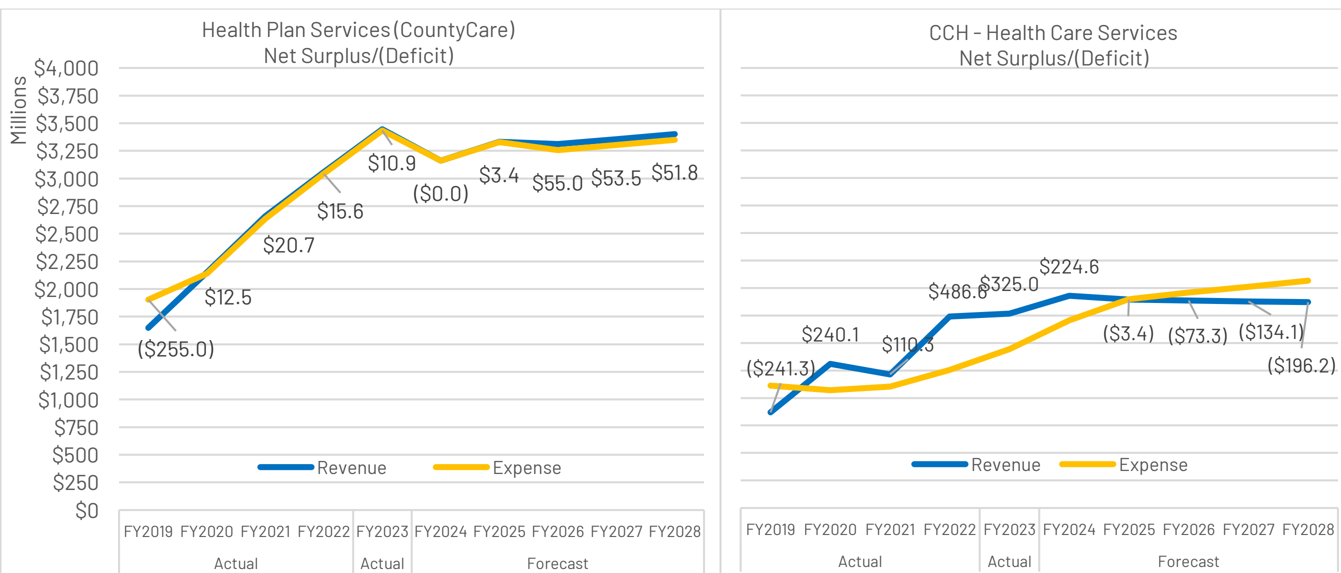
Figure 7. Health Fund net surplus/(deficit) projections



Note: FY2020 through FY2023 includes directed payments and domestic claims that CountyCare passes through to CCH in the revenues and expenses of both Health Plan Services and Health Care Services. Beginning in FY2024, directed payments will only be accounted for in the budget for Health Care Services while domestic claims will be offset in a separate account.

Figure 8 illustrates how revenues growing slower than expenses for health care services will drive small deficits within the overall Health Fund from FY2026 through FY2028. Expenses during this time will increase, as salaries and professional services are anticipated to grow, further driving this deficit. In the out-years, NPSR is unable to keep up with the growing costs of operating the health system. At HPS, after an initial decline in FY2024 and another decline in FY2025, long-term growth in the Health Fund will be driven by PMPM rate increases at Health Plan Services.

Figure 8. Health Plan Services and Health Care Services net surplus/(deficit) projection



*Domestic claims elimination excluded from totals in both charts.

CountyCare revenue scenarios

Forecasted Health Enterprise Fund revenues are built from several baseline assumptions about the future. To better understand how different assumptions may impact revenue outcomes, three long-term forecasts are developed using conservative, baseline, and optimistic assumptions.

CountyCare revenue is a function of the number of CountyCare members and the fixed PMPM reimbursement generated by those members. Both factors are driven by state policy changes that impact membership levels and PMPM rates. The scenarios for NPSR focus on the underlying impacts that drive the amount charged by CCH for medical services, and how much revenue CCH yields from those charges. The three revenue forecasting scenarios consider the impacts of changes in volume in the hospital system, reimbursement rates, and whether and how patients are insured.

Like the baseline forecast, revenues in the conservative scenario are anticipated remain flat in FY2025, and then decline at an average annual rate of 2.8% between FY2025 and FY2028, as compared to 0.8% in the baseline scenario. In the optimistic scenario, revenues grow consistently from FY2024 and grow 3.7% on average between FY2025 and FY2028. With redetermination having resumed in June of 2023, all scenarios have now accounted for this impact. Figure 9 shows projected revenues for CountyCare in each scenario. In all scenarios, overall revenue growth was driven by growth in PMPM rates.

Figure 9. CountyCare projected revenues, FY2024 through FY2028

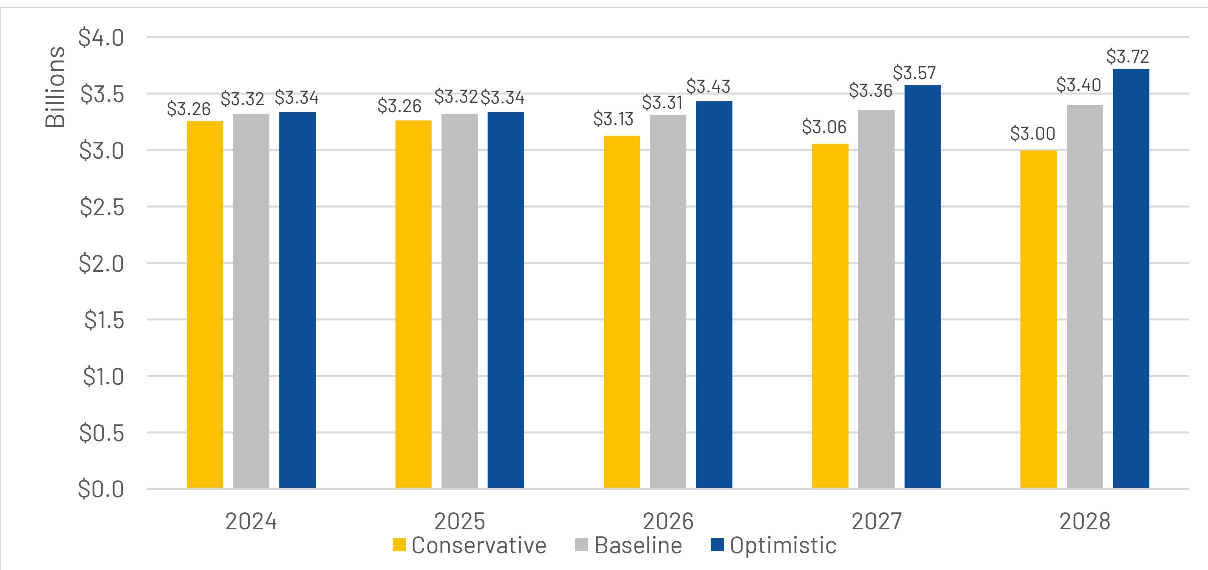
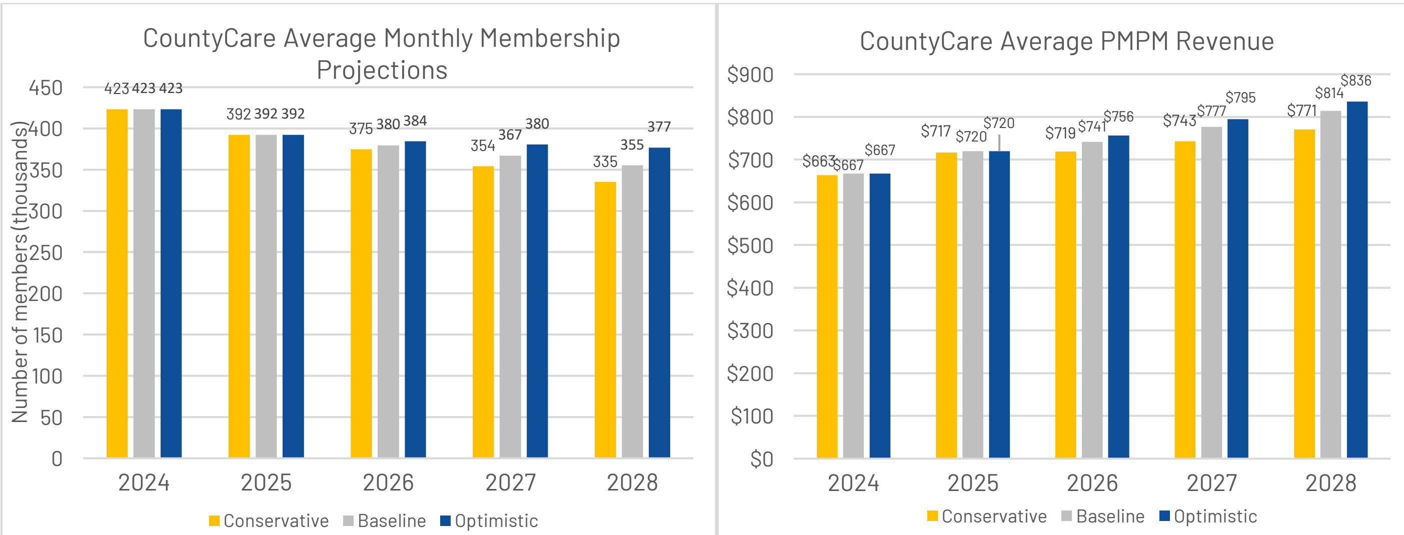


Figure 10 compares growth in monthly membership with growth in average PMPM revenue. The baseline scenario assumes an average annual growth of 5.1% in PMPM revenue between FY2024 and FY2028 based on past trends, while the conservative and optimistic scenarios assume a 3.8% and 5.8% growth, respectively. For all scenarios, the average monthly membership is anticipated to drop in FY2025 when the full-year impact of redetermination is experienced. After these initial declines, membership decreases between 1.3% and 5.1% annually in the optimistic and conservative scenarios, respectively. The baseline scenario assumes auto-assignment, choice adds, and member terminations will follow the previous trends; PMPM rates will increase in a manner consistent with past trends. The conservative scenario assumes auto-assignment and choice adds will be lower and member terminations will be higher than the previous trends; PMPM rates will increase slower than past trends. The optimistic scenario assumes auto-assignment and choice adds will be higher and member terminations will be lower than the previous trends; PMPM rates will increase faster than the past trends.

Figure 10. CountyCare average PMPM revenue and monthly membership projections

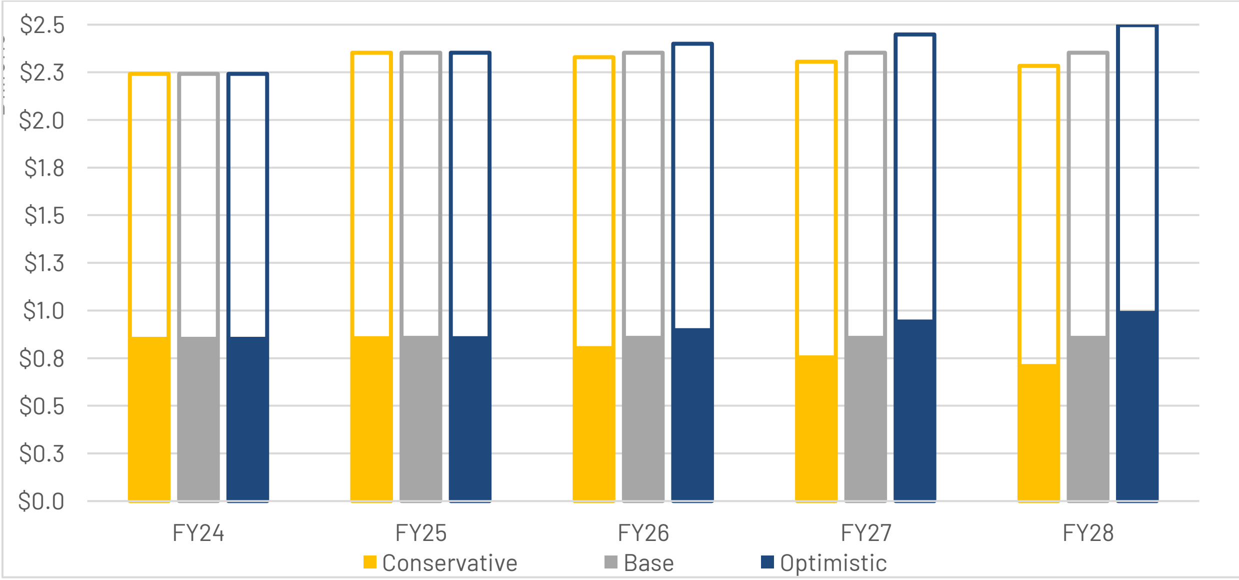


Net patient service revenue scenarios

The NPSR forecast centers around making assumptions about future service volumes, payor mix, the level and rates of contractual payments from various insurers, and the total amount of revenue received compared to the gross charges that the hospital system bills for medical care provided. Considerations include looking at historical trends, expected policy changes, and economic conditions that may affect service volumes, payor mix, or reimbursement rates. For example, due to changes in eligibility and coverage available to historically uninsured individuals, the percentage of patients covered under Medicaid is expected to increase. This would increase the percentage of gross revenues charged to Medicaid and decrease the percentage charged to self-pay patients, who reimburse the County at a much lower rate than Medicaid managed care organizations.

In the baseline scenario used in the long-term forecast, the forecast assumes that volume will be consistent, patients will maintain their current insurance coverage, and reimbursement rates will be flat. To understand the impact of changes that would result in lower revenue growth, the conservative scenario assumes a decline in volume and associated gross charges, that fewer people will have Medicaid coverage, and reimbursement rates will fall below inflation. Conversely, the optimistic scenario assumes that volume and associated gross charges will increase, that more charges associated with self-pay will be covered by Medicaid and that reimbursement rates will be higher than inflation. Figure 11 illustrates the impact of these assumptions on NPSR by scenario while Table 2 provides an overview of the assumptions used in each scenario.

Figure 11. Net patient service revenues compared to gross charges, 2024-28



*Estimates of gross charges billed by CCH are represented by the full bar and net patient service revenue estimated to accrue to CCH is represented by the filled in portion of the bar.

Table 2. Annual change in net patient service revenue assumptions, by scenario

	Conservative	**Base**	**Optimistic**
Gross charges	1% decrease	0%	2% increase
Payor mix Self-Pay proportion	2 percentage point increase, maximum at total 38%	Constant	2 percentage point decrease, minimum at total 25%
Payor mix Medicaid proportion	1 percentage point decrease	Constant	2 percentage point increase each year
Payor mix CountyCare proportion	1 percentage point decrease	Constant	2 percentage point increase each year
Reimbursement rate	2 percentage point decrease for Medicaid and Medicaid Managed Care	Constant for Medicaid and Medicaid Managed Care	2 percentage point increase for Medicaid and Medicaid Managed Care

Update on recommendations of the IRFC

The IRFC's recommendations were provided on August 24, 2023, and included four recommendations that build on those approved in FY2022.[5] They reflect the need to document and monitor the implementation of previous recommendations. Progress on implementing these recommendations is outlined in Table 3.

[5] Recommendations of the Independent Revenue Forecasting Commission, August 2023, https://cook-county.legistar.com/View.ashx?M=AO&ID=135212&GUID=864c5a71-dbb2-4a82-913d-dbf4f0134b8e&N=UmVjb21tZW5kYXRpb25zIG9mIHRoZSBJUkZDIDIwMjMucGRm

Table 3. Progress on recommendations of the IRFC

Deliverable	Progress
Methodological report and tax history document	Identified new sections for these documents
ARPA sustainability analysis of the potential impact on the fund balance of providing funding support to after 2026	This is being performed as part of a broader sustainability framework. Next steps include an engagement effort to better understand community priorities for these programs
Access IDOR sales tax data	Currently conducting analysis and cleaning data
Economic and policy factors in the CCH revenue forecast	Scoping how to incorporate a recession into an alternative scenario

Economic data releases

The OCFO monitors economic indicators that inform the County's revenue and expense forecasting. Economically sensitive revenues account for 59.6% of the General Fund forecast, including revenues in the Transportation Fund, and the County's expenses are impacted by inflation. Table 4 provides a schedule of economic data releases from several of the agencies that the OCFO tracks. To implement the IRFC's recommendation, the OCFO is tracking releases to ensure that the most updated indicators available are used in forecasting.

Table 4. Economic data releases, July 2024 through September 2024

Release Date	Indicator
July 2024	
July 5	Employment Situation
July 11	Consumer Price Index
July 25	Gross Domestic Product, 2nd Quarter 2024 (Advance Estimate)
August 2024	
August 2	Employment Situation
August 14	Consumer Price Index
August 29	Gross Domestic Product, 2nd Quarter 2024 (Second Estimate)
September 2024	
September 6	Employment Situation
September 11	Consumer Price Index
September 18	Federal Reserve Economic Projections
September 26	Gross Domestic Product, 2nd Quarter 2024 (Second Estimate)

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Economic update

The U.S. Bureau of Economic Analysis has released its third estimate for national real Gross Domestic Project (GDP) growth, which show that real GDP increased 1.4% in the first quarter of 2024. This growth of 1.4% was 2.0% lower than the previous quarter but was in line with Moody's Analytics' latest projections for the first quarter real GDP growth. This growth reflects increases in consumer spending, residential fixed investment, nonresidential fixed investment, and state and local government spending that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, also increased. As detailed above in Table 4, the next real GDP estimate for the second quarter will be released on July 25.

In their most recent forecast, Moody's Analytics forecasted that the Gross Metropolitan Product (GMP) for the Chicago-Naperville-Elgin metropolitan area would see weaker GMP growth in 2025, before increasing to historical trend levels in 2026, 2027, and 2028. Moody's continues to project that unemployment will remain below 5% in 2024 and the outyears. Although inflation remained elevated in the first quarter of 2024, it is forecasted to remain close to 3% through 2024 and continue to moderate in the outyears. Table 5 provides an overview of economic indicators that are considered when developing revenue forecasts.

Table 5. Economic indicators, actual and forecasted, Chicago-Naperville-Elgin Metropolitan Area, 2022 to 2028

Economic Indicator	2022	2023	2024	2025	2026	2027	2028
Gross Metro Product, (% change, Ch. 2017, SAAR)	1.5%	1.6%	1.4%	1.1%	1.3%	1.5%	1.6%
CPI, All Urban Consumers, (% change, SA)	7.4%	3.4%	3.1%	2.5%	2.3%	2.2%	2.1%
Resident Population: Total, (Ths. #)	9,460.3	9,451.0	9,435.9	9,409.6	9,385.4	9,358.4	9,325.3
Disposable Personal Income, (% change, SAAR)	(1.8%)	7.3%	4.0%	3.5%	3.5%	3.6%	3.6%
Labor Force Participation, (%, SA)	65.2%	65.2%	65.7%	65.9%	66.0%	66.1%	66.2%
Labor: Unemployment Rate, (%, SA)	4.5%	4.3%	4.8%	4.7%	4.6%	4.6%	4.6%
Income: Median Household, (SAAR)	$82,914	$86,593	$89,456	$92,390	$95,257	$98,261	$101,293
Income: Per Capita, (SAAR)	$72,395	$75,739	$79,116	$82,157	$85,300	$88,621	$92,199
Labor: Number of Employed, (Ths. #, SA)	4,696.0	4,711.4	4,731.1	4,740.9	4,740.1	4,737.8	4,731.2
Retail Sales: Total, (% change, SAAR)	10.0%	5.2%	0.2%	3.0%	2.9%	2.6%	2.7%

Source: Moody's Analytics, June 2024 baseline scenario