QUARTERLY UPDATE OF THE LONG-TERM REVENUE FORECAST

Statutory Report to the Cook County Board of Commissioners

June 27, 2023

COOK COUNTY GOVERNMENT

Bureau of Finance

Contents

Introduction

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 2023, 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 summary of the 2024 preliminary forecast, 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 FY2023 project plans and an update on recent regional and relevant economic activity.

FY2024 preliminary forecast

This section summarizes FY2024 Preliminary Forecast, released on June 22, 2023.[1]

FY2023 General Fund year end projection

The total budgeted FY2023 revenue for the General Fund is $1,974.3 million. The projected year-end revenue of $2,072.3 million is higher than the budgeted revenue by $98.0 million (or 5.0%). Non-Property Taxes are the largest driver of this favorable variance, accounting for an increase of $81.0 million, or 6.0% compared to FY2023 budget. This is primarily the result of stronger than projected County Sales tax revenue ($33.0 million) due to inflation and a strong economy, as well as higher than budgeted Personal Property Replacement Tax (PPRT) by $41.8 million. Hotel accommodation and amusement taxes are projected higher than FY2023 budget by $4.2 million and $3.7 million respectively due to a quicker than anticipated rebound in hotel reservations and increase in entertainment events. Investment income is also forecasted to be $24.4 million favorable to budget due to rising interest rates.

Year-end expenditures in the General Fund are projected to have a $116.7 million (or 5.9%) favorable variance to budget. This is primarily attributable to lower than anticipated salary and wage expenses across the County as a result of attrition and slower than anticipated hiring due to a tight labor market. The estimated expenses for operations and maintenance are also favorable by $5.3 million due to the deferral of planned projects.

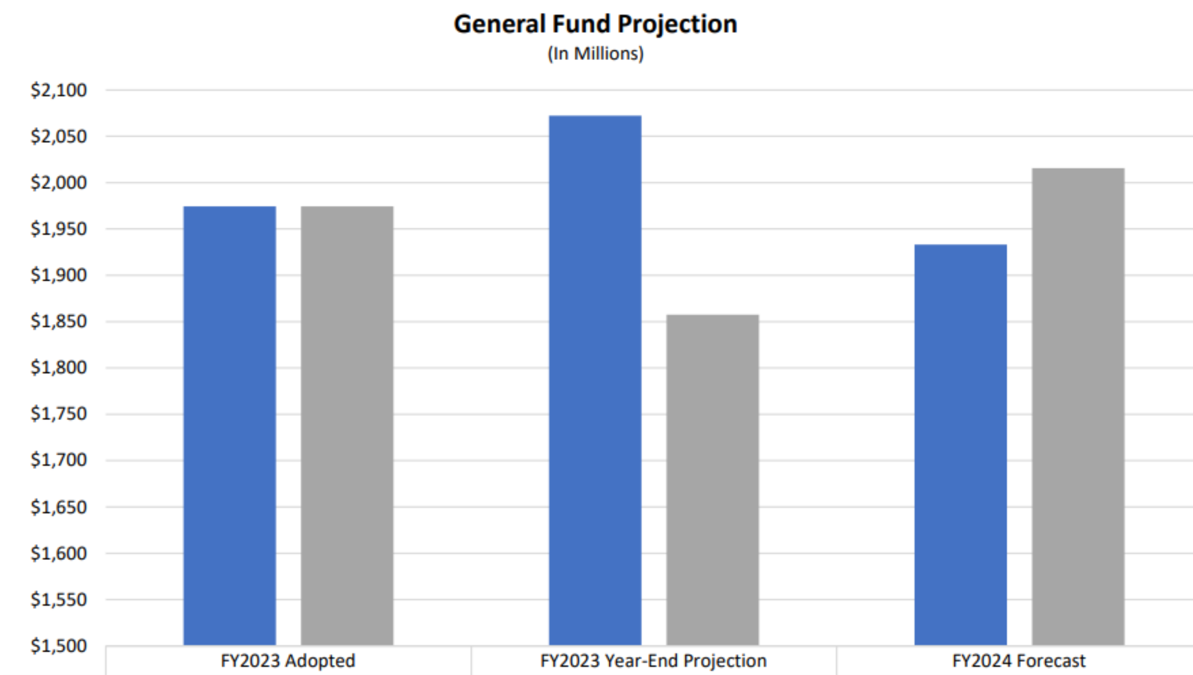
[1] Cook County, FY2024 Preliminary Forecast Report, https://www.cookcountyil.gov/sites/g/files/ywwepo161/files/documents/2023-06/FY2024%20Preliminary%20Forecast.pdf

FY2024 General Fund preliminary forecast

The FY2024 outlook includes a projected shortfall of $82.6 million in the General Fund, with revenues forecasted to be $41.2 million below the FY2023 adopted budget and expenses forecasted to be $41.4 million above FY2023 adopted budget. The preliminary estimate for General Fund revenues in FY2024 is $1,933.1 million. This represents a decrease of $41.2 million (or 2.1%) compared to FY2023 budgeted revenues. The decrease in revenue is largely attributed to a decrease in Property Tax available for the General Fund. However, the County is forecasting increases in several Non-Property Taxes in FY2024 over the FY2023 adopted budget, including anticipated increases in Sales Tax by $38.0 million, and Amusement Tax by $3.8 million, Hotel Accommodations Tax and Gambling Machine Tax by $3.0 million each. Further, the County expects the investment income to be higher than FY2023 budgeted revenues by $34.9 million.

FY2024 General Fund expenditures are forecasted to increase by $41.4 million (or 2.1%) over the FY2023 adopted budget. This forecast is driven by increases in salaries, wages, and overtime costs due to normal salary progression as well as increases in goods and services contracted by the County due to inflationary pressures.

Figure 1. General Fund projection, in millions



	FY2023 Adopted	FY2023 Year-End Projection	FY2024 Forecast
Revenue	$1,974.3	$2,072.3	$1,933.1
Expenses	$1,974.3	$1,857.6	$2,015.7

FY2023 Health Fund year end projection

Cook County Health (CCH) is projecting a favorable $402.1 million variance in the Health Enterprise Fund. The variance is driven by higher than budgeted Medicaid revenues and CountyCare membership.

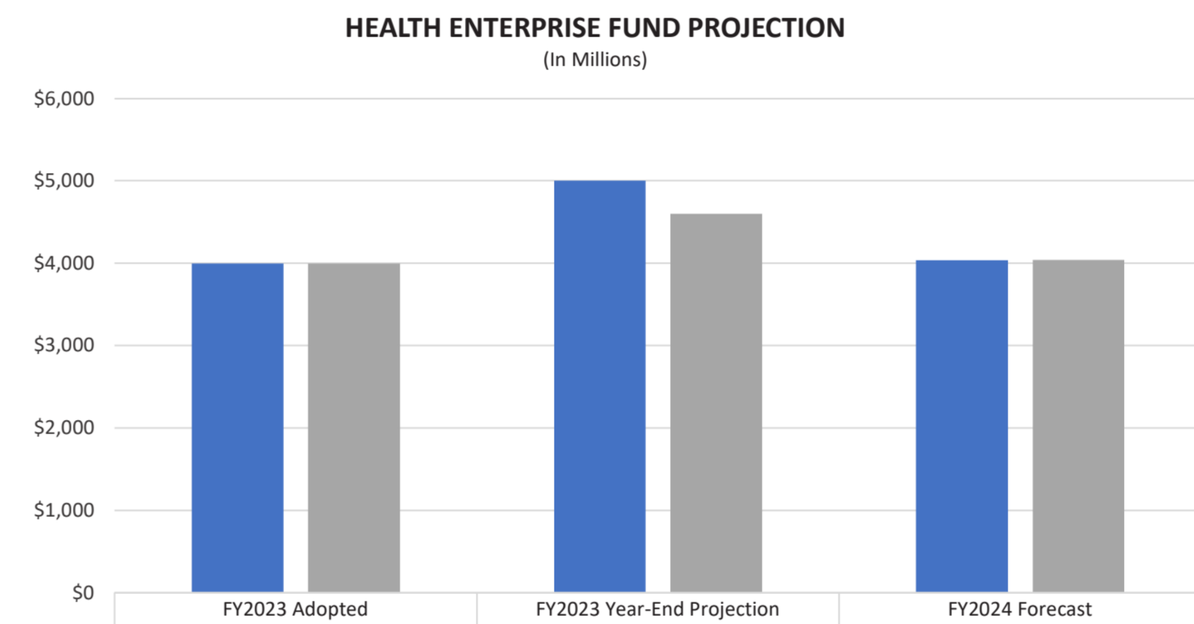
The Health Fund receives revenue from patient care provided at County Hospitals and from the operation of its Managed Care Community Network, known as CountyCare. CountyCare receives a fixed per member per month (PMPM) reimbursement. The total budgeted revenue for FY2023 is $3,991.9 million for the Health Enterprise Fund and the projected year-end revenues of $4,999.6 million are greater than budgeted revenues by $1,007.6 million (or 25.2%). The increase in the revenue is largely due to the higher than anticipated monthly average CountyCare members, 443,695 (compared to budgeted at 391,000) due to the suspension of Medicaid redetermination by the State and a favorable auto-enrollment percentage, and an increase in Medicaid directed payments.

The Health Fund year-end expenditures are projected to exceed the FY2023 adopted budget by $605.5 million primarily due to higher than budgeted CountyCare membership, resulting in an increase in health plan claims and increased contractual labor costs.

FY2024 Health Fund preliminary forecast

The FY2024 outlook for the Health Fund includes a $3.0 million estimated shortfall. Preliminary revenue projections for the Health Enterprise Fund are $4,034.9 million. This represents an increase of $43.0 million, or 1.1%, compared to FY2023 budgeted revenues. The projected increase is due to higher PMPM rates over FY2023 budgeted levels, which are offset by a decrease in CountyCare membership due to the resumption of the redetermination process for Medicaid eligibility. The increase in FY2024 expenses consists of normal salary progression, anticipated increases in contract labor cost, and the medical care provided to asylum seekers.

Figure 2. Health Enterprise Fund projection, in millions



	FY2023 Adopted	FY2023 Year-End Projection	FY2024 Forecast
Revenue	$3,991.9	$4,999.6	$4,034.9
Expenses	$3,991.9	$4,597.5	$4,037.9

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.

Changes in forecasts since April 2023

Table 1 shows the nominal variance between the current forecast and what was presented at the last quarterly IRFC meeting in April. The FY2023 General Fund revenue forecast increased by $71.4 million, however, there is a decrease 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 April 2023, as well as preliminary revenue estimates for 2023 and 2024. The non-property taxes forecast experienced the largest nominal change, increasing $41.8 million from the previous forecast because of higher disbursements related to PPRT. The investment income forecast increased $24.4 million as a result of the County improving cash investments to take advantage of favorable interest rates. The county sales tax was also revised upwards from the previous forecast by $5.5 million, or 0.5%, due to stronger than expected remittances through June.

The outyear property tax forecast has the largest nominal decrease from the previous forecast, dropping $75.5 million in 2024. The property tax decrease is primarily the result of lower anticipated PPRT revenue. As a result of lower PPRT revenue coming in during FY2024—which is used for our statutory pension contributions—the County anticipates having to allocate additional property tax revenue towards those contributions, lowering the property tax allocation to the General Fund. The revenue forecast for County Recorder & Registrar and County Clerk decreased as a result of an anticipated drop in real estate transactions and the fees collected from such transactions.

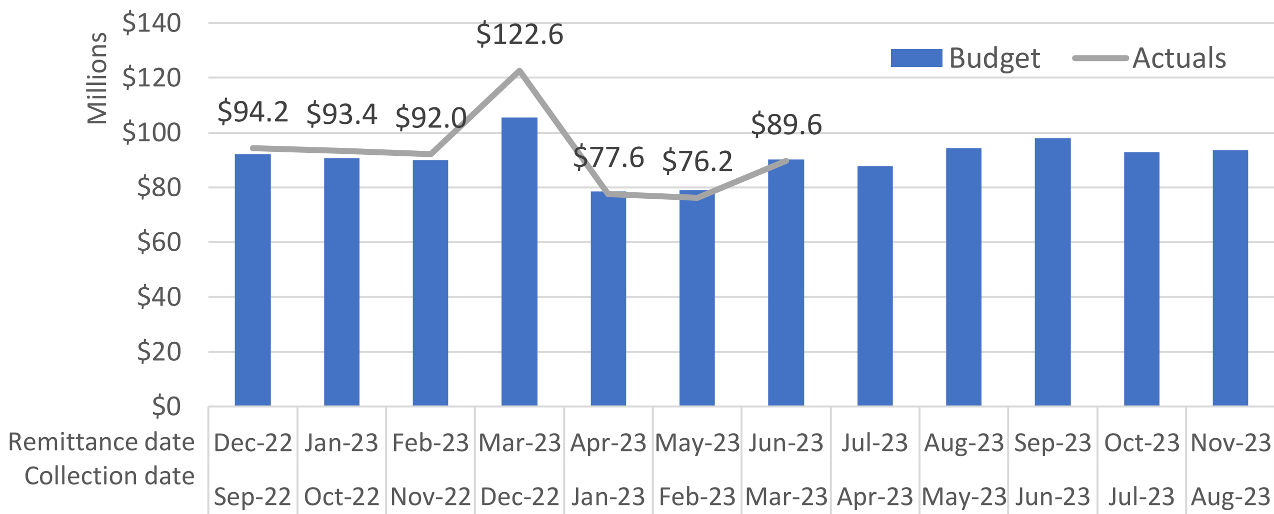
Table 1. Significant nominal variances between 4/27/2023 and 6/27/2023 forecast, in millions

	June forecast	Percent change in forecast	Change in forecast from April 2023 forecast				
Revenue source	**FY2023**	**FY2023**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**
400010-Property Taxes	$267.7	2.6%	$6.7	($75.5)	($62.8)	($48.0)	($38.0)
401110-Non Property Taxes	$41.8	100.0%	$41.8	$0.0	$0.0	$0.0	$0.0
400040-Tax Increment Financing Taxes	$25.9	(0.0%)	($0.0)	($7.8)	($6.2)	($6.2)	($6.2)
401150-County Sales Tax	$1,125.4	0.5%	$5.5	($5.2)	($6.5)	($9.1)	($8.3)
402200-County Recorder and Registrar / 402150-County Clerk	$50.1	(4.2%)	($2.2)	($18.6)	$0.0	($0.0)	($0.0)
405010-Investment Income	$25.4	2,443.6%	$24.4	$34.9	$31.7	$31.3	$29.3
Subtotal major changes	**$1,536.3**	**5.2%**	**$76.4**	**($72.2)**	**($43.9)**	**($32.0)**	**($23.1)**
Other GF revenues	$535.9	(0.9%)	($5.0)	$2.1	($2.5)	$0.2	$0.2
Total GF revenues	**$2,072.3**	**3.6%**	**$71.4**	**($70.1)**	**($46.3)**	**($31.8)**	**($22.9)**

Sales tax estimate

To date, FY2023 sales tax revenues are 3.1 percent higher than the original forecast. These positive results follow FY2022, when sales tax revenues totaled $1.06 billion, which was 9.4 percent higher than the original budgeted forecast. Figure 3 compares sales tax revenue with forecasts through June 2023.

Figure 3. FY2023 Sales tax revenue, actual and forecasted

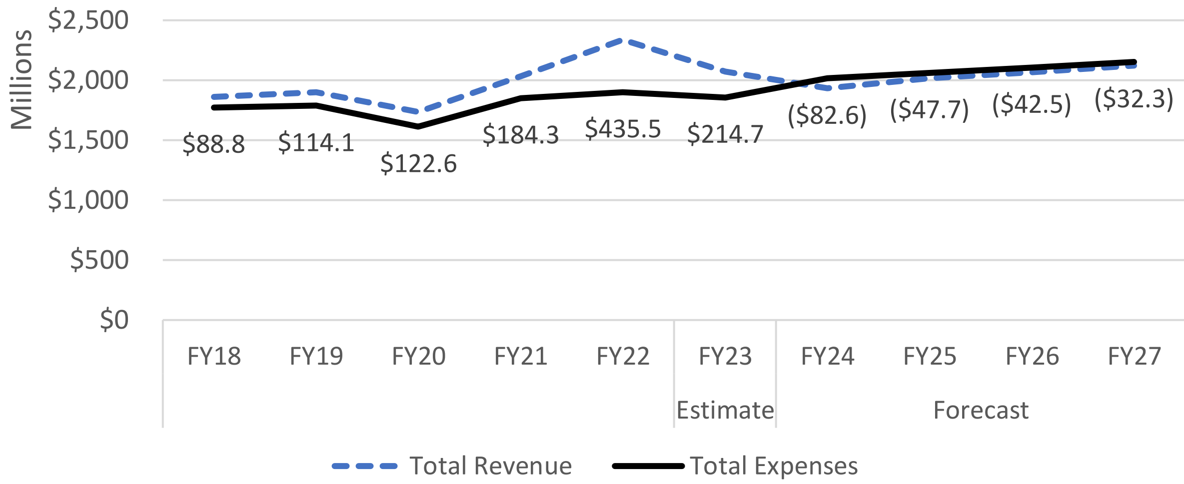


Long term fiscal plan

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.

Revenues are expected to largely keep pace with expenses, with small deficits in the long term. Between FY2023 and FY2027, total expenses for the General Funds are expected to increase at a compound annual growth rate (CAGR) of 3.8 percent, while revenues are estimated to increase by a CAGR of 0.6 percent. This growth can be mostly attributed to sales tax, which is expected to grow at an average annual rate of 2.0 percent. Amusement tax and hotel tax are anticipated to increase as they continue to recover from drops experienced during the height of the COVID-19 pandemic. Revenues associated with gambling are also projected to experience strong growth as additional casinos open in the County during FY2023, FY2024, and FY2025. However, many of Cook County's revenue streams are either failing to keep pace with inflation or declining, including PPRT, the cigarette tax, and many of the fee revenues imposed to support county operations.

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



Fund balance projection

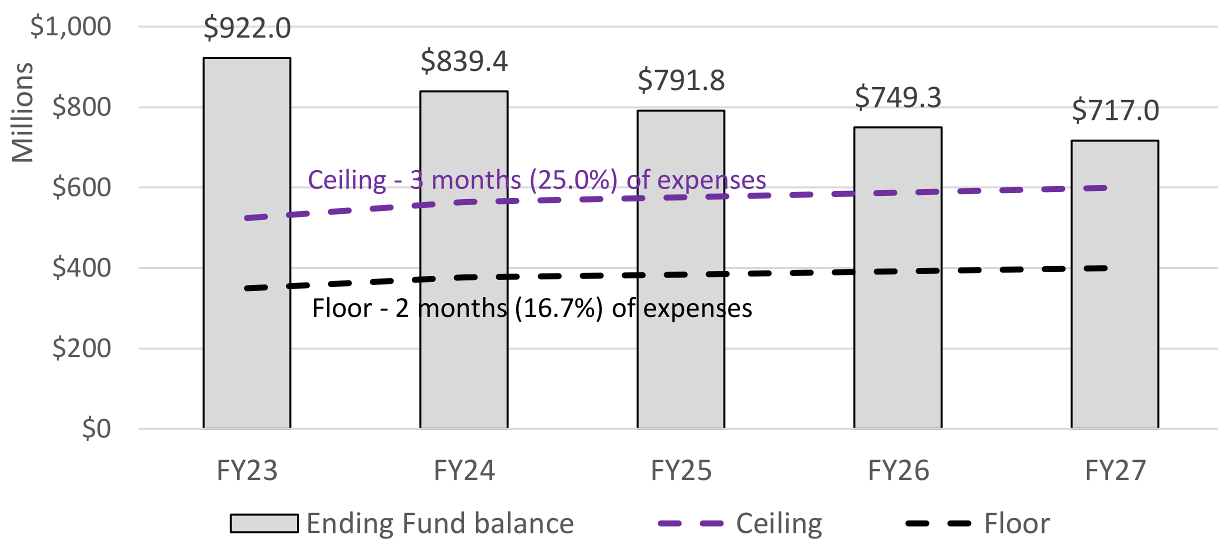
Current estimates indicate that FY2023 is forecast to end with a balance of $922.0 million, reflecting a $30 million appropriation from the General Fund to the County's new Infrastructure and Equipment Fund, as well as transfers of $44.3 million and $29.3 million to the Self Insurance Fund and the Equity Fund, respectively. This fund balance accounts for approximately 44.0 percent of the County's FY2023 estimated 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 FY2023 to FY2027. The long-term projected ending fund balance is estimated to decrease, reaching $717.0 million by FY2027, and remaining above the ceiling.

The purple dotted line (Ceiling) represents 3 months of projected General Fund and Transportation Related Home Rule Taxes Fund expenses, and the dark green dotted line (Floor) represents 2 months' worth of projected annual General Fund and Transportation Related Home Rule Taxes Fund expenses. The floor is the GFOA's minimum recommended value that local governments maintain in their unassigned ending fund balance.[2]

[2] 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

Figure 5. Unassigned ending fund balance projection, FY2023 to FY2027



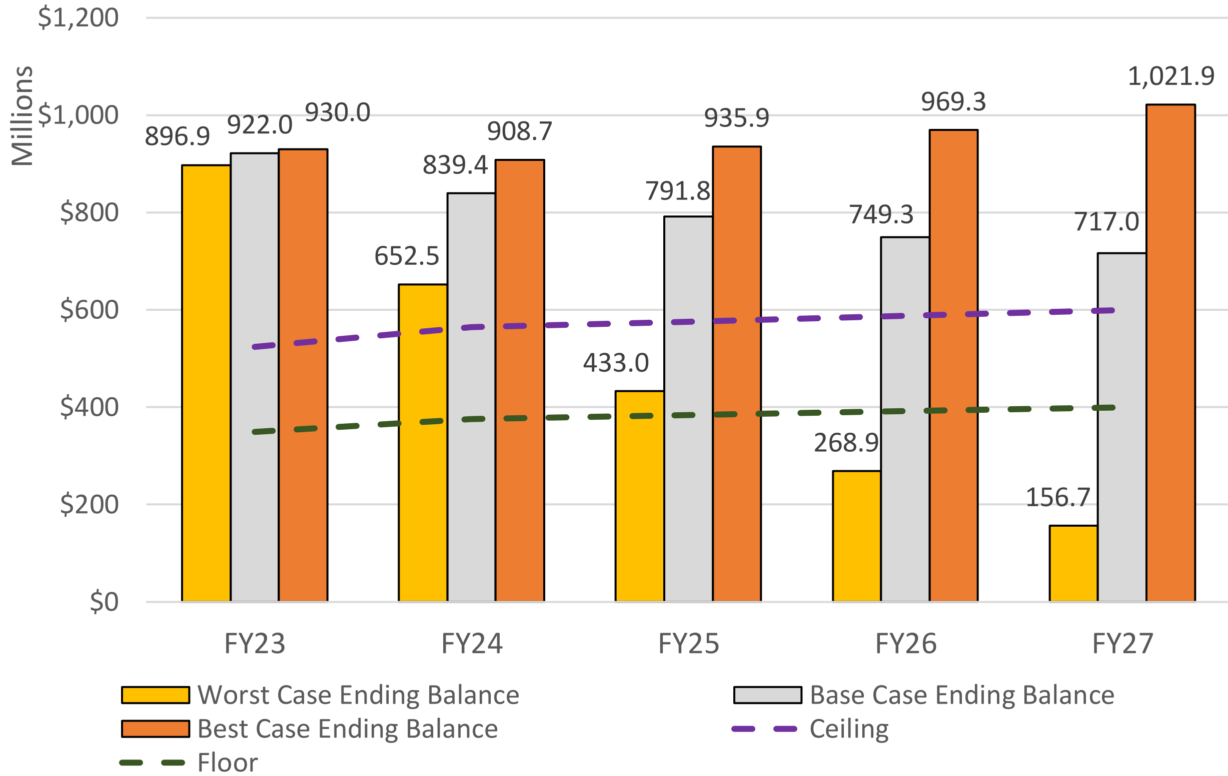
Alternative fund balance scenarios

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 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 worst- and best-case scenarios. In the baseline scenario, the fund balance remains near the fund balance ceiling through FY2027. The best-case scenario, where there is a 10% probability that the economy will perform better and a 90% probability that it will perform worse, assumes the economy experiences more than full employment beginning in the 3rd quarter of 2023, the Fed restores consumer confidence after bank failures, as well as diminishing tensions between the U.S. and China. The worst-case scenario, where there is a 90 percent chance of the economy performing better and a 10 percent change it will perform worse, assumes a rise in unemployment starting in the 3rd quarter of 2023 and peaking in mid-2024, further instability in the banking sector, and the economy falling into a recession in the 3rd quarter of 2023. This worst-case scenario results in a drop in the fund balance such that, without further action, the General Fund does not meet the fund balance floor by FY2025.

Figure 6. Unassigned ending fund balance projection, FY2023 to FY2027



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.

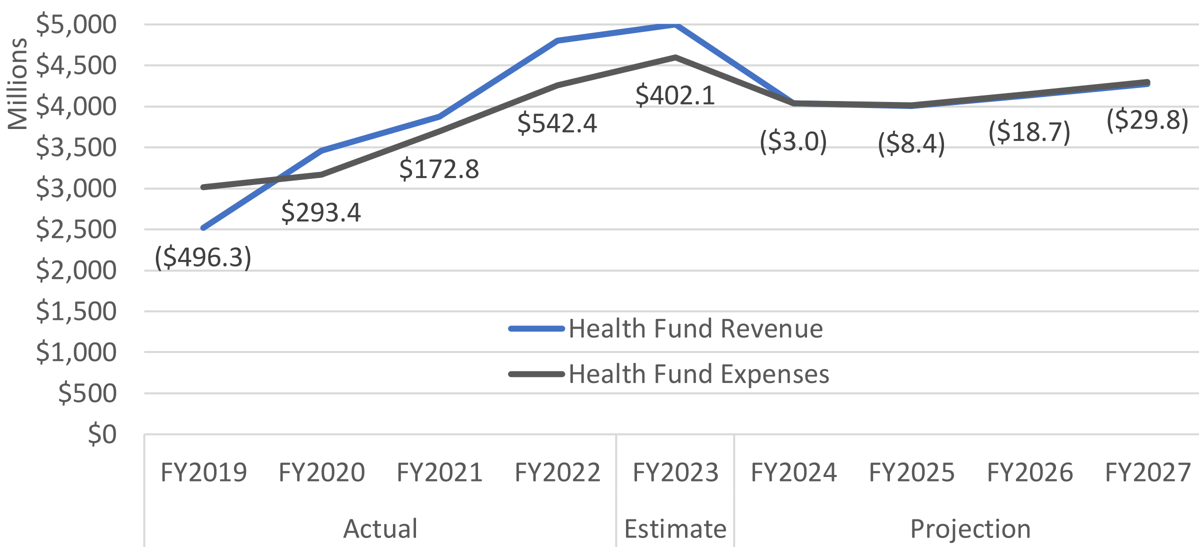
Long term fiscal plan

Since the County's FY2023 budget was adopted, the Consolidated Appropriations Act, 2023, (Public Law 117-328) was enacted at the federal level. This omnibus spending bill allows states to resume the redetermination process for Medicaid eligibility on April 1, 2023. As a result, Health Plan Services anticipates that members will start to be disenrolled from CountyCare starting on July 1, 2023. In the adopted FY2023 budget, it was assumed that members would be disenrolled sooner, starting in the first quarter of FY2023. In addition, as overall Medicaid enrollment decreases, fewer patients at CCH facilities will be insured, resulting in reduced patient fee revenue.

Figure 7 compares forecasted revenues and expenses for the Health Fund through FY2027. The forecast provides for updated estimates of domestic transfers within the Health Fund, as well as incorporates a new approach to accounting for these transfers. A domestic transfer occurs when Health Plan Services (HPS) pays medical claims to CCH for CountyCare members receiving care at CCH facilities. These transfers are recognized as an expense at HPS and as revenue at CCH, but the forecasted revenues and expenses below offset domestic transfer funds, so they are accounted for once in total Health Fund revenues and expenses.

FY2023 is anticipated to end with a surplus in the Health Fund. After a decrease in both revenue and expense in FY2024 driven by the redetermination process, expenses are anticipated to growth faster than revenues in the long run. Expenditures within the Health Enterprise Fund are expected to increase by a compounded annual rate of 2.1 percent from FY2024 through FY2027, while revenues grow 1.9 percent over the same period. Overall, revenues are anticipated to be sufficient to meet projected expenses.

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

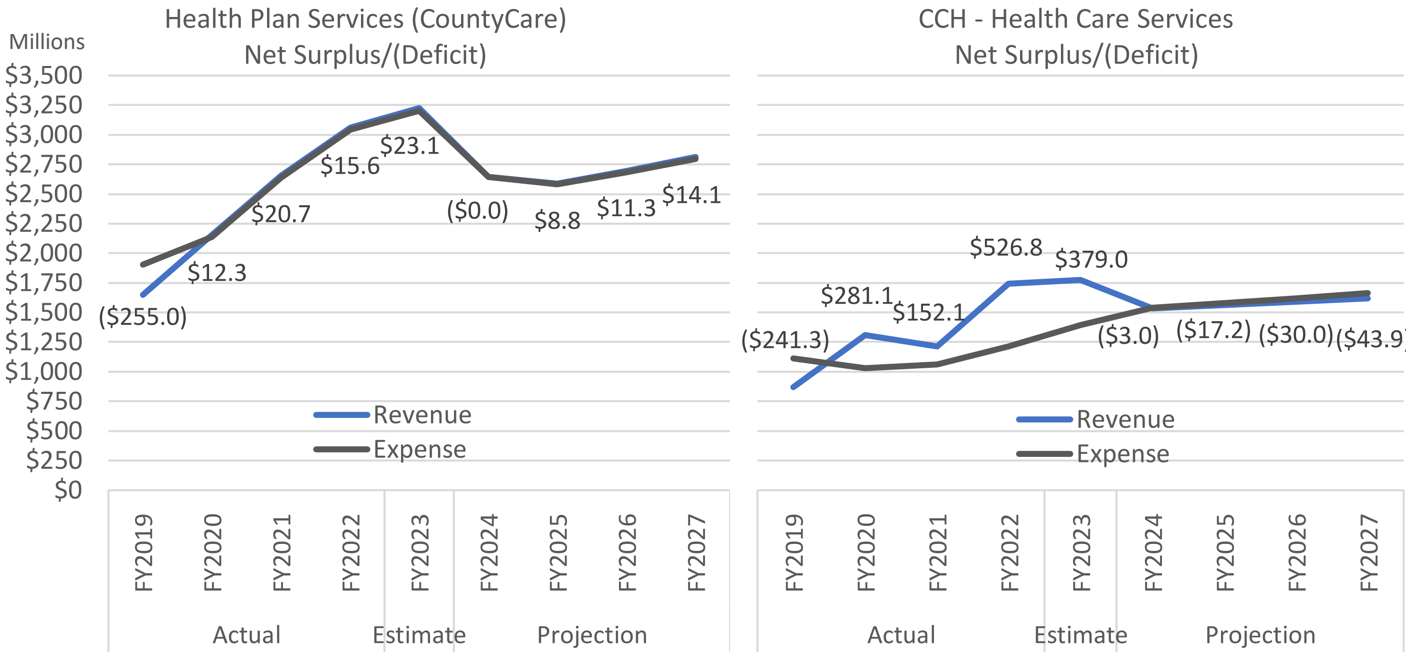


*Forecast assumes an offset for domestic transfers in FY2024 through FY2027

Figure 8 illustrates that after an initial decline in FY2024, long-term growth in the Health Fund is driven by Health Plan Services. Declines in CountyCare revenues and expenses in FY2024 can be attributed to the reinstatement of redeterminations at Health Plan Services and return to lower auto assignment levels. Increases in revenue after FY2024 are driven by expected increases in per member per month revenue for Health Plan Services, as membership is anticipated to be flat.

Revenues from health care services provided by the hospital system are expected to decline by 13.4% in FY2024, primarily as a result of lower patient fee revenue and directed payments from Medicaid managed care organizations. These sources are expected to decline due to the redetermination process for Medicaid eligibility resulting in fewer insured patients. After this initial decline, revenues are estimated to grow between FY2024 and FY2027 at an average of 1.8 percent annually, slower than expenses, which are forecast to grow 2.6 percent on average.

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



*Charts do not include offset for domestic transfers.

HPS membership and revenue scenarios

HPS revenue is a function of the number of CountyCare members and the per member per month revenue generated by those members. Both factors are driven by state policy changes that impact membership levels and PMPM rates. The OCFO and CCH staff analyzed three different scenarios focused on several factors. The resumption of redetermination for Medicaid eligibility is now assumed to start in July 2023 in all scenarios. It is anticipated that the proportion of the autoenrollment pool assigned to CountyCare will also drop in both the conservative and baseline scenarios. These changes will impact membership attrition and enrollments. Table 2 summarizes the assumptions used in these scenarios.

Table 2. HPS scenario assumptions

CountyCare scenario	Next Month Choice Add Projection	Next Month No Reason Given Term Projection	No Reason Given Attrition	Future Month Auto-Enrollment	Auto-Enrollment Pool	PMPM rates
Conservative	Historical Average: 0.7K	Daily Adj. Projection: 2.6K	COVID Attrition: 11.2%	20%, Q2 2023	Historical average	25% decrease to base trends
Base	Historical Average: 0.7K	Daily Adj. Projection: 2.6K	COVID Attrition: 11.2%	35%, Q3 2023	Historical average	Growth rates based on trends
Optimistic	Daily 834 Adj. Projection: 1.0K	Historical Adj. Projection: 2.3K	Historical Attrition: 10.2%	50%	EVH adjusted	25% increase to base trends

Figure 9 shows projected revenues for CountyCare in each scenario. Revenues in all scenarios are anticipated to drop through FY2025, and then grow between FY2025 and FY2027. Growth is driven by increases in PMPM rates in all scenarios.

Figure 9. CountyCare projected revenues, FY2023 through FY2027

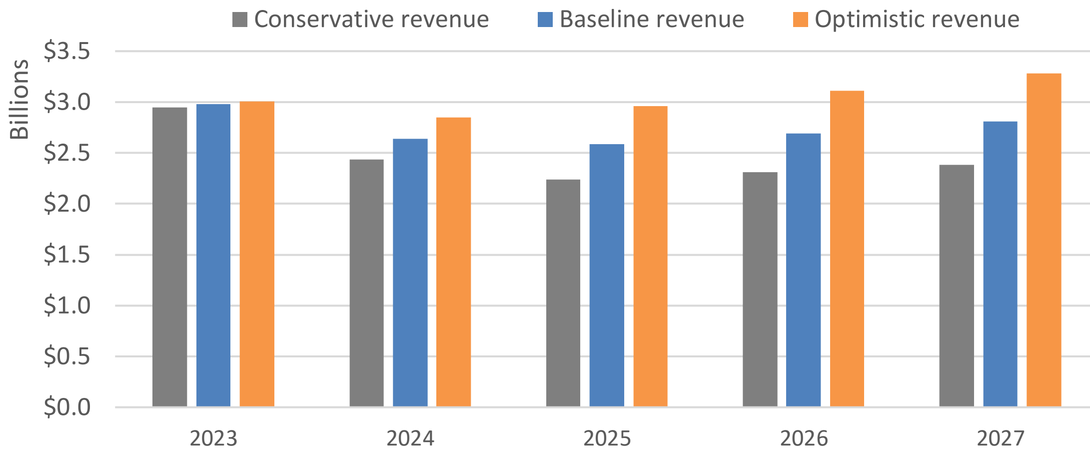
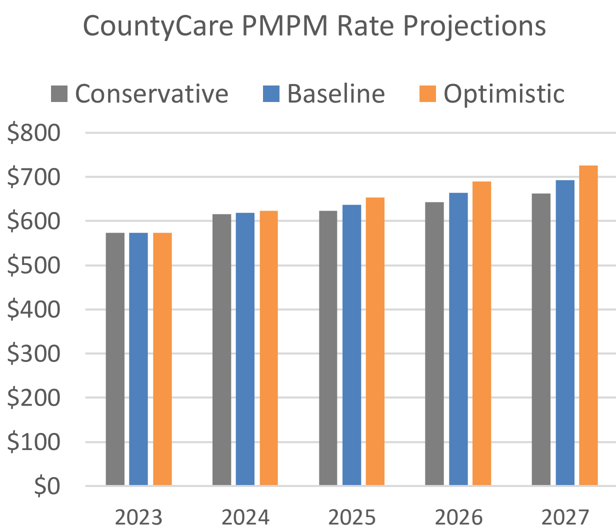
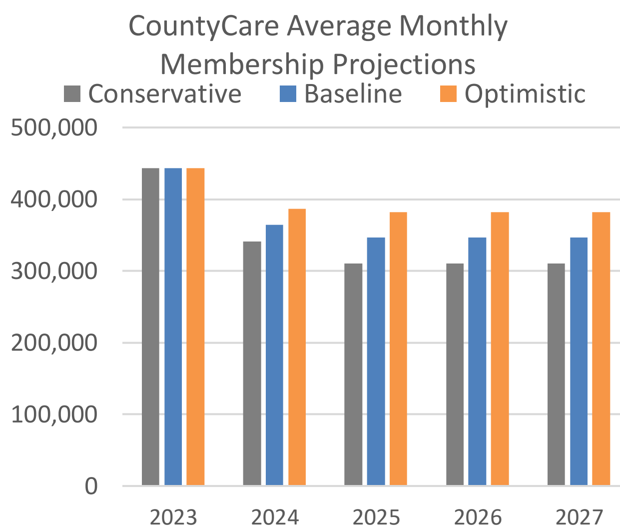


Figure 10 compares growth in monthly membership with growth in average PMPM revenue. The baseline scenario assumes an average annual growth of 4.8 percent in PMPM rates based on past trends, while the conservative and optimistic scenarios assume a 3.7 percent and 6.1 percent growth, respectively. FY2023 PMPM rates are expected to be higher than originally expected in the FY2023 budget.

Membership is anticipated to drop in all scenarios in FY2024. The differences in these reductions across scenarios are driven by the timing of the reduction in the autoenrollment pool being assigned to CountyCare. After these initial drops, membership increases then remains flat in each scenario.

Figure 10. CountyCare average PMPM revenue and monthly membership projections





Net patient service revenue projections

To understand the impact of changes in volume in the hospital system, reimbursement rates, and whether and how patients are insured, OCFO works with CCH to develop assumptions around three revenue forecasting scenarios. 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 reimbursements rates will be consistent with inflation. 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.

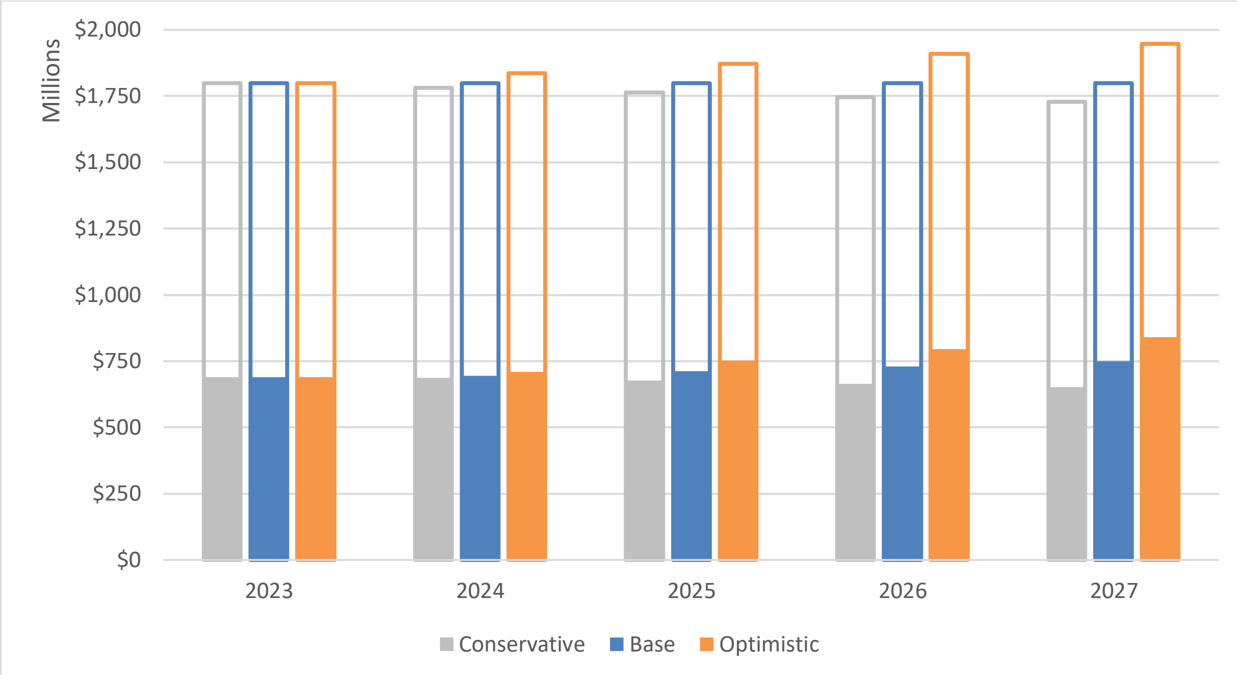
Net patient service revenue projections and the assumptions behind them have been updated in all scenarios to consider the impacts of the resumption of the redetermination process for Medicaid eligibility. It is assumed that 4% of what is currently charged to Medicaid will be now charged to uninsured patients, and further shifts in the payor mix in the conservative and optimistic scenarios are applied to this new baseline.

Net patient service revenue (NPSR) projections for the baseline scenario, the optimistic scenario, and the conservative scenario for FY2023 to FY2027 are illustrated in Figure 11. The baseline scenario projects NPSR to be $690.0 million in FY2023 and $749.2 million in FY2027. This scenario assumes no growth in gross charges and consistency in payor mix after the redetermination process is complete. It does assume that the reimbursement rate will increase 2% for Medicaid and Managed Care year-over-year after FY2023. These rates are established in part based on CCH cost reports that tend to increase at the rate of inflation.

The optimistic scenario projects NPSR will reach $840.1 million in FY2027. The scenario assumes a positive 2% growth in gross charges by payer year-over-year, assuming CCH can optimize capacity and increase the number of patients it serves. In this scenario's payer mix, it is assumed the state will expand Medicaid coverage, resulting in Medicaid and CountyCare increasing by 1 percentage point annually while self-pay declines by 2 percentage points annually until it reaches 25 percent of gross charges. Because this threshold has already been reached, the payor mix does not change in the optimistic scenario. For the reimbursement rate, the scenario assumes a positive rate increase of 3% for Medicaid and Managed Care, at the higher end of inflation, assuming CCH costs in its annual cost report will drive this higher.

The conservative case scenario projects net NPSR to drop to $650.9 million by FY2027. This scenario assumes a 1% decline in gross charges by payer year-over-year, assuming CCH loses volume to other providers. The conversative scenario's payer mix assumes Medicaid and CountyCare will drop by one percentage point annually, while self-pay increases by two percentage points annually, assuming contraction in coverage options. For the reimbursement rate, the scenario assumes a slower positive rate increase by 1% for Medicaid and Managed Care, assuming a lower increase in cost reports.

Figure 11. Net patient service revenues compared to gross charges, 2023-27



Error! Reference source not found. provides an overview of the assumptions used to forecast net patient service revenue in each scenario.

Table 3. Annual change in NPSR 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	1 percentage point increase each year
Payor mix	**CountyCare proportion**	1 percentage point decrease	Constant	1 percentage point increase each year
Reimbursement rate		1 percentage point increase for Medicaid and Medicaid Managed Care	2 percentage point increase for Medicaid and Medicaid Managed Care	3 percentage point increase for Medicaid and Medicaid Managed Care

Update on recommendations of the IRFC

The IRFC's recommendations were provided on August 31, 2022, and included six new recommendations that build on those approved in FY2021. They reflect the need to document and monitor the implementation of previous recommendations. Progress on implementing these recommendations is outlined in Table 4.

Table 4. Progress on FY2023 recommendations of the IRFC

Deliverable	Progress
Methodological report	Methodology report drafted for property taxes, sales taxes, and investment income
Create a calendar of economic data releases and integrate that calendar into forecasting schedule	Calendar of economic data releases is updated for 2023.
Identify data and indicators that capture short- and long-term changes in work and spending patterns	Analyzed detailed data from Dept. of Revenue for gasoline, amusement, and parking tax revenues.
Prioritize an initial set of fees to explore and collaborate with the offices that impose the fees to obtain data on fee rates and volumes	Working with three departments to obtain data on fee rates and volumes.
ARPA sustainability analysis of the potential impact on the fund balance of providing funding support to after 2026	Surveyed departments on their ARPA initiatives in order to update the potential range of impacts on the fund balance.

Economic data releases

The OCFO monitors economic indicators that inform the County's revenue and expense forecasting. Economically sensitive revenues account for 60.3 percent of the General Fund forecast, and the County's expenses are impacted by inflation. Table 5 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 possible are used in forecasting.

Table 5. Economic data releases, June through Sept 2023

Release Date	Indicator
July 2023	
July 7	Employment Situation
July 12	Consumer Price Index
July 27	Gross Domestic Product, 2023 Q2 – Preliminary
August 2023	
August 2	Metropolitan Area Employment and Unemployment
August 4	Employment Situation
August 10	Consumer Price Index
August 30	Metropolitan Area Employment and Unemployment

Release Date	**Indicator**
	Gross Domestic Product, 2023 Q2 – 2nd Estimate
September 2023	
September 1	Employment Situation
September 13	Consumer Price Index
September 19	Federal Reserve Economic Projections
September 27	Metropolitan Area Employment and Unemployment
September 28	Gross Domestic Product, 2023 Q2 – 3rd Estimate

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 2.0 percent in the first quarter of 2023. This growth estimate is lower than growth during the previous two quarters but reflects increases in consumer spending and exports. As detailed in Table 5, the second quarter estimate will be released on July 27.

In their forecast released prior to the most recent GDP estimates, Moody's Analytics forecasted that the Gross Metropolitan Product (GMP) for the Chicago-Naperville-Elgin metropolitan would rise by 1.7 percent in 2023 because of expected responses to monetary policy changes. While Moody's continues to project that the unemployment rate in the region will not reach its pre-pandemic level of 3.6 percent in the next five years, Moody's also anticipates that unemployment will remain below 5 percent. Although inflation is expected to remain elevated through the beginning of 2024, it is forecasted to drop below 3 percent by the second quarter of 2024 and moderate in the outyears. Table 6 provides an overview of economic indicators that are considered when developing revenue forecasts.

Table 6. Actuals and forecasts of economic indicators, Chicago-Naperville-Elgin Metropolitan Area, 2021 to 2027

	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Gross Metro Product, (% change, Ch. 2012, SAAR)	6.3%	2.6%	1.7%	1.0%	1.9%	2.3%	2.1%
CPI, All Urban Consumers, (% change, SA)	4.3%	7.6%	3.9%	2.9%	2.1%	2.0%	1.9%
Resident Population: Total, (Ths. #)	9,520.5	9,462.7	9,444.9	9,423.5	9,395.5	9,371.1	9,344.5
Disposable Personal Income, (% change, SAAR)	5.4%	(0.4%)	7.0%	4.6%	3.5%	3.6%	3.6%
Labor Force Participation, (%, SA)	63.8%	65.6%	65.8%	65.8%	66.1%	66.2%	66.4%
Labor: Unemployment Rate, (%, SA)	6.2%	4.6%	4.3%	4.5%	4.7%	4.6%	4.7%
Income: Median Household, (SAAR)	$78,166	$78,815	$81,882	$84,701	$87,243	$90,004	$92,874
Income: Per Capita, (SAAR)	$71,956	$73,930	$77,364	$80,747	$83,824	$87,138	$90,544
Labor: Number of Employed, (Ths. #, SA)	4,548.4	4,735.9	4,755.0	4,737.5	4,735.5	4,743.0	4,740.2
Retail Sales: Total, (% change, SAAR)	18.7%	9.8%	1.8%	1.3%	2.5%	2.7%	2.3%

Source: Moody's Analytics, June 2023 baseline scenario