

**The Sangamon County Business
Economic Outlook Survey
March 2009**



About the survey: The Sangamon County Business Economic Outlook Survey is a biannual vehicle to assess the economic outlook of businesses and non-profit organizations in Sangamon County. The survey solicits opinions from a sample of businesses/firms/organizations in Sangamon County with 10 or more employees. Opinions solicited include expectations about the performance of various aspects and sectors of the Sangamon County economy in the next 12 months; expectations for the respondent's own business; and the biggest challenges facing their firm in the local economy over the next 12 months. The most recent results are based on 214 survey responses that were collected during late February through mid-March, 2009. The Outlook Survey began one year ago and was also conducted six months ago, in September of 2008.

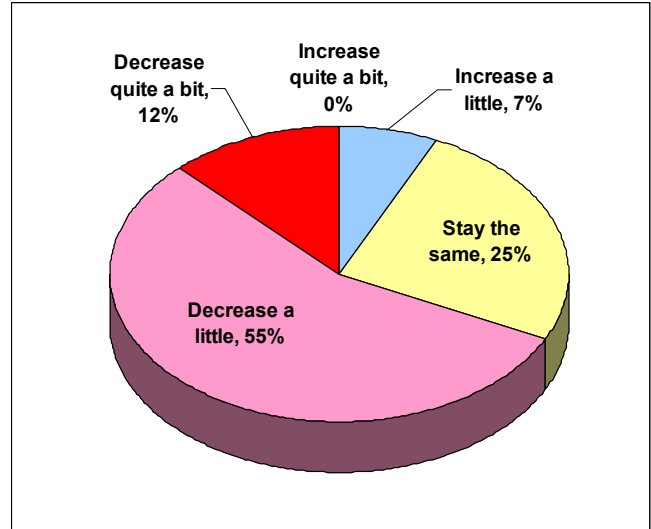
About the "Intensity Index Score" (IIS): Outlook questions ask respondents whether an economic indicator over the next 12 months will: *decrease quite a bit, decrease a little, stay about the same, increase a little, or increase quite a bit.* For the purpose of tracking responses over time, we developed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

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

Result highlights

Expectations for the performance of the Sangamon County economy as a whole over the next 12 months are negative (Intensity Index Score = -36). Less than one in ten respondents expect any increase in the performance (0% quite a bit; 7% a little) while two-thirds expect some kind of decrease (12% quite a bit; 55% a little). One in four (25%) expect it to stay about the same.

**Outlook for Sangamon County Economy
Intensity Index Score = -36**



The March 2009 Intensity Index Score of -36 for the Sangamon County economy reflects somewhat more pessimism than was found last September (IIS = -29), which in turn was somewhat more pessimistic than that found one year ago (IIS = -22).

Compared to six months ago, the latest results show more expecting a decrease (67% vs. 58% in September) -- and at the same time show somewhat fewer expecting stability (25% vs. 32% in September) and slightly fewer expecting an increase (7% vs. 10% in September).

By sector, intensity index scores were on the positive side for only two sectors:

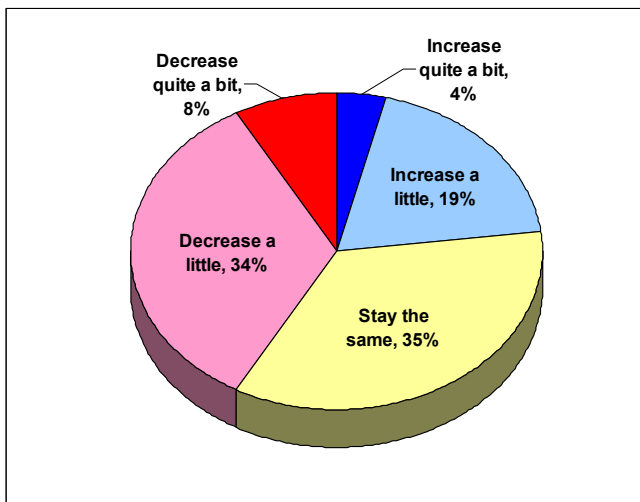
- medical/health care (IIS = +21)
- education (+7)

The other ten sectors had negative scores, with the most negative being for manufacturing (-54) followed by construction/building (-48) and then retail trade (-41). Next were wholesale trade (-35), transportation/warehousing (-31), finance/insurance/real estate (-31), accommodations/food/entertainment (-30), personal services (-26) and business/professional services (-21). To round out the sectors, information and communications systems/services came in at -10.

In the last six months, IIS scores dropped for all sectors. The decline in the IIS was 10 to 15 points for eight of the twelve sectors (including medical/health care). By far, the largest drop occurred for manufacturing (from -30 in September to -54 in March, a decline of 24 points). The smallest declines in the IIS occurred for education, finance/insurance/real estate, and transportation/warehousing.

The overall expectations for “your” firm / business in Sangamon County over the next 12 months are modestly negative (Intensity Index Score = -12). Over one-fifth expect some kind of increase (4% quite a bit; 19% a little), but nearly twice as many expect some kind of decrease (42% in total, with 8% quite a bit and 34% a little). Just over one-third (35%) gave a rating of “stay about the same.”

Outlook for Own Firm: “Overall”
Intensity Index Score = -12



The latest expectations for respondents’ own firms are somewhat more pessimistic than the expectations found last September (IIS = -6), which in turn had declined from the slightly optimistic expectations given one year ago (IIS = +7).

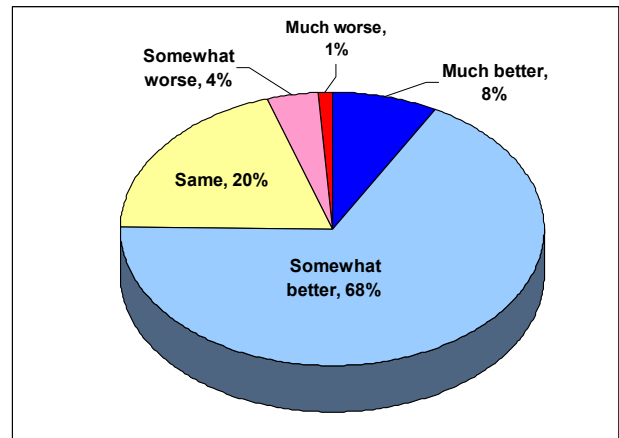
Compared to six months ago, the latest results show somewhat more expecting a decrease (42% vs. 36% in September) -- and at the same time show fewer expecting an increase (23% vs. 32% in September). Those expecting stability are about the same in both surveys at just over one-third.

Comparisons with national economy. For the “topical questions” in the recent survey, respondents were asked how the current Sangamon County economy compares to the national economy. And, the same kind of question was asked regarding their firm’s particular economic sector. Here, much more positive results are found.

For the performance of the overall Sangamon County economy compared to the national economy, about three-quarters believe the Sangamon County economy is better, with most saying “somewhat better” (68%)

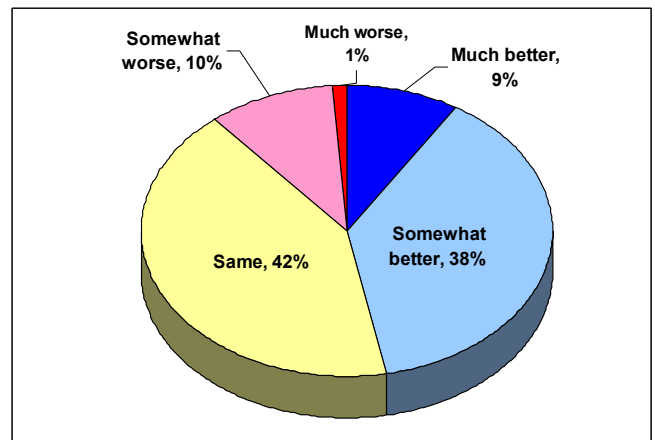
rather than “much better” (8%). One-fifth believe the county’s economy is about the same as the national, while only one in twenty (5%) believe it is worse.

How Sangamon County Economy Compares to National Economy



For the performance of their firm’s sector in the Sangamon County economy compared to this performance nationally, almost half believe their sector’s local performance is better, with far more saying “somewhat better” (38%) rather than “much better” (9%). About four in ten (42%) believe their local sector is performing about the same as it is nationally, while just over one in ten (11%) believe the local performance is worse.

How Firm’s Sector in Local Economy Compares to Performance Nationally



Challenges. By far, the biggest challenge over the next 12 months as seen by these respondents is consumer confidence and spending, selected by more than six in ten (63%). This is followed by:

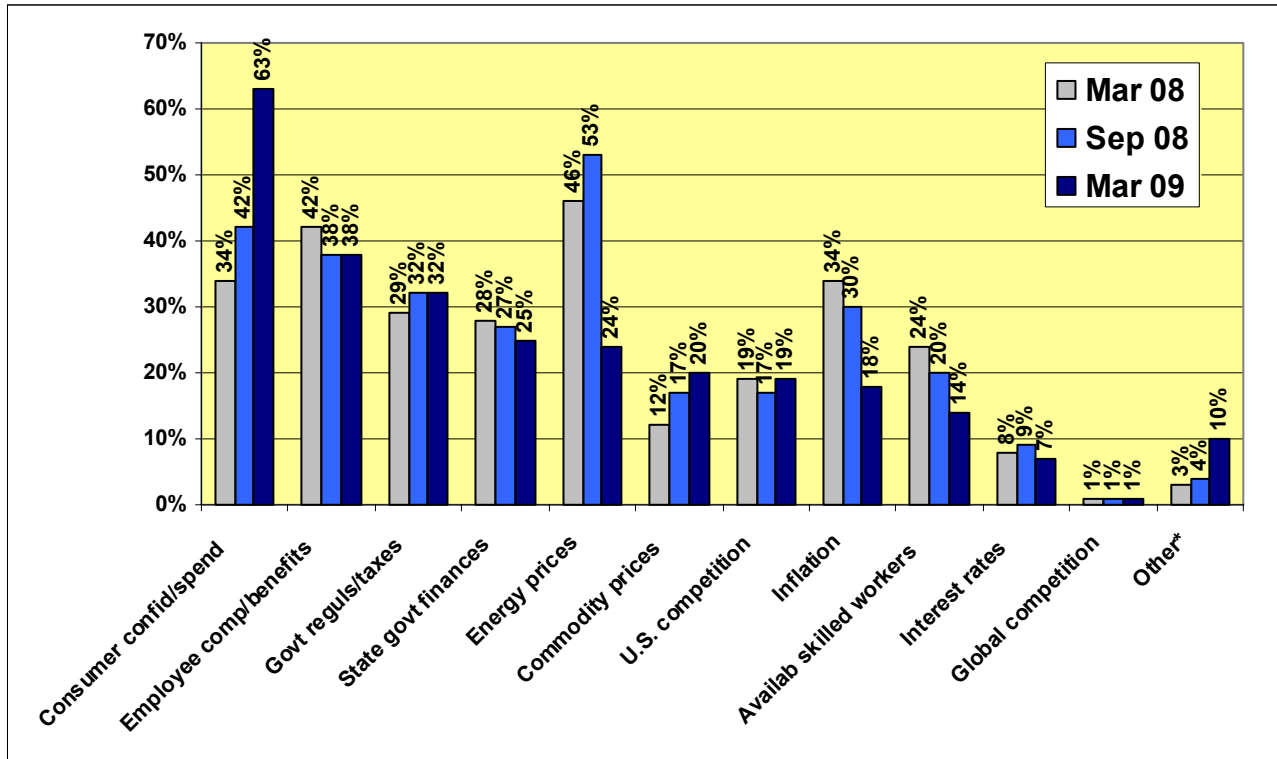
- employee compensation/benefits (38%)
- gov't regulations/taxes (& policy) (32%)
- state gov't finances (25%)
- energy prices (24%)
- commodity prices (20%)
- competition within US (19%)
- inflation (18%)
- availability of skilled workers (14%)

The largest increase in concern from last September is clearly for consumer confidence/spending, an increase of 21 percentage points, taking it from second position to a clear front-runner (42% to 63%). But the largest change actually occurs for energy prices, which experienced a decline of 29 percentage points, taking it

from the first position in September to a virtual tie for fourth in the latest survey (53% to 24%).

More detailed results are presented below.

What are the Three Biggest Challenges Facing Your Firm in the Local Economy over the Next 12 Months?

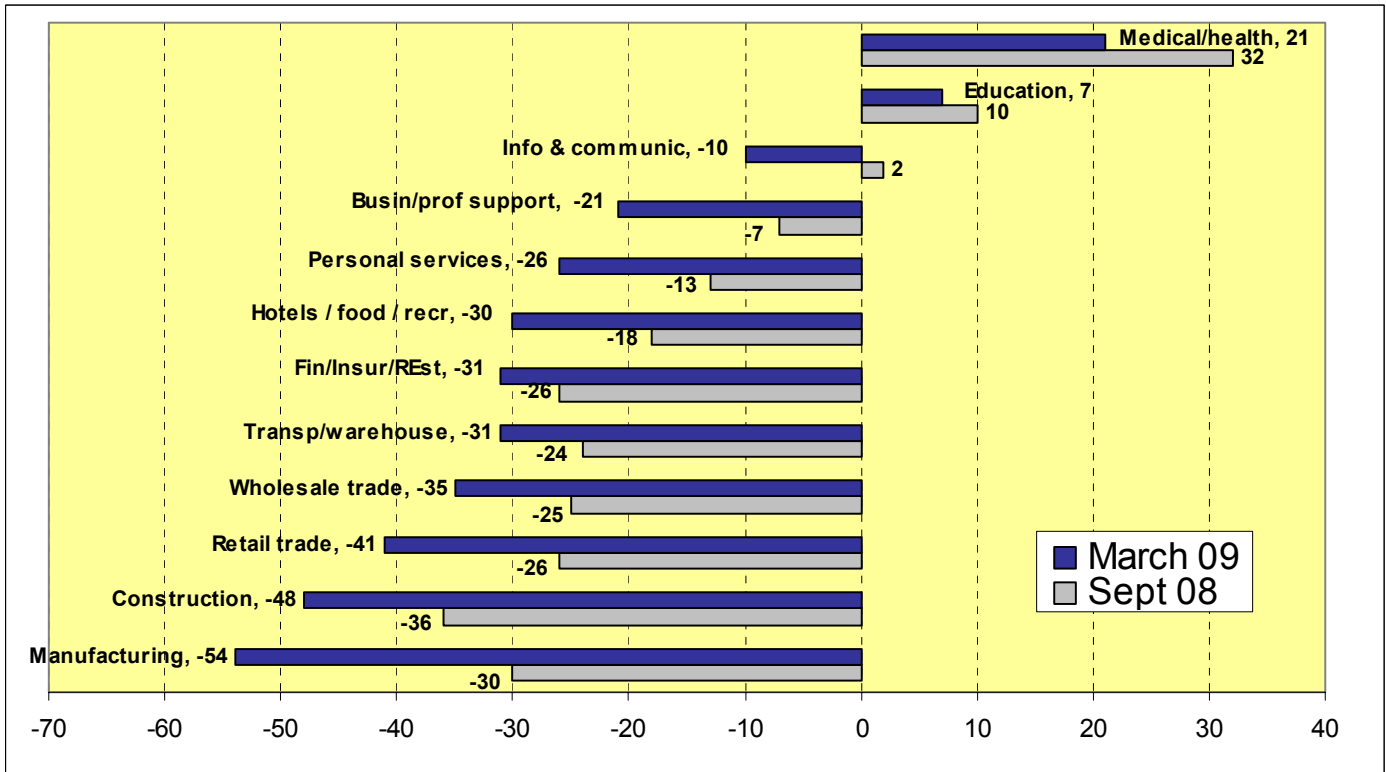


* For the latest March 2009 survey, 7% of the "other" responses made reference to one of the following: economy (general); recession; unemployment; decline in sales or membership – 2% while also identifying consumer confidence/spending and 5% without doing so.

Over the Next 12 Months, What are your Expectations for Sangamon County Economy? (figures show % of respondents by category)

Sangamon County	March 09 Results					Mar 09 Intensity Index Score (IIS)	Recent Sept 08 to Mar 09 change in IIS	Mar 08 to Sept 09 change in IIS
	DECREASE quite a bit	DECREASE a little	SAME	INCREASE a little	INCREASE quite a bit			
Overall economy	12%	55%	25%	7%	0%	-36	-7	-7
Gross sales / revenue	17	47	23	12	2	-32	-11	-3
Capital investment	23	39	24	13	1	-36	-10	-12
Overall employment	18	44	29	8	1	-35	-4	-14
Contributions to non-profits ...	27	40	27	6	1	-43	-10	-6
Interest rates	6	26	47	17	3	-7	-19	+38
Inflation/prices	2	12	29	43	14	+28	-33	+3

Intensity Index Scores for Economic Sectors, Current and Six Months Ago



Over the Next 12 Months, What are your Expectations for Your Firm?

(figures show % of respondents by category)

Sangamon County	March 09 Results					Mar 09 Intensity Index Score (IIS)	Recent Sept 08 to Mar 09 change in IIS	Mar 08 to Sept 09 change in IIS
	DECREASE		SAME	INCREASE				
	quite a bit	a little		a little	quite a bit			
Overall	8%	34%	35%	19%	4%	-12	-6	-13
Profitability	13	29	37	19	2	-15	-5	-12
Capital investment	12	24	47	16	1	-15	-13	-13
Gross revenue / sales	12	32	29	22	5	-12	-12	-12
Number of employees	7	24	53	15	1	-10	-4	-16

Note: The September 2008 results reported here are adjusted from the initial results reported last Fall. Here we counted eight questionnaires that were received the day after our necessary cut-off date for analyzing the September 2008 results. Overall, the adjusted results differ only slightly from the initial results reported last Fall.

More results as well as updates and additional analyses of the results are/will be posted at:
<http://cspl.uis.edu/SurveyResearchOffice/BusinessOutlookSurveyResults.htm>