

Rockford Region Community & Economic Highlights

The Office of Economic Adjustment (OEA), an arm of the U.S. Department of Defense, initiated the Defense Industry Adjustment (DIA) Program to assist communities in planning for adjustments and resiliency in the face of defense industry changes. Since early 2016, a project team made up of the University of Illinois Office of Vice President for Research (OVPR), the UIC Voorhees Center, and the Quad Cities Chamber of Commerce, has been working on the State of Illinois Defense Industry Adjustment Project to assess the impact of changes in defense industry spending in Illinois, and to assist impacted sectors in their efforts to develop plans and options to mitigate impact.

At number 48, the State of Illinois is one of the lowest defense spending states as a percentage of total state GDP. As of fiscal year 2014, only 0.8% of the state GDP is attributed to defense spending. Still, this accounted for \$5.6 billion in annual spending, largely for manufacturing of Supplies & Equipment (a category with 49% of annual spending contracts). The top direct defense spending locations in the state include: St. Clair County, Winnebago County, Lake, Cook, & DuPage Counties, Peoria County, and Rock Island County. These seven counties currently account for \$4.5 billion of annual spending in the state.

As part of the project team, the UIC Voorhees Center for Neighborhood and Community Improvement will analyze data, conduct studies, and engage with stakeholders to inform and assist impacted sectors in their efforts to develop plans and strategies. The first of these efforts involves compiling community and economic profiles to share with community stakeholders in five regions of the state (Quad Cities, Rockford, Chicago Metro, Metro East, and Peoria) in order to inform the direction of the state DIA Project.

This assessment for the State of Illinois DIA Project offers an initial survey of demographic, housing, and economic conditions in order to provide basic baseline information. The **Community Profile** covers key indicators such as regional education, housing, and population trends.

The **Economic Profile** provides an overview of a region's economy in terms of its current composition, changes in employment, and occupations. In addition to analyzing basic indicators that measure economic conditions and help evaluate regional economic performance, the profile identifies specific manufacturing and professional/technical services industries in which businesses may be performing defense contract work or are part of the defense industry supply chain. Each indicator is analyzed in comparison with the state and national averages to provide a better understanding of local status and trends. To the extent that data are available, the profile analyzes changes over a period of 10 years—long enough to reveal some dynamics, but short enough to reflect local changes that may be malleable through regional planning activity.

This report covers the two-county Rockford region comprised of Boone and Winnebago County. Unless otherwise indicated, regional data is defined using these geographies. Additional notes on definitions and data sources may be found at the end of the Economic Profile document. If there are any questions, please contact Yittayih Zelalem, Co-Director of the Nathalie P. Voorhees Center for Neighborhood & Community Improvement at the University of Illinois at Chicago at [312-996-6674](tel:312-996-6674) or e-mail at: yittazel@uic.edu.

Rockford Region Economic Highlights

- Manufacturing, health care, and retail trade accounted for the largest shares of any sector in 2014, representing 22.1 percent, 15.2 percent, and 10.5 percent of regional employment, respectively.
- Manufacturing, administrative services, and health care created the most jobs over the period of 2010-2014, adding a combined 7,862 jobs in the region.
- Current regional employment is still below the pre-recession level. During the same period, the U.S. economy performed somewhat better. Employment in the Rockford region expanded 5.1 percent from 2010 to 2014, but lagged the national growth rate of 6.9 percent.
- Relative to the nation and Illinois, the private sector accounts for a large portion of employment in the two-county region. On the other hand, state and local governments account for a small (around 10%) portion of regional employment. Likewise, the federal government accounts for a relatively small portion of employment in the two-county region.
- The 2015 unemployment rate in the region (7.0%) is higher than both the national unemployment rate (5.3%) and the state rate (5.9%). After peaking during the recession (2009), recent year regional insurance claims to a large extent seem to have returned to their pre-recession levels.
- The current annual average wage for all industries in the region is \$42,943 and it is below the national and Illinois figures (average annual wages for all industries in Illinois was \$54,106; and \$51,364 in the U.S.). There has not been a significant change in difference between regional and national wages in the last ten years.
- The region is specialized in various manufacturing industries. Among those, machinery manufacturing (NAICS 333); fabricated metal product manufacturing (NAICS 332); and transportation equipment manufacturing (NAICS 336) are likely the most closely related to defense.
- Defense contracts have been in the range of less than 1 percent of gross regional product for the last ten years although it appears to be trending higher in recent years.
- Regional employment in the machinery manufacturing declined substantially during the recession and has not completely recovered yet. Regional employment in fabricated metal manufacturing closely follows the national trend, but still below the pre-recession levels. Regional employment in the transportation equipment manufacturing is showing a fluctuating pattern in the last ten years. Since the recession ended in 2010, employment in transportation equipment manufacturing in the region increased faster than the U.S.
- Four major growth occupation groups are: Architecture and Engineering Occupations; Protective Service Occupations; Personal Care and Service Occupations; Production Occupations.

Rockford Region Demographic and Housing Highlights

- As of 2014, the population of the Rockford region was 346,031 which marks a 2.0% increase from 2005 figures, outpacing state growth during this period. Boone County saw steady population growth since 2005, adding an additional 4,000 residents. Winnebago County's population peaked in 2010 and had declined by 2014, but remains above 2005 figures.
- 29.3% of the region's population age 25 and older holds a college degree (Associates, Bachelors, Graduate, or Professional degree). This figure is lower than the state and national averages. Figures have increased slightly since 2005.
- Median household income in the Rockford region was \$49,266 in 2014, which is slightly lower than the state and national averages. Similar to state and national figures, median income has yet to rebound to 2005 levels, with declines being slightly more severe in Rockford than in Illinois as a whole.
- Median home value in the two-county region was \$124,619 in 2014, which is slightly lower than the state and national figure of \$175,700. Declines in home value following the housing bubble and mortgage crisis were less severe in Rockford, with prices in 2014 sitting 13.5% below 2005 housing value levels. Meanwhile, housing values in the State of Illinois fell 20.5% from 2005 to 2014.
- Median gross rent in the Rockford region was \$748 in 2014, which is lower than the state and national average of \$903 and \$920 respectively. This marks a 2.4% increase from 2005 figures.
- The residential vacancy rate in the Rockford region sits at slightly below 4%, which is higher than the state and national average. Figures have decreased since peaking at just above 5% in 2013.
- As of 2014, 68.7% of households lived in owner-occupied units while 31.3% live in renter-occupied units. Homeownership rates outpace the state and national average, but declined at a greater rate since 2005.