

Midwest and Great Lakes Economic Development Summit  
**ILLINOIS STATE REPORT**

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## **Economic Development Strategy**

Governor Blagojevich's Opportunity Returns economic development strategy is based on a regional approach. The Governor divided the state into 10 regions and has promoted and supported regional efforts in economic and workforce development.

In addition to economic development strategies in business development (e.g. business attraction/retention tax incentives and grant and loan programs) and tourism, Governor Blagojevich's economic development strategy has placed emphasis on other key areas including:

- Research and Development and Technology Commercialization: Illinois is dedicated to making critical investments in R&D and incubator capacity including both R&D facilities and technology parks. Illinois has focused on targeted areas including biosciences, energy (e.g., clean coal technology, renewable fuels, energy efficiency), and homeland security. Illinois also has focused on promoting research and development in small and early stage businesses.
- Global Markets and Trade: Illinois also recognizes the importance of foreign markets and investment and continues to focus on expanding exports and expanding foreign investment in Illinois.
- Entrepreneurship and Venture Capital: Illinois is also dedicated to providing small businesses with the means to succeed and compete by developing the Illinois Entrepreneurship Network and has worked to increase access to seed and early stage venture capital.
- Education and Workforce Development: Illinois is also actively involved in developing a P-20 education and workforce pipeline that is aligned with key sectors or clusters critical to the economic development of the state and its regions. This effort has recently focused on developing innovation talent starting with a K-12 innovation talent project.

Governor Blagojevich recently formed the Governor's Economic Development Subcabinet to coordinate and align economic development efforts in Illinois. The subcabinet convenes fifteen agencies including state education agencies.

For more information on economic development efforts coordinated through the Illinois Department of Commerce and Economic Opportunity, see:

<http://www.commerce.state.il.us>

## **Manufacturing**

Manufacturing remains a strong and critical component of the Illinois economy and has been a major focus in state economic development for many years. The primary strategies for attracting and retaining/upgrading manufacturing include:

- Incentive and grant and loan programs for attraction and expansion
- Incumbent worker training programs used for both attraction/expansion and retention
- MEP centers for providing consulting and training services to small and mid-sized manufacturers for both expansion and retention
- University sponsored research and technology transfer relationships with manufacturers
- Export and government procurement assistance
- Other business assistance programs such as energy which help manufacturers identify and implement opportunities to reduce energy costs

As part of the Innovate Now initiative, Illinois recently conducted CEO forums and completed company profiles of the leading Illinois manufacturers who are competing on innovation and they indicated that Illinois can best support them by: (1) improving research and development collaboration with universities and federal laboratories and (2) workforce development.

## **Workforce**

The Governor's Economic Development Subcabinet is pursuing a regional sector approach for linking economic and workforce development. This approach builds from the Critical Skill Shortages Initiative (CSSI) and integrates the more recent national implementation of career clusters in career and technical education and cluster-based bridge programs in adult education funded through the Joyce Foundation Shifting Gears initiative. This regional sector/cluster approach is based on standards and career pathways as well as major gateway bridge programs in critical clusters such as healthcare, manufacturing, transportation and logistics, and information technology. This effort provides the foundation for credit transfer and the definition and alignment of multiple degrees, certificates and other exit points within and across career pathways. This effort also involves shared data systems to monitor and track students and workers through the pipeline at four major transition points ranging from program application/entry to long-term employment retention within critical sectors. These efforts are being coordinated through the Governor's Economic Development Subcabinet. In addition, Illinois recently launched Illinois workNet--a statewide portal and network for businesses, workers and students to access information and resources for workforce development. Illinois workNet is designed to support sector/cluster-based workforce development initiatives.

## **Transportation & Logistics**

As part of the Opportunity Returns regional planning process, Illinois engaged regional economic development leaders in establishing priorities for developing Illinois' transportation infrastructure to support regional economic development. These efforts leveraged ongoing planning efforts of regional and local partners. In order to coordinate economic development and transportation planning, the Illinois Department of Transportation works with the Illinois Department of Commerce and Economic Opportunity and other state agency partners to ensure that the logistical needs of both businesses and employees are met. Recently the State has coordinated planning efforts with local communities, businesses and public officials to ensure their infrastructure and economic development strategies are aligned in anticipation of a capital bill moving forward in the Illinois General Assembly.

To better understand the issues surrounding broadband deployment, Governor Blagojevich mandated the DCEO to establish the Illinois Broadband Task Force. The Task Force was composed of leaders from business, education and government who were knowledgeable and experienced in the field of telecommunications. Following the Task Force's recommendations, Governor Blagojevich's Executive Order 2005-9 established as a state policy goal "universal, competitive and affordable" broadband access throughout the state. It also established a Broadband Deployment Council.

DCEO has since worked in collaboration with partners to identify and map critical gaps in broadband connectivity. In addition, the Main Street program has provided WiFi grants to deploy broadband access to downtown business districts throughout Illinois. The State has issued Illinois Commerce Commission Digital Divide Infrastructure grants to expand broadband access in underserved areas that have either no high-speed access or lack access to competitively priced services. Finally, Illinois has recently begun work on a new initiative that seeks to build community support for high speed access to better facilitate the entry of a major service provider. In addition, the State continues to partner with local entities to better coordinate the deployment of broadband access.

## **Clean Tech & Energy Efficiency**

Illinois has an explicit strategy to promote the "green" industry that includes a number of new programs and policies. One major cornerstone of this strategy is a new program currently under development that will provide direct incentives for projects that support domestic renewable energy production through the development of renewable energy businesses and component manufacturers. The program will be funded out of the state's \$4.5 million renewable energy resources trust fund that also supports renewable energy generation projects. In addition, Illinois recently passed one of the most stringent Renewable Portfolio Standards in the country requiring 25 percent renewable energy by 2025. Furthermore, an Energy Efficiency Portfolio Standard is now in place requiring that investor owned utilities reduce overall electric usage by 0.2 percent of demand in 2008, escalating to 2.0 percent by 2015 while providing over \$230 million in funding for energy efficiency projects. The Department's Bureau of Energy and Recycling staff are actively pursuing green business development projects and evaluating supply chain

opportunities. To support these efforts, existing business development incentives are combined with the renewable energy trust fund resources. Illinois continues to be a leader in promoting wind energy with a large number of projects underway and in the planning phase. In addition, the FutureGen initiative has been a major priority in Illinois as well as other efforts to develop and promote clean coal technology.

## **Technology Commercialization and More General Use of Universities**

Illinois sees universities as major engines of economic development. Illinois focuses on building collaborative partnerships between major universities and federal laboratories, businesses, state industry associations, investors, and state and local economic development organizations to promote technology commercialization. Illinois is in the process of reestablishing the Illinois Coalition to bring together major stakeholders to identify research and technology priorities and seek additional federal and private funding to support these priorities. Illinois partners also work together in making sure these priorities are supported in the state's annual budget, capital bills, the Illinois Capital Development Board projects, and others state agency funding lines. Illinois supports universities and other partners in promoting technology commercialization through a variety of strategies including:

- Research and Development Infrastructure. Illinois has invested approximately \$56 million in recent years to support research and technology parks, with an additional \$23 million pending. Illinois has provided over \$200 million in funding for research and development laboratories and facilities at universities.
- Direct Research Funding Support. Illinois also provides direct funding support for research in critical areas such as biosciences. For example, Illinois provided over \$5 million to support stem cell research at Illinois universities. As another example in information technology, Illinois provided startup funding for the Information Trust at the University of Illinois.
- Technology Commercialization and Business Sponsored Research. Illinois provided seed funding to universities to promote technology transfer and commercialization efforts and continues to coordinate an ongoing network of universities to promote these efforts.
- Entrepreneurship Network and Small Business Research and Development. Illinois supports a statewide Illinois Entrepreneurship Network that provides support for business planning and start-up including those linked universities. In addition, Illinois has an Innovation Challenge Grant Program to provide grant writing assistance and matching funds to eligible Illinois technology-based entrepreneurs, innovators and new venture startups to access federal SBIR and STTR Phase I funding opportunities.
- Interdisciplinary Graduate Programs. Illinois works with universities to promote interdisciplinary graduate programs that support leading research and development programs in biotechnology, nanotechnology and other areas.

## **Productive Metros**

The Opportunity Returns regional approach to economic development places an emphasis on metropolitan areas as the foundations for regional economies composed of both urban and rural counties. However, metropolitan areas are not all the same and require unique economic development strategies. For example, Illinois has a wide diversity of metropolitan areas that anchor regional economies. The Chicago metropolitan area anchors a larger regional economy that competes as a global business center. Other mid-sized metropolitan areas in downstate Illinois are more specialized whereas smaller metropolitan areas in southern Illinois anchor more rural regions that have unique needs. The Opportunity Returns regional approach is designed to develop tailored strategies for regional economies including the metropolitan areas that anchor them.

## **Revenues and Subsidies**

Like other states, Illinois has focused efforts on expanding state funding to secondary education and healthcare along with other policy priorities. Illinois also has focused on financing infrastructure improvements through an aggressive capital plan that is now being considered by the Illinois General Assembly.

Under the leadership of Governor Blagojevich, the Illinois Department of Commerce and Economic Opportunity is guided by three principles when making economic investments - analysis, accountability and transparency. Before any of these investments are completed, and before any commitment is made, they are extensively analyzed to ensure the state is getting a good return. As of January 1, 2004, the Department of Commerce and Economic Opportunity is required to comply with Corporate Accountability for Tax Expenditures Act, which was signed into law by Governor Blagojevich on August 20, 2003. This Act requires any recipient that receives economic development assistance from a state granting body to report annually on the progress of the development and employment commitments for the project. This report must be submitted to the Department of Commerce and Economic Opportunity each year starting in 2005 and for each subsequent year as required by the applicable development agreement with the Department of Commerce and Economic Opportunity, the Illinois Department of Transportation or the Illinois State Treasurer's Office. The public is able to examine these investments through this web site. If a company does not meet its commitments to create or retain jobs or make private investments, Illinois aggressively pursues that money to make sure state tax dollars are not wasted.