



A Plan to Revitalize the Illinois Economy and Build the Workforce of the Future

October 2019 | Executive Summary

An Illinois economy that creates jobs and expands prosperity to communities across the state is a central part of Governor JB Pritzker's agenda. Under Governor Pritzker's administration, the Illinois Department of Commerce and Economic Opportunity's mission is to support and maintain a strong economic environment for those we serve—taxpayers, employers, workers, and communities—by actively recruiting and growing businesses, maintaining a 21st-century workforce, enhancing innovation, and bringing jobs and investment to underserved communities throughout Illinois.



Greetings from Governor JB Pritzker

Summer 2019

My Fellow Illinoisans:

Today I am proud to share my vision for creating an economy in Illinois that works for everyone.

Since I took office in January, we've already begun making strides toward growing our state's economy after years of neglect and intransigence. In my first six months in office:

- ✓ I prioritized, proposed, and implemented record investments in education to prepare our students for good-paying jobs
- ✓ I signed into law a bipartisan, balanced budget, ushering in a new era of fiscal responsibility and stability
- ✓ I launched a \$45 billion bipartisan investment plan to build new roads, bridges, and other transportation infrastructure, creating hundreds of thousands of jobs
- ✓ I worked with the business community to extend research and development (R&D) tax credits, helping build up our manufacturing and technology industries
- ✓ I promoted and helped pass tax incentives for new apprenticeship programs allowing businesses to train their workers on the job
- ✓ I worked in a bipartisan fashion to lower taxes by phasing out the burdensome corporate franchise tax for 300,000 businesses

For the first time in nearly two decades, we've seen simultaneous strong job growth in every region of the state. Underlying my vision is the fundamental principle of equity. No matter their zip code, every Illinoisan deserves economic opportunity. Where in the past sustainable and inclusive economic development has been elusive, instead I am committed to reinvigorating the most important foundational element of Illinois' economy: our diverse and talented workforce.

Much of our state's potential workforce has been underutilized. That's why we are working to retain and attract young people to Illinois by improving the affordability and quality of our public colleges and universities. Reversing a legacy of commercial disinvestment from black and brown communities, I'm focused on attracting new and existing businesses to those under-resourced communities that present clear opportunities for commercial development. We have brought a new era of fiscal responsibility and balanced budgets to our state, eliminating uncertainty for job creators considering whether to relocate to Illinois.

In short, Illinois has the most talented and dedicated workforce in the nation. We are poised for growth. And we are open for business.

Sincerely,

A handwritten signature in black ink, appearing to read 'JB Pritzker'. The signature is stylized and fluid.

JB Pritzker

Governor, State of Illinois

Executive Summary

Illinois has the fundamental building blocks of a thriving, inclusive economy. We have some of the best talent and higher education institutions in the world. We are a global transportation hub, boasting the highest concentration of transportation and logistics companies in the nation. We have abundant natural resources that provide the foundation for a thriving agricultural sector. Illinois companies deliver world-changing innovations in tech, life sciences, and manufacturing.

Yet we can do more to bring prosperity and opportunity to every corner of Illinois. When Illinois governments, nonprofits, educational institutions, and businesses come together to execute the right plan, the possibilities for our economy are endless.

This economic plan outlines a vision to reinvigorate our economy and spur equitable growth. We propose an ambitious agenda that builds on the successes of this administration to reposition state government as a valuable partner to workers and businesses in Illinois.

Aspirational Goals

In crafting this plan, we were guided by the following three priorities:

Lay the Foundation for Long-Term Growth

by investing in and fostering research, entrepreneurship, and innovation.

We will track our progress toward this goal by comparing the state performance to regional and national trends on the following metrics:

- Exports
- Foreign direct investment
- Entrepreneurship
- Patents
- Worker productivity
- R&D spending

Reduce the Equity Gap

by investing in, providing support to, and taking down barriers for economically disadvantaged populations.

We will track our progress toward this goal by tracking average earnings relative to the statewide average for the following populations:

- Women
- Rural residents
- People of color
- People with disabilities
- Veterans
- Justice-impacted populations
- Immigrant populations

Attract More Workers and Businesses to Illinois

by aggressively marketing the state and providing a solid foundation for business growth and attraction.

We will track our progress toward this goal by tracking the following metrics:

- Net domestic and international migration
- Jobs created and retained

¹ “Justice-impacted populations” include residents whose lives have been impacted by the criminal justice system because they or a close family member have spent substantial time in jail or prison.

A New Foundation

Improving the state's economy starts with getting some basic things right. In the process of implementing our economic plan, we will ensure that state government and our partners are focusing on the following tasks that will provide a foundation for our other efforts:

- **We will market the state to the world.** Our location, our people, and our infrastructure provide a strong foundation for long-term economic growth and job creation. We will activate government and business leaders as brand ambassadors for Illinois by providing them with the tools necessary to attract companies, residents, and tourists.
- **We will provide excellent customer service.** State government will be a valuable economic development partner by listening, assisting, and working transparently to identify the needs of Illinois residents and businesses, determining how to address them, and following through on solutions.
- **We will bring about a resurgence of economic opportunity and workforce development in underserved areas, including both urban and rural communities.** One of government's primary roles is to ensure that those who have faced historical structural barriers have the same opportunity to participate in the economy and benefit from economic growth as everyone else. This administration is working with educational institutions and businesses to enhance skill levels for underserved communities so businesses with job opportunities can thrive. In addition, we are directly addressing barriers that men and women in underserved communities face in their attempts to start and grow new businesses.
- **We will foster collaboration by developing regional economic hubs.** Economic development is regional. Companies within a region share the same regional workforce, transportation infrastructure, health and education system, and suppliers. We will strive for an Illinois where all the key economic actors in regions across Illinois, including state and local governments, industry, unions, universities, and nonprofits are communicating well and working together to accomplish the same economic vision.
- **We will implement evidence-based programs and policies.** The stakes for economic development are high. When done correctly, it can positively impact the lives of millions of residents across the state. With these high stakes and our challenged—but improving—fiscal condition, it is incumbent upon us to ensure that our policies are effective. The programs and policies that we adopt will be based on evidence, and we will recalibrate our efforts if we are not achieving our goals.

What We've Done

We're already getting started on implementing a strategy to help Illinois thrive. In the seven months since this administration took office, we have accomplished a broad range of policy changes and reforms that address the challenges of residents and employers throughout the state. The following are just a few examples of our successes this year.

- ✔ We passed the bipartisan Rebuild Illinois capital plan, which is a historic \$45 billion investment in creating good jobs, fixing Illinois' crumbling roads and bridges, and constructing major projects that are essential to the state's economic future.
- ✔ We significantly increased Monetary Award Program (MAP) scholarships and AIM HIGH merit scholarships, allowing 10,000 more students with financial need to attend college in Illinois.
- ✔ We worked with the General Assembly to implement a new Apprenticeship Tax Credit.
- ✔ We are expanding successful apprenticeship models, such as the Chicago Apprentice Network, to get commitments from corporations and community colleges across the state to expand their apprenticeship programs.
- ✔ We are implementing the new Illinois Works Jobs program, which will help us build a diverse pipeline of workers in the construction and building trades.
- ✔ We legalized production of cannabis for recreational use, creating a new industry as well as a new opportunity for Illinois farmers. To help social-equity applicants, we will provide grants, loans, and training so they can actively participate in and benefit from the new industry.
- ✔ Through a new Data Center Tax Credit, we are attracting major investments in data centers—buildings that house servers to store and centralize companies' data.
- ✔ To instill confidence in long-term investment in research in the state, we extended the Research and Development Tax Credit through January 1, 2027, which will help spur innovation, particularly in the tech and manufacturing industries.
- ✔ We worked with the General Assembly to expand and make permanent the Manufacturers' Purchase Credit.
- ✔ We worked with the General Assembly to eliminate the Corporate Franchise Tax, which posed a significantly high compliance burden and penalized businesses for locating or expanding their operations in the state.
- ✔ Through the Office of Minority Economic Empowerment, we are issuing \$15 million in grants to minority-owned businesses and the incubators that serve them.

Thinking Big

To address some of the state's biggest economic challenges, we need to think big. Below are the primary, game-changing programs we will pursue to reverse population decline, close the equity gap, and lay the foundation for economic growth across the state.

- **Downstate revitalization:** We will embark on a comprehensive effort to attract and retain businesses in downstate communities and build a pipeline of young, talented workers and entrepreneurs.
- **Increase investment in communities of color:** We will invest in transportation, broadband, and small business development while bringing down barriers to the job market and capital in communities of color.
- **Retain young talent:** We will keep our high school and college graduates here by making college more affordable and providing appealing opportunities in Illinois after graduation.
- **Connect the Illinois start-up ecosystem:** We will create an online platform that allows Illinois-based small businesses and start-ups to easily access resources, content, and connections to build and grow their businesses from anywhere at any time.
- **Treat prospective businesses like valued customers:** We will build a premier business-talent matchmaking service, establish processes to receive constant feedback from businesses, and modernize our delivery model of business services.
- **Deliver end-to-end career services for displaced workers:** We will provide wraparound services, including career counseling, moving services, retraining, and more to help displaced workers navigate job displacement.

A Plan to Revitalize Illinois

We will implement our vision by focusing on initiatives to achieve the following strategic goals:

- Providing World-Class Customer Service
- Building the Workforce of the Future
- Winning in Key Industries

In each area, we've identified specific challenges and action steps to address them.

Providing World-Class Customer Service

State government owes Illinois residents a dogged commitment to identify their needs and deliver solutions. We are focused on improvements that will impact how businesses and job seekers obtain state support, which will ultimately enhance their success.

Simplify applications and processes so businesses can access state services and information more efficiently.

Refresh outdated regulations.

Increase awareness and access to programs benefitting businesses and workers.

Solicit continuous feedback from businesses, entrepreneurs, and local organizations to make continuous process improvements.

Modernize delivery of services.

Update and broaden incentive programs.

Clarify the mission and collaboration model with partner public and private entities, such as Intersect Illinois.

Coordinate efforts across all state agencies to achieve greater economic and governmental outcomes.

Building the Workforce of the Future

Increasing the skills of the Illinois workforce, particularly for underserved populations, is a win-win for residents and businesses. Residents get an opportunity to provide better lives for their families and pursue careers they are passionate about. And a trained, diverse, and skilled workforce is key to attracting new businesses and helping current Illinois businesses thrive.

Identify and tailor training to high-impact regional clusters and associated in-demand occupations.

Increase collaboration between community colleges and industry to develop apprenticeships and other training programs that meet the specific needs of employers.

Launch a "Governor's Champions" recognition program to formally acknowledge employers making workforce commitments.

Expand college and career pathway endorsement systems to give high school graduates an early start in key industry areas.

Create a barrier reduction fund for apprentices.

Develop return on investment and qualitative outcome data for various education and training programs.

Establish and support equity goals.

Increase state funding for MAP grants by 50 percent from fiscal year 2019 levels by fiscal year 2023.

Expand efforts to prepare inmates prior to their release with life skills, career readiness, and occupational training.

Improve and expand mass transit systems throughout the state to better connect workers and centers of industry.

Provide information and support for employers seeking to hire and retain immigrant workers and for immigrant workers trying to work in Illinois.

Use smart online tools to connect job seekers to valuable information and programs that work.

Create a one-stop shop for customized workforce solutions.

Winning in Key Industries

In this economic development plan, we identify a set of concentrated industry clusters in which the state has a large employment base and is positioned to compete globally for talent and investment. The performance of these industries in particular will have a large impact on the state economy, and that impact will be felt across all regions of the state.







-  Agribusiness and Ag Tech
-  Energy
-  Information Technology
-  Life Sciences and Healthcare
-  Manufacturing
-  Transportation and Logistics

Table 1

Illinois Statistics for Selected Industries

Industry	Jobs in 2018	Average wage	Location quotient	Employment change, 2009-18	Number of employers	Projected employment change, 2016-26	State purchasing coefficient	Value added per employee
Agribusiness and Ag Tech	192,084	\$60,106	0.96	+ 22.6%	8,982	+ 5.5%	\$34	\$99,099
Energy	54,401	\$95,741	0.96	- 3.0%	2,062	○ 0.0%	\$60	\$514,050
Information Technology	137,651	\$108,153	0.84	+ 39.5%	15,780	+ 11.9%	\$65	\$129,300
Life Sciences	48,751	\$152,030	0.90	+ 5.1%	1,655	+ 2.0%	\$24	\$386,973
Healthcare	733,133	\$57,732	0.94	+ 8.0%	29,713	+ 8.1%	\$66	\$96,154
Manufacturing	417,830	\$68,260	1.20	- 2.2%	13,240	+ 1.0%	\$32	\$146,155
Transportation and Logistics	515,178	\$70,129	1.27	+ 15.1%	40,801	+ 9.4%	\$75	\$71,731


Note: Location quotient is the ratio of the employment share in Illinois to the employment share in the nation. State purchasing coefficient is the share of every \$100 spent by companies in this industry that goes to suppliers in Illinois. The "manufacturing" industry includes only manufacturing industries not included in other sectors.

Source: Illinois Department of Employment Security, Quarterly Census of Employment and Wages, 2009 and 2018

In Table 2, we show the concentration of employment in each industry for each region of Illinois. The numbers reflect the ratio of the share of employment in that industry in the region to the share of employment in that industry to the nation. For example, a “1” means that the region has the same share of employment in that industry as the nation, while a “2” means the region has twice as much employment share in that industry as the nation.

Table 2

Employment Concentration for Selected Industries by Region, Relative to Nation



Employment Concentration*

- Far above average (more than 2.00)
- Above average (1.30–2.00)
- Average (0.80–1.29)
- Below average (less than 0.80)

Industry cluster	State region									
	Central	East Central	North Central	Northeast	Northern Stateline	Northwest	Southeast	Southern	Southwest	West Central
Agribusiness and Ag Tech	2.32	1.55	0.86	0.77	1.80	2.67	1.48	1.05	1.38	2.00
Energy	1.39	0.56	1.78	1.19	2.49	1.96	1.12	1.48	1.22	0.74
Information Technology	0.65	0.72	0.21	0.78	0.35	0.23	0.44	0.66	0.13	0.41
Life Sciences	0.55	0.38	0.75	1.20	0.25	0.17	0.13	0.05	0.22	0.05
Healthcare	1.22	1.11	1.18	0.99	1.20	0.87	1.14	1.28	0.98	1.22
Manufacturing	1.13	1.26	1.21	1.05	2.54	1.71	2.21	1.13	1.07	1.29
Transportation and Logistics	0.57	0.80	0.88	1.44	1.02	1.13	0.87	0.63	1.34	0.79

Note: “Employment Concentration” is the ratio of the employment share in Illinois to the employment share in the nation.

Source: Estimates from Regional Economic Models, Inc., 2018

To address the challenges in each industry, we will take the following action steps (more details about the challenges in each industry, and the actions we have taken to address them, are included in the section “Winning in Key Industries,” starting on page 33).



Agribusiness and Ag Tech

We propose making a range of investments and starting new programs that will facilitate technology adoption for small and mid-sized farms, encourage innovation among farm suppliers and processors of agricultural products, and boost connections with global markets.

Expand broadband to unserved and underserved rural areas of the state.

Invest in facilities that encourage collaboration between researchers and industry and the commercialization of cutting-edge ag tech products in communities across the state.

Increase funding for University of Illinois Extension to expand business support services for farms.

Convene an ag tech summit, followed by regional ag tech fairs throughout the state to connect technology companies working on solutions for agribusiness with small and mid-sized farmers.

Actively pursue more funding from the USDA and other federal agencies that provide grants for agriculture research and programming.

Provide a Renewable Chemicals Production Tax Credit.

Work with the Illinois Treasurer’s Office to prioritize investment in agribusiness.

Expand and increase awareness of foreign trade zones to facilitate access by food processing and other agribusiness exporters.

Revitalize the partnership between the State and the Regional Development Authority program.

Provide Agricultural Innovation Vouchers to help Illinois farmers transition to in-demand crops, implement renewable farming methods, adopt new technologies, or pivot to a more efficient business model.

Provide eligible businesses, including university-based start-ups, with matching grants when they win federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants.



Energy

To address energy challenges, we will make big investments in green infrastructure, promote clean energy innovation across the state, and prepare our workforce for a green energy future.

Improve access to energy efficiency and other clean tech jobs to underserved populations by expanding on successful training and incubator programs.

Through investment in broadband, enable utility companies to more efficiently distribute electricity and lay the foundation for the energy grid of tomorrow.

Build electric vehicle infrastructure for medium- and heavy-duty vehicles.

Build innovation labs near universities that conduct cutting-edge research in clean energy technology.

Work with the Illinois Treasurer’s Office to prioritize investment in clean energy.

Encourage universities to set up programs in which business school students help researchers at universities commercialize their research.

Expand career pathway programs that strengthen the pipeline for energy jobs throughout Illinois.

Provide eligible businesses, including university-based start-ups, with matching grants when they win federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants.



Information Technology

As we modernize our incentive programs, make major capital investments in infrastructure and broadband, and foster connections between researchers, innovators, and industry, we will be able to more aggressively pursue top tech talent and companies and ensure that we build the relationships and support for homegrown tech companies to start and grow right here in Illinois.

Provide broadband to people interested in creating and growing information technology companies in currently unserved areas.

Provide grants and loans to companies that seek to acquire and rehabilitate sites and facilities for R&D, commercialization, and tech transfer activities.

Work with companies to increase employment in IT occupations in rural and unserved areas.

Give start-ups access to the Research and Development Tax Credit.

Invest in facilities that encourage collaboration between researchers and industry and commercialization of cutting-edge products in communities across the state.

Create a web-based platform to connect start-ups to investors, corporations, universities, resources, and incentives.

Encourage universities to set up programs where business school students help researchers at universities commercialize their research.

Work with cities across Illinois on downtown development to remain competitive in attracting technology talent.

Support efforts to innovate products and services at tech companies.

Expand IT apprenticeships through new programs at community colleges.

Provide eligible businesses, including university-based start-ups, with matching grants when they win federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants.



Life Sciences and Healthcare

We will use capital plan funding to build out infrastructure and facilities that meet the needs of life sciences companies and provide credits that spur innovation. We will also provide workforce training for in-demand healthcare occupations and boost our support for small healthcare providers and other businesses to increase technology adoption.

Invest in facilities that encourage collaboration between researchers and industry and commercialization of cutting-edge healthcare products in communities across the state.

Extend broadband to unserved and underserved areas, resulting in more opportunities to provide healthcare via telehealth technologies.

Give start-ups access to the Research and Development Tax Credit.

Work with industry to identify regulations in healthcare that impede innovation and limit access to unserved or underserved individuals, and work with consumer groups to address those regulations.

Build wet lab space and colocate corporations, university researchers, and start-ups.

Renovate and upgrade the Macomb Career and Technical Education Center and nursing building at Spoon River Community College.

Start the Illinois Healthcare Extension to provide support services to small and mid-sized healthcare providers to improve technology adoption and support back-office operations.

Work with the Illinois Community College Board (ICCB) and stakeholders in the industry to address the shortage in a range of healthcare occupations.

Work with the Illinois Treasurer's Office to prioritize investment in start-up life sciences and biopharmaceuticals companies.

Provide eligible businesses, including university-based start-ups, with matching grants when they win federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants.

Implement the healthcare transformation capital grant program to transform hospital facilities to meet the needs of the communities they serve.

Provide Community Health Center Construction grants to construct and upgrade community health providers for underserved communities.

Assemble and sponsor a healthcare tech road show, including targeted healthcare tech demonstrations across Illinois, especially in downstate communities, to facilitate technology adoption among small and mid-sized healthcare practitioners.



Manufacturing

We plan to increase our efforts to recruit and train the manufacturing workforce of tomorrow. We will also provide innovation vouchers to facilitate adoption of automated technologies and revise R&D credits to make them available to start-up companies as they develop new products.

Collaborate with manufacturers, workers, and colleges to develop a comprehensive agenda to address the state's manufacturing challenges.

Give start-ups access to the Research and Development Tax Credit.

Launch a student loan repayment assistance pilot program for graduates of Illinois universities and community colleges that agree to teach manufacturing-related subjects.

Start a Teachers' Corps among retired manufacturing workers and managers.

Provide Manufacturing Innovation Vouchers to manufacturing companies that develop and execute detailed and strategic plans to make investments that will make their operations more efficient, productive, and competitive.

Issue competitive grants for infrastructure improvements, construction of training facilities, and site remediation and preparation that will facilitate manufacturing investment and growth.

Make investments in manufacturing workforce training infrastructure at community colleges.

Establish two manufacturing training academies at downstate community colleges and eliminate residency requirements for those programs so that any Illinois resident can participate.

Work with the manufacturing industry on a marketing campaign to increase the number of people entering high-demand manufacturing occupations.



Transportation and Logistics

To support growth in the transportation industry, we will continue to pursue innovative and effective ways to improve our transportation workforce and infrastructure needs. We will also facilitate innovation in transportation technology and adoption of that technology by small and mid-sized transportation and logistics companies.

Expand successful workforce development programs in transportation, distribution, and logistics.

Work with companies interested in developing innovative transportation projects, such as autonomous fleets, to determine if laws or regulations need to be adjusted to make way for emerging industries.

Expand and increase awareness of foreign trade zones, while using them to complement major intermodal logistics centers.

Make big investments in transportation infrastructure through the Rebuild Illinois capital plan.

Pilot public-private partnerships to attract international investment dollars to the state for infrastructure repair.

Convene a transportation technology summit to tackle the challenge of getting small to mid-sized transportation companies the technology they need to grow.

Provide grants for Illinois transportation companies to purchase and implement track-and-trace technology.

Small Businesses

While the State already provides a broad range of support for small businesses, we need to do more to expand access to those services, ensure that they are high quality, and make them easy to understand and navigate.

Invest in broadband to expand internet access to entrepreneurs and small business owners across the state so they can expand their reach and customer base.

Consolidate resources and programming into one centralized, web-based location, making it easier for businesses to seek help and take advantage of incentives, grants, and other offerings.

Rigorously evaluate SBDC performance and provide intensive support and intervention for those centers that are not providing local small business owners with the quality services that they need.

Identify the top two to three most burdensome processes for small business owners when they interact with state government, and work with the relevant agencies and industry to simplify or streamline those processes.

Expand the SCORE partnership across the state to increase entrepreneurs' access to mentors.

Expand the Advantage Illinois loan program by signing more lenders and expanding capital access to more underserved communities across the state.

Focus the Angel Tax Credit on true angel and start-up companies.



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