The Illinois Report 2012
Presentation to the Board of Trustees

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The Illinois Report 2012

- Research-based analysis of the state’s most pressing issues
- Discusses high-impact policy research by IGPA’s nationally recognized scholars

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Changing demographics

IGPA’s analysis of the 2010 U.S. Census revealed:
- Population growth in Illinois is stagnant.
- The elderly population is expected to increase by 50 percent in the next 20 years.
- The state is becoming more diverse.
- More people are moving out of Illinois than moving in.
The Economy: Where are we now?

- Slow recovery
- Deficit over $4.4 billion
- $6.5 billion in unpaid bills
The Economy: Where are we now?

Unemployment

(Rates in March 2012)

9.1 %

8.3 %
Before the 2011 income tax increase, IL faced a deficit of $10.9 billion.

In Jan 2011, Illinois passed legislation:

**Income tax increase:**
- Personal: 3.0% to 5.0%
- Corporate: 4.8% to 7.0%
  (Through 2014)

**Spending growth cap:**
- 2% for next 4 fiscal years

Now: $4.4 billion deficit, as much as $6.5 billion unpaid bills.
A step in the right direction...

But the legislation does not solve our long-term problems:

- If the higher tax rates are phased out as planned in 2015, the consolidated-funds budget gap is projected to \textit{rise from just under $3 billion in 2012 to almost $13 billion in 2023}. 
Pensions

- Pension underfunding is the worst in the nation
- Pension reform should reflect goals:
  - Fiscal viability
  - Fairness
  - Sharing responsibility
  - Overall solution
Health Care

- National reform is expected to increase enrolment in Medicaid in Illinois by more than 45%.

- Illinois should see between 600,000 and 900,000 new Medicaid enrollees by 2019.
Looking at the long-term

- Aging population
- Slow growth
- Focus on economic development
- Combine spending, borrowing, raising revenues
The American Research University

- Chapter by Caralynn Nowinski and Lawrence Schook in *The Illinois Report 2012*
- The University of Illinois’ unique contributions to research and development
Investment in R&D

- Total national investment in research and development is less than 3 percent of GDP.

- Many Asian countries, including China and S. Korea, have increased investment in R&D by more than 10 percent annually.
The U.S.
Source of R&D investment has changed over time. Non-federal increasing while federal is decreasing.
Leading in Innovation

American research universities must:

- Integrate into entrepreneurial ecosystems at local, state, and national levels

Talent, technology, and infrastructure are necessary
University of Illinois’ Efforts

- University has played roles in forming companies, creating jobs, and generating revenue
- Created new strategies to better share technologies
- Retaining the best and brightest through job creation
- Partnering with corporations for research
The University is a leader in the state in R&D expenditures
The university also has an impact on long-term earning power:

- In 2010, a typical person aged 25 to 35 years old who has a college degree earned 88 percent more than a similarly aged person with only a high school diploma.
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