

The Illinois Report 2012

Presentation to the Board of Trustees

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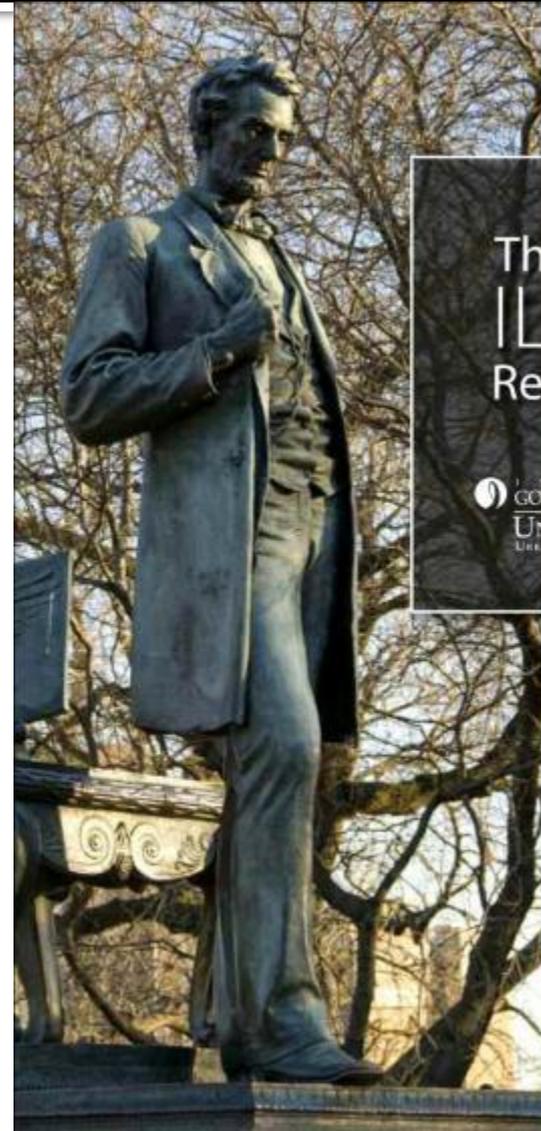
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The Illinois Report 2012

- 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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The
ILLINOIS
Report 2012

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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.



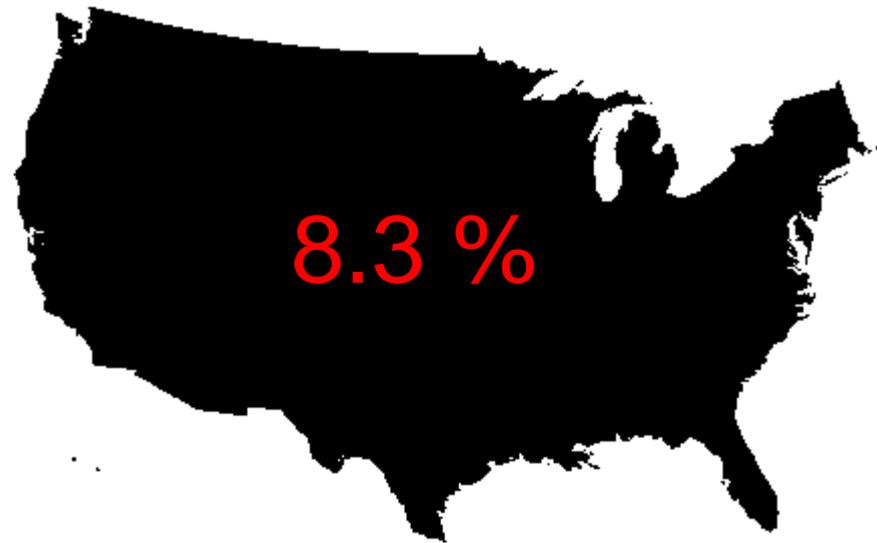
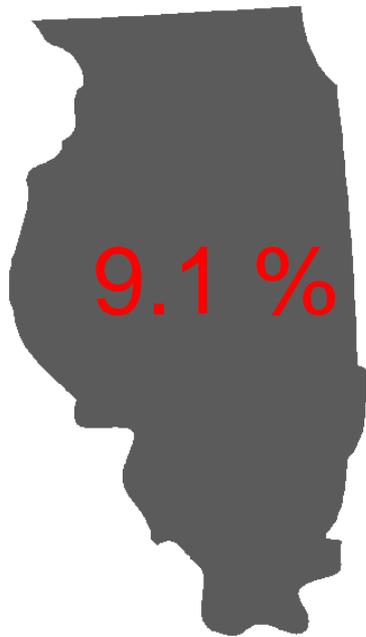
The Economy: Where are we now?

- Slow recovery
- Deficit over \$4.4 billion
- \$6.5 billion in unpaid bills

The Economy: Where are we now?

Unemployment

(Rates in March 2012)



The Deficit

- *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 **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



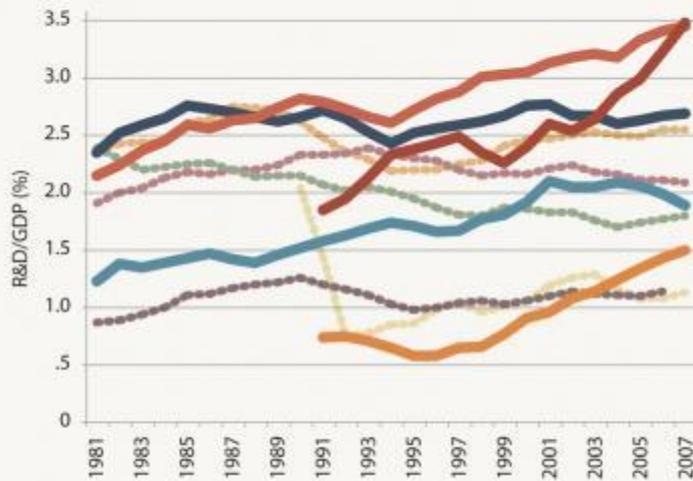
The American Research University

- 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

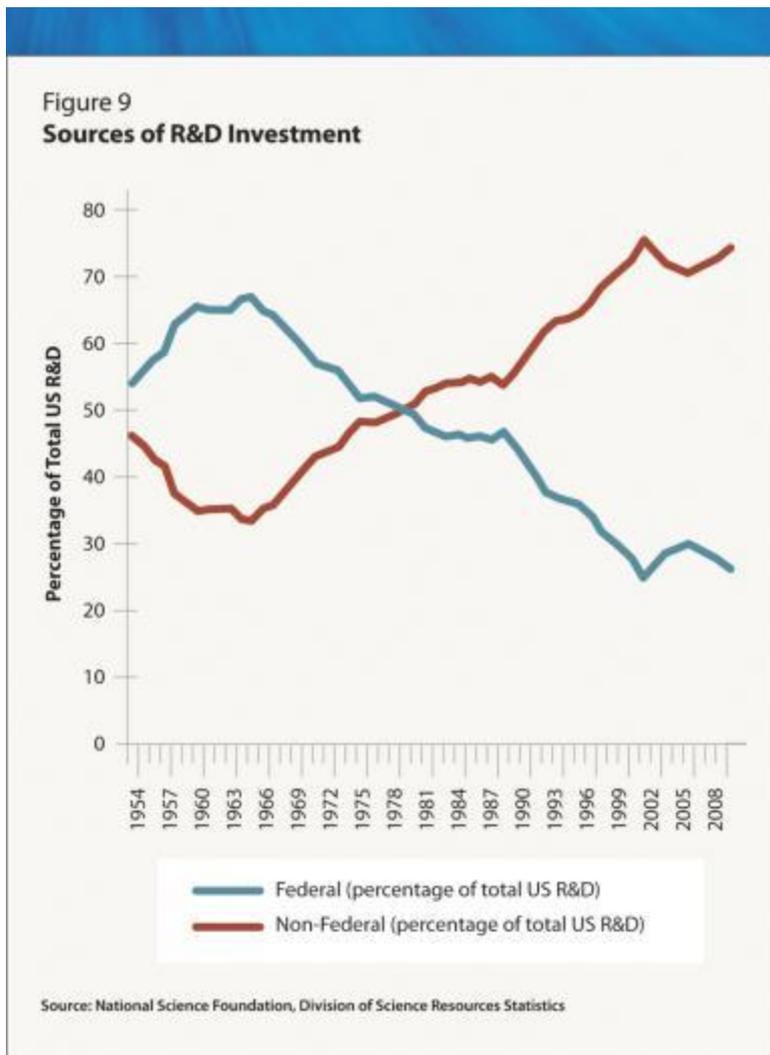
- Total national investment in research and development is less than 3 percent of GDP
- Many Asian countries, including China and S. Korea, have increased investment in R&D by more than **10 percent** annually.

Figure 3
Major Global Economies' R&D Expenditures as Percentage of GDP



Source: OECD, Main Science and Technology Indicators, volume 2009/1, via National Science Foundation, Division of Science Resources Statistics.

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:

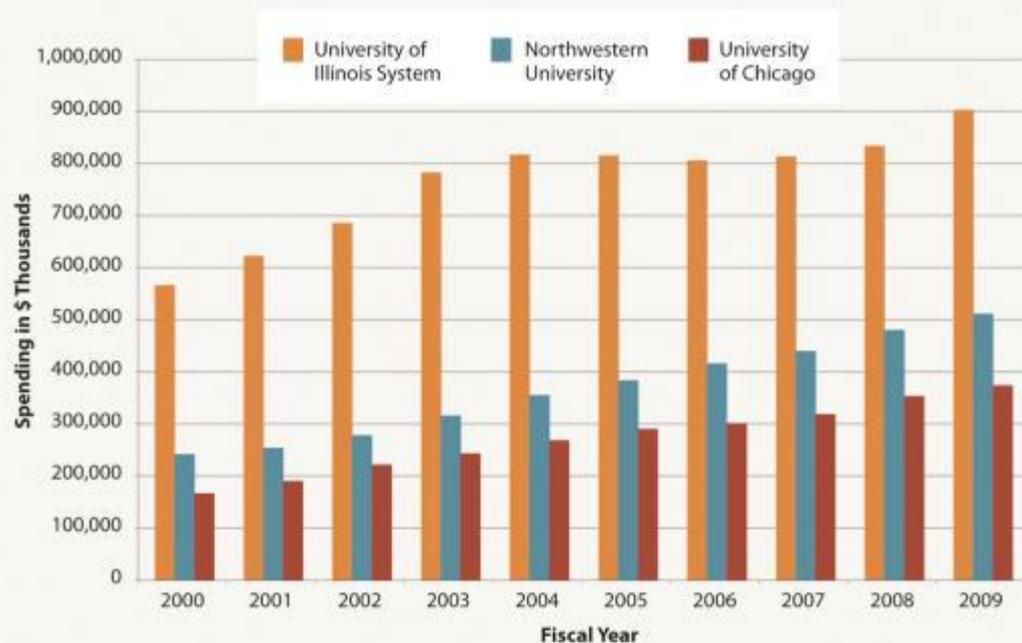
- Integrate into entrepreneurial ecosystems at local, state, and national levels

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

Figure 5
Growth in R&D Expenditures at Leading Illinois Research Universities



Source: National Science Foundation

The University is a leader in the state in R&D expenditures

The impact of higher education

- 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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