

Foreword



At the University of Illinois, we educate 70,000 young people at our three campuses and online at a time when a college education is, for many people, a necessary condition to achieve their dreams and contribute fully to society. Our researchers attract more than \$600 million per year in competitive grants and contract research to solve the most pressing problems of our day: energy, the environment, food, health and even happiness.

Our 18,000 graduates each year reinvigorate our state's businesses and enrich lives in communities throughout Illinois. The University of Illinois—with campuses in Urbana-Champaign, Chicago and Springfield—is also home to scientific discoveries and technological innovations that save lives, improve our citizens' quality of life, start new businesses and even pioneer whole new industries.

The Illinois Report 2009 is the annual assessment of crucial issues facing Illinois by our faculty experts at the Institute of Government and Public Affairs. The IGPA has contributed its expertise for 60 years to the state's policymaking process and helped government better serve the public. The institute, with locations in each of our three campus cities, is home to some of the state's finest researchers in areas of public finance; health policy; race and public policy; social policy and governance.

These pages bring you the IGPA researchers' nonpartisan assessment and analysis. The information contained here may not solve all of Illinois' problems, but it can help ensure that those who must seek the solutions can do so with knowledge of the best evidence and analysis available.

We at the University of Illinois constantly strive to return value for the investment the state makes in its flagship university system. *The Illinois Report 2009* illustrates how investment in higher education contributes to a better, more prosperous future for Illinois and its citizens.

B. Joseph White
President
University of Illinois



The ILLINOIS Report 2009

Table of Contents

	Foreword3 B. Joseph White <i>President, University of Illinois</i>
	Introduction6 Robert F. Rich <i>An opportunity to change course</i>
	The National Economic Crisis and the Illinois Economy8 J. Fred Giertz <i>How might recession affect Illinois?</i>
	Illinois' Fiscal Future and the State's Economy13 Richard F. Dye & Daniel P. McMillen <i>Structural deficit remains – Can Illinois get its fiscal situation turned around?</i>
	The Illinois Economy: Taxing Business23 Nathan B. Anderson & Joshua J. Miller <i>Do corporate taxes (and tax incentives) help or hurt the Illinois economy?</i>

	Racial Residential Segregation and Exclusion in Illinois34 Maria Krysan <i>Segregation in Chicago is well-documented; What about the rest of Illinois?</i>
	Promising Strategies for Improving K-12 Education in Illinois: Improving the Work Force49 Benjamin Superfine, Mark A. Smylie, Steven Tozer and David Mayrowetz <i>Should Illinois create a better work force of educators?</i>
	Exploring a New Paradigm for Higher Education65 Lally Gartel & Robert F. Rich <i>Can a preschool-through-grad school approach change education?</i>
	Child Care Quality in Illinois76 Rachel A. Gordon <i>As Illinois begins a new assessment program, what can be learned from other states?</i>
	Obesity: Causes, Consequences and Public Policy Solutions94 Robert Kaestner <i>Obesity is a health issue that has more implications on policy than you might expect.</i>
	Emergency Preparedness in Illinois103 Patricia S. Rushing <i>Is Illinois prepared for anything and everything?</i>
	The Evolution and Application of Digital Divide Research112 Thomas Prudhomme, Allison Clark & Damian Duffy <i>Building a digital community in Illinois</i>
	Some Implications of the 2008 Presidential Election: Three Brief Observations126 Brian J. Gaines, James H. Kuklinski & Christopher Z. Mooney <i>How might the 2008 election change the landscape for future elections?</i>

Introduction: An Opportunity to Change Course

By Robert F. Rich



Certainly, Illinois has faced few challenges greater than those it faces entering 2009. But within those challenges surely lie opportunities for the state to change its course.

Illinois has spent a lot of time in the national news in recent months. Some of that has been very positive as we celebrated the election of one of our own as President of the United States. Some of the time in the news has been embarrassing for the state and for its leadership. Nationally, Illinois has been spotlighted for serious ethical issues and questions about the “culture” of Illinois politics.

Certainly, Illinois has faced few challenges greater than those it faces entering 2009. But within those challenges surely lie opportunities for the state to change its course. This is an important time to be a leader in Illinois.

The new president, who spent some time in Illinois government himself, says we are at a “defining moment” as a nation. The same can be said of Illinois. The question is HOW will we define the moment? Will we change our political culture? Will we define the moment by addressing the state’s needs with new enthusiasm and resolve to search out creative and long-lasting solutions, or will we revert to the same Band-Aids we have used before?

In past editions of *The Illinois Report*, we have suggested that the policymaking process in Illinois needs to change, that the needs of the state should outweigh personal differences or the desire for personal benefit. We have consistently encouraged collaboration to identify and implement the best solutions for our state’s many problems. We continue to believe that a more transparent process will help change a culture that has brought embarrassment to the state in recent years.

We mark this year the 200th anniversary of Abraham Lincoln’s birth. Lincoln was a bold leader who was able to promote collaboration, even among adversaries, to

achieve a common goal. He emphasized the importance of careful deliberation and focused on solving problems with a long-term vision in mind. We need this Lincoln-esque thinking again in Illinois.

The election of new leadership in the state Senate presents an opportunity to take a new approach to meeting the serious challenges we face as a state. These new leaders have a record of working collaboratively and appear to be ready to build on their past achievements. Government will find the best solutions by examining all options carefully and by bringing all relevant stakeholders into the deliberations. Encouraging collaboration, even among adversaries, can create an atmosphere of respect and trust that can lead to creative ideas and lasting solutions.

Illinois is a great state. It is America’s transportation crossroads—on the highway, on rails, in the air, through electric wires and pipelines—the breadbasket of the nation, and home to 62 Fortune 500 companies, including 10 in the top 100. Illinois has a diverse and robust work force, vast natural resources and is a wonderful place to raise a family. Chicago is in the running to host the Olympic Games in 2016, which would bring the world to the Lake Michigan shore.

Yet there is no doubt that Illinois faces a crisis. The structural deficit that has troubled the state’s fiscal health for years continues to grow; the faltering economy has put more Illinoisans out of work than at any time in the past 15 years; health-care costs continue to climb; roads, bridges and schools continue to crumble. Medicaid already consumes most of the budget; the state still hasn’t addressed equality in public elementary and secondary education; and rising tuition costs made necessary by

declining state support threaten access to a quality higher education.

The state's political and policy leaders must dodge these problems no longer. As you will read in the pages ahead, Illinois' financial future looks bleak. In the face of declining economy and rising costs, our aging population will bring even more challenges—fewer people will be contributing taxes and more will require public services for a longer time.

This is why it is so critical to think differently about putting the state on a path to a brighter future.

The University of Illinois Institute of Government and Public Affairs is committed to providing policymakers with a base for bipartisan, evidence-based discussions. We stand ready and would be pleased to provide a forum to discuss any of the issues reviewed in the pages that follow, or others.

The Illinois Report 2009 reviews and analyzes ten issues we believe are crucial to the state. It is our custom to present the situation as it is now, compare our performance against circumstances in neighboring or peer states and offer possible solutions to consider. Of course, these include our budget and tax situation and education. Also, we examine ways to measure and improve the quality of child care and look at residential segregation by race throughout the state. And we offer some reflections on the historic campaign and election that dominated national politics in 2008.

You will see that, even as Illinois struggles, the state remains a national leader in many ways. Illinois sets the standard for disaster and terrorism preparedness. We are a leader in developing new ways to bring the benefits of computer and information technol-



Robert F. Rich is in his second tenure as the director of the Institute of Government and Public Affairs. He led the Institute from 1986-1997 and returned in 2005. Dr. Rich has joint appointments with the College of Medicine, the Department of Political Science, and the College of Law at the University of Illinois at Urbana-Champaign. He is the founder and former director of the Office of Public Leadership at IGPA, and is the coordinator for the local and state government strategic initiative of the Partnership Illinois Program. Dr. Rich is a permanent fellow in the European Center for Comparative Government and Public Policy. He focuses his research on health law and policy, federalism and the role of the states, environmental policy, and science policy.

ogy to everyone, eliminating the digital divide. Illinois remains at the forefront of providing access to health care and educational opportunities for young children.

But you also will see that Illinois cannot remain a leader unless it deals with its most serious problem—the underlying structural deficit that plagues its financial condition.

With the election of Barack Obama, as with the election of Abraham Lincoln 149 years ago, America has reached out to Illinois for its leader in a time of turmoil. Illinois can play a major role in this “defining moment” in our history. Illinois can set the standard. But we must do our part at home by facing our own serious challenges with strong, respectful and trusting leadership.

There is no better time to begin.

This is an important time to be a leader in Illinois.