



Congresswoman Cheri Bustos and the University of Illinois: Partnering for Illinois' Economic Future

FORWARD

From the biggest cities to the smallest towns, I consistently hear people express concern about the future of the middle class and Americans' ability to build a better life for their children and families.

My commitment to those I serve is to do everything in my power to revitalize our economy. My continued focus on jobs and the recent launch of *Partnering for Illinois' Economic Future* are a direct result of that pledge.

Partnering for Illinois' Economic Future is a new initiative to foster economic collaboration and growth throughout our region of Illinois. My office developed the concept in partnership with the University of Illinois and structured it based on information gathered from the many stakeholder meetings I've held across Illinois' 17th Congressional District as your Member of Congress.

For instance, this spring, I spent a week on the road, touring the seven community colleges that serve our region. I learned about the ways community colleges and businesses are coming together to address the skills gap, to boost American manufacturing and to put people back to work. I also learned about the challenges of college affordability and the limits of federal aid. Following the tour, I introduced the *Access to Education and Training Act*, which would allow students who qualify for Pell grants to take advantage of the grants year-round, presently not available under federal law.

I also participate regularly in "Cheri on Shifts" to stay connected with local workers and businesses. During these events, I shadow workers and tour their workplaces to learn more about the innovative businesses that drive our region's economy.

To formalize and expand our economic development work, we launched *Partnering for Illinois' Economic Future* and kicked off the initiative with three regional meetings and a public survey. Through this effort, we were able to identify regional needs, assets and potential solutions. The following pages highlight the key findings from these regional meetings and the public survey.

This summary also will be used to inform and help plan a district-wide economic summit that will be held this fall. The summit will bring together local leaders and subject-matter experts from across the entire 17th Congressional District to talk about ways we can increase collaboration and align resources to create jobs and grow our economy.

I am grateful for the contributions of the many individuals and organizations working to improve our region. I am also thankful for the ongoing guidance and support of the University of Illinois. I look forward to continuing this effort, and, as always, don't hesitate to contact me if you have additional thoughts on ways to improve our economy and get people back to work.

Kindest Personal Regards,

A handwritten signature in black ink that reads "Cheri Bustos".

Cheri Bustos
Member of Congress

INTRODUCTION

The economic environment in Illinois' 17th Congressional District presents a range of challenges and opportunities, both unique and common. While the region has one of the lowest median household incomes and college graduation rates in Illinois, it boasts a number of competitive advantages that underscore its economic potential. The 17th Congressional District has a highly skilled workforce, a rich manufacturing tradition, multimodal transportation systems and a landscape peppered with institutions of higher education.

With these challenges and opportunities in mind, Congresswoman Cheri Bustos enlisted the help of the University of Illinois to create *Partnering for Illinois' Economic Future*, a forum intended to foster collaboration among the many communities within Illinois' 17th Congressional District. With an Extension effort that offers education programs to all counties in Illinois, and with economic development as one of its core missions, the University of Illinois was an obvious partner.

Using a community-based approach, *Partnering for Illinois' Economic Future* has been an ongoing effort:

- » In April 2013, Congresswoman Bustos completed a community college listening tour, visiting all seven institutions serving her district. On the tour, she learned about the ways community colleges and businesses are working together to address the skills gap, tap worker potential and grow our region's manufacturing base.
- » In August 2013, the Congresswoman convened meetings in Rockford, Peoria and the Quad-Cities to discuss local economic development efforts. Each meeting brought together a diverse group of experienced leaders to engage in a constructive conversation about challenges and best practices and to identify potential district-wide solutions.
- » Following the regional meetings, attendees were engaged in numerous one-on-one follow-up conversations to discuss efforts highlighted as a part of the discussions in greater detail.
- » In September 2013, Congresswoman Bustos sought input via multiple platforms from the general public to obtain their thoughts on how to create jobs and stimulate the economy.

Roughly 30 leaders attended each of the regional meetings in Rockford, Peoria and the Quad-Cities.

Invitations were sent to a diverse group of leaders, representing multiple perspectives and industries. The attendees discussed the issues impacting their community, including what was working, what wasn't working and what they could do to create positive and lasting change.

This summary incorporates findings from the regional economic development meetings and the public's responses.

SUMMARY OF FINDINGS

The three regional economic development meetings brought together leaders from a wide range of sectors, including education, workforce development, housing, manufacturing, transportation, health care, agriculture, small business, social services and organized labor. While the concerns expressed at each meeting were at times geographically specific, three cross-cutting themes emerged.

1. Improving and expanding education and workforce development opportunities
2. Maintaining and upgrading local infrastructure
3. Fostering an entrepreneurial environment where new and existing businesses can develop and thrive

These three topics represent some of the greatest needs in order to advance economic development throughout our region as well as some of the greatest opportunities to see meaningful and lasting improvement in our economic outlook.

The attendees acknowledged that transforming the regional economy would require substantial investments, both in human and financial capital. However, they felt they could maximize their resources through creative and meaningful collaborations and public-private partnerships that would set the region up for continued growth well into the future. Additionally, they expressed that, while the federal government could be a key contributor, local agencies, nonprofits and industry groups can take a more proactive approach and play a lead role in economic development efforts.

Strengthening Education & Workforce Development

Education and workforce development programs have the potential to improve the economic outlook and the quality of life within our district and beyond. Two areas of focus were highlighted throughout the regional discussions: an emerging skills gap within the current workforce and an increasing number of “nontraditional” secondary education students.

According to the U.S. Census Bureau’s My Congressional District web application, unemployment within Illinois’ 17th Congressional District is estimated to be 9.5 percent, which is higher than both the state and national rate. Part of the existing unemployment stems from a gap between the availability of skilled positions and the availability of skilled labor to fill them, otherwise known as the skills gap.

In response, participants recommended strong alignment between training and educational programs at all levels and stronger relationships with local industry. Participants noted that approximately 75 percent of higher education students nationally are “nontraditional,” meaning they attend school part time, work full time or have dependents or a spouse. As a result, they recommended developing and expanding programs that provide alternatives to the traditional four-year degree.

Attendees highlighted a number of innovative workforce development programs that target students at a range of education and professional levels. Each program utilizes existing community resources, is collaborative in nature and is responsive to the needs of local industries. A few are highlighted below:

- » **Alignment Rockford** is a public-private partnership between Rockford Public Schools; the City of Rockford; Winnebago County; and local business, nonprofit, cultural and postsecondary organizations. Its mission is to align community resources in support of public school strategies to advance economic and social well-being in Rockford. Recently, Alignment Rockford sponsored its second Academy Expo. The 2013 Academy Expo was designed to help students make an informed choice among Rockford Public Schools' new College & Career Academies of Rockford. More than 140 booths, staffed by more than 650 community participants, engaged 5,000 high school students in hands-on, career-related demonstrations on September 18th. After attending the Academy Expo, students select and spend their high school career in one of the following College & Career Academies of Rockford: Business, Arts, Marketing & Information Technology (BAMIT); Engineering, Manufacturing, Industrial & Trades Technology (EMITT); Health Sciences (HS); and Human and Public Services (HPS). The College & Career Academies of Rockford are designed for students to graduate from high school with an industry-recognized certification and/or a college-level academic course. Increasing instructional rigor and relevance and building effective business partnerships are key first steps toward increasing Rockford's educational attainment.
- » **Black Hawk College** developed a short-term MIG welding certificate program in response to a pressing demand for skilled welders among local manufacturers. The program is tailored to meet the needs of local businesses, and every skill students learn has a direct and practical application. The program boasts a 98 percent completion rate, and according to Matt Ullrich, Manager of the John Deere Quad-Cities Center of Excellence for Weld Training & Testing, 98 percent of students who apply for a job pass the certification test on the first try, which is impressive for such a test.

Black Hawk College also offers a traditional, credit welding program that is longer in duration and geared toward students interested in expanding their training. What is unique about Black Hawk College is that they have recognized the diversity of industry and student needs and developed programs that connect students to local manufacturing companies.

- » **The Joint Institute of Engineering & Technology | Aerospace** (JiET-A) was established to increase the Rockford region's engineering and aerospace talent pipeline. JiET-A is driven by the Rockford Area Economic Development Council (RAEDC) and the Rockford Area Aerospace Network (RAAN), a regional cluster of leading aerospace companies. JiET-A has designed career pathways for students by aligning existing resources to meet local business needs. Through the program, students integrate high-quality internships into their curriculum, enabling them, upon graduation, to enter the job market with connections and a valuable set of skills. Interest in the program has exceeded organizers' most optimistic predictions. Given the high demand, leadership hopes to expand the program's scope to include a focus on hydraulics and medical technology in the near future. The program is helping to build a pipeline of highly skilled workers, which in turn provides an extra incentive for businesses to remain in Rockford and expand.
- » **The Illinois Department of Employment Security** (IDES) provides no-cost human resource solutions that connect businesses with local skilled labor. The Department partners with the local workforce boards and operates Illinoisjoblink.com, which serves as a clearinghouse of

employment opportunities in the state. The department will launch 10 micro sites designed to fit the employment and training needs of specific industries, such as manufacturing and hydraulic fracturing. For instance, as of Oct. 15th, 2013, the manufacturing site listed roughly 3,000 job openings in Illinois, including 52 in Rockford, 46 in Peoria and 17 in Moline. IDES provides the online platform needed to pair individuals currently in the labor force with employers who are looking to hire and expand.

The above examples illustrate the power of collaboration and what is possible when resources are coordinated and aligned.

A few attendees mentioned that the approval process for new academic programs at the secondary level takes too long. By the time new curricula are approved, industry's focus has often shifted or "moved on." Others also advocated for "soft skills" training that could benefit all sectors. To address these issues, they recommended better communication between academia and industry and additional funding opportunities for small businesses to develop new programs.

Investments in Infrastructure

Investment in transportation and information infrastructure is key to developing and sustaining the district's economy. Illinois' 17th Congressional District's infrastructure includes airports, broadband, highways, railways and one of the nation's largest waterway systems. All of these elements are in need of maintenance and repair:

- » The U.S. Department of Transportation estimates roughly 14 percent of existing bridges in the region are classified as either "structurally deficient" or "functionally obsolete." This past September, a railway bridge collapsed, sending six cars carrying corn syrup into the Spoon River.
- » The U.S. Army Corps of Engineers has a \$60 billion backlog in outstanding waterway projects, including some along the Mississippi River that will take decades to complete without additional funding.
- » Although the district has expanded the availability and use of broadband, rural areas—in particular rural schools—still have limited access or rely on slower connections. The region also would benefit from broadband education and usage programs, so individuals possess the knowledge and skills to fully utilize broadband technology.

Allowing our transportation and information infrastructure to fall into a state of disrepair reduces the region's competitiveness and its ability to attract new business. This disrepair limits the flow of goods, which is particularly problematic for a region whose competitive advantages lie in manufacturing and agriculture, and it limits businesses' ability to communicate information in an increasingly global and fast-paced environment.

A predictable source of funding is needed to meet the region's infrastructure needs. This funding has traditionally come from the state and federal government. However, given the scarcity of resources and the ongoing gridlock in Washington, D.C., there is increasing uncertainty on what assistance will be available. In order to meet the region's infrastructure needs, participants recommended exploring new revenue streams such as tolls and creative sources of funding like public-private partnerships and infrastructure banks.

Revenue for the maintenance and repair of roads has typically come from gas taxes. However, with the advent of more fuel-efficient automobiles and a gas tax that has not been adjusted to account for inflation, the region has experienced a proportional decline in revenue. Participants suggested alternative mechanisms for funding roads and highways such as toll-based systems. Additionally, they recommended increasing the barge fees that feed the Inland Waterways Trust Fund in order to rehabilitate aging locks and dams.

Participants also highlighted recent legislation developed by Congresswoman Bustos and other members of the Illinois Congressional Delegation, the *Water Infrastructure Now Public-Private Partnership Act (WIN P3 Act)*, which, through public-private partnerships, would create a pilot program to restore our region's aging locks and dams as an innovative solution. The pilot program would identify as many as 15 navigation, flood-damage-reduction, and hurricane- and storm-damage-reduction projects and enter into new agreements to decentralize the planning, design and construction of those projects.

Participants also were eager to explore infrastructure banks with the idea of leveraging state and federal funds to provide low-interest loans. These loans would be devoted to local infrastructure projects that then attract additional, private capital. Infrastructure banks are gaining popularity in the U.S., and participants acknowledged the need for additional research in this area.

Business Support

Small businesses play a crucial role in the region's economic recovery. According to the U.S. Small Business Administration (SBA), small businesses have created two-thirds of all net new jobs since the 1970s. In order to create an environment conducive to small business growth, participants recommended increasing the accessibility of capital. And to increase this accessibility, they suggested developing alternative methods of financing and providing additional opportunities for small business training and mentoring.

Since the recession, small business lending has declined. While the exact cause of the decline is unknown, it has been attributed to numerous factors. For instance, banks have increased their collateral requirements and lending standards at a time when small businesses, still reeling from the effects of the recession, have weaker financial standing. Ken Klotz of the Turner Center for Entrepreneurship in Peoria noted that these stringent requirements have prevented an estimated 20 to 25 businesses that he has counseled from opening their doors and providing the region with much-needed employment. Participants also felt some entrepreneurs lacked the business savvy to develop concrete financing strategies or business plans worthy of funding.

To support small business growth and innovation, participants recommended two things: expanding small business training opportunities and developing alternative financing mechanisms.

Participants highlighted the services provided at the Turner Center for Entrepreneurship at Bradley University in Peoria and the nonprofit association SCORE.

- » The Turner Center for Entrepreneurship provides business counseling and training for existing and startup organizations in Central Illinois. The Center provides business plan advice, financial statement analysis and marketing ideas, to name a few support services. The Center also recognizes that businesses operate in an increasingly globalized world. To ensure local small businesses can compete, the Turner Center developed programs that have increased sales among 500 Illinois companies to worldwide customers by \$400 million. The Center also hosts an Illinois Small Business Development Center (SBDC) and International Trade Center (ITC).

- » SCORE is a nationwide, nonprofit association that provides free counseling, free business templates and free or inexpensive trainings for businesses at all stages of development. SCORE also offers one-on-one mentoring with experienced professionals as well as business plan assistance to ensure entrepreneurs have the tools they need to compete. With regional offices in Peoria, Rockford and the Quad-Cities, SCORE provides services to every county within the district.

Many small businesses are poised to create jobs, but require an expanded menu of financing options to get their businesses off the ground. To fill the financing gap, participants also recommended investing in microfinance, angel funding and proof-of-concepting funding. Microfinance provides funding to entrepreneurs who do not have access to traditional banking services. With microfinance, lenders are able to “bank with the un-bankable” by offering smaller loans more suitable to their business needs and by providing relaxed loan standards.

The Peoria Citizens Committee for Economic Opportunity (PCCEO) partnered with the local county board to provide microloans to minority contractors who lacked the working capital to purchase materials. Using recaptured funds from an existing loan fund, PCCEO gave out three \$5,000 loans that were then matched by the county. As a community organization, PCCEO had close ties to the area and was able to identify dependable entrepreneurs who were deemed too high risk for the banking industry. All three loans were paid back in full, and all three contractors are still in business.

Angel funding was suggested as another vehicle to raise capital. In this mechanism, one or more affluent individuals invest in a startup organization that demonstrates a high potential for growth and success. Typically, these are high-tech businesses, which in recent years have created countless jobs and generated significant revenue.

Proof-of-concepting funding is typically used to pay for market research and product development. While it carries a high degree of risk, such funding inspires innovation. Even through failure, surprising discoveries are often made that contain new opportunities for commercial application.

Participants were clear that, whether through training programs or new financing mechanisms, the region needs to develop and expand programs that fit the unique needs of small businesses.

PUBLIC INPUT

While the regional meetings brought together some of the leading experts in the field, Congresswoman Bustos opened the conversation to the general public to ensure every constituent had an opportunity to express their economic development priorities. From September 6th–20th, individuals submitted their feedback by either completing an online survey available on Congresswoman Bustos' website or by leaving a message on the economic development hotline. It is important to note the methodology used to conduct the survey was not scientific. Given the small sample size and the issues surrounding self-selection, responses may not reflect those of the entire district. Although these limitations exist, the public's responses provide a launching point as we work to improve the region's economy.

In the survey, respondents were asked to identify what they felt were the biggest economic development challenges and what leaders should do to create jobs. The majority of respondents felt business development was hampered by unnecessary government regulations. For example, Illinois' current corporate tax rate of 9.5 percent is one of the highest in the country. Respondents argued that since the cost of doing business was so high, businesses were relocating to states with more favorable rates. The following quote captures that sentiment.

"Reduce the regulatory burden in a meaningful way. I am in the banking business and I see reluctance by our business customers to grow jobs in this district. There is too much uncertainty about the burden of the costs... Being a border community, I routinely see businesses drift toward Iowa. I feel there is low-hanging fruit in terms of tax revenue and wasteful government spending."

Respondents also felt the district needed to strengthen and expand education and workforce development opportunities. They acknowledged the skills gap and felt the region needed to do a better job preparing its students for the jobs of the future. Partnerships between academia and industry, they argued, would help ensure workforce readiness.

"Stimulate investments in STEM education and develop close working relationships between businesses and educational partners. This has been attempted, at Deere & Co. and Black Hawk College and can bring down the cost of education while companies invest in promising students. This would be a win-win relationship."

Finally, respondents supported an investment in infrastructure, believing the ensuing construction jobs would immediately put people back to work and would make the region more attractive to businesses now and in the future.

"Attend to our rapidly deteriorating infrastructure. Work with all levels of government and the private sector to assure there is an overall plan to renovate, replace, and improve our bridges, roads, waterways, and communications facilities... We have a lot of folks in Illinois who don't know where their next meal is coming from, but they want to work."

CONCLUSION

This document is the beginning of an ongoing effort to improve the competitiveness of the 17th Congressional District. Through conversations with local leaders and public input, Congresswoman Bustos has gained an understanding and an appreciation of the unique needs of each regional economy. Although there is much work to be done, Congresswoman Bustos believes the district is poised to become a more successful economy.

There is a general recognition in the 17th Congressional District that education and workforce development, infrastructure, and small business support are critical aspects of economic development. And that the success of our economic development efforts depends upon the continued collaboration between academia, government, nonprofit and industry groups. It is through collaboration and the formation of multi-sector partnerships that groups are able to align resources, overcome capital constraints, and enact changes that will benefit the region in the short and long term.

