



# Illinois at \$1 Trillion

Putting the Historic Economic  
Achievement in Context

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## Executive Summary

Illinois is now a \$1 trillion economy, a historic accomplishment that reveals the strength of its businesses and workers. Illinois is the 5<sup>th</sup> state to generate \$1 trillion in annual economic value, following California, New York, Texas, and Florida.

**Illinois' gross domestic product (GDP), or total economic production, is more impressive when put into context. Illinois' \$1.0 trillion economy is:**

- 12 percent larger than Pennsylvania's economy (\$915 billion), a state with a nearly identical number of workers and similar population.
- Larger than 13 other states combined—Alaska, Delaware, Hawaii, Idaho, Maine, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, West Virginia, and Wyoming.
- More than double Indiana's economy and four times larger than Iowa's.
- Due to workers who are 12 to 28 percent more productive than their peers in neighboring states.
- The 19<sup>th</sup>-largest economy in the world, bigger than countries like Poland, Turkey, and Sweden.

**Illinois has a diversified economy, with no industry accounting for more than 13 percent of total GDP.**

- Manufacturing is the state's largest major industry, producing \$132 billion in value per year—which is more than all the private and public sector economic activity in New Mexico.
- Real estate is a \$120 billion industry in Illinois, greater than the size of Idaho's entire economy.
- Illinois' health care industry (\$71 billion) adds more to the U.S. economy than all of South Dakota.

**Economic prosperity is not evenly distributed across Illinois. Prior to the COVID-19 pandemic:**

- The Chicago area accounted for 67 percent of Illinois' population but 75 percent of its economy.
- Average annual economic growth in the Chicago area (3.7 percent) was nearly twice as fast as Downstate Illinois (2.1 percent).
- The Chicago area grew faster than neighboring Iowa, Indiana, Wisconsin, Kentucky, and Missouri while Downstate Illinois stagnated.

**Illinois has high public debt but relatively low levels of private household debt.**

- Unfunded pension liabilities (\$130 billion) account for 13 percent of the state's GDP.
- Illinois ranks 44<sup>th</sup> among the 50 U.S. states in the ratio of private mortgage, auto, credit card, and student loan debt to GDP—lower than Missouri, Kentucky, Wisconsin, and Indiana.
- Illinois has lower auto loan, credit card, and student loan delinquency rates than the U.S. average.

**It took more than 200 years for Illinois to achieve a \$1 trillion economy, but Illinois could reach the \$2 trillion mark by 2040 with sound public policies. These include, but are not limited to:**

1. Boosting investments in public education and fully funding the Evidence-Based Funding Model.
2. Making college affordable by expanding financial aid and offering tuition-free community college.
3. Expanding access to affordable childcare options, enacting a refundable child tax credit, and implementing the care work recommendations proposed in the Illinois Future of Work Task Force.
4. Adopting paid family leave and paid sick leave policies to boost labor force participation.
5. Passing balanced state budgets every year to restore investor confidence.
6. Prioritizing paying down pension debt when tax revenues are higher than expected.
7. Reducing Illinois' overreliance on local property taxes to fund public schools.
8. Continuing to make the necessary investments in road, bridge, transit, and pedestrian infrastructure.
9. Turning Illinois into a clean energy leader by meeting its goal of 50 percent renewables by 2040.
10. Increasing access to reliable, high-speed internet, especially in rural and Downstate communities.

Illinois is the economic engine of the Midwest, but steps can be taken to ensure the state continues to attract, develop, and retain productive workers who earn middle-class incomes on the path to a \$2 trillion economy.

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## Introduction

Illinois now has a \$1 trillion economy. Every three months, the Bureau of Economic Analysis (BEA) at the U.S. Department of Commerce publishes estimates on gross domestic product (GDP) by state. On September 30, 2022, the BEA released data showing that economic activity in Illinois has reached \$1.0 trillion annualized in current dollars earlier this year ([BEA, 2022a](#)). This historic accomplishment is a reminder that Illinois is the economic engine of the Midwest and is a testament to the strength of Illinois' workers, businesses, and communities.

By most measures of economic and social well-being, Illinois ranks in the middle of the pack compared to the 49 other U.S. states. In 2022, Illinois ranked 19<sup>th</sup> on *CNBC's* “Top States for Business,” which is a comprehensive ranking that accounts for workforce quality, infrastructure factors, the costs of doing business, economic conditions, life and health outcomes, technology and innovation factors, business friendliness, educational attainment, access to capital, and the overall cost of living ([CNBC, 2022](#)). Illinois scores particularly high on infrastructure (3<sup>rd</sup>), education (6<sup>th</sup>), and access to capital (8<sup>th</sup>) but low on business friendliness (40<sup>th</sup>) and economic conditions (44<sup>th</sup>), which includes the state's fiscal condition ([CNBC, 2022](#)). The conservative-leaning Tax Foundation similarly places Illinois in the bottom half of states (36<sup>th</sup>) on its “2022 State Business Tax Climate Index” ([Fritts & Walczak, 2021](#)). On the other hand, Illinois is the 9<sup>th</sup>-best state for workers to work in, according to Oxfam America ([Oxfam, 2022](#)). Illinois also ranks 22<sup>nd</sup> in the “Opportunity Index”—which gauges the opportunities that residents have based on economic, education, health, and community outcomes—and 22<sup>nd</sup> by Human Development Index (HDI)—which measures quality of life by factoring life expectancy, educational attainment, and per capita income ([Opportunity Nation, 2019](#); [Global Data Lab, 2022](#)). Finally, a unique 2017 study by the Project for Middle Class Renewal at the University of Illinois examined eight categories of well-being, including economic and material well-being, labor market performance, job quality, work-life balance, mental and social health, and domains that capture the “worker friendliness” climate of the state. This study found that Illinois ranks at the median (25<sup>th</sup>) among the 50 states in the aggregated well-being index ([Golden, 2017](#)).

This report, conducted jointly by researchers at the Illinois Economic Policy Institute (ILEPI) and the Project for Middle Class Renewal (PMCR) at the University of Illinois at Urbana-Champaign, puts Illinois' \$1 trillion economy in context. The report compares and contrasts Illinois' economy to other states and countries, explores contributions to the state's GDP by industry and geography, examines debt ratios, and considers recent trends—such as sluggish economic growth in rural areas—before discussing potential policy options to move Illinois from the “middle of the pack” to the top of the rankings and achieve a \$2 trillion economy within the next 20 years. A concluding section recaps key findings.

## Illinois' \$1 Trillion Economy in Context

According to the Bureau of Economic Analysis (BEA), Illinois reached \$1.0 trillion in annual GDP in the 1<sup>st</sup> quarter of 2022, which includes January, February, and March of 2022. The economy remained above \$1.0 trillion in the 2<sup>nd</sup> quarter, which includes April, May, and June of 2022 (Figure 1). Note that this is in nominal dollars and it is not adjusted for inflation. In real terms, Illinois' economy actually contracted between the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2022 due to the high rate of inflation nationally. However, despite rising prices and fears of a recession, nominal economic growth has continued to grow at a robust pace in Illinois. The University of Illinois Flash Index, a weighted average of inflation-adjusted tax receipts from corporate income, individual income, and retail sales taxes, has remained above 100 every month since April 2021—and any “reading above 100 indicates growth” ([Giertz, 2022](#)).












Illinois is just the 5<sup>th</sup> U.S. state to produce \$1 trillion in total economic value (Figure 1). California, which now has a \$3.6 trillion economy, surpassed the \$1 trillion mark in 1997. New York and Texas both did in



2005, and now produce over \$2 trillion in economic value. Before Illinois, Florida was the most recent state to have a \$1 trillion economy, first achieving the feat in 2017.

Illinois' economy is \$1.0 trillion, while Pennsylvania's is \$915 billion (Figure 1).<sup>1</sup> The 2020 Census estimated that Pennsylvania had a population of 13.0 million people while Illinois had 12.8 million people (Census, 2021). The Census Bureau later discovered that Illinois was significantly undercounted and likely had about 13.0 million residents as well (NBC5 Chicago, 2022). Similarly, the Bureau of Labor Statistics (BLS) at the U.S. Department of Labor reports that in May of 2022 (the middle month of the 2<sup>nd</sup> quarter of 2022), Pennsylvania had 5.9 million total nonfarm workers compared to 6.0 million workers in Illinois (BLS, 2022a). Despite having similarly-sized populations and workforces, annual economic output is 12 percent larger in Illinois than in Pennsylvania—indicating that Illinois' workers are more productive. As a result, average weekly earnings of private sector workers in May of 2022 were \$1,107 in Illinois, which is 12 percent higher than their counterparts in Pennsylvania (\$1,015 per week) (BLS, 2022a).

**FIGURE 1: GROSS DOMESTIC PRODUCT (GDP) OF THE 10 LARGEST STATE ECONOMIES, 2021 Q3 – 2022 Q2**

10 Largest State Economies		GDP Values in Millions of Current Dollars (\$Millions)				When Did State Reach \$1 Trillion?
		2021 Q3	2021 Q4	2022 Q1	2022 Q2	
	United States	\$23,550,420	\$24,349,121	\$24,740,480	\$25,248,476	--
	California	\$3,416,146	\$3,520,135	\$3,497,724	\$3,558,512	1997*
	Texas	\$2,079,875	\$2,180,243	\$2,247,573	\$2,354,455	2005 Q3
	New York	\$1,923,472	\$1,986,680	\$2,008,813	\$2,034,912	2005 Q2
	Florida	\$1,273,980	\$1,325,297	\$1,344,330	\$1,371,468	2017 Q3
	<b>Illinois</b>	<b>\$952,563</b>	<b>\$984,137</b>	<b>\$1,009,986</b>	<b>\$1,024,019</b>	<b>2022 Q1</b>
	Pennsylvania	\$849,913	\$882,466	\$897,584	\$915,424	N/A
	Ohio	\$762,919	\$790,446	\$802,978	\$817,627	N/A
	Georgia	\$698,415	\$718,572	\$734,843	\$747,535	N/A
	New Jersey	\$688,689	\$710,091	\$726,277	\$737,654	N/A
	North Carolina	\$666,480	\$692,832	\$709,209	\$723,163	N/A















Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a). \*NOTE: Quarterly summaries of "GDP in current dollars (SQGDP2)" by state are only available as early as 2005.

Not only does Illinois have a larger economy than 45 other states, but it is also larger than the 13 smallest states combined (Figure 2). In one year, the value produced in Illinois (\$1.0 trillion) exceeds the total value generated in Alaska, Delaware, Hawaii, Idaho, Maine, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, West Virginia, and Wyoming together (\$1.0 trillion). According to the 2020 Census, these 13 states had a combined population of 14.6 million residents, although the Census Bureau did find that Delaware, Hawaii, and Rhode Island were likely overcounted (Census, 2021; NBC5 Chicago, 2022). These 13 states had nearly 6.7 million nonfarm workers (BLS, 2022a). Accordingly, compared to these 13 U.S. states, Illinois has 12 percent fewer residents and 10 percent fewer workers, but Illinois' economy is 2 percent larger (Figure 2). This comparison once again demonstrates the high productivity of Illinois' workforce.

Illinois is the dominant economic powerhouse in the Midwest (Figure 3). Illinois' economy (\$1.0 trillion) is more than double Indiana's economy (\$452 billion) and is over four times larger than Iowa's (\$230 billion). In fact, the entire state economies of Wisconsin, Iowa, and Missouri—Illinois' northern and western neighbors—have a roughly equivalent combined economic output as Illinois (\$1.0 trillion). Illinois also generates over \$200 billion more in economic activity than Ohio (\$818 billion), the next-highest state in the Great Lakes region (Figure 3).

<sup>1</sup> For a full table of quarterly gross domestic product data by state, see Table A in the Appendix.











**FIGURE 2: ILLINOIS GDP VS. THE COMBINED GDP OF THE 13 SMALLEST STATE ECONOMIES, 2022**

Illinois vs. the 13 Smallest State Economies		GDP Values (\$Millions)		2020 Census: Population*
		2022 Q1	2022 Q2	
	<b>Illinois</b>	<b>\$1,009,986</b>	<b>\$1,024,019</b>	<b>12,812,508</b>
--	13 States Combined	\$978,086	\$1,006,800	14,620,604
	Idaho	\$105,799	\$108,438	1,839,106
	New Hampshire	\$103,235	\$104,173	1,377,529
	Hawaii	\$95,279	\$96,979	1,455,271
	West Virginia	\$91,498	\$96,724	1,793,716
	Delaware	\$85,163	\$86,673	989,948
	Maine	\$82,352	\$83,514	1,362,350
	North Dakota	\$69,933	\$74,745	779,094
	Rhode Island	\$69,643	\$70,760	1,097,379
	South Dakota	\$65,964	\$67,489	888,667
	Montana	\$63,044	\$64,757	1,084,225
	Alaska	\$60,944	\$64,257	733,391
	Wyoming	\$45,693	\$48,044	576,851
	Vermont	\$39,539	\$40,249	643,077

Source(s): “Regional Data: GDP & Personal Income” from the Bureau of Economic Analysis at the U.S. Department of Commerce ([BEA, 2022a](#)) and “2020 Census Apportionment Results” from the U.S. Census Bureau ([Census, 2021](#)). \*NOTE: 2020 population estimates are reported even though the Census Bureau later found that Illinois was likely undercounted while Delaware, Hawaii, and Rhode Island were likely overcounted ([NBC5 Chicago, 2022](#)).

Illinois workers are significantly more productive than their counterparts in neighboring states (Figure 3). Figure 3 includes data on annualized gross domestic product for the 2<sup>nd</sup> quarter of 2022 and total nonfarm employment in May of 2022 by state. Dividing GDP by nonfarm workers provides a measure of output per worker. Using this metric of annual productivity, Illinois’ workers are between 12 percent more productive (relative to Minnesota) and 28 percent more productive (relative to Missouri and Kentucky) than their counterparts in neighboring states.

**FIGURE 3: ILLINOIS GDP VS. GDPs IN BORDERING AND GREAT LAKES STATES, 2022 Q2**

Illinois vs. Bordering and Other Great Lakes States		GDP: 2022 Q2 (\$Millions)	May 2022 Nonfarm Employment	GDP Per Nonfarm Worker	Illinois Difference
	United States	\$25,248,476	151,608,000	\$166,538	+2.3%
	<b>Illinois</b>	<b>\$1,024,019</b>	<b>6,013,100</b>	<b>\$170,298</b>	<b>--</b>
<i><u>Bordering States</u></i>					
	Indiana	\$452,422	3,189,700	\$141,838	+20.1%
	Iowa	\$230,104	1,567,700	\$146,778	+16.0%
	Kentucky	\$258,294	1,937,600	\$133,306	+27.7%
	Missouri	\$386,397	2,899,100	\$133,282	+27.8%
	Wisconsin	\$398,850	2,931,400	\$136,061	+25.2%
<i><u>Other Great Lakes States</u></i>					
	Michigan	\$615,408	4,317,000	\$142,555	+19.5%
	Minnesota	\$442,528	2,914,700	\$151,826	+12.2%
	Ohio	\$817,627	5,476,700	\$149,292	+14.1%
--	Wisconsin + Iowa + Missouri	\$1,015,352	7,398,200	\$137,243	+24.1%

Source(s): “Regional Data: GDP & Personal Income” from the Bureau of Economic Analysis at the U.S. Department of Commerce ([BEA, 2022a](#)) and “Databases, Tables & Calculators by Subject: Employment, Hours, and Earnings - State and Metro Area” from the Bureau of Labor Statistics at the U.S. Department of Labor ([BLS, 2022a](#)).

Putting Illinois' \$1 trillion market further into perspective by taking a global view reveals the strength of Illinois' economy (Figure 4). Illinois' gross domestic product is roughly the same size as Saudi Arabia's (\$1.0 trillion in 2021) and the Netherlands' (\$1.0 trillion in 2021). If Illinois was a separate country, it would have the 19<sup>th</sup> largest economy in the world (IMF, 2022). This would place Illinois above the likes of Switzerland, Taiwan, Poland, Turkey, and Sweden. It is also important to note that Illinois has a greater or similar economic output to these countries despite having fewer people. For example, Saudi Arabia has a population of more than 35 million and the Netherlands has over 17 million residents (World Bank, 2022).

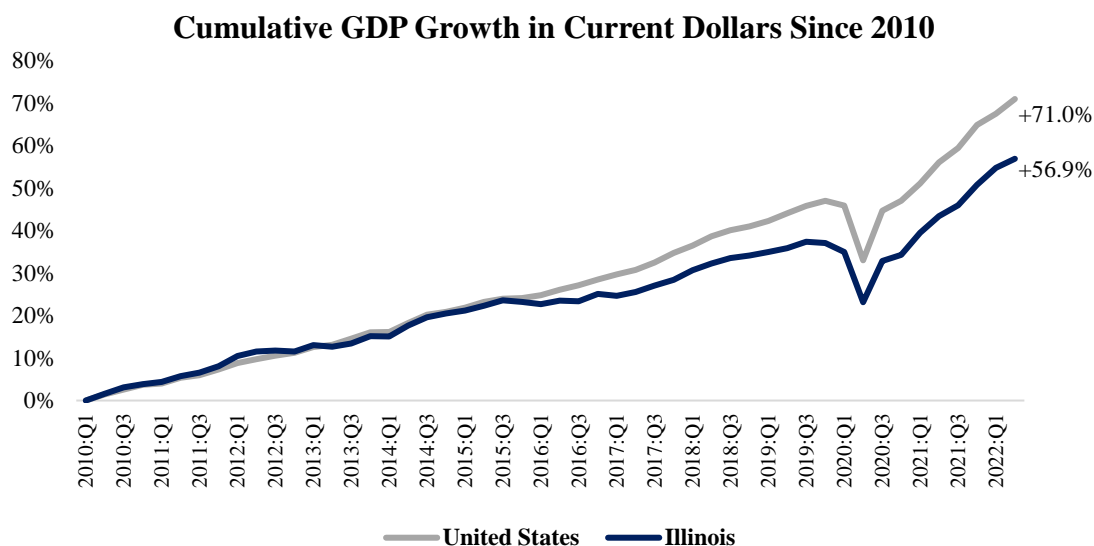
**FIGURE 4: ILLINOIS GDP VS. GDP ESTIMATES IN THE LARGEST ECONOMIES GLOBALLY, 2020 – 2022**

Rank	Country	GDP (\$Billions)	Year of Last Estimate
1	United States	\$25.25	2022Q2
2	China	\$19.91	2021
3	Japan	\$4.91	2020
4	Germany	\$4.26	2021
5	India	\$3.53	2021
6	United Kingdom	\$3.38	2020
7	France	\$2.94	2021
8	Canada	\$2.22	2021
9	Italy	\$2.06	2020
10	Brazil	\$1.83	2020
11	Russia	\$1.83	2021
12	Korea	\$1.80	2021
13	Australia	\$1.75	2021
14	Iran	\$1.74	2021
15	Spain	\$1.44	2021
16	Mexico	\$1.32	2021
17	Indonesia	\$1.29	2021
18	Saudi Arabia	\$1.04	2021
--	<b>Illinois</b>	<b>\$1.02</b>	<b>2022Q2</b>
19	Netherlands	\$1.01	2021
20	Switzerland	\$0.84	2021
21	Taiwan	\$0.84	2021
22	Poland	\$0.70	2021
23	Turkey	\$0.69	2021
24	Sweden	\$0.62	2021
25	Belgium	\$0.61	2020

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a) and "World Economic Outlook Database" from the International Monetary Fund (IMF, 2022).

The data is not all positive for Illinois (Figure 5). Since 2010, Illinois' economic growth has lagged the nation. For most of the past 12 years, Illinois has seen steady growth in its economy. Between the 1<sup>st</sup> quarter of 2010 and the 2<sup>nd</sup> quarter of 2022, Illinois' economy grew by 57 percent. By contrast, the overall U.S. economy grew by 71 percent over the same time period. Both Illinois and the United States experienced substantial decreases in 2020 due to the COVID-19 pandemic, followed by rapid recoveries that have resulted in inflationary pressures and labor shortages. In June of 2022, the end of the 2<sup>nd</sup> quarter, there were 290,000 unemployed workers but 450,000 job openings in Illinois—or 1.5 openings per unemployed resident (BLS, 2022b; BLS, 2022c). Nationally, there were about 1.9 job openings per unemployed resident (Cox, 2022).

Contrary to the perception of some, Illinois is not amongst the slowest-growing U.S. economies (Figure 6). While North Dakota, Utah, and Washington have seen their economies more than double and other large states like California have experienced economic growth of over 80 percent since the beginning of 2010, three states have grown by less than 30 percent: Alaska, Wyoming, and Louisiana. Illinois has had the 34<sup>th</sup>-fastest growing economy across the nation since 2010 (Figure 6).

**FIGURE 5: GDP GROWTH IN ILLINOIS VS. THE UNITED STATES OVERALL, 2010 Q1 – 2022 Q2****FIGURE 6: GDP GROWTH, ILLINOIS VS. THE FASTEST AND SLOWEST GROWING STATES, 2010 Q1 – 2022 Q2**

State Rank	Illinois vs. Selected U.S. States		GDP Growth: 2010 Q1 to 2022 Q2
--	--	<i>10 Fastest Growing Economies</i>	
1		North Dakota	+119.2%
2		Utah	+111.2%
3		Washington	+101.3%
4		Idaho	+97.3%
5		Texas	+92.5%
6		Colorado	+89.3%
7		Florida	+86.6%
8		California	+85.4%
9		Arizona	+84.7%
10		Tennessee	+84.1%
34		<b>Illinois</b>	<b>+56.9%</b>
--	--	<i>10 Slowest Growing Economies</i>	
41		West Virginia	+49.8%
42		Mississippi	+49.3%
43		Delaware	+48.7%
44		Hawaii	+47.9%
45		New Mexico	+46.4%
46		Rhode Island	+45.7%
47		Connecticut	+36.6%
48		Louisiana	+28.4%
49		Wyoming	+28.3%
50		Alaska	+23.8%

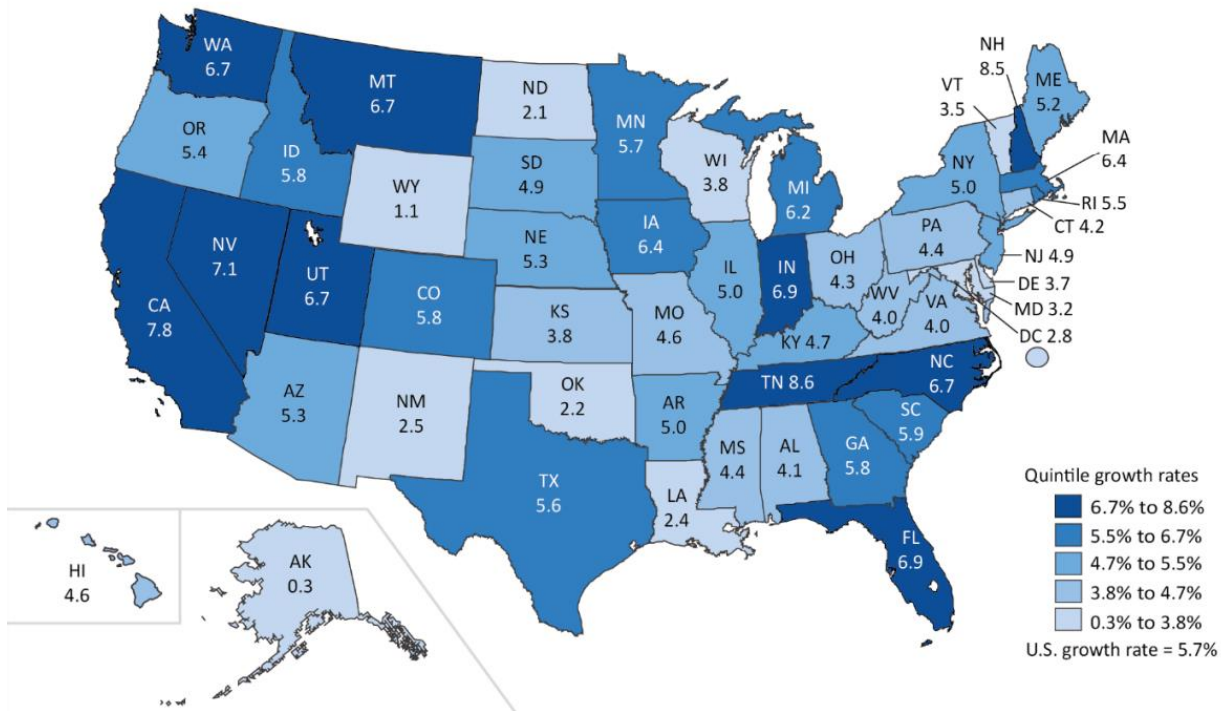
Source(s): “Regional Data: GDP & Personal Income” from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).



Similarly, last year, Illinois' inflation-adjusted GDP grew by 5.0 percent (Figure 7). Illinois ranked 27<sup>th</sup> amongst the 50 U.S. states, which was behind Indiana (5<sup>th</sup>) and Iowa (12<sup>th</sup>) but ahead of Kentucky (30<sup>th</sup>), Missouri (31<sup>st</sup>), and Wisconsin (41<sup>st</sup>) (BEA, 2022b). Both the growth since 2010 and the most-recent annual change between 2020 and 2021 place Illinois in the middle of a national state ranking.

**FIGURE 7: ANNUAL REAL (INFLATION-ADJUSTED) GDP GROWTH BY STATE, 2020-2021**

**Real GDP: Percent Change at Annual Rate, 2020–2021**



Source(s): *News Release: Gross Domestic Product by State, 4th Quarter 2021 and Year 2021 (Preliminary)* from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022b).

## Industry Contributions to Illinois' \$1 Trillion Economy

Illinois is home to a diversified economy (Figure 8). No single industry accounts for more than 13 percent of total GDP. The state's largest major industry is manufacturing, which produces \$132 billion in value added to the economy (13 percent of Illinois' GDP). Manufacturing is followed by the aggregated "real estate and rental and leasing" industry, which generates \$120 billion (12 percent), and finance and insurance, which adds another \$98 billion (10 percent). The professional, scientific, and technical services industry contributes \$89 billion (9 percent), wholesale trade brings in \$84 billion (8 percent), health care and social assistance is a \$71 billion industry (7 percent), and retail trade adds another \$55 billion (5 percent) in Illinois. All other private sector industries each account for less than 5 percent of Illinois' GDP. Government and government enterprises—which includes the federal government, the military, state government, local government, and public education—account for 9 percent of the economy (Figure 8).

Illinois' industries boast strong economic output (Figure 9). To contextualize the size of Illinois' private sector, Figure 9 compares the seven largest private industries to the total GDP values of other U.S. states. For example, Illinois' manufacturing industry generates \$132 billion, which is more than the entire economy of New Mexico (\$122 billion). Additionally, Illinois' second-largest sector, real estate, is larger than all the private and public sector activity in Idaho (\$108 billion). The state's financial institutions add









more to the national economy than all of Hawaii, the professional, scientific, and technical services industry is larger than Delaware's entire economy, and Illinois' health care industry contributes more than South Dakota. Together, the economic activity of the wholesale trade and retail trade sectors of Illinois exceeds the combined GDP of Maine and Wyoming (Figure 9).

**FIGURE 8: INDUSTRY CONTRIBUTIONS (VALUE ADDED) TO ILLINOIS' GDP, 2022**

Illinois by Industry (Value Added)	GDP Values (\$Millions)		Share of Illinois' GDP
	2022 Q1	2022 Q2	
<b>All Industry Total</b>	<b>\$1,009,986</b>	<b>\$1,024,019</b>	<b>100.0%</b>
Private Industries	\$915,527	\$928,825	90.7%
Government and Government Enterprises	\$94,459	\$95,194	9.3%
Manufacturing	\$129,829	\$132,401	12.9%
Real Estate and Rental and Leasing	\$120,508	\$120,212	11.7%
Finance and Insurance	\$97,756	\$98,390	9.6%
Professional, Scientific, and Technical Services	\$88,167	\$89,117	8.7%
Wholesale Trade	\$84,844	\$84,345	8.2%
Health Care and Social Assistance	\$70,400	\$71,275	7.0%
Retail Trade	\$55,059	\$55,442	5.4%
Transportation and Warehousing	\$40,182	\$41,870	4.1%
Administrative and Support Services	\$39,081	\$39,745	3.9%
Information	\$36,510	\$36,759	3.6%
Construction	\$31,166	\$30,996	3.0%
Accommodation and Food Services	\$29,761	\$30,671	3.0%
Other Services (Except Government)	\$20,608	\$20,785	2.0%
Utilities	\$17,202	\$19,629	1.9%
Management of Companies and Enterprises	\$17,079	\$17,173	1.7%
Agriculture, Forestry, Fishing and Hunting	\$12,486	\$14,782	1.4%
Educational Services (Private)	\$13,415	\$13,240	1.3%
Arts, Entertainment, and Recreation	\$10,182	\$10,436	1.0%
Mining, Quarrying, and Oil and Gas Extraction	\$1,294	\$1,557	0.2%

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).

**FIGURE 9: ILLINOIS INDUSTRY CONTRIBUTIONS LARGER THAN ENTIRE STATE ECONOMIES, 2022 Q2**

Illinois' Industries in Context 2021 Q2 GDP	Industry GDP (\$Millions)	Comparable Economy		Entire State GDP (\$Millions)
<b>All Industry Total</b>	<b>\$1,024,019</b>	--	--	--
Private Industries	\$928,825		Pennsylvania	\$915,424
Manufacturing	\$132,401		New Mexico	\$122,359
Real Estate and Rental and Leasing	\$120,212		Idaho	\$108,438
Finance and Insurance	\$98,390		Hawaii	\$96,979
Professional, Scientific, and Technical Services	\$89,117		Delaware	\$86,673
Wholesale Trade	\$84,345		Maine	\$83,514
Health Care and Social Assistance	\$71,275		South Dakota	\$67,489
Retail Trade	\$55,442		Wyoming	\$48,044

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).

Figure 10 presents the industries in Illinois that are projected to grow the fastest over the next decade in terms of employment. Data from the Illinois Department of Employment Security (IDES) shows that the industry that is expected to add the most jobs is the accommodation and food services sector, growing by 118,000 jobs following the significant decreases associated with the COVID-19 pandemic (IDES, 2022). Health care and social assistance are expected to add another 66,000 jobs, the combined transportation,

warehousing, and utilities industry is predicted to grow by 54,000 jobs, and professional, scientific, and technical services is forecast to increase by 41,000 jobs. The fastest-growing industry is expected to be arts, entertainment, and recreation, which is expected to grow by more than 4 percent per year—in large part due to the significant rebound from the COVID-19-induced recession (Figure 10).

**FIGURE 10: TOP 10 FASTEST-GROWING INDUSTRIES IN ILLINOIS, 2020-2030 PROJECTIONS**

Projected Growth by Illinois in Illinois (Employment)	2020-2030 Projections	
	Job Change	Annualized Growth
<b>All Industry Total</b>	<b>+494,072</b>	<b>+0.8%</b>
Accommodation and Food Services	+117,936	+2.6%
Health Care and Social Assistance	+66,245	+0.8%
Transportation, Warehousing & Utilities	+54,201	+1.5%
Professional, Scientific, and Technical Services	+40,916	+1.0%
Administrative and Support Services	+38,393	+0.9%
Retail Trade	+36,235	+0.6%
Arts, Entertainment, and Recreation	+35,808	+4.6%
Construction	+21,708	+1.0%
Manufacturing	+20,635	+0.4%
Educational Services (Private & Public)	+16,682	+0.3%

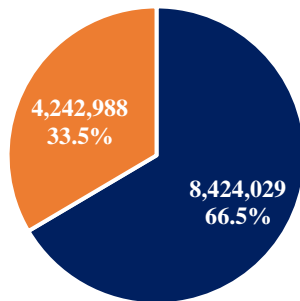
Source(s): “Long-Term Industry Projections 2020-2030” from the Illinois Department of Employment Security ([IDES, 2022](#)).

## Growing Geographic Divides Within Illinois

Economic prosperity is not evenly distributed across Illinois. The Bureau of Economic Analysis (BEA) also releases gross domestic product estimates by county and metropolitan area ([BEA, 2022a](#)). The most recent year for which local data are available is 2020.<sup>2</sup> This section uses county-level data from 2010 through the end of 2019 to explore pre-pandemic trends within Illinois. Specifically, the Chicago area—which includes the northeastern Illinois counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will as defined by the Chicago Metropolitan Agency for Planning (CMAP)—is compared to the rest of Illinois, which is sometimes referred to as “Downstate” ([CMAP, 2022](#)).

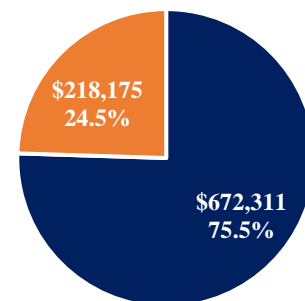
**FIGURE 10: PRE-PANDEMIC POPULATION AND GDP IN ILLINOIS BY GEOGRAPHY, 2019**

### Share of Illinois' Population in 2019 (BEA Estimate)



■ Chicago Area (CMAP) ■ Downstate Illinois

### Share of Illinois' GDP in 2019 (\$Millions)



■ Chicago Area (CMAP) ■ Downstate Illinois

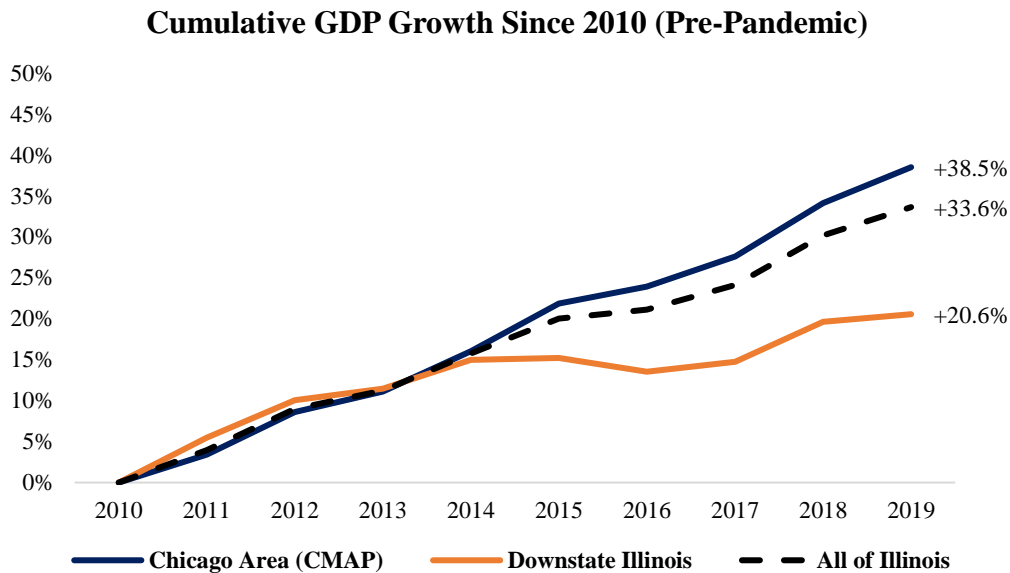
Source(s): “Regional Data: GDP & Personal Income” from the Bureau of Economic Analysis at the U.S. Department of Commerce ([BEA, 2022a](#)).

<sup>2</sup> The BEA is scheduled to release 2021 data on December 8, 2022 ([BEA, 2022c](#)).

The BEA estimates that, just before the pandemic, the seven-county Chicago area was home to more than 8.4 million residents, or two-thirds of Illinois' population (67 percent) (Figure 10). The other one-third, over 4.2 million people, lived in the rest of the state. The Chicago area, however, accounted for a disproportionate share of Illinois' economy. In 2019, Chicago and its surrounding suburbs were responsible for three-quarters of the state's GDP (75 percent) while Downstate areas contributed one-fourth of Illinois' economic activity.

A deepening economic divide occurred within Illinois during the last decade (Figure 11). While the Chicago area and Downstate communities experienced similar rates of economic growth between 2010 and 2014, the Chicago area continued expanding steadily while the rest of Illinois leveled off. In the years leading up to the COVID-19 pandemic, economic activity in the Chicago area increased by more than 38 percent while it rose by less than 21 percent in the rest of the state. During this time, the City of Chicago and its collar counties both added population while Downstate Illinois lost residents, according to the U.S. Census Bureau (Manzo, Wilson, & Bruno, 2022).

**FIGURE 11: PRE-PANDEMIC GDP GROWTH IN ILLINOIS BY GEOGRAPHY, 2010 – 2019**



Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).

**FIGURE 12: BREAKDOWN OF PRE-PANDEMIC GDP GROWTH IN ILLINOIS BY GEOGRAPHY, 2010 – 2019**

GDP Growth (2010-2019)	GDP Values (\$Millions)		Cumulative Growth	Annualized Growth Rate
	2010	2019		
<b>All of Illinois</b>	<b>\$666,405</b>	<b>\$858,367</b>	<b>+33.6%</b>	<b>+3.3%</b>
<b>Chicago Area</b>	<b>\$485,429</b>	<b>\$644,959</b>	<b>+38.5%</b>	<b>+3.7%</b>
Cook, IL	\$308,630	\$407,423	+38.5%	+3.7%
DuPage, IL	\$70,312	\$94,355	+40.1%	+3.8%
Kane, IL	\$20,449	\$28,035	+41.3%	+3.9%
Kendall, IL	\$2,814	\$4,042	+40.7%	+3.9%
Lake, IL	\$49,115	\$63,818	+32.2%	+3.1%
McHenry, IL	\$10,403	\$11,918	+17.9%	+1.8%
Will, IL	\$23,705	\$35,368	+52.7%	+4.8%
<b>Downstate Illinois</b>	<b>\$180,976</b>	<b>\$213,408</b>	<b>+20.6%</b>	<b>+2.1%</b>
<b>U.S. Average</b>	<b>\$15,048,970</b>	<b>\$21,372,582</b>	<b>+42.0%</b>	<b>+4.0%</b>

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).

**FIGURE 13: PRE-PANDEMIC GDP GROWTH BY STATE AND ILLINOIS GEOGRAPHY, 2010 – 2019**

State Rank	State (or Area)	GDP Values (\$Millions)		Cumulative Growth	Annualized Growth Rate
		2010	2019		
1	North Dakota	\$35,676	\$59,005	+65.4%	+5.7%
2	Utah	\$118,670	\$195,088	+64.4%	+5.7%
3	Washington	\$365,498	\$597,874	+63.6%	+5.6%
4	California	\$1,954,093	\$3,052,645	+56.2%	+5.1%
5	Georgia	\$418,091	\$637,799	+52.6%	+4.8%
6	Colorado	\$258,300	\$392,218	+51.8%	+4.8%
7	Oregon	\$164,137	\$246,647	+50.3%	+4.6%
8	Texas	\$1,245,959	\$1,863,954	+49.6%	+4.6%
9	Florida	\$746,929	\$1,116,435	+49.5%	+4.6%
10	Idaho	\$55,588	\$82,420	+48.3%	+4.5%
11	South Carolina	\$165,860	\$244,662	+47.5%	+4.4%
12	Arizona	\$251,153	\$369,988	+47.3%	+4.4%
13	Tennessee	\$257,776	\$376,917	+46.2%	+4.3%
14	Nevada	\$124,669	\$181,743	+45.8%	+4.3%
15	New York	\$1,223,530	\$1,777,752	+45.3%	+4.2%
16	Massachusetts	\$411,136	\$593,257	+44.3%	+4.2%
17	Nebraska	\$91,562	\$131,352	+43.5%	+4.1%
18	South Dakota	\$37,853	\$53,940	+42.5%	+4.0%
19	North Carolina	\$420,028	\$595,655	+41.8%	+4.0%
20	Minnesota	\$274,231	\$383,040	+39.7%	+3.8%
--	<i>Chicago Area</i>	<i>\$485,429</i>	<i>\$672,311</i>	<i>+38.5%</i>	<i>+3.7%</i>
21	Ohio	\$500,515	\$693,199	+38.5%	+3.7%
22	Kansas	\$128,591	\$176,739	+37.4%	+3.6%
23	Hawaii	\$66,873	\$91,781	+37.2%	+3.6%
24	Iowa	\$142,234	\$194,323	+36.6%	+3.5%
25	Michigan	\$390,043	\$531,435	+36.3%	+3.5%
--	District of Columbia	\$106,147	\$144,406	+36.0%	+3.5%
26	Montana	\$38,336	\$51,789	+35.1%	+3.4%
27	New Hampshire	\$64,844	\$87,508	+35.0%	+3.4%
28	Indiana	\$282,562	\$381,020	+34.8%	+3.4%
29	Wisconsin	\$256,433	\$344,725	+34.4%	+3.3%
30	Maryland	\$314,728	\$421,610	+34.0%	+3.3%
<b>31</b>	<b>Illinois</b>	<b>\$666,405</b>	<b>\$890,486</b>	<b>+33.6%</b>	<b>+3.3%</b>
32	Delaware	\$58,164	\$77,042	+32.5%	+3.2%
33	Pennsylvania	\$604,737	\$799,686	+32.2%	+3.2%
34	Oklahoma	\$154,287	\$203,700	+32.0%	+3.1%
35	Maine	\$52,256	\$68,453	+31.0%	+3.0%
36	Alabama	\$177,249	\$231,172	+30.4%	+3.0%
37	Kentucky	\$166,409	\$216,102	+29.9%	+2.9%
38	Virginia	\$426,992	\$554,306	+29.8%	+2.9%
39	New Jersey	\$492,762	\$639,437	+29.8%	+2.9%
40	Arkansas	\$101,487	\$130,840	+28.9%	+2.9%
41	Missouri	\$259,816	\$332,273	+27.9%	+2.8%
42	Vermont	\$27,407	\$34,128	+24.5%	+2.5%
43	Rhode Island	\$49,468	\$61,319	+24.0%	+2.4%
44	Connecticut	\$234,700	\$288,109	+22.8%	+2.3%
45	Mississippi	\$93,943	\$114,734	+22.1%	+2.2%
--	<i>Downstate Illinois</i>	<i>\$180,976</i>	<i>\$218,175</i>	<i>+20.6%</i>	<i>+2.1%</i>
46	New Mexico	\$84,612	\$101,972	+20.5%	+2.1%
47	West Virginia	\$65,999	\$79,140	+19.9%	+2.0%
48	Louisiana	\$225,309	\$254,562	+13.0%	+1.4%
49	Wyoming	\$37,681	\$39,601	+5.1%	+0.6%
50	Alaska	\$53,332	\$54,547	+2.3%	+0.3%

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).



Economic stagnation outside of the Chicago area is the primary reason why Illinois has grown much slower than the national average (Figure 12). Between 2010 and 2019, the U.S. economy expanded by 42 percent, an annualized rate of 4.0 percent. Illinois only grew by 34 percent, an annualized rate of 3.3 percent. Most of the Chicago area grew at a rate similar to, but slightly below, the national average. Kane County and Kendall County grew by 3.9 percent annualized, DuPage County by 3.8 percent annualized, and Cook County by 3.7 percent annualized. Will County grew faster than the national average, experiencing a 53 percent cumulative increase in its GDP or a growth of 4.8 percent annualized. The 2.1 percent growth rate of Downstate Illinois, on the other hand, was half the national average.

In 2019, lawmakers in the General Assembly introduced a facetious resolution calling for the separation of the Chicago area and Downstate Illinois into two different states (Sullender, 2021; Miller, 2020). Figure 13 shows, for illustrative purposes, what such a change would have meant. Between 2010 and 2019, Illinois' 34 percent gain in nominal economic activity ranked 31<sup>st</sup> in the United States. If the Chicago area were its own state, its total growth of over 38 percent would have made it the 21<sup>st</sup>-fastest growing economy in the nation over this time. The Chicago area grew faster than neighboring Iowa (37 percent), Indiana (35 percent), Wisconsin (34 percent), Kentucky (30 percent), and Missouri (28 percent). By contrast, if Downstate Illinois was separated out, its total growth of 21 percent would have ranked 46<sup>th</sup> nationally, ahead of only New Mexico (21 percent), West Virginia (20 percent), Louisiana (13 percent), Wyoming (5 percent), and Alaska (2 percent).

### Putting Illinois' Debt Levels in Perspective

The existence and consequences of the state's unfunded pension liabilities are perennially debated. Some claim that they cause structural fiscal problems for Illinois and represent a drag on the state's long-term economic outlook (Crane, 2022). Others have questioned the "pension crisis" narrative and instead focused on the tension that exists between improving the finances of the pension systems and preventing pension contributions from crowding out other areas of the state budget (Bruno, Kass, & Merriman, 2019). In Fiscal Year 2021, Illinois had \$130 billion in unfunded liabilities and a funded ratio of 46 percent for the five state retirement systems combined (Bae, 2021a). With an economy north of \$1 trillion, the pension debt-to-GDP ratio is 13 percent (Figure 14). The Illinois Commission on Government Forecasting and Accountability expects the State of Illinois to contribute \$10 billion towards pensions in Fiscal Year 2023, which amounts to 21 percent of total revenues in the General Fund (Figure 14). Although Illinois has recently reduced unfunded pension liabilities and improved the funded ratio, the state still has high levels of pension debt (Equable, 2022).

**FIGURE 14: UNFUNDED PENSION LIABILITIES AND METRICS OF STATE PENSION DEBT IN ILLINOIS**

Illinois Pension, GDP, and Budget Metrics	Value
Unfunded Pension Liabilities as of FY 2021 (\$Millions)	\$129,987.5
Illinois Gross Domestic Product in 2022 Q2 (\$Millions)	\$1,024,019
Pension Debt as Share of GDP	12.7%
State Expenditures on Pensions in FY 2023 (\$Millions)	\$9,942
Total Base Revenues in FY 2023 (\$Millions)	\$46,429
Pension Spending as a Share of State Revenue	21.4%

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a), *Monthly Briefing for the Month Ended: November 2021* from the Illinois Commission on Government Forecasting and Accountability (Bae, 2021a), and *Illinois State Budget Fiscal Year 2023* from the State of Illinois (Illinois OMB, 2022).

**FIGURE 15: PRIVATE DEBT-TO-GDP RATIOS BY STATE, 2021 Q4**

Rank	State	Values in Millions of Current Dollars (\$Millions) in 2021 Q4						Private Debt-to-GDP Ratio
		Household Debt (Total)	Mortgage Loans	Auto Loans	Credit Card	Student Loans	State GDP	
1	HI	\$87,910	\$74,861	\$4,508	\$4,259	\$4,281	\$94,937	92.6%
2	ID	\$87,416	\$68,154	\$7,810	\$3,943	\$7,509	\$98,455	88.8%
3	CO	\$389,427	\$318,846	\$24,143	\$16,507	\$29,930	\$440,903	88.3%
4	MD	\$392,477	\$306,866	\$29,646	\$19,192	\$36,772	\$451,986	86.8%
5	VA	\$509,169	\$400,660	\$37,967	\$25,943	\$44,599	\$614,754	82.8%
6	AZ	\$350,995	\$267,350	\$33,762	\$17,874	\$32,010	\$429,819	81.7%
7	OR	\$223,466	\$176,501	\$15,559	\$10,131	\$21,276	\$279,425	80.0%
8	SC	\$222,220	\$158,012	\$24,268	\$12,582	\$27,358	\$281,754	78.9%
9	NV	\$160,983	\$124,601	\$15,032	\$8,819	\$12,531	\$204,306	78.8%
10	FL	\$1,012,498	\$727,394	\$115,902	\$66,867	\$102,335	\$1,286,086	78.7%
11	UT	\$179,891	\$147,541	\$14,286	\$7,181	\$10,884	\$230,342	78.1%
12	MT	\$47,367	\$36,118	\$4,335	\$2,597	\$4,317	\$61,983	76.4%
13	ME	\$57,824	\$41,384	\$6,403	\$3,214	\$6,823	\$79,177	73.0%
14	RI	\$49,956	\$37,966	\$3,969	\$2,832	\$5,188	\$68,823	72.6%
15	NH	\$74,194	\$55,701	\$7,244	\$4,005	\$7,244	\$102,439	72.4%
16	CA	\$2,525,010	\$2,106,539	\$159,264	\$107,358	\$151,849	\$3,513,348	71.9%
17	VT	\$26,939	\$18,939	\$3,105	\$1,564	\$3,331	\$37,644	71.6%
18	WA	\$490,003	\$410,467	\$29,996	\$21,101	\$28,438	\$696,748	70.3%
19	NJ	\$488,048	\$374,314	\$35,224	\$28,962	\$49,548	\$700,120	69.7%
20	AL	\$175,575	\$118,626	\$23,640	\$10,095	\$23,214	\$257,465	68.2%
21	MS	\$88,307	\$53,675	\$14,257	\$5,303	\$15,071	\$129,974	67.9%
22	GA	\$480,599	\$329,108	\$54,212	\$28,622	\$68,657	\$713,948	67.3%
23	NC	\$453,155	\$327,746	\$49,632	\$25,525	\$50,252	\$684,607	66.2%
24	MN	\$276,586	\$211,881	\$20,758	\$14,026	\$29,921	\$429,391	64.4%
25	NM	\$72,948	\$52,489	\$9,040	\$4,316	\$7,103	\$114,680	63.6%
26	TN	\$277,383	\$199,905	\$30,932	\$15,022	\$31,523	\$439,050	63.2%
27	CT	\$191,734	\$148,102	\$12,622	\$11,251	\$19,759	\$308,671	62.1%
28	MI	\$367,284	\$255,639	\$37,642	\$22,192	\$51,811	\$592,349	62.0%
29	MA	\$411,121	\$330,990	\$23,634	\$19,460	\$37,038	\$663,750	61.9%
30	LA	\$164,676	\$107,788	\$24,821	\$9,608	\$22,458	\$267,126	61.6%
31	MO	\$226,050	\$158,825	\$24,740	\$13,414	\$29,072	\$373,105	60.6%
32	AR	\$91,015	\$58,495	\$14,735	\$5,854	\$11,930	\$150,483	60.5%
33	DE	\$50,339	\$37,504	\$4,699	\$2,747	\$5,390	\$84,206	59.8%
34	AK	\$34,429	\$27,206	\$2,882	\$2,192	\$2,149	\$57,984	59.4%
35	KY	\$142,353	\$97,194	\$17,019	\$8,604	\$19,537	\$244,480	58.2%
36	PA	\$507,772	\$351,140	\$51,802	\$32,975	\$71,855	\$874,881	58.0%
37	WI	\$218,763	\$160,518	\$21,153	\$12,348	\$24,744	\$379,909	57.6%
38	OK	\$123,317	\$80,244	\$19,340	\$8,293	\$15,439	\$218,564	56.4%
39	OH	\$423,780	\$282,148	\$50,155	\$26,600	\$64,877	\$765,003	55.4%
40	TX	\$1,157,498	\$789,901	\$169,248	\$74,264	\$124,084	\$2,104,579	55.0%
41	WV	\$50,374	\$30,981	\$8,856	\$3,533	\$7,003	\$91,953	54.8%
42	WY	\$24,252	\$18,460	\$2,628	\$1,405	\$1,760	\$44,323	54.7%
43	IN	\$237,615	\$166,952	\$27,471	\$13,596	\$29,597	\$438,012	54.2%
<b>44</b>	<b>IL</b>	<b>\$525,901</b>	<b>\$379,227</b>	<b>\$49,210</b>	<b>\$32,523</b>	<b>\$64,941</b>	<b>\$973,486</b>	<b>54.0%</b>
45	SD	\$33,902	\$24,649	\$3,540	\$1,888	\$3,826	\$62,809	54.0%
46	IA	\$113,275	\$80,018	\$12,925	\$6,436	\$13,897	\$225,696	50.2%
47	KS	\$98,167	\$67,825	\$10,509	\$6,405	\$13,427	\$198,292	49.5%
48	NE	\$69,828	\$50,120	\$7,209	\$4,260	\$8,239	\$154,149	45.3%
49	NY	\$866,130	\$643,540	\$65,905	\$56,859	\$99,826	\$1,914,208	45.2%
50	ND	\$29,643	\$20,759	\$3,563	\$1,837	\$3,483	\$66,372	44.7%
--	DC	\$53,471	\$42,608	\$1,956	\$2,183	\$6,723	\$156,457	34.2%

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a) and *Quarterly Report on Household Debt and Credit* from the Center for Microeconomic Data at the Federal Reserve Bank of New York (CMD, 2022).

On the other hand, Illinois has significantly lower levels of household debt than the rest of the United States. The Center for Microeconomic Data at the Federal Reserve Bank of New York publishes a *Quarterly Report on Household Debt and Credit* (CMD, 2022). Figures 15 and 16 use state-level data from this release for the 4<sup>th</sup> quarter of 2021 and compare results to state GDP for the 4<sup>th</sup> quarter of 2021 from the BEA.

Illinois households had an estimated \$526 billion in total debt (Figure 15). This includes \$379 billion in mortgage debt, \$49 billion in auto loan debt, \$33 billion in credit card loans, and \$65 billion in student loans (before the Biden Administration’s proposal to cancel some federal student loan debt and offer new repayment options). As a result, the ratio of private household debt-to-GDP was 54 percent in Illinois in the 4<sup>th</sup> quarter of 2021. This debt level is one of the lowest in the United States. Illinois ranks 44<sup>th</sup> among the 50 U.S. states in the private debt-to-GDP ratio. Hawaii has the highest private debt-to-GDP ratio at 93 percent, driven by elevated mortgage debt from high home values. Missouri (61 percent), Kentucky (58 percent), Wisconsin (58 percent), and Indiana (54 percent) have higher private debt-to-GDP ratios than Illinois. Iowa is the only neighboring state to have a lower ratio (50 percent).

**FIGURE 16: 90-DAY LOAN DELINQUENCY RATES BY STATE, 2021 Q4**

State or Area	90-Day Loan Delinquency Rates			
	Auto Loans	Credit Cards	Mortgage Loans	Student Loans
Illinois	3.9%	7.0%	0.6%	4.7%
United States	4.0%	8.2%	0.4%	5.0%

Source(s): *Quarterly Report on Household Debt and Credit* from the Center for Microeconomic Data at the Federal Reserve Bank of New York (CMD, 2022).

At the end of 2021, Illinois also had fewer people who are delinquent on their loans than the rest of the United States (Figure 16). For auto loans, credit cards, and student debt, 90-day delinquency rates—which capture borrowers who have missed three or more payments—were all lower in Illinois than the national average at the end of last year. Illinois borrowers only had a slightly higher delinquency rate for mortgage debt. Illinois’ economy is strong in part because its residents have more manageable levels of private debt and are less likely to be behind on their loans.

## Potential Policy Options to Get Illinois to \$2 Trillion by 2040

Illinois became a state in 1818 (IDNR, 2022). It took 204 years for Illinois to have a \$1 trillion economy. Due to the law of compound interest, Illinois will reach \$2 trillion in a much quicker period of time. As shown in Figure 17, the Illinois economy only needs to grow by 2.8 percent annualized for the economy to reach \$2 trillion in 25 years, or by 2047. This would be slower than Illinois 3.2 percent rate of growth over the past two decades. If Illinois grows by an average of 3.9 percent per year, which is on par with the national rate of economic growth between 2001 and 2021, then Illinois will have a \$2 trillion economy by 2040 (Figure 17). And a faster timeline is possible: Both California and Texas saw their economies double between 2005 and 2021 (BEA, 2022a).

**FIGURE 17: ANNUALIZED GROWTH RATES NEEDED TO DOUBLE ILLINOIS’ GDP TO \$2 TRILLION**

Year	Years from Now	Annualized Growth Rate
2037	15	+4.7%
2040	18	+3.9%
2042	20	+3.5%
2047	25	+2.8%
Illinois Growth Rate (2001 – 2021)		+3.2%
U.S. Growth Rate (2001 – 2021)		+4.0%

Source(s): The law of compound interest (or growth) and “Regional Data: GDP & Personal Income” from the Bureau of Economic Analysis at the U.S. Department of Commerce (BEA, 2022a).

There are a number of potential policy options that elected officials could pursue to improve Illinois' rankings from the "middle of the pack" and ensure that the state has a \$2 trillion economy by 2040 at the latest. The following, which is not a comprehensive list, are 10 potential options.

1. **Boost the state's investments in public education to fully fund the Evidence-Based Funding Model.** Investing in education is the most effective public policy at boosting employment and growing the economy. A well-educated workforce builds the foundation for state prosperity ([Berger & Fisher, 2013](#)). An extra year of education increases an individual's earnings by as much as 10 percent ([Stevens & Weale, 2003](#)). Additionally, a 10 percent increase in spending on public education improves wages by 7 percent, reduces poverty by 4 percent, and improves high school graduation rates by 7 percent ([Jackson, Johnson, & Persico, 2015](#); [Baker, 2018](#)). In 2017, Illinois adopted the Evidence-Based Funding Model to prioritize the distribution of new funding to poorly-funded school districts and to students with the most need. To date, the policy has invested nearly \$1.6 billion to the most under-resourced districts. However, elected officials should adjust the annual increase in state funding by inflation, which would fully fund the Evidence-Based Funding Model by 2037 ([Flanagan & Martire, 2022](#)).
2. **Make college more affordable by increasing the state's investment in higher education.** Illinois needs affordable universities to retain college-ready students. Many college decisions for prospective students come down to affordability, and current tuition rates may make Illinois' flagship university uncompetitive with other public universities in the Midwest. The University of Illinois at Urbana-Champaign has an in-state tuition rate (more than \$15,400 per year) that is 19 percent higher than the comparable average for Big Ten public universities ([UIUC, 2022](#)). The University of Illinois at Urbana-Champaign's annual tuition costs are between \$4,100 higher (relative to Indiana University-Bloomington) and \$5,500 higher (relative to University of Iowa) than the flagship Big Ten universities in bordering states ([UIUC, 2022](#)). The State of Illinois could increase support for Monetary Award Program (MAP) grants to improve financial aid for Illinois residents, boost state funding for public universities and community colleges, make two-year community colleges tuition-free, and expand career and technical education (CTE) training while also promoting alternative pathways into the middle class—such as joint labor-management apprenticeship programs in the construction trades ([Illinois OMB, 2022](#); [Manzo & Bruno, 2020](#)).
3. **Expand access to affordable childcare options, enact a refundable childcare tax credit, and implement the care work recommendations proposed by the Illinois Future of Work Task Force.** The average annual cost of infant care is \$13,800 and the average annual cost of care for a 4-year-old is \$10,400, making Illinois the 10<sup>th</sup>-most expensive state for care ([EPI, 2019](#)). Childcare costs about as much as the average cost of college tuition at four-year public colleges in Illinois (\$14,000 per year). There is a strong link between affordable child care and the employment rate of mothers ([Schochet, 2019](#); [Vuri, 2016](#)). One study by the U.S. Department of Health and Human Services found that tripling the federal investment in the Child Care and Development Fund (CCDF) would attract and retain 14 percent more low-income women with children into the workforce ([Enchautegui et al., 2016](#)). To combat the high cost of childcare and make it affordable for low-income families, elected officials could consider doubling or tripling the state's investment in the Child Care Assistance Program (CCAP)—which currently serves 6 percent of childcare-aged children in Illinois—and implementing a refundable child tax credit, which could provide hundreds of dollars of annual tax relief for working families ([Dickson et al., 2021](#)). Illinois could also adopt the "care work" recommendations in the Illinois Future of Work Task Force, which recommend that the state match federal investments to build care economy infrastructure, pay workers in the sector living wages, ensure training and pipeline programs for care workers, and modernize Illinois' professional licensure system to remove barriers and wait times for workers to receive their licenses ([Illinois Future of Work Task Force, 2022](#)).

4. **Adopt paid family leave and paid sick leave policies.** Paid leave policies boost labor force participation among women. Studies have found that paid parental leave increases weekly hours worked for mothers by up to 17 percent in the years after birth, lifts the salary potential of women, and reduces employee turnover costs for businesses (Sakaria & Tosto, 2018; Jones, 2020; Petts, Knoester, & Li, 2018; Rossin-Slater, Ruhm, & Waldfogel, 2013). In Illinois during the pandemic, access to paid leave increased the probability that working mothers remained employed by 10 percent and reduced their chances of experiencing income losses by 14 percent (Dickson et al., 2021). Elected officials in Illinois could follow other states in enacting paid family leave for workers to care for newborns, adopted children, or sick family members. Implementing 12 weeks of paid family leave and 5 days of paid sick leave would boost worker earnings by a combined \$3 billion in Illinois (Gigstad, Bruno, & Manzo, 2020; Manzo, Bruno, & Gigstad, 2020). Importantly, Illinois could enact legislation requiring large businesses and organizations to provide this leave instead of creating new publicly funded social insurance programs. These labor standards would have no net-negative effect on Illinois businesses because they would raise labor force participation, improve worker health, and reduce employee turnover.
5. **Pass balanced state budgets every year.** Illinois has recently begun to get its fiscal house in order. The Budget Stabilization Fund, or rainy day fund, has a balance of \$750 million that is expected to rise to \$1 billion by the end of the Fiscal Year, representing about 2 percent of General Fund Revenues (Nowicki, 2022). While the state should work towards a rainy day fund equal to 10 percent of General Fund revenues, the elimination of the bill backlog and growth of the rainy day fund have led major credit rating agencies to upgrade Illinois' credit rating numerous times over recent years (Civic Federation, 2022; Nowicki, 2022). Budget surpluses improve investor confidence in a state and ensure that funds are available during downturns in the business cycle, helping to attract and retain businesses (Manzo & Bruno, 2015).
6. **Prioritize paying down pension debt.** Public pensions are crucial to the economic wellbeing of Illinois' public school teachers and state government workers. The State of Illinois currently pays out about \$14 billion to public sector retirees, ensuring retirement security and allowing them to care for their families (Bae, 2021b). At the same time, decades of underfunding have caused pension liabilities to balloon, reducing investor confidence in Illinois and hampering future generations—although credit rating upgrades have recently occurred as Illinois has demonstrated fiscal responsibility and made full and supplemental pension payments (Bae & Versweyveld, 2019). At the current pace, Illinois' state pensions will have a funded ratio of 73 percent by 2040 (Bae, 2021a). Years of fiscal discipline and policy changes—such as transferring income-producing public assets into pension funds, expanding cost-of-living buyouts, and making supplemental contributions when tax revenues are higher than expected—can reduce unfunded liabilities, lift the funded ratio, and fix public pensions in Illinois (Belsky, 2018; Civic Federation, 2019; State of Illinois, 2022).
7. **Reduce Illinois' overreliance on local property taxes to fund public education.** Property taxes are a regressive form of taxation, with high-income residents paying less than middle-class homeowners (Manzo & Bruno, 2019). Property taxes are relatively high in Illinois compared to the United States, with Illinois ranking 7<sup>th</sup> in the nation in property tax collections per capita (Noggle, Malasi, & Versweyveld, 2018). Illinois could look for ways to freeze the growth of property taxes by increasing the state's appropriation for public schools and by fully funding the Evidence-Based Funding Model and including inflationary adjustments to match the Consumer Price Index. This would reduce local cost burdens for homeowners and businesses and improve housing wealth.



8. **Follow the \$45 billion Rebuild Illinois with regular investments in Illinois’ road, bridge, public transit, and pedestrian infrastructure.** Economic and social science research consistently finds that investing in infrastructure boosts economic activity. For every dollar increase in infrastructure spending, the economy grows by between \$1.57 and \$2.20 ([Zandi, 2010](#); [Arnon et al., 2020](#)). In Illinois, every dollar invested in road and bridge construction returns \$1.80 and every dollar spent on road and bridge maintenance returns \$2.30 ([ILEPI, 2022](#)). Illinois is a transportation hub for the United States and can improve its economic competitiveness by continuing to rebuild, repair, and modernize its transportation infrastructure.
9. **Ensure the state meets its goal of 50 percent renewable energy by 2040.** While Illinois is one of the “best states for climate change” due to relatively low risks of wildfires, flooding, and droughts, Illinois still faces impending climate change-related disasters ([SafeHome, 2021](#)). In 2021, Illinois passed landmark clean energy legislation called the Climate and Equitable Jobs Act (CEJA). CEJA is a historic law that puts Illinois on the path to 100 percent renewable energy by 2050, with an interim goal of 50 percent renewables by 2040. Meeting these goals will create thousands of middle-class careers, improve public health, and support disadvantaged communities. The law incentivizes electric vehicle production and ownership, allows schools to leverage private investments and federal incentives to finance renewable energy projects and lower their energy costs, and includes strong labor protections and equity provisions—such as expanding prevailing wage standards to nearly all non-residential wind and solar developments and charging stations as well as creating regional workforce hubs and the Climate Works Pre-Apprenticeship Program to recruit and train candidates from historically underrepresented populations for clean energy jobs ([Manzo, 2021](#); [Illinois Future of Work Task Force, 2022](#)). Wind turbine service technicians (68 percent) and solar photovoltaic installers (52 percent) are projected by the Bureau of Labor Statistics to be two of the fastest-growing occupations in the United States over the next decade ([Dubina et al., 2021](#)). Attracting these jobs to the state and fulfilling the goals of CEJA can make Illinois a global leader in the clean energy industry and ensure Illinois’ workers are leading the transition to a resilient and sustainable economy.
10. **Increase access to reliable, high-speed internet.** The COVID-19 pandemic revealed the importance of broadband internet, as more families worked, learned, and shopped from home. While the Rebuild Illinois capital program and the federal Infrastructure Investment and Jobs Act (IIJA) are expected to create thousands of jobs while connecting 238,000 households, businesses, and farms to broadband internet, more than one-in-ten Illinois residents will still be without access in the absence of additional action ([Manzo, Wilson, & Bruno, 2022](#)). Further investments in broadband internet infrastructure can create jobs, increase access to remote work opportunities for Downstate residents, and promote business and agricultural activity across Illinois.

## Conclusion

Illinois is a \$1 trillion economic engine at the heart of the United States of America. With a strong commitment to infrastructure investments, a highly educated and skilled workforce, and access to capital for startups and local businesses, Illinois can cross the \$2 trillion threshold sooner than expected. Elected officials can take steps to improve the state’s fiscal condition, reduce the overreliance on local property taxes, and improve economic opportunities for individuals from all backgrounds and from all areas of the state. With sound public policies, Illinois can attract, develop, and retain productive workers while promoting broad-based prosperity on the path to a \$2 trillion economy.

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## Appendix

TABLE A: GROSS DOMESTIC PRODUCT (GDP) BY QUARTER BY STATE, 2020 Q1 – 2022 Q2

GDP By Quarter	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2
United States	\$21,538,032	\$19,636,731	\$21,362,428	\$21,704,706	\$22,313,850	\$23,046,934	\$23,550,420	\$24,349,121	\$24,740,480	\$25,248,476
Alabama	\$234,321	\$214,635	\$236,545	\$238,067	\$244,364	\$251,708	\$256,090	\$264,277	\$269,436	\$275,396
Alaska	\$53,160	\$46,626	\$49,944	\$52,170	\$53,840	\$56,150	\$58,249	\$61,159	\$60,944	\$64,257
Arizona	\$381,907	\$359,842	\$388,676	\$397,864	\$402,830	\$413,811	\$423,205	\$440,261	\$446,397	\$453,602
Arkansas	\$135,166	\$126,007	\$136,709	\$137,994	\$142,628	\$146,987	\$150,538	\$154,552	\$160,870	\$163,779
California	\$3,074,466	\$2,812,435	\$3,060,840	\$3,132,953	\$3,225,266	\$3,331,416	\$3,416,146	\$3,520,135	\$3,497,724	\$3,558,512
Colorado	\$402,456	\$365,842	\$396,054	\$400,701	\$416,528	\$429,887	\$440,204	\$458,819	\$471,814	\$480,828
Connecticut	\$283,711	\$258,118	\$279,345	\$283,719	\$286,773	\$296,688	\$301,604	\$308,517	\$317,333	\$317,907
Delaware	\$77,058	\$72,059	\$77,085	\$77,073	\$78,321	\$80,370	\$81,716	\$84,233	\$85,163	\$86,673
District of Columbia	\$147,227	\$139,076	\$144,693	\$147,884	\$149,199	\$152,320	\$155,404	\$157,760	\$159,775	\$160,728
Florida	\$1,132,228	\$1,042,524	\$1,139,712	\$1,152,443	\$1,184,342	\$1,238,614	\$1,273,980	\$1,325,297	\$1,344,330	\$1,371,468
Georgia	\$638,860	\$586,833	\$634,613	\$641,397	\$662,096	\$687,425	\$698,415	\$718,572	\$734,843	\$747,535
Hawaii	\$89,334	\$77,205	\$83,026	\$85,577	\$85,331	\$90,192	\$94,062	\$94,800	\$95,279	\$96,979
Idaho	\$86,090	\$79,464	\$88,217	\$89,940	\$92,450	\$94,191	\$96,461	\$102,030	\$105,799	\$108,438
<b>Illinois</b>	<b>\$880,974</b>	<b>\$803,361</b>	<b>\$867,042</b>	<b>\$876,394</b>	<b>\$910,043</b>	<b>\$935,953</b>	<b>\$952,563</b>	<b>\$984,137</b>	<b>\$1,009,986</b>	<b>\$1,024,019</b>
Indiana	\$382,938	\$344,156	\$381,874	\$386,159	\$396,809	\$409,081	\$415,654	\$430,356	\$444,654	\$452,422
Iowa	\$200,017	\$183,027	\$199,159	\$205,728	\$215,597	\$219,401	\$214,312	\$218,132	\$224,775	\$230,104
Kansas	\$182,734	\$166,365	\$180,048	\$181,176	\$183,039	\$190,203	\$193,689	\$198,592	\$205,051	\$209,272
Kentucky	\$221,907	\$199,602	\$222,217	\$223,737	\$228,614	\$234,813	\$239,183	\$246,118	\$253,191	\$258,294
Louisiana	\$242,533	\$217,572	\$235,243	\$234,762	\$242,527	\$256,705	\$263,244	\$271,810	\$272,699	\$281,047
Maine	\$70,841	\$66,232	\$71,975	\$73,913	\$74,956	\$77,167	\$78,828	\$80,902	\$82,352	\$83,514
Maryland	\$417,257	\$389,283	\$417,168	\$420,016	\$436,059	\$436,961	\$445,660	\$457,040	\$459,381	\$465,635
Massachusetts	\$601,157	\$547,353	\$586,572	\$605,519	\$616,883	\$634,035	\$648,518	\$665,893	\$673,976	\$679,122
Michigan	\$533,848	\$470,157	\$536,415	\$540,001	\$548,451	\$572,087	\$578,361	\$589,925	\$605,464	\$615,408
Minnesota	\$385,626	\$353,217	\$380,553	\$387,861	\$395,290	\$412,230	\$415,876	\$426,439	\$434,830	\$442,528
Mississippi	\$116,775	\$106,368	\$118,045	\$119,307	\$122,391	\$126,653	\$128,870	\$131,317	\$134,849	\$138,156
Missouri	\$335,790	\$309,241	\$335,456	\$340,512	\$346,502	\$356,346	\$361,730	\$369,709	\$380,399	\$386,397
Montana	\$52,282	\$48,562	\$53,684	\$54,896	\$56,143	\$57,807	\$59,142	\$61,708	\$63,044	\$64,757
Nebraska	\$135,540	\$126,158	\$136,468	\$140,158	\$140,141	\$146,067	\$148,455	\$150,479	\$157,030	\$161,260
Nevada	\$184,773	\$154,422	\$174,250	\$176,805	\$181,809	\$191,637	\$198,601	\$205,900	\$208,429	\$213,410
New Hampshire	\$89,555	\$81,432	\$89,978	\$92,386	\$93,226	\$99,145	\$100,843	\$105,479	\$103,235	\$104,173
New Jersey	\$641,645	\$573,909	\$628,463	\$636,326	\$659,426	\$673,578	\$688,689	\$710,091	\$726,277	\$737,654
New Mexico	\$103,167	\$91,713	\$99,207	\$101,073	\$104,052	\$107,025	\$110,712	\$116,542	\$118,292	\$122,359
New York	\$1,802,167	\$1,630,558	\$1,755,696	\$1,774,799	\$1,817,679	\$1,877,356	\$1,923,472	\$1,986,680	\$2,008,813	\$2,034,912
North Carolina	\$609,207	\$559,804	\$609,188	\$617,464	\$636,439	\$652,732	\$666,480	\$692,832	\$709,209	\$723,163
North Dakota	\$57,542	\$50,257	\$54,254	\$55,638	\$58,894	\$62,504	\$65,273	\$67,566	\$69,933	\$74,745
Ohio	\$699,105	\$633,039	\$696,653	\$708,733	\$724,728	\$748,377	\$762,919	\$790,446	\$802,978	\$817,627
Oklahoma	\$196,883	\$176,589	\$192,853	\$193,930	\$204,089	\$212,815	\$216,447	\$227,995	\$231,584	\$242,303
Oregon	\$252,865	\$232,807	\$251,365	\$254,830	\$261,832	\$268,855	\$273,317	\$284,759	\$290,177	\$294,325
Pennsylvania	\$799,361	\$712,624	\$780,989	\$793,478	\$811,599	\$834,008	\$849,913	\$882,466	\$897,584	\$915,424

## ILLINOIS AT \$1 TRILLION

Rhode Island	\$62,129	\$56,239	\$61,808	\$62,907	\$63,248	\$66,400	\$67,251	\$69,385	\$69,643	\$70,760
South Carolina	\$246,255	\$229,446	\$252,175	\$253,561	\$259,158	\$267,641	\$272,147	\$280,264	\$287,065	\$292,932
South Dakota	\$55,617	\$52,317	\$56,713	\$58,079	\$59,021	\$61,559	\$62,468	\$63,691	\$65,964	\$67,489
Tennessee	\$390,391	\$344,888	\$386,450	\$394,300	\$410,321	\$420,391	\$430,229	\$447,560	\$461,010	\$469,938
Texas	\$1,835,660	\$1,663,638	\$1,810,327	\$1,850,109	\$1,932,766	\$2,014,190	\$2,079,875	\$2,180,243	\$2,247,573	\$2,354,455
Utah	\$200,478	\$191,793	\$205,741	\$210,522	\$216,377	\$221,966	\$226,517	\$236,502	\$240,864	\$245,831
Vermont	\$35,048	\$31,281	\$34,590	\$35,155	\$35,829	\$36,662	\$37,369	\$38,555	\$39,539	\$40,249
Virginia	\$565,893	\$525,778	\$562,665	\$573,635	\$585,372	\$596,719	\$609,013	\$628,726	\$633,881	\$642,755
Washington	\$613,676	\$576,559	\$630,612	\$631,030	\$652,913	\$674,364	\$681,364	\$701,317	\$705,409	\$717,336
West Virginia	\$79,164	\$69,836	\$77,801	\$79,391	\$81,858	\$84,023	\$85,919	\$89,936	\$91,498	\$96,724
Wisconsin	\$346,339	\$318,138	\$346,036	\$351,851	\$355,265	\$364,769	\$371,059	\$383,353	\$392,031	\$398,850
Wyoming	\$38,796	\$33,335	\$36,303	\$36,888	\$39,222	\$40,754	\$42,016	\$44,049	\$45,693	\$48,044

Source(s): "Regional Data: GDP & Personal Income" from the Bureau of Economic Analysis at the U.S. Department of Commerce ([BEA, 2022a](#)). Sample screenshot from BEA website below.

## Regional Data

### GDP and Personal Income

Description

Table Area/Statistic Time Period Selected Data +

### SQGDP2 Gross domestic product (GDP) by state 1/

Gross domestic product (GDP) by state: All industry total (Millions of current dollars)

State or DC

GeoFips	GeoName	2021:Q1	2021:Q2	2021:Q3	2021:Q4	2022:Q1	2022:Q2
00000	United States *	22,313,850.0	23,046,934.0	23,550,420.0	24,349,121.0	24,740,480.0	25,248,476.0
17000	Illinois	910,042.6	935,952.8	952,562.8	984,137.1	1,009,986.4	1,024,018.9
18000	Indiana	396,809.3	409,081.4	415,653.6	430,356.4	444,654.4	452,422.4
19000	Iowa	215,596.6	219,400.9	214,311.5	218,132.0	224,774.5	230,104.3
21000	Kentucky	228,614.2	234,813.2	239,182.8	246,117.9	253,190.8	258,293.5
29000	Missouri	346,501.8	356,346.3	361,730.3	369,709.4	380,398.6	386,397.3
55000	Wisconsin	355,264.9	364,768.5	371,058.8	383,352.8	392,030.7	398,850.0

### Legend/Footnotes

- 1/ For levels: millions of dollars, seasonally adjusted at annual rates; for annualized percent change and compound growth rate: seasonally adjusted at annual rates. Calculations are performed on unrounded data.