

**Governor's Rural Affairs Council
(Executive Order 11-04)**

2022 Annual Report



Chaired by Illinois Lt. Governor Juliana Stratton

LETTER FROM LT. GOVERNOR STRATTON

Illinois' rural communities deserve to thrive, and we can build the solutions to spur growth and progress in non-metro areas through collaboration and innovative solutions. As Chair of the Governor's Rural Affairs Council (GRAC), I am grateful for the opportunities I have had to listen and learn from stakeholders and drive forward efforts to support impacted communities.

Having gained insights from residents in Illinois' rural areas on the barriers to a good quality of life, it was critical we lead in creating pathways to address gaps in schools, jobs, healthcare, and economic opportunities. During this year, I dug deeper into creating synergies within council work to effectively tackle these problems—namely through the GRAC's three issue-based subcommittees. We honed in on specific objectives to focus our work on: Education and Workforce Development; Health and Healthcare; and Economic Development and Infrastructure. In addition, my office partnered with the Illinois Institute for Rural Affairs to host the 33rd Annual Rural Community and Economic Development Conference in conjunction with Rural Partners and GRAC.

In this year's report, you will find recent demographic and economic trends of Illinois' rural areas. These figures show the unique challenges affecting rural Illinois that have led to less access to important community resources, largely related to population decline. The following section outlines the tremendous work by our GRAC membership working groups aimed at addressing these issues, from utilizing telemedicine to improve healthcare access to working with various stakeholders in business succession planning efforts for a sustainable rural economy. Lastly, you will learn about the collaborations that will take us further in supporting our rural communities. These include the #AgConnectsUsAll Agriculture Equity and Food Insecurity Initiative, the Farmer Equity Study, the community-engaged MAPPING project, and more.

I am proud of the strides we have made in holding key conversations, particularly paying attention to mental health challenges experienced in rural regions and community-inspired solutions for providing support. We are committed to forging onward, by implementing our council-led projects and making longstanding positive impacts that can improve lives and uplift many. I look forward to continuing to work together and showing our rural communities that we stand with them.

Respectfully,



Juliana Stratton
Illinois Lieutenant Governor
Chair, Governor's Rural Affairs Council

Executive Summary¹

Introduction

Pursuant to Executive Order 11-04, this report from the Governor's Rural Affairs Council (GRAC) provides a summary of current social and economic conditions in rural Illinois. It also summarizes the Council's policy and advocacy recommendations for improving the delivery of state services to rural Illinois to expand opportunities and enhance the quality of life for all Illinoisans, with a particular focus on rural residents.¹ These recommendations originate from general discussions within GRAC. Policy recommendations also emerge from three issue-based committees the Council opted to create: Education and Workforce Development; Health and Healthcare; and Economic Development and Infrastructure.

Council Overview and Activities

The State of Illinois created the GRAC pursuant to Executive Order 86-07 in 1986. Since then, different Illinois governors amended the original Executive Order three times by issuing Executive Order 91-13 (1991), Executive order 00-01 (2000), and Executive Order 11-04 (2011). These executive orders establish the GRAC's responsibility to issue the Annual Report on the State of the Rural Illinois Economy, in collaboration with the Illinois Institute for Rural Affairs (IIRA) at Western Illinois University (WIU). These executive orders also require the GRAC to develop a comprehensive plan for improving the quality of life in rural Illinois.^{2, 3} The Council executes its duties through its board – not to exceed 25 members – which includes representatives from state agencies and institutions, nonprofits, and individuals appointed by the Governor of Illinois.

Under the Pritzker-Stratton Administration, the GRAC has held quarterly meetings. From these meetings, the Council developed three issue-based committees including the Education and Workforce Development Committee; Health and Healthcare Committee; and the Economic Development and Infrastructure Committee. These committees propose policy recommendations and initiatives outlined every year in the GRAC annual report. The GRAC also collaborates with the IIRA and Rural Partners each year to host a rural development conference.

Committee Recommendations, Rural Conditions, and Actions

Committees propose recommendations based on current conditions in rural Illinois, which include population decline, an aging population, workforce recruitment concerns, a rural-urban digital divide, as well as challenges to rural healthcare and education delivery. The recommendations also address the impact of COVID-19 on rural communities, small businesses, and overall economic development. The Council will use these recommendations to advise the Governor's Office, General Assembly, and additional stakeholders on ways to advance policy and advocacy that improves the lives of rural Illinoisans. This report also documents the actions already taken by GRAC members to address the policy recommendations.

¹ As stipulated by Illinois Executive Orders 91-13 and 11-04, the 2021 Annual Report of the Governor's Rural Affairs Council is a collaboration between the Office of the Lt. Governor, the Illinois Institute for Rural Affairs at Western Illinois University, and the constituent members of the Governor's Rural Affairs Council.

Acronyms

ACS	American Community Survey
BEA	Bureau of Economic Analysis
CSE	Community Supported Enterprise
DCEO	Department of Commerce and Economic Opportunity
DOL	Department of Labor
ERS	Economic Research Service
GDP	Gross Domestic Product
GRAC	Governors Rural Affairs Council
ICCB	Illinois Community College Board
IDPH	Illinois Department of Public Health
IIN	Illinois Innovation Network
IIRA	Illinois Institute for Rural Affairs
OMB	Office of Management and Budget
SIU	Southern Illinois University
TFR	Total Fertility Rate
USDA	United States Department of Agriculture
WIU	Western Illinois University

Table of Contents

Letter from Lt. Governor Juliana Stratton	i
Executive Summary	ii
Acronyms	iii
Council Overview and Activities	1
Executive Mandate.....	1
Composition.....	1
Membership.....	2
Activities.....	2
Demographic and Economic Trends in Rural Illinois	3
Introduction.....	3
Demographic Trends in Rural versus Urban Illinois.....	3
GRAC Working Groups.....	13
GRAC and Other Collaborations	17
Looking Forward	20
End Notes	21

Council Overview and Activities

Executive Mandate

Pursuant to Executive Order 11-04 the Governor's Rural Affairs Council must:^{4, 5}

- Develop and implement strategies for improving the delivery of state services to rural Illinois.
- Expand opportunities and enhance the quality of life for rural residents.
- Issue the Annual Report on the State of the Rural Illinois Economy in collaboration with the Institute for Rural Affairs at Western Illinois University.

Composition

The following membership positions compose the Governor's Rural Affairs Council, pursuant to Executive Order 11-04:⁶

- **1 chair**
 - Illinois Lt. Governor's Office – Lt. Governor
- **17 representatives from these agencies and institutions:**
 - Illinois Department on Aging
 - Illinois Department of Agriculture
 - Illinois Department of Commerce and Economic Opportunity
 - Illinois Department of Employment Security
 - Illinois Department of Human Services
 - Illinois Department of Natural Resources
 - Illinois Department of Public Health
 - Illinois Department of Transportation
 - Illinois Environmental Protection Agency
 - Illinois Community College Board
 - Illinois State Board of Education
 - University of Illinois – Cooperative Extension Service
 - University of Illinois – President
 - Illinois Housing Development Authority
 - Southern Illinois University
 - Institute for Rural Affairs at Western Illinois University
 - Illinois Finance Authority
- **2 nonprofit representatives from the following organizations:**
 - Illinois Agricultural Association (The Illinois Farm Bureau)
 - Rural Partners
- **0-6 citizens appointed by the Governor of Illinois, with the total number of appointees bringing active membership to no more than 25 people.**

Membership

The GRAC appointed the following people to serve as members on the Council:

- Heather Hampton-Knodle
- Sonja Reece
- Sameer Vohra
- Norman Walzer

Activities

Under the Pritzker-Stratton Administration, the GRAC held quarterly meetings each year beginning shortly after the inauguration to the development of this report. The Lt. Governor led discussions focused on the Council's objectives and potential strategies to achieve these goals. The GRAC formed three issue-based subcommittees: Education and Workforce Development; Health and Healthcare; and Economic Development and Infrastructure. Subsequent quarterly meetings focused on developing committee recommendations to be included within this report. Subcommittee meetings supplemented this work, wherein members proposed, reviewed, and discussed the proposed recommendations.

In addition, the GRAC collaborates each year with the Illinois Institute for Rural Affairs (IIRA) and Rural Partners to host the Annual Rural Development Conference. This conference has been held every year for the past 33 years. The onset of the COVID-19 pandemic did not interrupt this vital collaborative gathering. In 2021 and again in 2022, the IIRA and GRAC delivered the conference virtually with technical assistance from the Illinois Innovation Network (IIN) and University of Illinois System.

The GRAC has also hosted guest speakers at quarterly meetings. Guest speakers include a representative from the Department of Psychiatry at the Southern Illinois University (SIU) School of Medicine, the Director of the Illinois Department of Commerce and Economic Opportunity (DCEO), and the Dean from the University of Illinois College of Medicine, who discussed plans for the new Rural Health Sciences Education Building on the Rockford campus.

Demographic and Economic Trends in Rural Illinois

Introduction

This overview of socioeconomic trends in Illinois unfolds in three sections. The first section defines “rural” and then identifies several aspects of rural versus urban population change in Illinois. The second section focuses on the three GRAC working groups. These three groups focus on education and workforce development, health and health care access, and economic development and infrastructure. The final section summarizes how the GRAC collaborates with other organizations to promote rural development.

Demographic Trends in Rural versus Urban Illinois

This report on the socioeconomic status of Illinois begins by defining “rural.” The definition used by the Federal Office of Management and Budget (OMB), the U.S. Census Bureau, and the U.S. Department of Agriculture’s Economic Research Service (USDA-ERS), identifies urban or metropolitan (metro) areas, with all other areas considered Rural or non-metropolitan (non-metro).

According to the USDA-ERS, metro areas are broad labor-market areas that include “[c]entral counties with one or more urbanized areas; urbanized areas are densely-settled urban entities with 50,000 or more people.”⁷ Counties adjacent to core metro counties count as metro IF:

- a) 25% of those employed in the adjacent county work in the core county
- OR
- b) 25% of the workers in the core county work in the adjacent county.

The OMB and USDA-ERS count all counties outside these metro areas as nonmetropolitan. This report relies on this dichotomous metro versus nonmetro categorization of counties. The OMB further divides non-metro into micropolitan and noncore nonmetropolitan areas. Micropolitan (micro) areas include labor-market areas or commuting zones centered on urban clusters of 10,000-49,999 persons. The OMB designates the remaining counties as noncore non-metro areas because they do not have a defined urban labor market area. For the sake of simplicity, this report uses the metro versus-non-metro categorization to explore demographic change.

The division of counties into metro versus non-metro counties evolves over time. After each census, the OMB reviews each county’s population to determine its metro versus nonmetro status.

When the GRAC formed back in 1986, Illinois had 28 metro and 74 nonmetro counties. In the 2020 Census, Illinois has 40 metro and 62 non-metro counties (Figure 1). This change occurred due to rural depopulation. Population decline is the most constant trend affecting rural Illinois. Decade after decade, the non-metro counties of Illinois have lost population (Figure 2; Table 1). In 1980, an estimated 14.2 percent of the Illinois population lived in

rural areas. By 2020, that proportion had dropped to 11.2 percent. This represents a loss of almost 200,000 residents. According to the 2020 Census, only three nonmetro counties (Effingham, Johnson, and Ogle) grew since the 2000 Census. The GRAC is working to address this trend to revitalize rural Illinois.

Figure 1. Location of Non-Metropolitan Counties in Illinois⁸



Figure 2. Percent Population Change by County, 2000 to 2020⁹

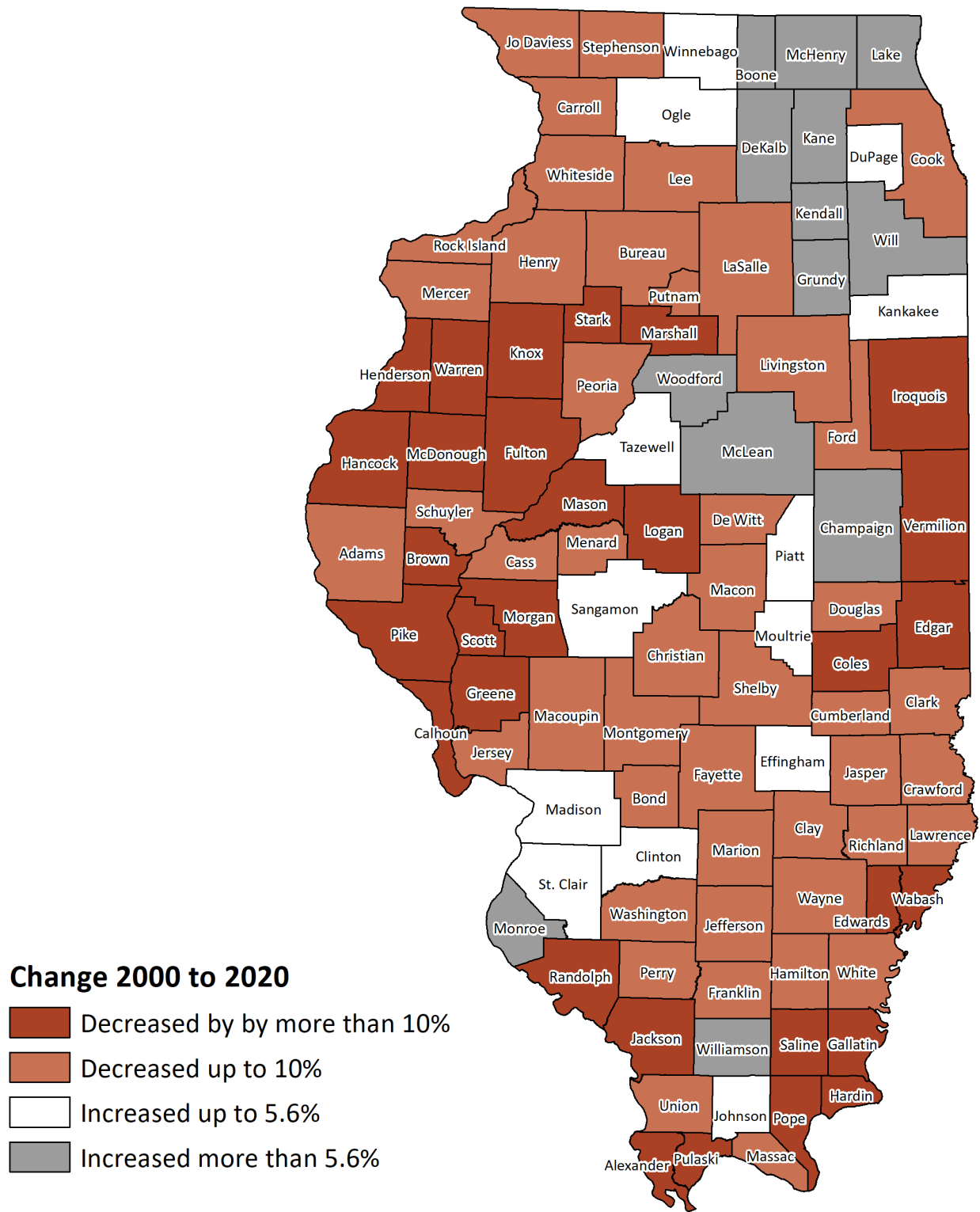


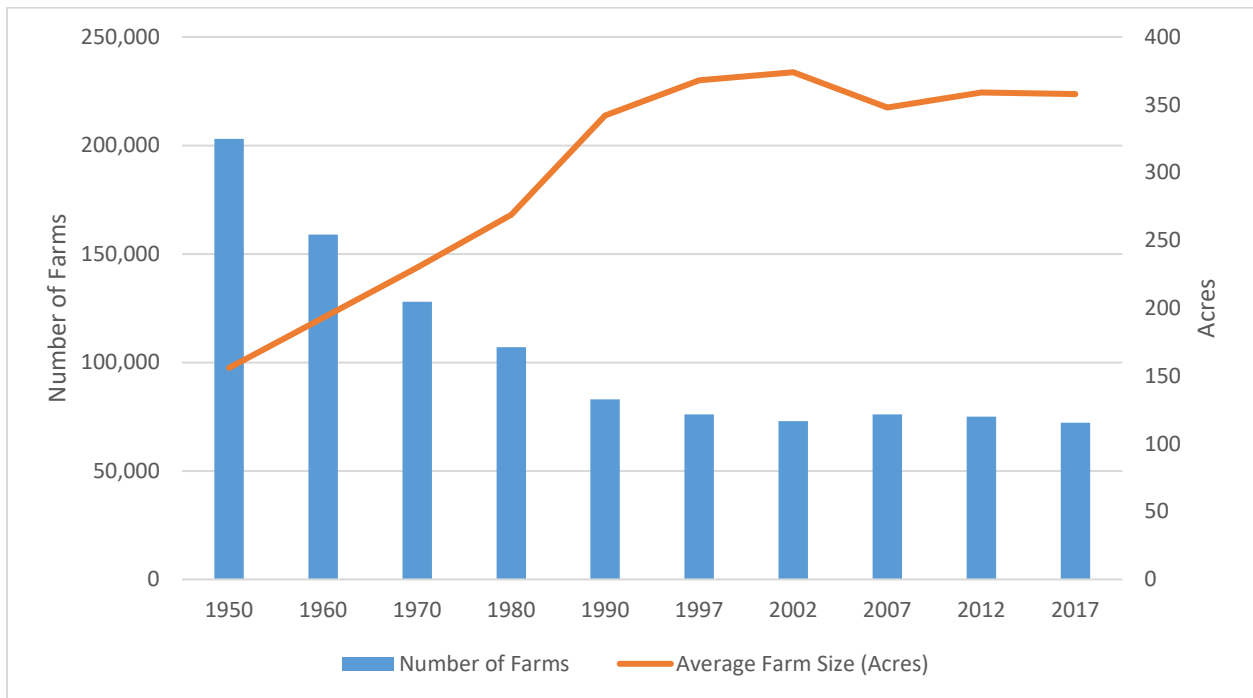
Table 1. A Comparison of Rural versus Urban Population Change in Illinois¹⁰

Year	Rural Population	% Rural Population	Urban Population	% Urban Population	Total Population
1980	1,624,924	14.2	9,802,485	85.8	11,427,409
1990	1,534,076	13.4	9,896,526	86.6	11,430,602
2000	1,558,686	12.5	10,861,241	87.5	12,419,927
2010	1,528,935	11.9	11,302,637	88.1	12,831,572
2020	1,439,587	11.2	11,372,921	88.8	12,812,508

At least four factors contribute to the de-population of rural Illinois. First, over the past century, the mechanization of agriculture has been an important driver of rural population decline. As farmers embraced the latest technology, fewer and fewer farmers were able to produce increasingly more farm commodities. In 1950, 203,000 farmers operated in Illinois. According to the 2017 US Census of Agriculture, that number had dropped to 72,200 (Figure 3). This decline of 130,800 represents a drop of 64.4 percent in the Illinois farmer population.

As the number of farmers drops, the average size of farms increased, growing from an average of 156 acres in 1950 to 358 by 2017. As farmers embraced increasingly productive farm technology, they were also part of the process that led to population loss and the hollowing out of rural Illinois.

Figure 3. Illinois Farms and Average Farm Size, 1950 to 2017¹¹



Second, plunging birthrates have compounded rural population decline. Over the past century, rural birthrates have historically been higher than those in urban areas. However, birthrates have been dropping in both rural and urban areas. According to the Centers for Disease Control (CDC), the total fertility rate (TFR) to sustain a stable population in the United States is 2,100 babies born per 1,000 women.¹² Demographers often refer to this TFR of 2,100 babies per 1,000 women as the population replacement rate. The American TFR has generally been below the population replacement rate since 1971, with periodic upward fluctuations. However, the American TFR has been consistently below 2.1 since 2007. The rural TFR in the United States has been below 2.1 since 2009.¹³

Third, rural residents migrating to urban areas is also contributing to the rural population decline. With fewer jobs needed in agriculture, and without adequate opportunities for off-farm employment, many young residents relocate to urban areas. This migration may first occur as young adults leave their rural community for post-secondary education. Once they graduate, these young adults choose to stay in urban areas because of better job opportunities.

Fourth, periodic restrictions on immigration and rural resistance to diversity also drives a decline in the rural population. As noted above, macroscale factors such as the mechanization of agriculture, declining birthrates, and rural outmigration are driving population decline. Immigration is the one macroscale process that could slow the loss of residents and maybe even boost rural populations. However, in the current political climate, boosting immigration to address population woes in rust belt cities and Midwestern rural communities is an unlikely policy initiative. Consequently, without immigration to offset declining birthrates and outmigration, rural communities will continue to shrink.

Numerous negative consequences occur because of the population decline. A basic principle of business success is that they require a market population threshold. A business or service requires a minimum population or number of customers to operate at a profit. If the number of people living in the community drops below the population threshold, the business will likely have to close. The principle explains why shrinking rural communities have lost so many essential services. Here are examples of how population decline either directly or indirectly affects rural communities:

- ***Loss of Anchor Institutions.*** Anchor institutions are the businesses, nonprofit organizations, and government agencies that offer essential services to the community. Anchor institutions might include grocery stores, schools, and healthcare facilities. As populations decline, grocery stores close, rural school districts consolidate schools to save money, and health care facilities cut back services or close.¹⁴
- ***Declining Tax Base in Rural Communities.*** Basic infrastructure including roads, parks, streetlights, wastewater, snow removal, and other services rely on local tax dollars to function. Unfortunately, these infrastructure costs are somewhat fixed in

nature. To keep these services operating in a declining community, remaining residents will shoulder a larger local tax burden. Communities try to address a declining tax base through school consolidation, as well as limiting hours to government services such as the local library and parks. Some rural counties have even “unpaved” their roads. Instead of repaving deteriorating roads, some local communities convert these former paved roads to gravel to save costs. The Illinois General Assembly passed a Joint Resolution in 2012 to study this trend in other states to see the advantages and disadvantages of it in Illinois.¹⁵ While this may save tax dollars, un-paving roads could lead to a deteriorating rural quality of life.

- **Educational Attainment Gap.** As schools close in rural communities, students will have to travel by bus to schools in neighboring communities. The rural-urban educational gap exists for many reasons. The fact that some rural students spend an hour or more each day on a bus contributes to that gap. Students may have less time to concentrate on their homework. Many parents will struggle to remain engaged with their student’s school. Children may also miss after-school enrichment activities if they have to get back on the bus to go home. There are usually clear fiscal reasons to consolidate schools. Nonetheless, evidence suggests that student academic performance can suffer.¹⁶ The rural-urban education attainment gap is narrowing, but it persists because public education in the United States relies significantly on the local tax base (Table 2).

Table 2. Rural versus Urban Educational Attainment, 1980 to 2019¹⁷

Not completing high school	Rural	Urban	Total
1980	38.8	33.5	33.5
1990	27.6	23.2	23.8
2000	20.1	18.3	18.6
2015-2019	10.8	10.8	10.8
Completing high school only			
1980	40.0	35.1	35.1
1990	38.7	28.6	30.0
2000	37.8	26.2	27.7
2015-2019	36.1	24.6	26.0
Completing some college			
1980	11.7	15.2	15.2
1990	22.7	25.6	25.2
2000	28.6	27.5	27.6
2015-2019	34.6	27.8	28.6
Completing college			
1980	9.5	16.2	16.2
1990	11	22.6	21.0
2000	13.5	28.0	26.1
2015-2019	18.6	36.8	34.7

- ***The Digital Divide.*** Rural communities have less access to broadband than urban areas in Illinois. In addition, rural households have lower internet subscription rates than urban areas do (Figure 4). This has been a longstanding challenge for rural communities whenever new transformational technologies emerge. For example, in the 1930s, rural areas tended to gain access to electricity later than urban areas. The federal government spurred the creation of rural electric cooperatives to narrow the electrification gap. Today, rural areas across the United States lag behind urban areas in gaining access to broadband and in subscriptions to the internet. Like the challenge with rural electrification, this lag occurs because of the low population density and the greater costs per person to deliver broadband to rural communities. It is imperative that rural communities narrow the digital divide because broadband is an essential part of our infrastructure. Dependable, affordable broadband is important for education, health care access, and economic development.
- ***Youth Outmigration and Workforce Development.*** There are both push and pull factors explaining why young people leave rural communities. Many are pulled to urban communities to attend college or university. For others, they feel pushed out because even though they want to stay, they cannot find good jobs with a good wage (Figure 5). As young people leave rural areas, it shrinks the rural workforce. As noted in the following figure, the rural workforce has not grown at the same pace as the urban Illinois workforce (Figure 6). The worker shortage hinders the diversification of the rural Illinois economy. The rural Illinois counties most resistant to population decline are those with the most diverse economies. These counties have manufacturers, public sector institutions such as colleges, healthcare facilities, and other sectors beyond agriculture. In fact, rural Illinois counties are proportionately more reliant on manufacturing jobs than urban areas (Figure 7). Many rural and downstate Illinois manufacturers struggle to find workers because of the rural outmigration.¹⁸ Rural outmigration is both a cause and consequence of the larger forces driving rural depopulation.
- ***Aging Population and Healthcare Access.*** A corollary to rural outmigration is that rural counties have a higher median age than metro areas. This presents broad implications for rural areas. Older people are more likely to have chronic illnesses and other complex care issues. This is a problem because rural areas are less likely to have the health care facilities and medical specialists that older patients might need. Older people are also more likely to have mobility issues because of disabilities or because they are no longer able to drive a car. This makes it challenging for the elderly in rural communities to age in place. The challenge of rural health care access manifests itself in other ways, too. Health care education and trust in government agencies is lower in rural areas. This is evident in the rural versus urban Covid-19 vaccination gap. We know the rural areas have a higher median age. We also know that Covid-19 is more dangerous for older people. However, Covid-19 vaccination rates are lower in rural areas (Figure 8).

Figure 4. Percentage of Households with an Internet Subscription, 2020¹⁹

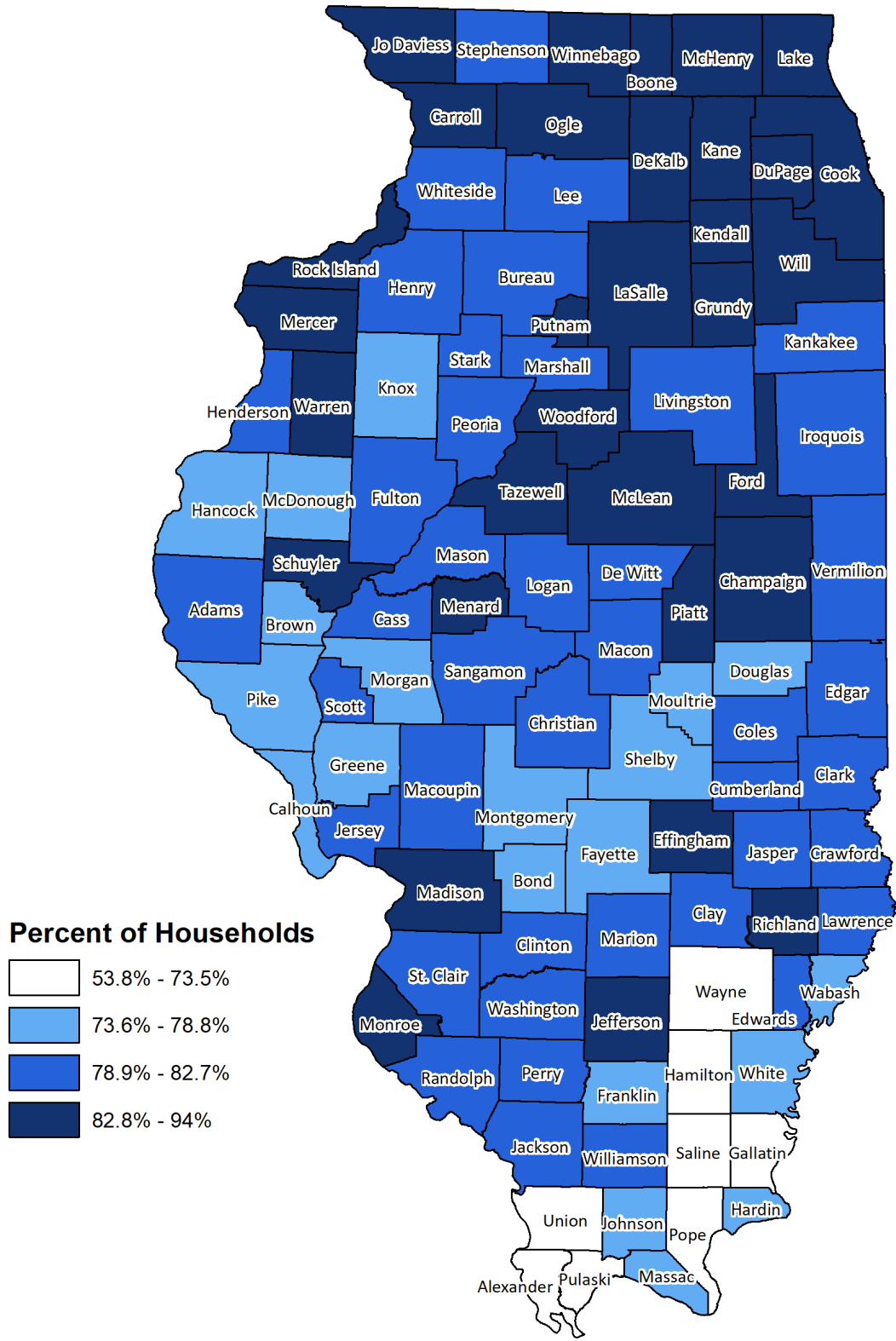


Figure 5. Average Wage Change in Rural versus Urban Illinois²⁰

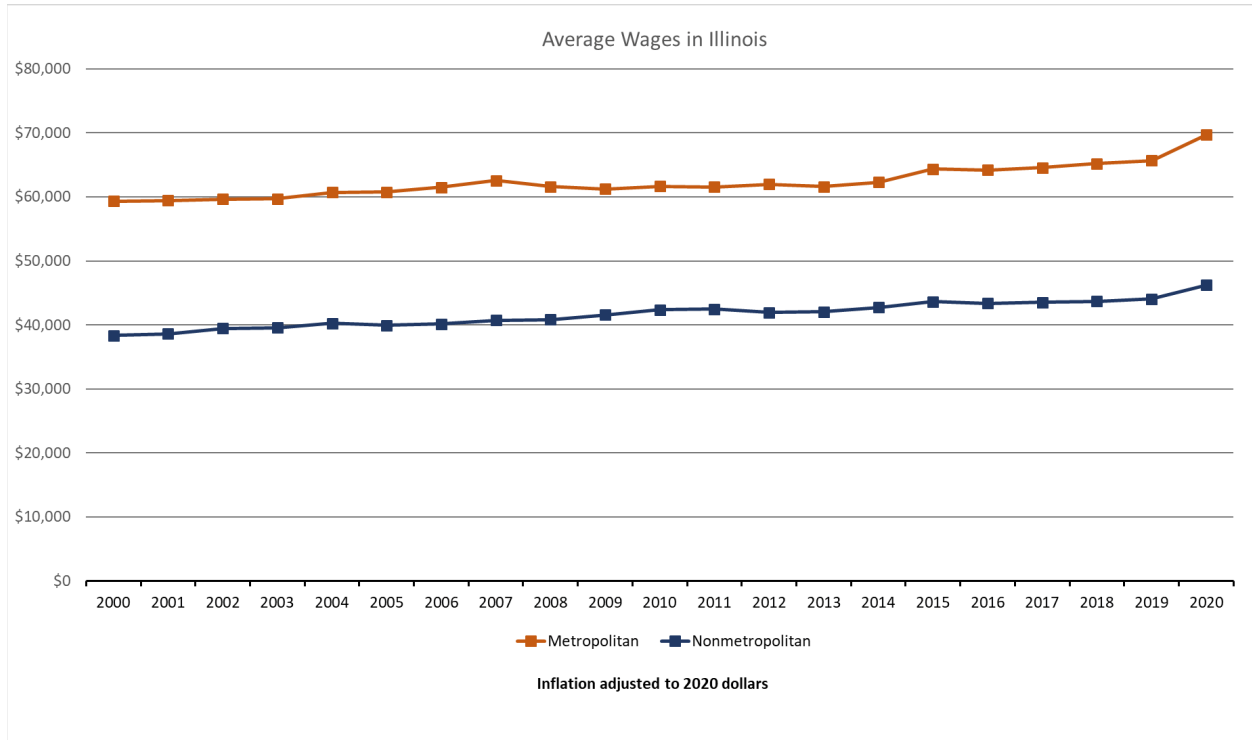


Figure 6. Index of Workforce Growth, 2000 to 2020²¹

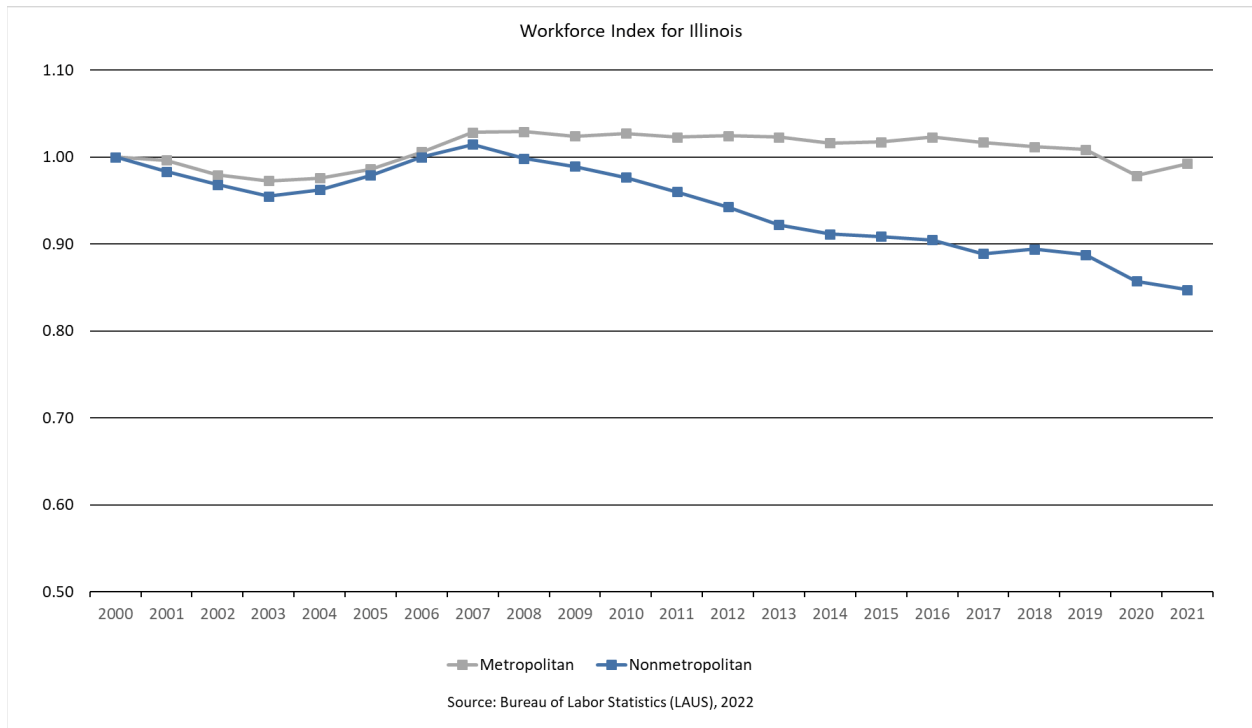
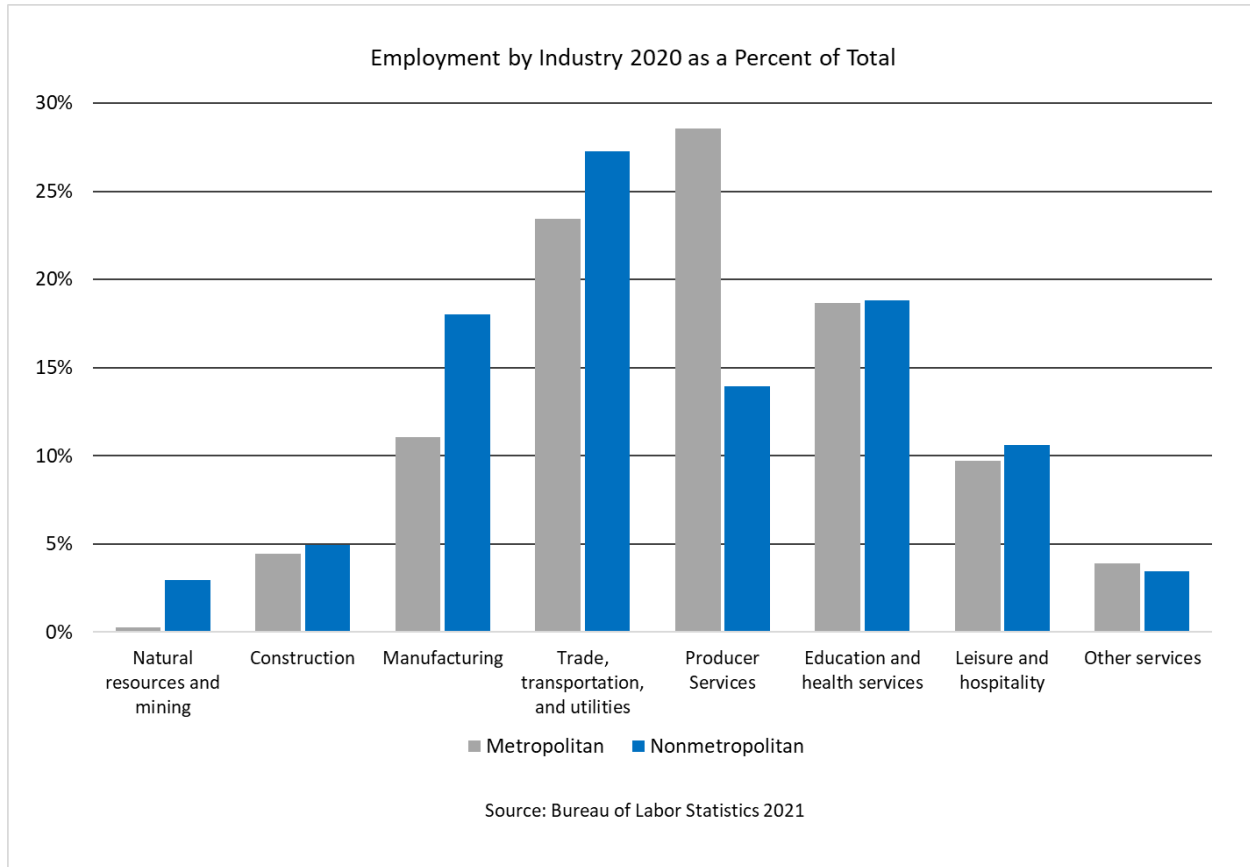


Figure 7. Rural versus Urban Employment by Industry, 2020²²

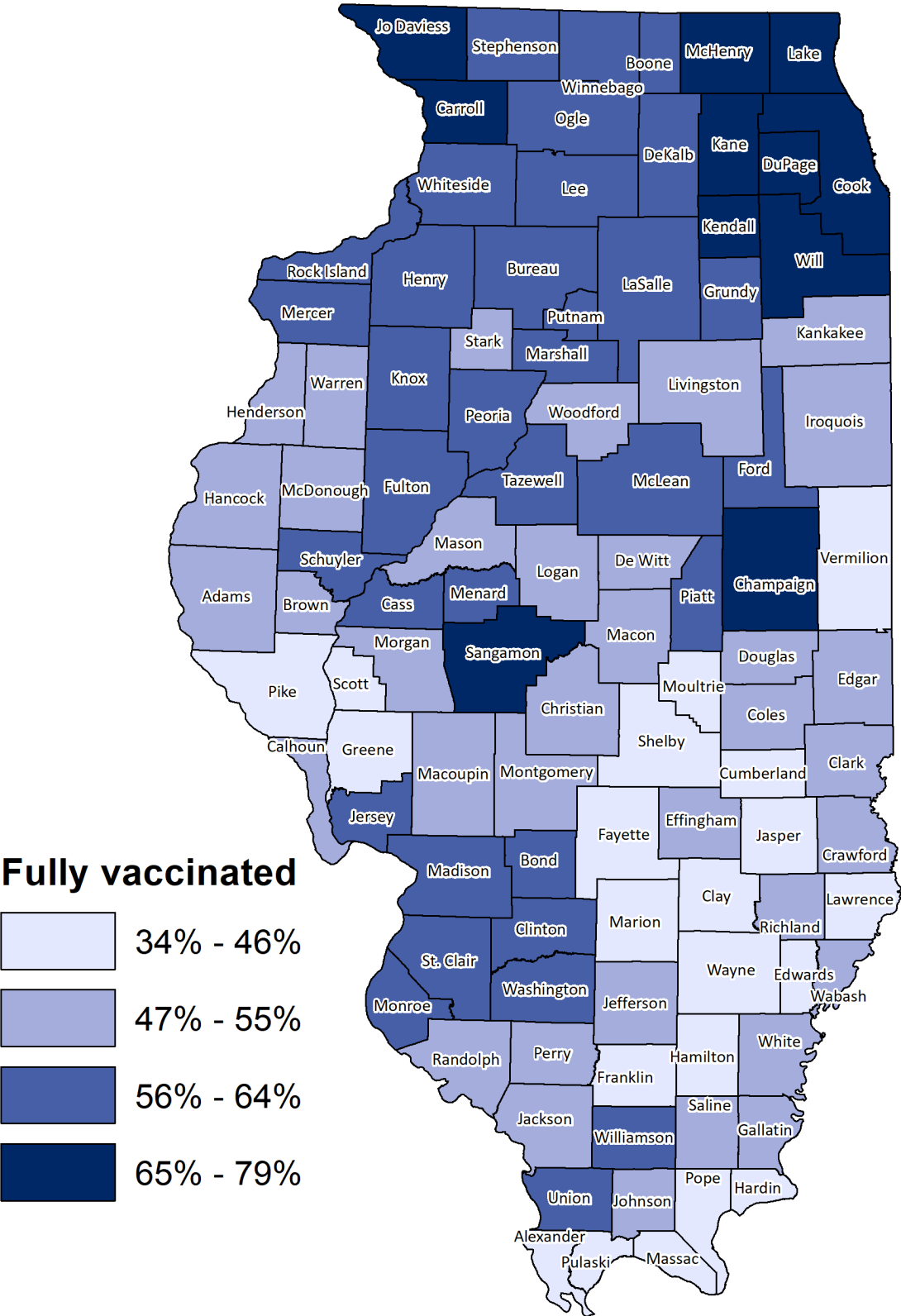


- Poverty.** Poverty rates are higher in rural versus urban counties in Illinois. Furthermore, the poverty rate in rural Illinois is as high as it has been for three decades (Table 3; Figure 8). Rural poverty has many causes, including the aforementioned educational attainment gap and the lower average wages. The higher median age of rural residents also contributes to higher poverty rates because rural residents are more likely to be retired or on a fixed income.

Table 3. Poverty Rates and Wages in Rural versus Urban Counties in Illinois²³

Poverty rate (percent)	Rural	Urban	Total
1979	10.5	11.1	11.0
1989	13.3	11.7	11.9
1999	10.7	10.7	10.7
2019	13.2	11.2	11.4

Figure 8. Percent of Persons Fully Vaccinated for COVID-19 in July 2022, by County²⁴



GRAC Working Groups

In order to focus more attention on key issues in rural Illinois, the GRAC has organized its members into three working groups. This section provides a brief overview of their policy positions and initiatives.

Health and Healthcare Access Working Group

The declining, aging rural population – coupled with the challenges of the COVID-19 pandemic and opioid misuse – prompted this working group to focus on telemedicine. It will work to “improve access to healthcare by supporting telemedicine and broadband expansion in rural communities through partnerships with local, state, and non-governmental stakeholders.” Specific steps taken by GRAC members include:

- ***Telemedicine Project Led by SIU School of Medicine.*** SIU plans to pilot a project in partnership with the Illinois Farm Bureau. The SIU School of Medicine aims to set up a telemedicine facility in two Farm Bureau offices located in rural communities without a local healthcare facility. The idea is to create a confidential setting in the underserved rural community to make it easier for rural residents to access healthcare services.
- ***Research Related to Telemedicine.*** The IIRA has generated several research briefs over the past two years focused on the efficacy and consumer awareness of telemedicine. Examples of this research include:
 1. *Telemedicine use in Illinois during the weeks leading to the spread of Covid-19, omicron variant: Insights from the Census Bureau’s Household Pulse Survey.*²⁵ Based on the reasoning that behavior is adaptable to changing circumstances, this paper explores whether telemedicine has become common among Illinoisans since the emergence of Covid-19 in January 2020. Results suggest that telemedicine use has declined in Illinois, but college-educated populations and households with income above \$75,000 are using the service more. These clusters or segments should be the target for marketing the service.
 2. *Supplier-Induced Demand and Telemedicine in Rural Illinois: An Exploratory Analysis.*²⁶ This paper explores the market for telehealth in rural Illinois. It empirically tests the argument that medical practitioners have the ability to generate demand for telemedicine services using data from the Medicare Beneficiary Survey, Bureau of Labor Statistics, and telemedicine use data from the Center for Medicare and Medicaid Services. Results suggest that telemedicine use in the rural Midwest is around 40%. Covid-19 made one-in-three Midwesterners aware about telemedicine, and the service is associated with communities that have fewer healthcare professionals.

3. *Telemedicine in Illinois: Ecological Explanations.*²⁷ This paper explores the environmental correlates of telemedicine. Empirical analysis of telemedicine use in Illinois counties reveals that the service is patronized in large numbers by collectivists, people who value collective responsibility over individual rights.

Education and Workforce Development

As noted above, the educational attainment gap and workforce development challenges must be addressed to ensure rural prosperity. The IIRA generated several publications addressing these two issues:

- ***Research Related to Education and Workforce Development***

1. *Labor Mobility in Illinois: Industry by Occupation Analysis.*²⁸ This paper explores whether COVID-19 could have increased the likelihood of drastic job changes – such as Illinoisans taking jobs outside their interests and below their capacities. Employment data from the Bureau of Labor Statistics and the U.S. Census Bureau were used to gain insights into the issue. Results of data analysis suggest that job-to-job moves declined in 2021, from 240,747 moves in the 1st quarter of 2020 to 219,949 moves in the 1st quarter of 2021. The COVID-19 pandemic did not result in extreme job changes, however. Another outcome of the research is the transition matrix for occupations by industry; it shows, for example, the likelihood of one moving from an “outdoor” job to a “technology” job.
2. *Job-to-Job Flows in Illinois, 2000-2021.*²⁹ This paper explores the dynamics of labor movements in Illinois using data from the US Census Bureau. Empirical analysis reveals that Covid-19 has altered the level of job-to-job movements, from a pre-COVID-19 average of 285,000 moves to 221,610 moves.
3. *Rural Education in Charts, 2000-2022.*³⁰ This paper provides a snapshot of rural educational attainment as of January 2022. Apart from cross-tabulations of educational attainment with demographic variables such as gender and age, the paper also estimates COVID-19’s impacts on median earnings of the college-educated population.
4. *Discouraged Workers in the Nonmetro.*³¹ This paper explores the personal characteristics of those discouraged over job prospects. Microdata from the Current Population Survey – for the three monthly periods of January 2020, January 2021, and January 2022 – were compiled to gain insights into the discouraged worker. Results suggest that the number of discouraged workers has declined in the non-metro, but has increased in the metro and during phase 4 of the COVID-19 pandemic (January 2021) with more Blacks than Whites believing that they couldn’t find work.

5. *Rural Residents' Evaluation of their College Education: Insights from the Federal Reserve Board's Survey of Household Economics and Decision Making.*³² This paper explores metro/nonmetro differences in value perceptions of college degrees. Responses from 11,648 adults, a nationally representative sample of individuals aged 18 and over, were used to gain insights into cost-benefit evaluations of associate/bachelor's degrees. Results of data analysis suggest that rural residents value a degree in education more than a degree in science & engineering or business studies. Contrary to the common belief that rural residents view higher education as a threat to their chances of retaining their young people, this research shows that rural residents stake their self-esteem on higher education.

Economic Development and Infrastructure Working Group

The more economically diverse a rural Illinois county is, the more likely it is to slow population loss or even grow. Consequently, this working group focused on policy initiatives and actions that worked to diversify its economic base and sustain the Main Street economy. Three specific strategies include:

- ***Expanding Broadband Access.*** Expand access to affordable broadband so rural residents can take advantage of telecommuting opportunities, effectively market businesses, and gain access to healthcare. Several GRAC members are collaborating with the DCEO Office of Broadband. In particular, UIUC, SIUC and the IIRA at WIU have received DCEO Broadband READY grants to expand access to broadband and digital literacy. Examples of projects include implementing Chromebook lending programs in partnership with community libraries and offering digital literacy courses on cybersecurity and data analytics.
- ***Business Succession Planning.*** Work with state agencies, elected officials, and local businesses to sustain the Main Street economy through effective business succession planning. Here are some specific projects:
 1. *Small Business Administration (SBA) Grant.* The IIRA is working with GRAC citizen member Norman Walzer to implement a \$400,000 SBA grant that focuses on business succession planning.³³
 2. *Community Supported Enterprises.* Sean Park from the IIRA received a \$200,000 SBA grant to support rural grocery store cooperatives, also known as community-supported enterprises (CSEs). Communities can use the CSE model to keep a business open if a sole proprietor cannot be found to purchase the business in transition.
- ***Conduct Research.*** The IIRA conducted research on several topics related to economic development and infrastructure. Below are some examples from 2021 and 2022.

1. *COVID-19 Impacts on Women-Owned Businesses: A Systematic Literature Review and Empirical Analysis.*³⁴ This research shows that women-owned businesses were impacted by the Covid-19 pandemic severely; during April 2020, the number of women-owned businesses dropped 50% from April 2019. Businesses functioning in the wholesale and retail sectors were most affected – 83% shuttered their doors permanently during the peak of the pandemic. On a positive note, many more female-owned businesses in the education and health services sectors have since appeared. By April 2021, 25,362 new women-owned businesses have appeared in Illinois.

2. *COVID-19 Pandemic: Effects on Minority-Owned Businesses in Illinois.*³⁵ This research explores minority economic development in Illinois, using self-employment numbers for minority groups during the COVID-19 pandemic. During all four phases of COVID-19 mitigation, African American self-employment worsened. The monthly growth in self-employment numbers during January 2020 to February 2021 was a dismal -7%. Overall, Hispanics have fared well; the growth in self-employment for Hispanics during the pandemic was 11%. Insights into demographics of the typical minority individual who is self-employed are provided.

3. *Implementing Community Economic Development: Normative Prescriptions, with Applications to Rural Illinois.*³⁶ Economic development strategies at the county level focus on Creation, Attraction, Retention and Expansion (CARE) of businesses. For business attraction, it is essential that a county highlight the region’s quality of life and economic growth potential, the two salient evaluative criteria used for business location decisions. As a communication medium, a county’s website is effective in communicating key features of CARE execution, including business attraction evaluative criteria. Our research shows that many rural counties lacking economic developers direct web traffic on selecting a site to related parties such as chambers of commerce and tourism departments. In those cases, counties should collaborate their branding efforts with these regional partners to exhibit visual marketing consistency.

GRAC and Other Collaborations

The Office of Lt. Governor Juliana Stratton and the GRAC have an expansive view of rural development. Consequently, the GRAC and its members are also involved in other initiatives with a significant rural focus. These initiatives include:

- ***Agricultural Equity and Food Insecurity.*** Using the hashtag **#AgConnectsUsAll**, Lt. Governor Stratton announced an initiative to focus on agricultural equity and food insecurity in both urban and rural regions of the

state. African Americans once owned 14 percent of the farmland in the United States. That figure now hovers around 1.3 percent, highlighting the need to address representation in the industry. The Lt. Governor and her team are working to help identify ways for marginalized farmers to succeed in the marketplace.

This initiative also focuses on food access issues, which plague both rural and urban communities. The Lt. Governor and her staff held listening sessions across the state in both rural and urban communities including Chicago, Peoria, East St. Louis, Cairo, and Macomb to engage with leaders to build pathways to affordable, healthy food. Chris Merrett from the IIRA and Laura Kessel, both members of the GRAC, sit on the advisory committee for this initiative.³⁷

- ***Farmer Disparity Study***. In 2019, Illinois State Representative Sonya Harper sponsored legislation to address farmer inequity, to improve the success of minority farmers and to bring more minorities into agriculture. As part of this initiative, Rep. Harper asked the Illinois Department of Agriculture (IDOA) to conduct a study of farmer inequity with a focus on barriers to land access and inequalities in farm income based on race. Three GRAC members are involved in this study, including the IDOA, UIUC, SIUC, and the IIRA. In addition, the Policy Director for the Lt. Governor is also participating this study, which will submit preliminary results to the Illinois General Assembly in December 2022.³⁸
- ***Illinois Innovation Network (IIN)***. The IIN is a \$500,000,000 State of Illinois investment in public higher education to drive economic development through innovation and research. The 15 innovation hubs located at public universities form the foundation of the IIN. Each of the university-linked hubs will invest in facilities to spur innovation to drive economic and workforce development. The IIN has connections to the GRAC and rural development in at least three ways. First, the Lt. Governor serves as chair of the IIN Advisory Committee. Second, the IIN has sponsored the annual rural development conference hosted by the IIRA in partnership with the GRAC and Rural Partners. Third, 10 of the 15 innovation hubs have a focus on rural development or rural-urban supply chain linkages.

For example, the University of Illinois College of Medicine has a strong commitment to rural healthcare. It operates the RMED (Rural Medical Education) Program to recruit and train doctors to serve in rural communities across the state. The University of Illinois College of Medicine at Rockford is also an IIN innovation hub. At the February 2022 GRAC meeting, the Dean of the College of Medicine delivered a presentation describing how funding from the IIN will help it to build new facilities to expand its capacity in training the next generation of rural doctors, nurses, and dentists.

- ***Illinois Council on Women and Girls***. The Lt. Governor works to make linkages between the numerous committees she chairs and rural development. In

February 2022, she convened a meeting of the Illinois Council on Women and Girls focused on gender-based violence. Although the meeting participants and speakers came mainly from Chicago and Cook County, speakers noted that gender-based violence is a problem across Illinois, including rural communities. The Lt. Governor asked the GRAC, including Laura Kessel from SIU School of Medicine, to help complete a briefing on gender-based violence in the rural communities of Illinois.

- ***Community Engaged GRAC.*** The GRAC is also considering changing the way it engages rural communities. The original governor’s executive order outlining the mission of the GRAC stipulated that the organization should identify innovative ways to more effectively serve and support rural communities. The founders of the GRAC intended it to directly coordinate state agencies to help serve rural communities. Over time, the GRAC evolved into a forum where agencies met to share ideas, but it moved away from direct engagement with communities. This initiative will attempt to bring the GRAC back to its original role.

The premise of creating a “community engaged” GRAC draws on the community planning conducted by the MAPPING (Management and Planning Program in Non-Metro Groups) Program, which operates from the IIRA. It takes a community through a strategic visioning or design-thinking process to help the community create a plan for future economic development. Community members are asked three questions: (i) Where are you now, (ii) Where do you want to be, and (iii) How do you get there? In a consensus-based process, community members use answers to these questions to identify three to five community and economic development objectives it can pursue in the next three to five years.

Communities may identify goals such as building affordable housing, filling up empty storefronts with new businesses, creating a system of bicycle trails, repurposing a closed school building, or promoting the community as a tourist destination. Based on the community goals, the MAPPING program brings representatives from relevant government agencies to share technical assistance and project funding options. Instead of the community having to travel to Springfield to talk to state agencies one at a time, the MAPPING program brings all relevant state agencies to them so that the community can talk to all state agencies at the same time.

If a community wants to expand affordable housing options, the MAPPING program would invite representatives from the Illinois Housing Development Authority and USDA-Rural Development because of their expertise in housing. If a community wants to expand entrepreneurship and tourism, the MAPPING program could invite members from DCEO, IDNR, and even the Illinois Department of Transportation, among other possible agencies. The IIRA

proposes that the GRAC could again serve this kind of community-engaged role because so many government agencies and other experts are GRAC members.

Looking Forward

The GRAC has identified key issues impacting rural Illinois, including a digital divide affecting education, health care, and economic development; declining and aging rural population; workforce development challenges; and the impact of COVID-19 on rural places. The GRAC created three committees to tackle these interrelated issues. This report documents that the GRAC has moved beyond simply identifying issues. GRAC and its constituent members have conducted research and taken direct action to improve the quality of life in rural areas.

Moving forward, the GRAC and its members will work to implement its rural telehealth pilot project. GRAC members will continue to generate research focused on healthcare and healthcare access, education and workforce development, and economic development and infrastructure. The GRAC began implementation of its community engaged GRAC initiative in September 2022. Additional actions include tracking the impact of COVID-19 on rural businesses, and planning for the 34th Annual Rural Development Conference scheduled to take place face-to-face in Springfield in February 2023.

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