

WORKING P A P E R

Illinois Homeland Security Economic Development Initiative

Scoping Study

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INFRASTRUCTURE, SAFETY, AND ENVIRONMENT

Summary

The Governor of Illinois seeks to promote economic development and job creation in Illinois by capitalizing on the significant growth in spending and investment in homeland security in the United States. This effort entails attracting and retaining businesses that develop and provide homeland security–related products and services.

To this end, the RAND Corporation worked with the Office of the Governor and the Illinois Department of Commerce and Economic Opportunity (DCEO) to scope out issues around formulating and implementing a comprehensive economic development strategy for the homeland security industry. RAND conducted a preliminary survey of the homeland security market; performed a preliminary survey and critique of other states’ efforts to implement similar initiatives; produced a summary of federally funded homeland security research and development (R&D) by Illinois entities; and evaluated DCEO documents regarding current and proposed State economic development programs, resources, assets, and homeland security activities and companies.

Key findings from the scoping effort include the following:

- Given the lack of competition in this area, the State of Illinois may have an opportunity to gain an advantage over other states by crafting a unique economic development initiative. Even a modest effort, if adequately conceived, could potentially have an appreciable impact on the State’s visibility as a national leader in the homeland security realm and the State’s desirability as a location for homeland security businesses.
- There are no generally accepted definitions of what constitutes the U.S. homeland security industry, its size, or its products and services. A rigorous effort to this end by the State of Illinois could be an important contribution to national policy discussions and a means by which Illinois distinguishes itself as an innovator in the homeland security sector.
- Through their discussions with RAND, the Governor’s Office and DCEO chose to center the initiative around R&D and manufacturing—in essence, the development of new homeland security technologies that could then be manufactured in Illinois.
- There are few known homeland security business development models upon which Illinois may base its efforts. Although several states have programs directed at business development in the homeland security area, no states appear to provide targeted tax incentives for location, worker training, or R&D, and no states seem to have developed focused marketing campaigns aimed at promoting the industry.

- RAND's filtered search of homeland security-related R&D awards to Illinois institutions resulted in a subset of 248 awards totaling approximately \$69 million. Federal support comes from a range of agencies and goes to a diverse set of public institutions and private firms.
- The federal R&D awards cross a range of technology and functional areas such as biotechnology and information technology. The R&D clusters identified could provide opportunities to leverage current capabilities to promote development of the homeland security industry within Illinois.

Next steps in the initiative should build on the work completed during this initial scoping phase. These next steps would likely focus around three main elements: undertaking a more comprehensive survey of the homeland security industry; obtaining strategic intelligence on how Illinois can best attract homeland security companies; and developing a business plan and policy recommendations.

Recommendations regarding the State's next steps include the following:

- The State should not attempt to define the homeland security industry because organizations will likely present themselves to the State to be considered for announced programs, and this process of self-selection is likely to be informative.
- The State appears to have many existing tax incentives, relocation packages, and training programs, so at this point it does not appear imperative that the State develop new programs. Rather, DCEO might consider aggressively marketing its existing and relevant programs.
- The Governor's Office might consider organizing, cosponsoring, and participating in industry trade shows and meetings to facilitate networking and information gathering.
- Because of the decisions that must be made to focus any effort at attracting or expanding the homeland security industry in Illinois, the Governor should consider chartering a panel or directing the Illinois Coalition to gather the information needed to make these decisions over the next 12 months.
- DCEO likely will need a single office responsible for coordinating what are likely to be multiple components of the overall initiative.