Wharton
University of Pennsylvania

Anchor Institutions and the Illinois Regional Economy

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The Anchor Economy by the Numbers

What hospitals and higher education institutions contribute to the U.S. economy

$2.2T

contributed to the U.S. economy each year

19.5M

jobs supported, 9% of U.S. employment

520

U.S. regions mapped, with data through 2024

Source: Anchor Economy Initiative, Federal Reserve Bank of Philadelphia. philadelphiafed.org

Inside the Anchor Economy Initiative

What It Is

The Philadelphia Fed's Anchor Economy Initiative measures the economic weight of hospitals and higher education across 520 U.S. regions. It launched in 2022 and is directed by Deborah Diamond.

How It Is Built

Built with Oxford Economics using the IMPLAN input-output model, on Bureau of Labor Statistics employment data covering 95% of U.S. jobs. No institution reports its own numbers.

Two Questions

What is the economic impact of colleges and hospitals within their regions? And how reliant is each region on them for jobs and output?

Why It Matters

It lets the Fed read regional conditions against its mandate, and gives community leaders hard data to plan the future of these institutions.

How the Reliance Index Works

The Idea

The reliance index measures how dependent a region is on its anchors, relative to the country. A score of 1.0 is the national average. Above 1.0 means more dependent than the nation as a whole.

The Method

For employment, income, and GDP, the region’s anchor share is divided by the nation’s anchor share. The three ratios are averaged into one score.

Why It Normalizes

Because it compares shares, not totals, a small college town and a major metro sit on the same scale. Any two regions compare directly.

What It Captures

One number that folds together how much of a region’s jobs, income, and output run through its hospitals and universities.

Impact Is Not the Same as Reliance

Two regions, two very different stories

New York Metro

1.3M anchor jobs

The largest absolute impact in the country, yet a reliance index of exactly 1.00, the national average.

Champaign-Urbana

3.04 reliance index

Three times the national average, on 39,000 anchor jobs. Modest scale, extreme exposure.

Scale shows how big the anchors are. Reliance shows how exposed a region is if they falter.

Anchor impacts for 2024. Source: Anchor Economy Dashboard, Federal Reserve Bank of Philadelphia.

Illinois by the Numbers

What the 2024 dashboard data show for Illinois regions

#4

Champaign-Urbana's anchor-reliance rank among all 520 U.S. regions, at 3.04

698K

anchor jobs supported in the Chicago region alone

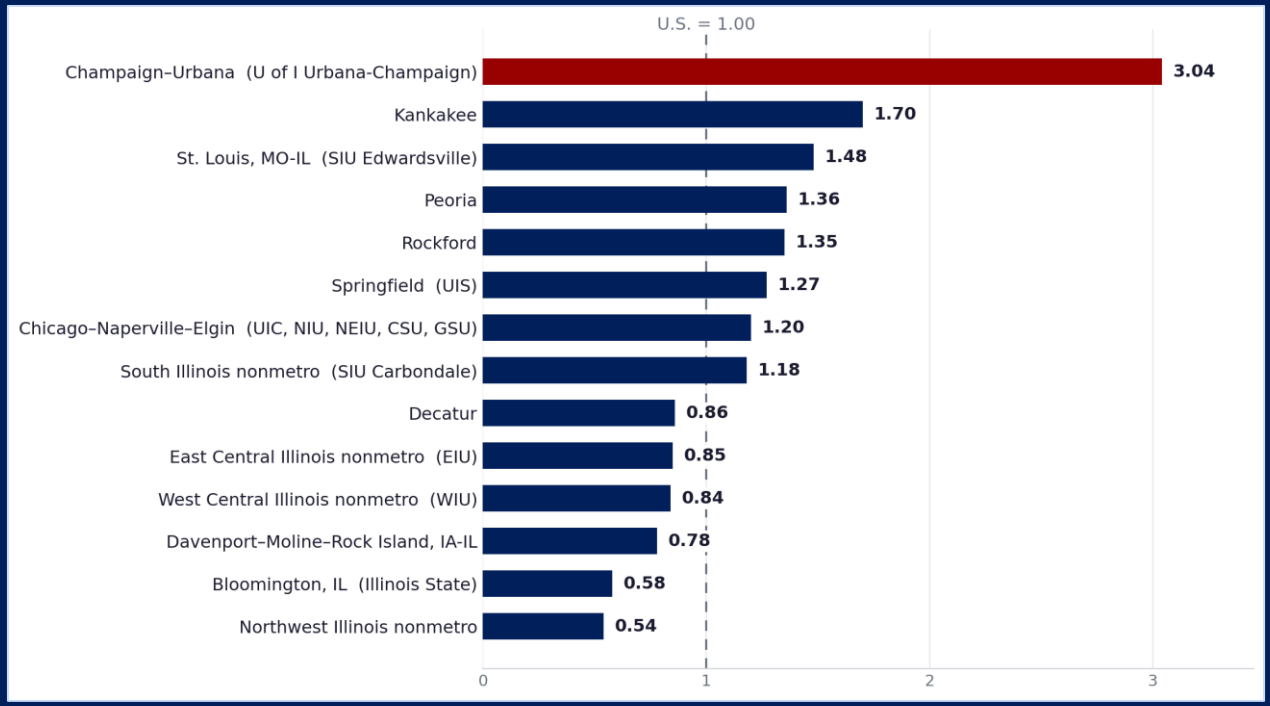
$86B

added to Chicago-region GDP by its anchors ($86.4 billion)

2024 data. Source: Anchor Economy Dashboard, Federal Reserve Bank of Philadelphia.

Anchor Reliance Across Illinois Regions

Fourteen regions, one scale: how hard each leans on its eds and meds



Champaign-Urbana is the fourth most anchor-reliant region in the nation; Bloomington-Normal is among the least. 2024 data, Anchor Economy Dashboard.

Three Illinois Stories, One State

The College Town

In Champaign-Urbana, anchors drive a quarter of all employment, and 58% of that is higher education. The university is the regional economy.

The Diversified Twin City

Bloomington-Normal ranks 465th of 520 at 0.58. Illinois State anchors the community, but State Farm and a diversified base carry the economy.

The Meds-Heavy Metros

Rockford (1.35) and Springfield (1.27) also lean on anchors, but hospitals are 92% and 94% of their anchor jobs. Same index, different anchor.

Why It Matters for Boards

A 3.04 region and a 0.58 region face the demographic cliff with very different stakes. Strategy has to start from your own number.

Where Your Institution Sits

The Flagship

U of I Urbana-Champaign: the Champaign-Urbana region, reliance 3.04, the fourth most anchor-reliant region in America.

The SIU System

SIU Carbondale: South Illinois nonmetro, 1.18. SIU Edwardsville: the St. Louis region, 1.48. Hospital-heavy regions on both sides of the river.

The Chicago Publics

UIC, NIU, NEIU, Chicago State, and Governors State: the Chicago region, reliance 1.20, 698,000 anchor jobs — leaning on anchors more than metro New York does.

The Regionals

UIS in Springfield (1.27), Illinois State in Bloomington-Normal (0.58), EIU in East Central (0.85), WIU in West Central (0.84). Four different anchor stories.

Eds and Meds Are Not the Same Anchor

New 2024 data splits each region into hospitals and higher education

70%

of anchor jobs nationally are hospital-related. Higher education is the other 30%.

35%

hospital job growth since 2004, versus 19% for higher education.

In 90% of regions, hospitals are the larger anchor employer. The mix runs from Cleveland at 88% hospital to Ithaca at 91% higher education.

The demographic cliff hits higher education, not hospitals. The split shows which regions are exposed.

Source: Eds and Meds, Federal Reserve Bank of Philadelphia, May 2026 (2024 dashboard data).

Reliance Is Both Strength and Vulnerability

When It Is a Strength

When anchors are healthy and growing, high reliance means stable, recession-resistant jobs and a steady base of local demand.

When It Is a Risk

When other industries have hollowed out, reliance is what remains. In Baltimore and Philadelphia, anchor reliance climbed as manufacturing fell.

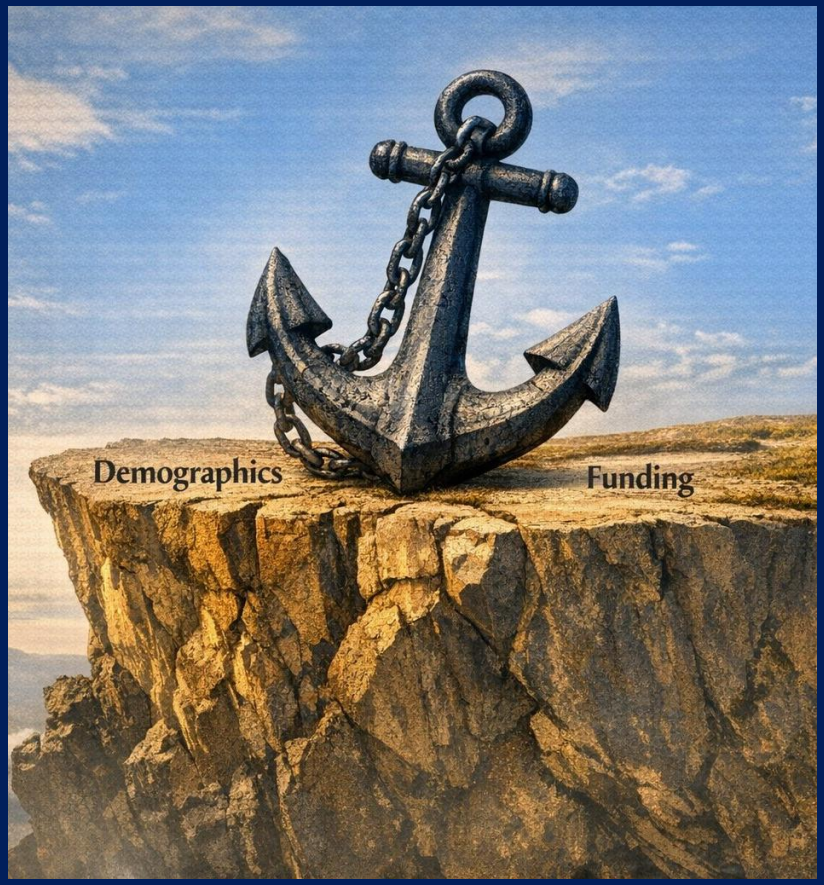
The Floor Becomes the Risk

The same institutions holding these regions up are now facing the demographic and fiscal squeeze. The floor itself is under pressure.

Read It With Other Signals

A high index is not good or bad on its own. Paired with closures, enrollment, and budgets, it shows where a region is exposed.

The Cliff Meets the Anchor



Demographic Decline

High school graduates peaked in 2025. WICHE projects a 13% U.S. decline by 2041 — 32% in Illinois.

Institutional Closures

At least 16 nonprofit colleges announced closures in 2025, Trinity Christian among them. The Philadelphia Fed projects up to 80 more by 2029.

Fiscal Squeeze

State support grew just 1% in FY2026, the smallest gain since the pandemic. Medicaid cuts add new budget competition.

The Squeeze — and the Counterweight

Illinois demography is coming; recent momentum is real

−32%

projected change in Illinois high school graduates by 2041, versus −13% nationally.

+2.3%

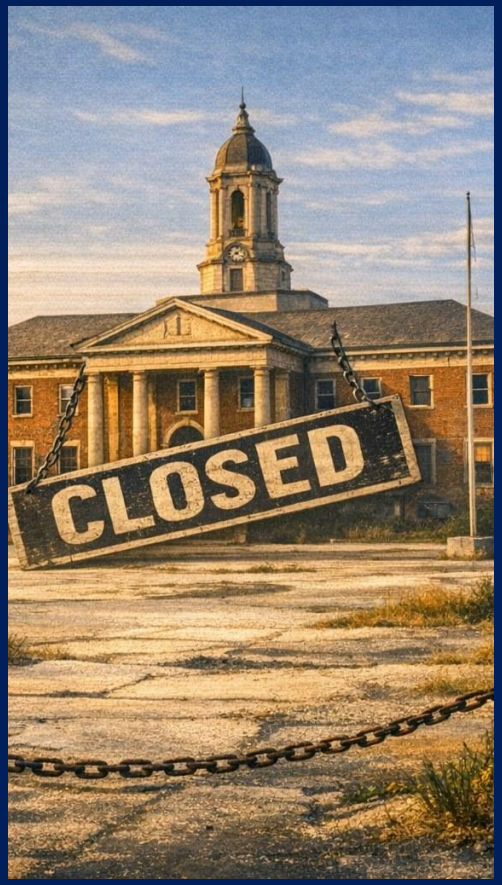
fall 2025 enrollment growth at Illinois publics — a 10-year high, freshmen up 6.8%.

Nearly half of Illinois's college-bound graduates who attend four-year institutions enroll out of state.

Whether momentum or demography wins is a board-level strategy question.

Sources: WICHE, Knocking at the College Door (2024); Illinois fall 2025 enrollment reports; IBHE Data Points, out-migration.

When Colleges Close, Regions Suffer



Beyond Campus Borders

Communities with colleges have higher educational attainment, greater economic mobility, and stronger local economic output. Closures affect entire regions, not just displaced students.

The Anchor Effect

Colleges function as cultural hubs supporting civic engagement, the arts, and community life. Their disappearance leaves regions without a key economic and social engine.

Research Evidence

A Philadelphia Fed working paper used machine learning to model closure risk. Even gradual enrollment decline increases annual closures by 8%. The cascading economic effects compound.

The Resilience Test: Penn State

The Test

State College, PA — a 2.72-reliance college town, like Champaign-Urbana — versus the rest of Pennsylvania across three recessions.

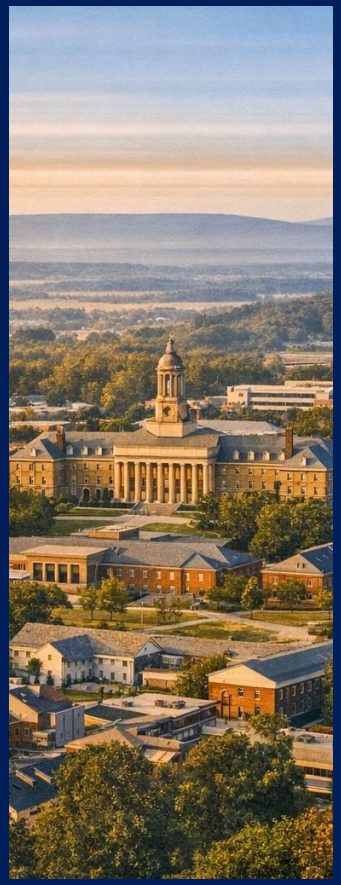
What Happened

Unemployment rose less each time, and employment recovered faster, driven by eds and meds hiring. Penn State acted as a stabilizing force.

The Limit

COVID exposed the model's limits when campus activity dropped. Anchor status is a resilience asset, not a recession-proof guarantee.

Source: Scavette, Calvert Jump, and Diamond, Federal Reserve Bank of Philadelphia, November 2025. Reliance figure: 2024 Anchor Economy Dashboard.



Four Questions for Your Board

How trustees can put the anchor data to work

1. What Is Your Number?

Know your region's reliance index — and its rank.

2. Eds or Meds?

Know which anchor carries your region's load.

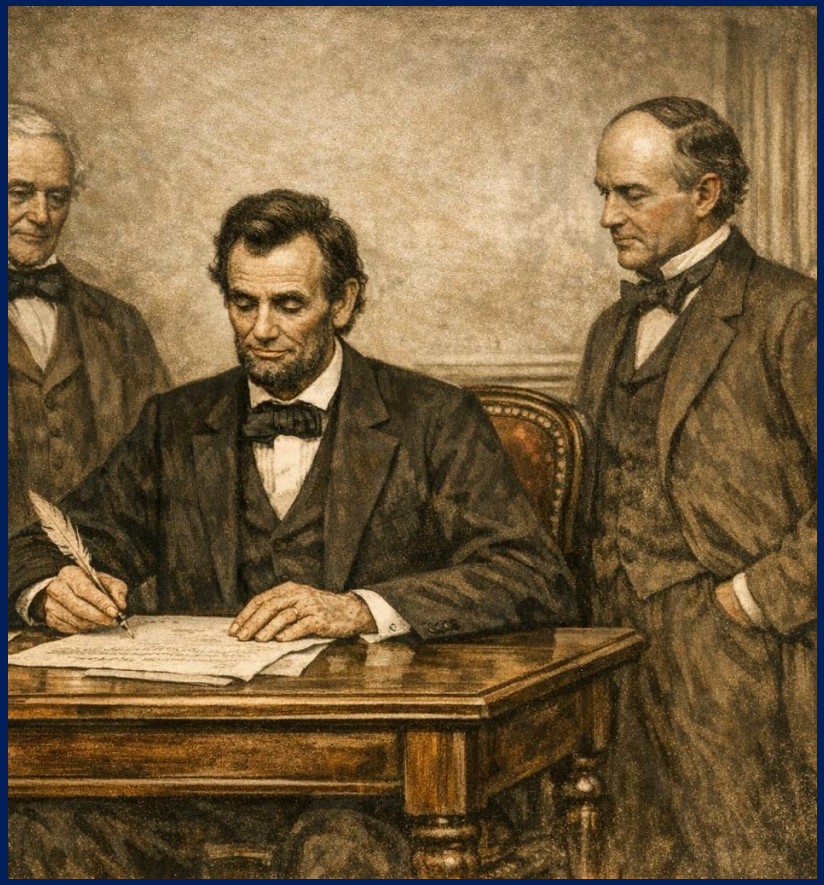
3. What Would Contraction Cost?

Weigh program and campus decisions regionally.

4. Can You Prove Your Value?

Benchmark with the Dashboard, not anecdotes.

The Lincoln Precedent



The Morrill Act of 1862

In the middle of the Civil War, Illinois's own Abraham Lincoln signed the law creating land-grant colleges for the industrial age.

The Anchor Connection

Many of today's anchors descend from the Morrill Act — the University of Illinois among them, chartered in 1867. They still sustain regional economies 160 years on.

The AI Imperative

AI demands a response at the same scale: a new generation of institutions purpose-built for every region.

From Land Grants to Digital Grants

1862: The Morrill Act

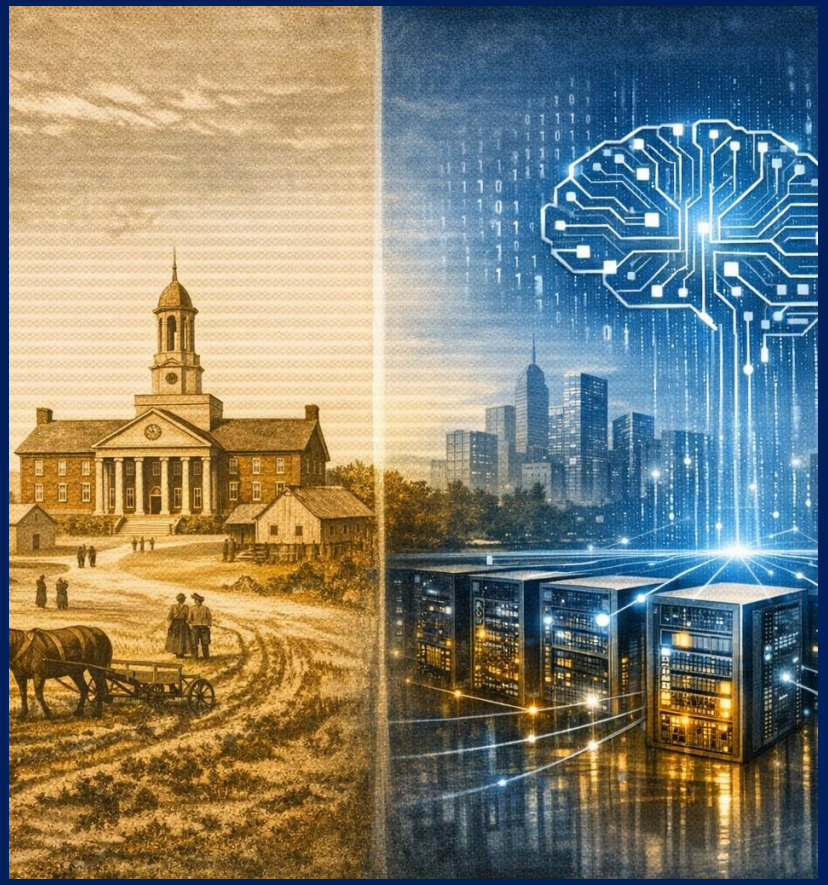
Land sales financed institutions that equipped every region for industrialization. Illinois Industrial University — today's U of I — was one of 37.

160 Years Later

Those land-grants became the anchors the Dashboard measures today, sustaining regional economies and producing talent.

The Digital-AI Land Grant Act

Today's land is cyberspace. A digital dividend from technology firms can finance the anchors of the AI age. The state that gave the nation Lincoln can lead the second act.



Federal Reserve Bank of Philadelphia

Explore the anchor data behind this talk

Anchor Economy Dashboard

philadelphiafed.org • search “Anchor Economy Dashboard”

What You’ll Find

Employment, income, and GDP for 520 regions, the reliance index, and downloadable data.





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