

# PROGRESS REPORT

## Formula Calls for 'Farther' and 'Faster'

It's a common question: Is the glass half-full or half-empty?

When the subject is progress toward the Indiana Chamber-led *Indiana Vision 2025* economic development action plan, the best answer is probably both. A cop-out, you say? Maybe, but here's some evidence for both the optimist and the pessimist.

Quick reminder: *Indiana Vision 2025* comprises 33 goals revolving around four drivers – Outstanding Talent, Attractive Business Climate, Superior Infrastructure, and Dynamic and Creative Culture. The successor to the *Economic Vision 2010* plan that guided the Chamber through the first decade of this century, *Indiana Vision 2025* was approved in November 2011 (after 15 months in development by a statewide task force) by the organization's board of directors and released in early 2012.

The drivers and goals are presented on the opposite page with the “red” indicating some of the progress that has taken place. And the “half-full” crowd can point to a substantial amount of “red”. Accomplishments fall primarily in the legislative arena, but also include Chamber Foundation studies, program advances and business successes.

A few goals (such as passing a right-to-work statute) were straightforward, but the vast majority require substantial ongoing work in order to elevate Indiana's performance and rankings compared to other states. In nearly all cases, the “red” doesn't mean the work is done. It will take a number of “reds” to reach the ultimate destination.

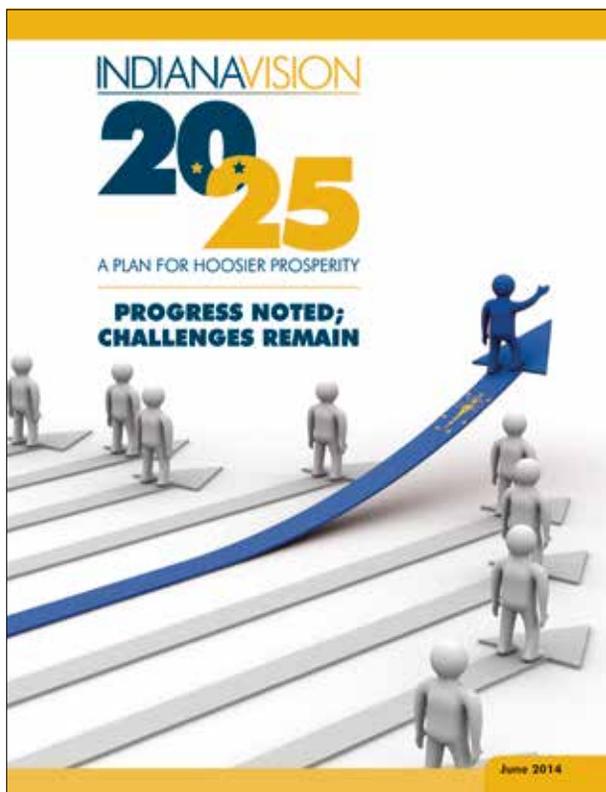
That's where the pessimist takes over. Even in areas where progress is indicated, the distance remaining to reach the goals prompts the following call: “We have to go farther and do it faster.” Some examples, using two of the goals from each of the drivers, are highlighted on Pages 20-21.

The “half-empty” chorus rings loudly when you consider:

- In the effort to eliminate education achievement gaps, a five-county preschool pilot program (not even ready for implementation in the 2014-2015 school year) is the result of several years of work instead of a broad-based initiative with dedicated state funding.
- It's good to get the ball rolling on business personal property tax elimination (Senate Bill 1 in the 2014 session), but Indiana is once again trailing other states. The legislation should have gone farther than local options. It is hoped that additional movement will take place in this fall's Blue Ribbon Commission on Taxes, but the bottom line is lawmakers need to take a stand, despite local government objections, and do what's right in a responsible manner.
- In the infrastructure area, it's been difficult – if not impossible – to convince most stakeholders of the need for a strategic water resource plan. The recently-completed Chamber study (see Page 14) should do that, but that is just an initial step in order to ensure that water does not become an economic development/job inhibitor as it has in some other locations.
- Despite growth in technology and life sciences sectors, among others, the numbers don't lie when it comes to the lack of overall entrepreneurial activity in the state. Additional funding and overall support are among the basics that are still required at a higher level.

There are many miles to travel and much work to be done before the goals in *Indiana Vision 2025* are achieved. It's time to take our place on the superhighway of development and continue to move – at a much faster pace – toward eliminating the half-empty argument.

**RESOURCE:** Indiana Vision 2025 at [www.indianachamber.com/2025](http://www.indianachamber.com/2025)



# Indiana Vision 2025:

## OUTLINE OF KEY DRIVERS AND GOALS

### DRIVER 1: OUTSTANDING TALENT

- Increase the proficiency of Indiana students in math, science and reading to “Top 5” status internationally.
- Increase to 90% the proportion of Indiana students who graduate from high school ready for college and/or career training. **Maintained focus on college and career ready standards. Recommendations from Chamber-led school counseling study released in May 2014**
- Eliminate the educational achievement gaps at all levels, from pre-school through college, for disadvantaged populations. **Established pilot program for Indiana's first publicly-funded preschool program for low-income children**
- Increase to 60% the proportion of Indiana residents with high quality postsecondary credentials.
- Increase the proportion of Indiana residents with bachelor’s degrees or higher to “Top 10” status internationally.
- Increase the proportion of Indiana residents with postsecondary credentials in STEM-related fields to “Top 5” status internationally.
- Develop, implement and fully fund a comprehensive plan for addressing the skills shortages of adult and incumbent workers who lack minimum basic skills. **Indiana Career Council in place/strategic plan to be released. New governance structure established for state’s longitudinal data system**

### DRIVER 2: ATTRACTIVE BUSINESS CLIMATE

- Adopt a right-to-work statute. **Passed February 2012**
- Enact comprehensive government reform at the state and local levels to increase efficiency and effectiveness in delivery of services.
- Reform public pension systems to achieve fairness and cost containment. **Moderate cost containment passed in 2014.**
- Preserve and enhance a “Top 5” ranking among all states for Indiana’s legal environment.
- Attain a “Top 5” ranking among all states for Indiana’s business regulatory environment. **Achieved as of 2013 Report Card**
- Eliminate the business personal property tax. **2014 legislation allows local options for partial elimination and phase out. 2014 Blue Ribbon Commission established to examine next steps**
- Eliminate the state inheritance tax. **Phase out passed in 2012/tax eliminated in 2013**
- Promote the enactment of a federal solution to the Internet sales/use tax dilemma. **Legislation passed Senate, eligible to be voted upon in House**
- Streamline and make consistent the administration of the state’s tax code.
- Establish government funding mechanisms to more closely approximate “user fee” model.
- Contain health care costs through patient-directed access and outcomes-based incentives.
- Reduce smoking levels to less than 15% of the population. **Coalition progress and Wellness Council of Indiana’s QUIT NOW tool; first statewide smoking ban passed in 2012**
- Return obesity levels to less than 20% of the population. **Coalition progress, including new Wellness Council grant for 2014**

### DRIVER 3: SUPERIOR INFRASTRUCTURE

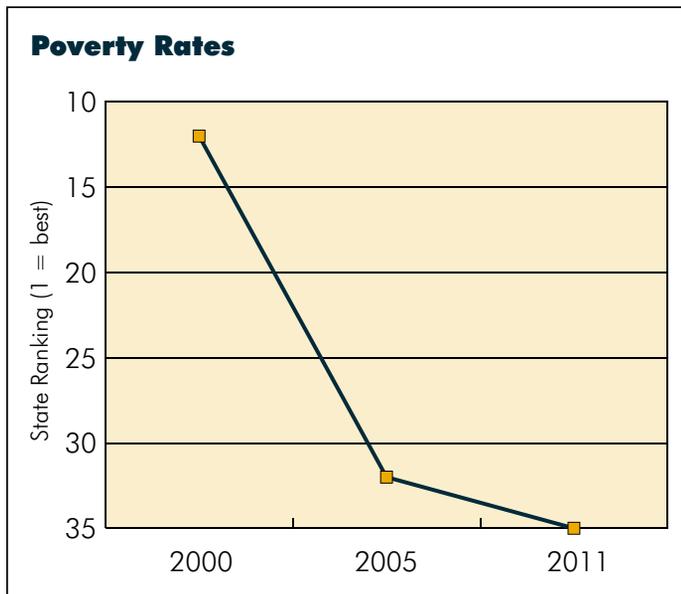
- Create and implement a plan to position Indiana as a net exporter of energy.
- Diversify Indiana’s energy mix with an emphasis on clean coal, nuclear power and renewables.
- Identify and implement workable energy conservation strategies.
- Develop and implement a strategic water resource plan that ensures adequate fresh water for citizens and business. **Indiana Chamber Foundation recommendations to be released summer 2014**
- Develop and implement new fiscal systems to support the array of infrastructure projects critical to economic growth. **More user pay systems and dedicated funding for future needs passed in 2013; two-year study of gas tax alternatives passed in 2014**
- Aggressively build out the state’s advanced telecommunications networks.

### DRIVER 4: DYNAMIC & CREATIVE CULTURE

- Develop entrepreneurship and aggressively promote business start-ups through education, networking, investment and financial support. **Creation of Office of Small Business & Entrepreneurship (reduce silos) in 2013; continued emphasis in December 2013 regional forums and 2014 Chamber meetings and events**
- Increase the amount of technology transfer from higher education institutions and attain “Top 5” ranking per capita among all states. **Enabling legislation to create the Indiana Biosciences Research Institute in 2013**
- Achieve “Top 12” ranking among all states in number of utility patents per worker.
- Achieve “Top 12” ranking among all states in venture capital invested per capita. **Crowdfunding legislation passed in 2014**
- Strategically recruit foreign direct investment (FDI) and achieve “Top 12” ranking among all states in FDI as a percent of gross state product.
- Increase Indiana exports to achieve “Top 5” ranking per capita among all states. **Record export total in 2012, growth exceeding national and Midwest averages**
- Promote a culture that further values diversity and civility, attracting and retaining talented individuals. **Same-sex marriage resolution failed in effort to advance to statewide vote**

# WE HAVE TO GO FARTHER

## OUTSTANDING TALENT



**GOAL: Increase to 90% the proportion of Indiana students who graduate from high school ready for college and/or career training**

May 2014 Indiana Chamber Foundation report: *Indiana School Counseling Research Review*

- **Of 426 Indiana school counselors responding to a survey, 58% said they spend a quarter of their time or less on college and career readiness activities.** In addition, 81% said they would like to spend more time helping students with college and career readiness
- Counselors also said that 40% of their time is spent on non-counseling duties (hall monitor, lunch patrol, managing the school mascot)
- Counselors do not feel their counselor education programs are providing sufficient preparation for college and career counseling
- It is a counseling problem, not a counselor one. Clear need to engage teachers, school administrators and parents

**GOAL: Increase to 60% the proportion of Indiana residents with high quality postsecondary credentials**

- Lumina Foundation’s “Big Goal” nationally, also adopted by Indiana Commission for Higher Education and others in the state
- April 2014 data (for 2012 year): **Indiana ranks 41st with 34.4% of residents between the ages of 25 and 64 having at least an associate degree.** This is an increase from 33.8% in 2011
- Nationally, the 2012 numbers are 39.4%, an increase from 38.7% in 2011 and 37.9% in 2007

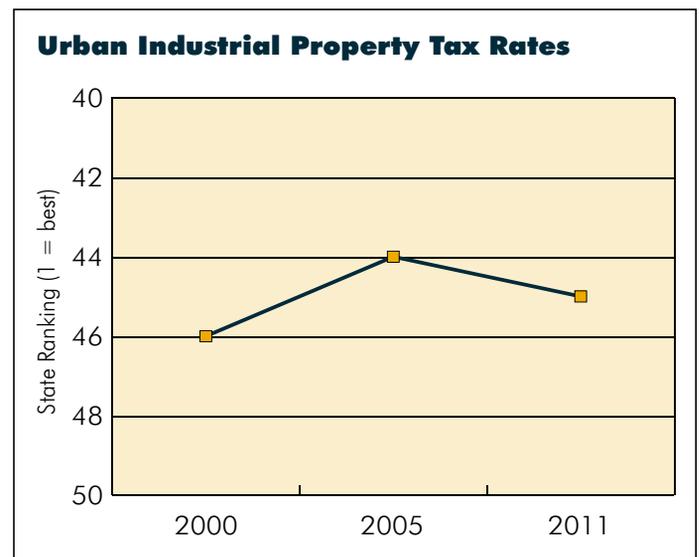
*Indiana Vision 2025 Report Card* (May 2013; Indiana rankings):

- Percentage of population with associate degrees or higher – 46th
- Certificates awarded – 38th
- All degrees and certificates awarded – 28th
- Bachelor degree or higher – 43rd

## ATTRACTIVE BUSINESS CLIMATE

**GOAL: Eliminate the business personal property tax**

- Overall tax climate ranks favorably, but “rebalancing” needed
- Property tax caps and homeowner credits/exemptions have shifted burden to business property taxpayers
- Surrounding states/competitors have eliminated or are eliminating this tax
- Local government efficiency needs to be part of the mix in addition to replacement revenues



**GOAL: Reduce smoking levels to less than 15% of the population; Return obesity levels to less than 20% of the population**

- **Adult smoking rate of 24%** in 2013 was sixth highest in the country
- Average smoker costs an additional **\$5,800 annually** in health care costs, absenteeism and lost productivity
- Adult obesity rate of 31.4% in 2013 was eighth highest in the country
- Obese employees generate **more than \$51,000 in medical claims** (per 100 full-time employees) each year compared to \$7,500 for healthy weight workers

# AND DO IT FASTER'

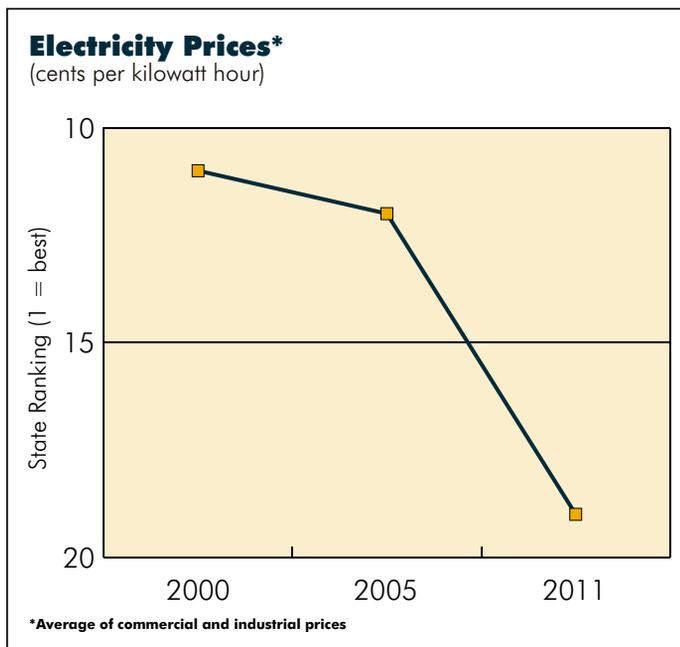
## SUPERIOR INFRASTRUCTURE

**GOAL: Develop and implement a strategic water resource plan that ensure adequate fresh water for citizens and business**

- Indiana Chamber Foundation study to be released summer 2014
- Economic development issue: water needed to attract, keep and grow businesses
- Water supplies not evenly distributed throughout state
- Lack of coordinated planning
- Legislative next steps: Better manage existing water resources data; require drought planning by all utilities; establish water resource planning regions; form Water Resources Forecasting Group

**GOAL: Develop and implement new fiscal systems to support the array of infrastructure projects critical to economic growth**

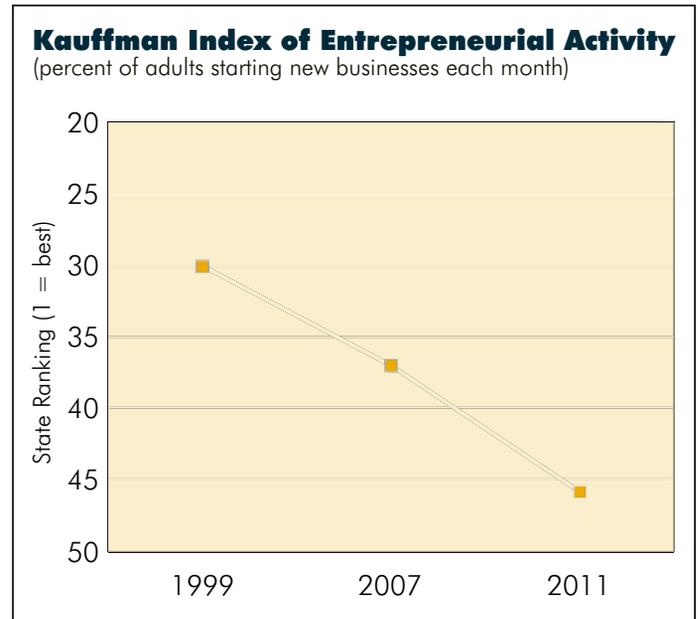
- Long-time Indiana advantage now becoming a challenge
- **Latest statistics place Indiana electricity prices at 27th lowest**
- Federal regulations among primary reasons



## DYNAMIC AND CREATIVE CULTURE

**GOAL: Develop entrepreneurship through education, networking, investment and financial support**

It takes significant numbers of new business starts to generate new business successes



**GOAL: Achieve "Top 12" ranking among all states in venture capital invested per capita**

- Indiana experienced an increase compared to other states from 2000-2005, but has remained steady since
- **At No. 27 ranking, we're not living up to potential** as 16th most populous state and strength in life sciences and other growth industries

