

Economic Report Card

Progress Takes Back Seat to Politics

Economic Vision 2010, the Indiana Chamber of Commerce's economic development plan released in 2000, states the following goal: "Indiana will be one of the best business start-up and growth economies in the world, focusing on the creation of high-skill, high-wage jobs and outstanding productivity."

It's clear, from the Chamber's latest annual *Economic Vision 2010* Report Card, that the objective is not going to be achieved – at least not by 2010. Why? Even with a series of important accomplishments in the last two years that will improve Indiana's standing on future Report Cards, the simple truth is that too many Hoosiers remain in denial.

"The evidence continues to grow every day," laments Indiana Chamber President Kevin Brinegar. "Despite repeated calls for accelerated progress, despite warnings that the status quo will not be acceptable in the 21st century economy, despite a governor and administration that recognize these truths and are striving to lead the way, far too many legislators are simply unwilling to come along."

The Report Card, in its seventh year, is funded by the Indiana Chamber Foundation and developed in conjunction with a research team led by longtime Indiana economic expert Graham Toft, Ph.D. The 2007 edition, utilizing the latest data available for all 50 states (primarily sources that reflect data from 2004 and earlier) gives Indiana an overall grade of C, an improvement from the C- of the past two Report Cards.

While the state is on a par with its Midwest competitors and those substantial improvements enacted by the Daniels administration (balanced state budget, Major Moves transportation infrastructure and job creation plan, telecommunications reform, strong business attraction and retention efforts of the Indiana Economic Development Corporation, increased state government efficiency and more) are not yet reflected in the statistics, it's also evident that more work needs to take place.

Brinegar adds, "It takes all entities working together to reach the *Economic Vision 2010* goal. The Daniels' administration's Accelerating Growth plan addresses those areas we have identified as needing improvement. The governor clearly understands and embraces what it will take to greatly improve Indiana's competitive economic position and has pursued critical initiatives with a proper sense of urgency.

"The General Assembly, however, must fulfill its critical role in moving policy initiatives forward, the business community must do its part and the citizens of our state need to demand more – and hold opposing legislators accountable for their inaction."

The Report Card uses six drivers, 15 sub-drivers and 97 metrics to compile one of the country's most comprehensive state evaluations of economic performance. Indiana's grades in each of the drivers are: Education and Workforce Development, C; Business Costs and Productivity, C+;

Economic Vision 2010 Report Card

Overall Grade	C
Education/Workforce	C
K-12	C+
Postsecondary	B-
Workforce Development	D+
Business Costs/Productivity	C+
Business Costs	B
Productivity/Labor Supply	D
Gov./Regulatory Environment	B+
Government Efficiency	C+
Regulatory Environment	A-
Infrastructure/Connectivity	B-
Physical Infrastructure	C+
Digital Connectivity	B-
Dynamism/Entrepreneurism	D+
Dynamism	D+
Research/Creativity	D-
Capital Formation	D
Quality of Life	C-
Economic Diversity/Civic Energy	B
Culture/Recreation	D-
Health/Safety of the Population	B



Indiana Rankings in 97 Report Card Metrics

(among all 50 states)

- 1st-10th – 11 metrics
- 11th-20th – 23 metrics
- 21st-30th – 34 metrics
- 31st-40th – 21 metrics
- 41st-50th – 8 metrics

Government and Regulatory Environment, B+; Infrastructure and Connectivity, B-; Dynamism and Entrepreneurism, D+; and Quality of Life, C-.

Massachusetts, Utah and Maryland are the only states to earn overall grades in the A range. There are 14 B's, 25 C's, six D's and two F's. Grades for Indiana's Midwest competitors include Michigan, C+; Ohio and Illinois, C; and Kentucky, D.

"It's important to focus on longer-term trends, which is possible with this seven years of analysis, and on how well Indiana is doing relative to other states," Toft summarizes. "It's possible to improve in the various metric scores, but still lose ground to competitors that are gaining at a quicker pace."

The Report Card is produced in cooperation with TechPoint, which published the Indiana Technology Index in October 2006. That report includes 23 technology-focused metrics.

Financial support for this Report Card was provided by the Duke Energy® Foundation, Vectren and Indiana Michigan Power®.

INFORMATION LINK

Resource: To obtain the executive summary and/or the full report, go to www.indianachamber.com.

New Study on Mid-Market Companies Underway

Research studies often have an external focus, with a goal of trying to learn from others. The latest Indiana Chamber Foundation project will include that element, but more importantly focus on internal factors.

Accelerating Growth in Indiana's Mid-Market Companies will team the Chamber with a group of public and private sector partners to analyze how to help existing Indiana companies (in the revenue range of \$5 million to \$100 million) expand their operations and produce additional economic growth.

Accelerating Growth in Indiana's Mid-Market Companies will include the typical review of practices in other states and nations. The primary ingredients, however, feature listening to company leaders — in focus groups, through an online survey and in critical one-on-one interviews between mid-market company leaders and their business peers.

Partnering with the Chamber are the Butler University Business Accelerator, Cambridge Capital Management Corp., Clifton Gunderson LLP, Duke Energy, Ginovus, Krieg DeVault, National City Bank, NiSource, Walker Information, Indiana Economic Development Corporation, Indiana Department of Workforce Development and Indiana Secretary of State's office.

Resource: For more information about the study, contact Mark Lawrance, Chamber vice president of corporate development, at (317) 264-6893 or mlawrance@indianachamber.com.

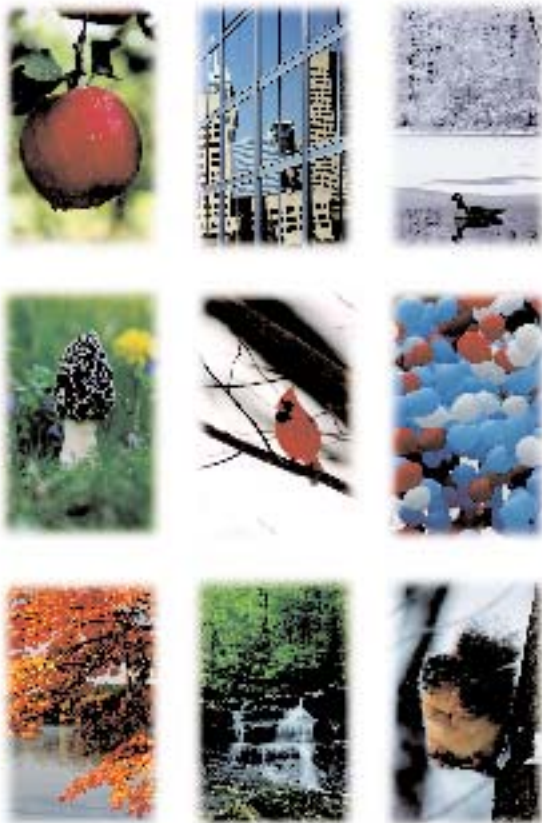


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