



# INDIANA PROSPERITY 2035

## Initial Report Card Shows Challenges, Improvements

By Adam H. Berry

In August, the Indiana Chamber of Commerce released an economic development playbook for the next decade-plus entitled *Indiana Prosperity 2035: A Vision for Economic Acceleration* (IP35). That effort seeks to mobilize public consensus on key public policy issues facing the Hoosier state.

The plan is organized around six pillar policy areas with a total of 31 goals integrated among them. These pillars are: workforce; K-12 education; economic growth, innovation and entrepreneurship; superior infrastructure and energy; quality of place strategies; and healthy, prosperous communities and citizens.

While IP35 provides a comprehensive analysis of each pillar, the initial Indiana Prosperity 2035 Report Card focuses on the goals within IP35. Like the plan, these goals were developed through 18 months of work by a volunteer task force comprised of researchers, issue experts, business leaders and coalition partners.

"The motivation behind the goals is to help Indiana move the needle in areas the task force considered central to Indiana's future economic development endeavors," explains Indiana Chamber President Kevin Brinegar.

This Report Card contains all IP35 goals and the most recently available and relevant metric(s) or data that correspond to each goal. In many cases, current and historical state rankings are provided to illustrate



Indiana's progress relative to other states.

"A critical component to building consensus among stakeholders and policymakers is providing access to objective information about Indiana's strengths, weaknesses, opportunities and threats," Brinegar offers. "Only then can we have a productive conversation about where we are relative to where we need to go."

"The intent of this Report Card is to serve as a companion piece to IP35, and readers may use it as a baseline against which Indiana can measure its future progress towards achieving IP35's goals."

This initial comparison demonstrates areas in which Indiana continues to do well and those of ongoing concern, as well as new

revelations that were discovered based upon the task force's shift to post-pandemic priorities.

Contained in this report are 59 metrics and two charts. Of note: Not all metrics have historical data available, and some are specific to Indiana, so no national rankings are available (e.g., I-LEARN passage rates).

When compared to previous years, Indiana's national ranking declined in 28 metrics compared to 20 metrics in which it improved. Relative to the national average, Indiana's current scores are worse in 30 metrics, better in 17 metrics and the same in one metric. However, Indiana's raw scores – including those that are specific to Indiana – improved in 36 metrics compared to 18 in which they declined.

Taken together, this means that Indiana is improving in many areas but at a slower pace than other states.

Below is a glimpse at some of the key findings, organized by pillar area.

### Workforce

Indiana's state ranking improved from 37th to 22nd for the percentage of Hoosiers with an associate degree or high-quality credential. According to the Lumina Foundation, 54% of Hoosiers now fall into this population – up nearly 6% from two years ago.

The proportion of science and technology degrees conferred by Indiana's higher education institutions (as a percentage of all degrees conferred) fell from 38% (2017) to 36% (2021), which also resulted in our state ranking falling from 13th to 24th.

A total of 63% of all foreign-born Hoosier residents who have a bachelor's

## INDIANA'S BEST RANKINGS

- 3: Knowledge- and Technology-Intensive Industry Employment (as a percentage of total employment)
- 4: Percent of Foreign-Born Residents with Science and Engineering Related Bachelor's Degree (as a percentage of all foreign-born bachelor's degree holders)
- 4: Self-Employment Among Minority Workers (as a percentage of the total non-white labor force)
- 4: Housing Cost Burden (percentage of households paying more than 30% of income on housing-related costs)
- 8: Business Climate Index (weighted ranking)
- 9: Value-Added per Employee (as a percentage of GDP)

## INDIANA'S WORST RANKINGS

- 40: Percent of Population With Science and Engineering (and related) Bachelor's Degrees (population 25 to 64)
- 40: Population With at Least a Bachelor's Degree (population 25 to 64)
- 40: Venture Capital Disbursed (per \$1 million GDP)
- 41: Percent of Bachelor's Degree Holders Moving Into State in Past Year (population 25 and older, living in different state/country one year ago, with bachelors or higher)
- T-41: Adult Smoking Rate
- 42: Increase in Venture Capital Disbursed (percent change from two years prior)
- 43: Government Health Expenditures (per capita)
- 43: RAND Study – Health Insurance Premiums (relative price of health care costs, private insurers versus Medicare)
- 44: Rate of New Entrepreneurs (per capita)
- 46: Net Generation of Clean Energy (as a percentage of total generation)

degree have their degree in either a science or engineering related field. This ranks Indiana fourth among all states and is a full 5% above the national average.

## K-12 Education

Only 37.5% of three- and four-year-olds are enrolled in either a nursery school or preschool, which ranks Indiana 32nd among all states and continues a downward trend the state has seen since 2015. This is nearly three percentage points lower than the national average and 18% lower than top-ranked Connecticut.

Students who are eligible to enroll in the 21st Century Scholars program are simply not enrolling, and the trend has gotten worse over time. Only 47% of students in the 2025 graduating cohort, 51% of the 2024 graduating cohort and 68% of the 2023 graduating cohort have enrolled. This is startling when one compares it to the 2018 (92%), 2019 (92%) and 2020 (86%) graduating cohorts. Legislation passed in 2023 aims to reverse this trend by making enrollment automatic for those eligible students and giving them the opportunity to opt out of the program rather than needing to opt in.

Arguably a more important metric is the proportion of enrolled students who complete their 9th-12th grade requirements for the 21st Century Scholars program. In this area there has also been a steady decline over the past five years: 2018 (69%), 2020 (61%), 2022 (51%).

## Economic Growth, Innovation and Entrepreneurship

Indiana's highest state ranking in this Report Card is third, which the state earned for having 11.1% of its labor force working in a "knowledge- and technology-intensive industry"; e.g., manufacturing, pharmaceuticals, software development, etc. Unfortunately, Indiana's ranking in the subsequent metric in the report card indicates that

employment growth in these industries is slowing down relative to other states (38th). However, data used to report these measures come from the years immediately preceding the pandemic and may prove demonstrably better when more recent data becomes available.

Another bright spot for Indiana is an uptick in the number of design patents issued to Hoosier applicants. Between 2018 and 2020, there was a 29% increase in design patents issued compared to 2016-2018, which was good enough for ninth best among all states. In contrast, utility patents issued increased by just 9.7% during the same period (36th).

On the other end of the spectrum, a dark cloud remains over the state when it comes to the rate of new Hoosier entrepreneurs (44th) and venture capital disbursed to Indiana companies (40th).

## Superior Infrastructure and Energy

Indiana ranks 46th in "net generation of clean energy" with 9.4% of all energy produced being hydroelectricity, geothermal, nuclear and the like. Yet, this is a significant improvement from previous years: 2009 (1.6%), 2013 (3.5%), 2017 (5.7%) and 2019 (6.6%).

Indiana's estimated 20-year need for investment in drinking water infrastructure continues to rise. According to the Environmental Protection Agency, Indiana needs to invest \$1,731 per person, which is up 52% from 2015 and ranks Indiana 24th nationally. Our needed investment for wastewater investment is also significant, with the state ranking 33rd – 27% higher than the national average.

Under this pillar, Indiana's state rankings and raw scores improved for all but two metrics, and no metric had a decrease for both the state ranking and raw score.

## Quality of Place Strategies

A number of the metrics used in this pillar look at in-and-out migration (i.e., Indiana's net population change). In sum, Indiana is performing better than the majority of other Midwestern states in attracting new residents – both from other states and internationally. However, between 2010 and 2021, residents moved away from communities in northwest Indiana more so than any other region in the state.

One reason Indiana may be attractive to prospective residents is the state's low housing cost-burden, which means a household spends more than 30% of their income on housing-related costs (e.g., insurance, taxes, HOA fees, etc.). Indiana ranks fourth lowest nationally – behind only West Virginia, South Dakota and Iowa.

## Healthy, Prosperous Communities and Citizens

A trend that unfortunately endures is Indiana's poor national rankings on matters pertaining to health and well-being. Indiana remains in the bottom quartile of states for smoking (T-41st), obesity (38th) and drug-related deaths (38th). One positive takeaway, nonetheless, is that Indiana's smoking rate continues to decline: 2017 (21.8%), 2019 (19.2%) and 2021 (17.3%).

When it comes to public health projects and programs, Indiana spends approximately half of the national average. At just \$147.96 per resident, Indiana ranks 43rd nationally. That said, this ranking should improve in future years after the General Assembly this year appropriated \$225 million over the next biennium for public health and \$100 million for mental health investments.

Regarding civic engagement, only 61% of Hoosier adults voted in the 2020 general election, which was the sixth worst voter turnout nationally. On a positive note, it was the first presidential election in which more than 60% of Hoosiers voted since 2008 (60.5%).

All of the numbers and rankings in this year's *Indiana Prosperity 2035* Report Card are available at [www.indianachamber.com/2035](http://www.indianachamber.com/2035). ■