



INDIANA UNIVERSITY PUBLIC POLICY INSTITUTE

# POLICY CHOICES

*for Indiana's Future*



Three keys to Indiana's economic future



**SCHOOL OF PUBLIC AND  
ENVIRONMENTAL AFFAIRS**

INDIANA UNIVERSITY  
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# Randall Shepard

Chief Justice of the Indiana Supreme Court  
Chair, Advisory Board to the IU Public Policy Institute





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# John L. Krauss

Director, IU Public Policy Institute



# THREE AREAS OF FOCUS



**Education and workforce development**



**Energy and the environment**



**State and local tax policy**





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# Jamie Merisotis

President and CEO, Lumina Foundation

Co-Chair, Education and Workforce Development Commission





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One key to Indiana's economic future

# **AN EDUCATED WORKFORCE**



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# CORE PREMISE

The seamless integration of our education, workforce development and business communities is essential to future economic growth in Indiana



# WHERE INDIANA STANDS

- 41<sup>st</sup> in per capita income, last in Midwest
- 16+ percent poverty rate, in bottom 1/3 nationally
- Slightly more than 30 percent of Indiana's population aged 25 and older has earned an associate's degree or higher
- At or near the bottom among Midwest states for educational attainment





# WHERE INDIANA NEEDS TO BE

- By 2018, 55 percent of Indiana's jobs will require some postsecondary education  
(Georgetown University Center on Education and the Workforce)
- Lumina Foundation says we should aim for 60 percent by 2025  
(Goal 2025)
- Many of these jobs can be filled by individuals with less than a four-year college degree, but more than a high school diploma



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# GOAL

Create a highly skilled workforce in which 2/3 of workers have the degrees and credentials demanded by a knowledge economy



# 3 OBJECTIVES

1. Every Indiana resident should possess the basic skills required to remain competitive in the workforce and allow a successful transition to higher education or further training
2. The postsecondary education model must be broadened to incorporate the value of degrees and credentials other than a four-year bachelor's degree
3. Engagement with employers and the business community is vital to improving the education and workforce development systems



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# POLICY OPTION 1

Align college and career standards for graduation from high school and admission to college



## POLICY OPTION 2

Redesign the state's workforce training, economic development and postsecondary education strategies for workers to ensure that they remain competitive in the labor market



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## POLICY OPTION 3

Increase participation by employers in the design and delivery of the workforce development system



# BOTTOM LINE

Enhanced Education + Workforce Development  
= Economic Prosperity

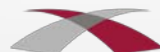




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# DISCUSSION

- In discussing this report, what are one or two things that should be highlighted?
- What is the biggest obstacle to progress on this issue? Any ideas on how to overcome these obstacles?
- How do we keep the conversation going?





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## **Mark Maassel**

President and CEO, Northwest Indiana Forum  
Co-Chair, Energy and the Environment Commission





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# **AN ENVIRONMENTALLY SOUND ENERGY POLICY**



# STATE/NATIONAL GOALS

- National energy security
- Reduced greenhouse gas emissions
- Job growth



# HOW INDIANA CAN HELP (AND HELP ITS ECONOMY, TOO)

- Advanced biofuels
- Electric vehicles and battery technology
- Energy efficiency
- Carbon capture and storage



# ADVANCED BIOFUELS WHERE INDIANA STANDS

- Great potential to use agricultural resources
- Strong research universities for developing new technologies
- Natural resource capacity to support ~ five cellulosic ethanol plants using corn stover
- Lots of jobs, economic potential



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# ELECTRIC VEHICLES AND BATTERY TECHNOLOGY WHERE INDIANA STANDS

- Prowess in auto and auto parts industries
- Strong university research capabilities
- Willingness and ability to offer competitive financial incentives to attract manufacturers
- Already gaining national attention as a leader in battery manufacturing



# ENERGY EFFICIENCY WHERE INDIANA STANDS

- Industrial sector contributes to state's relatively high energy consumption
- Significant opportunities for energy efficiency across sectors
- Newest construction standards can easily and cost-effectively reduce energy use, save money, avoid waste and minimize pollution





# CARBON CAPTURE AND STORAGE WHERE INDIANA STANDS

- 90+ percent of the electricity generated in Indiana comes from coal-burning power plants
- Dependence on coal provides relatively low-cost electricity, ranking it among the 15 lowest-cost states in the nation
- Second largest coal-consuming state in U.S.
- Indiana's industries and its coal-based power generation release significant amounts of CO<sub>2</sub>



# BOTTOM LINE

- Many energy/environment issues are governed by federal policy and action, but some can be addressed at the state level
- Options address areas in which Indiana already has strong advantages and areas critical to Indiana's economy
- Many of Indiana's strongest opportunities involve development and commercialization of emerging technologies
- We must move fast and be among the first





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## **David Lewis**

Vice President–Global Taxes, Chief Tax Executive, Eli Lilly and Company  
Co-Chair, State and Local Tax Policy Commission





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# A BALANCED TAX POLICY



# FEDERAL CONTEXT

- Deficit-driven reforms could mean fewer federal funds directed to states to cover costs
- Federal corporate taxation presents challenges in attracting and retaining global-economy industries
- Indiana's Governor and other elected officials must take an active role in promoting the interests of Indiana in these federal discussions



# STATE CONTEXT

- Indiana lost 250,000 of its 3.1 million total jobs between 2008 and 2011
- Adjusted for inflation, Indiana personal income grew by 4 percent since 2000, compared to 14 percent for the nation





# MORE STATE CONTEXT

- Much of Indiana's road network has surpassed its useful life span of 30 years and is in need of immediate repair
- Indiana faces significant shortfalls in funding needed to meet current road needs
- Local governments face greater challenges than state government for fiscal sustainability



# GOALS

- Enable economic growth; business and individual well-being
- Balanced approach with broad tax bases and low rates
- Consistency, clarity and effectiveness through a purposeful structure and operation of government
- Recognize regional differences in approaches to economic growth
- Emphasize a long-term strategy for infrastructure preservation and enhancement
- Facilitate consistency in taxation



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# CRITICAL ISSUE 1

Preserving an attractive business climate



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# CRITICAL ISSUE 2

Designing a government structure to enable a 21st century growth economy



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# CRITICAL ISSUE 3

Funding necessary maintenance and enhancement of our infrastructure



# BOTTOM LINE

- Taxation must be clear and methods certain; certainty promotes confident decision-making, which contributes to improving the economy
- Delineating more reasonable and equitable taxing boundaries will improve tax system fairness and effectiveness
- Significant changes to the structure of local government are necessary to keep it affordable





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Policy Choices

# WRAP-UP and REPORT OUT



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## NEXT STEPS

- Share with current policymakers
- Share with candidates and policy advisors
- Share with opinion leaders who inform and advocate for public policy
- Additional research as appropriate
- Refinement of recommendations as needed
- Development of specific policy proposals





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