Three keys to Indiana’s economic future
Randall Shepard
Chief Justice of the Indiana Supreme Court
Chair, Advisory Board to the IU Public Policy Institute
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
Jamie Merisotis
President and CEO, Lumina Foundation
Co-Chair, Education and Workforce Development Commission
One key to Indiana’s economic future

AN EDUCATED WORKFORCE
CORE PREMISE

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

• 41st 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
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.
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
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
John L. Krauss
Director, IU Public Policy Institute
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?
Mark Maassel
President and CEO, Northwest Indiana Forum
Co-Chair, Energy and the Environment Commission
One key to Indiana’s economic future

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
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 CO₂
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.
John L. Krauss
Director, IU Public Policy Institute
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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
One key to Indiana’s future

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
CRITICAL ISSUE 1

Preserving an attractive business climate
CRITICAL ISSUE 2

Designing a government structure to enable a 21st century growth economy
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
John L. Krauss
Director, IU Public Policy Institute
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John L. Krauss
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Policy Choices

WRAP-UP and REPORT OUT
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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POLICY CHOICES