

ECONOMIC VISION 2010: WE'VE COME A LONG WAY IN 20 YEARS

Series of impact reports on Indiana
Chamber Foundation studies



From the introduction to *Economic Vision 2010: A Business Plan for Indiana's Future*, published in 2000 as the predecessor to the current *Indiana Vision 2025*:

"Indiana is resting on its laurels. Low inflation and unemployment coupled with a booming stock market have lulled Hoosiers into a false sense of security. While we have appeared to be doing well economically, in reality we have lagged behind most other states on many key economic measures for several years. A vision for the future was a casualty of the past and current success.

Technology and the rapid rate of change mean current success does not guarantee future achievement. The rules of the economic development game are changing, and the players must adapt or be left looking in from the outside.

(A series of studies in the mid- to late-1990s) concluded that while Indiana's leadership role in manufacturing and agriculture have served the state well over the years, maintaining the status quo will not be enough. We must also grow and develop the type of high-tech businesses and jobs that are becoming increasingly more dominant in the new economy."

The fourth installment of the *Indiana Vision 2025* Report Card was released in June of this year. As the Indiana Chamber and statewide partners analyze and discuss the results, the focus is often justifiably on areas in need of improvement.

But if one takes a longer – much longer – view of where Indiana was at the end of the previous century compared to today, the storyline shifts to one of tremendous accomplishment and progress.

Evaluating Indiana's performance in relation to the other 49 states remains a staple of current efforts. In 2000, under the header of Today's Reality, those rankings included:

- 50th: Proportion of the labor force employed in professional, specialty and managerial occupations that account for almost three of every four net new jobs created nationally
- 50th: High-tech job growth between 1993-1998
- 47th: Percentage of adult heads of household with a college degree
- 45th: Venture capital invested per capita
- 45th: Number of Ph.D. scientists and engineers per 1,000 workers
- 43rd: Number of new start-up companies
- 39th: Federal research and development spending per capita
- 38th: Job growth between 1989-1999
- 35th: Economic momentum
- 35th: University research and development expenditures

In addition, 30% of all U.S. publicly traded companies were classified as technology businesses. In Indiana, that figure was 1%.

Let's look at the five original drivers of *Economic Vision 2010* and some of the associated goals/initiatives, many which have been achieved.



DRIVER 1: EDUCATION/WORKFORCE DEVELOPMENT

The first goal under this driver was to create a world-class K-12 education system. Some of the specific initiatives within that goal reveal basic tenets that Indiana was lacking at that time:

- Develop and implement world-class performance standards by subject and by grade level
- Ensure development of an accountability/quality process system
- Increase parental options by enacting school choice, charter school and tuition tax credit legislation (Indiana was one of 14 states without charter schools)
- Advocate for the implementation and effective use of alternative teacher licensing for experienced professionals

It is difficult to imagine today that Indiana, just two decades ago, was without effective standards, accountability, school choice and alternative pathways to the classroom for teachers. At various times since, portions of the state's academic standards and the strength of the charter school law have been ranked among the best, if not the best, in the nation.

That is the magic of Indiana Chamber Foundation research – identifying the gaps/challenges/opportunities that are then filled by Chamber expertise in advocacy and programming, as well as collaboration with key stakeholders.



DRIVER 2: BUSINESS COSTS

The story is much the same here. Even those engaged in the tax battles of the past may struggle to recall that in the year 2000:

- Indiana was one of only nine states with an inventory tax (eliminated in 2002, along with the corporate gross receipts tax, after an estimated 30-plus years of effort)
- Indiana's corporate net income tax was significantly higher than other states (a rate that stood at 8.5% in 2011 will be lowered to 4.9% in 2022)
- Indiana's business personal property tax burdens were comparatively much higher than in other states (significant progress was achieved in 2015, 2016 and 2019 with more needed)

Additional goals in this driver focused on civil justice (a commercial court pilot was introduced in 2016 to handle complex business disputes), energy costs and health care. As the current *Indiana Vision 2025* Report Card attests, much work remains in improving the health of Hoosiers and reducing the current high costs.



DRIVER 3: GOVERNMENT/REGULATORY ENVIRONMENT

A primary challenge at the time was that many Indiana regulatory agencies were more focused on punitive action than working with business. The top initiative was to drive a philosophical shift in government to assist companies with compliance and form partnerships focused on crafting solutions.

Today, Indiana's regulatory environment is considered among the best in the nation with high rankings in each of the *Indiana Vision 2025* evaluations.



DRIVER 4: INFRASTRUCTURE

In 2000, the emphasis was on what was lacking: direct air service to high-tech centers, build-out of telecommunications infrastructure, a solution to completing the Interstate 69 extension (along with other road needs) and a "fair share" return of federal dollars for funding of highway projects.

Now:

- Direct flights have soared (50 each day from Indianapolis International Airport alone)
- Private sector investment in telecommunication infrastructure escalated following 2006 reform (although "last mile" broadband service remains a challenge)
- A 2024 completion date is in sight for I-69
- While still a "donor" state, Indiana has improved its percentage of return in federal highway dollars



DRIVER 5: DYNAMISM/ENTREPRENEURSHIP

Once again, the *Economic Vision 2010* authors were on target with discussion of technology transfer, commercialization of university research and increasing the availability of alternative financing for start-up and growth companies. The latter included seed funding and tax credits for investors.

Indiana now has top 10 rankings on university licenses/options and university business spinouts, per the current Report Card.

You can find *Indiana Venture Capital Study: Then and Now*, the first of our Impacts Reports on prior Indiana Chamber Foundation work, at www.indianachamber.com/studies. Published in May of this year, it outlines the progress in funding efforts and tax credits.

LEADING THE WAY

The five original drivers of *Economic Vision 2010* became four that were similarly organized under the *Indiana Vision 2025* banner. And while the work will undoubtedly continue beyond that 2025 horizon and the thresholds for success are always evolving, it's also clear that Indiana would not be where it is today without the foresight put into place 20 years ago.

Yes, Indiana still has six metric rankings that remain in the bottom 10 states. It has more than double (14), however, that are top 10, and the state's overall business climate is generally regarded as the leader in the Midwest and among the 10 best in the country.

Whether through overall economic development plans as discussed here or individual studies, the Indiana Chamber Foundation will be helping lead the way. The *Indiana Vision 2025* mission is for "Indiana to be a global leader in innovation and economic opportunity where enterprises and citizens prosper."