

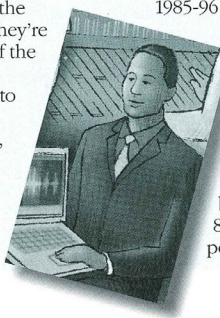
PREVENTING BRAIN DRAIN

by Suzanne Clem

Indiana ranks near the top of the list for states losing college graduates to other parts of the country, but state and local organizations are taking aim to strengthen Hoosier grads' roots in their home state, keeping Indiana's talent within its borders.

Some leave in search of higher salaries. Some leave in search of greater opportunity for advancement. Some leave in search of mountains, oceans, or uninterrupted sun. Some leave simply in search of something they haven't seen before. Whatever their individual reasons, Indiana's college graduates are packing up and leaving the state after earning their degrees, and they're doing it at a higher rate than the rest of the country.

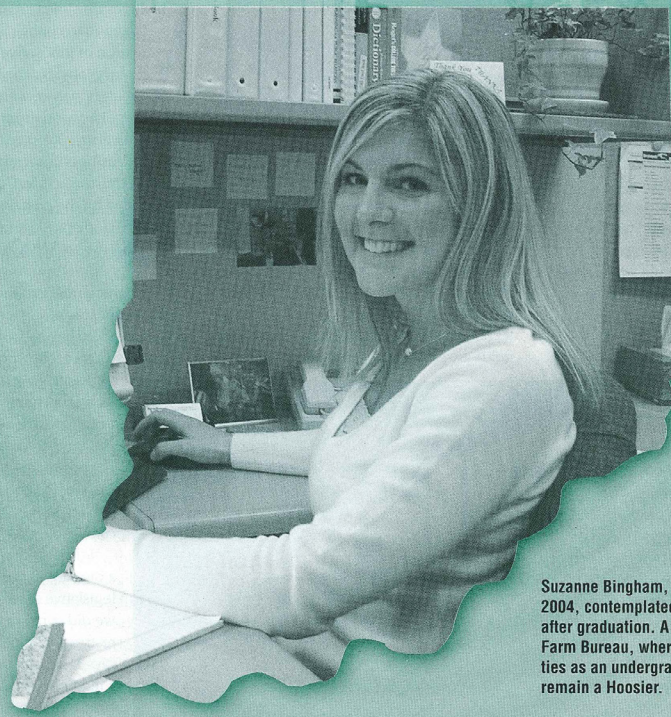
The migration of Hoosier graduates to other states has attracted the attention of local and state government officials, business leaders, and university administrators, all of whom are on a mission to reverse this "brain drain" and help retain Indiana's valuable human capital.



The numbers that have caused alarm are found in a 1999 report from the Indiana Human Capital Retention Project, the most recent comprehensive study of Indiana's graduate retention and migration. Conducted by the Indiana Fiscal Policy Institute (IFPI), the project studied graduates of the years 1985-96 and found that about one-third of Hoosiers earning baccalaureate degrees in Indiana leave the state after graduation. Broken down, 34.5 percent leave and never return; 2.7 percent leave, come back, and leave again; 7.6 percent leave and come back to stay; and 55 percent never leave the state. These figures place Indiana well behind its neighbors. Of graduates with bachelor's degrees, Illinois retains about 82 percent; Michigan, 80 percent; Ohio, 75 percent; and Kentucky, 80 percent. Indiana's

18 Ball State Alumnus / March 2005

WELCOME



Suzanne Bingham, Ball State class of 2004, contemplated moving to Colorado after graduation. A local job offer from Farm Bureau, where she had formed ties as an undergraduate, enticed her to remain a Hoosier.

Ball State Alumnus / March 2005 19

PREVENTING BRAIN DRAIN

two-thirds is also lower than the national average of 71 percent.

At issue, in part, is the amount of state money spent financing the education of students who graduate and then leave. In 2004, the state government earmarked \$1.47 billion in tax dollars for higher education. Nearly one-third of that money leaves the state with outgoing graduates, and because Indiana loses more grads to other states than it gains, the money is not recouped. Indiana ranks 14th in the number of college graduates its schools produce per capita each year, but it ranks 44th in its number of college-educated residents per capita, according to federal statistics.

More troublesome than simply the export of education dollars, however, is the loss of "human capital," the talent that attracts new businesses, creates growth in existing businesses, and brings innovation to the state. These are people who drive economies, and the state wants to keep them.

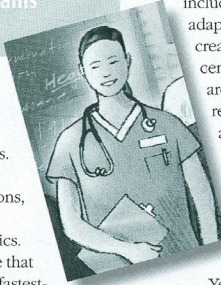
"Right now, Indiana ranks very low in numbers of jobs that college graduates would be interested in, and that's the reason why so many must go elsewhere to seek rewarding employment," says Thomas Kinghorn, vice president for Business Affairs and treasurer at Ball State. His statement is supported by the IFPI's finding that the main reasons graduates leave Indiana are related to careers, rather than to quality of life or family issues. "One of the major changes Indiana needs to make is to develop, in far greater numbers, the kind

"I think Indiana took a big step in the 2002 legislative session when we did some major restructuring of taxes."

Tiny Adams

of jobs that college graduates aspire to occupy," Kinghorn says.

These jobs are high-wage, high-tech positions, according to the U.S. Bureau of Labor Statistics. Bureau figures indicate that ten of this decade's 15 fastest-growing jobs are in information technology. Graduates in technology fields are also among those most likely



to leave Indiana, with a retention level of roughly 37 percent, reports the IFPI study.

The need for a more high-tech, innovative job market is highlighted by the Indiana Chamber of Commerce's Vision 2010 initiative, which outlines strategies for economic growth and issues a yearly "economic report card" for Indiana. On the 2004 report card, Indiana earned a failing grade in the dynamism category, which includes new idea creation, adaptation to change, and creation of innovative, 21st century jobs. Balancing weak areas, however, were an "A-" in regulatory environment and an above-average "B-" in both business costs and physical infrastructure. Consistent with the past five years, Indiana's overall grade was a "C," leaving ample room for improvement.

Yet, according to the same report, optimism among Hoosier business leaders has risen since 2003, perhaps because of the efforts of local

and state governments, as well as numerous organizations across the state, to create an environment where both businesses and graduates can feel confident establishing roots.

"I think Indiana took a big step in the 2002 legislative session when we did some major restructuring of taxes," says Muncie's Tiny Adams, a member of the Indiana House of Representatives. The changes passed included elimination of the corporate gross income



Accepting a full-time position at Farm Bureau after her internship there, Suzanne Bingham is now a public affairs specialist.

20 Ball State Alumnus / March 2005

PREVENTING BRAIN DRAIN

in convenient access to each other. Currently, more than 6,300 students and nearly 1,500 employers are actively registered, and more than 700 internships are available.

Facilitating matches, however, is only part of Indiana INTERNet's undertakings. The service also offers personal consultation to help smaller businesses create internship programs and help existing programs expand. Encouraging companies to utilize interns is at the core of the program's efforts, and it seems to be working. In a 2003 evaluation of the program, 34 percent of employers who used the INTERNet reported that they had not offered an internship program before using the system.

Ball State senior Mike Garvey and 2004 Ball State graduate Suzanne Bingham know first-hand the influence an internship can have on full-time employment.

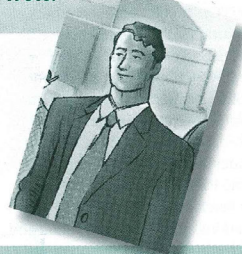
As a public relations major at Ball State, Bingham saw an announcement for a public affairs internship at Farm Bureau Insurance in Indianapolis.

She applied for and received the internship, which she completed the summer before her last semester of school.

Throughout that final semester, Bingham continued to write for Farm Bureau publications from Muncie while she began her "real world" rite of passage, the job search. "I was looking toward Colorado for a job, so when I was doing searches, I was looking in Denver, mainly," says Bingham. "The main reason was the beauty of the area. I figured that if I could find a job, I'd like to live out there."

In November, however, one month before her December graduation, Farm Bureau asked her to return to Indianapolis and join their full-time

In 2002, the Muncie-Delaware County Economic Development Alliance kicked off its five-year Vision 2006 program, the area's fourth and most aggressive economic development plan since the mid-1980s.



staff. The security of having a job waiting upon graduation was more important to Bingham than living in Colorado, and she accepted the Indianapolis public affairs specialist position.

Like Bingham, Garvey completed a student internship, working at financial service provider G.A. Repple and Company in the summer of

BioCrossroads elevates Indiana's life sciences status by Denise Greer

Indiana has one of the nation's largest concentrations of key life sciences workers. In fact, the state's universities produce tens of thousands of life science graduates each year, according to BioCrossroads, an initiative to make Indiana a national and international center for life sciences.

It's no wonder why BioCrossroads has partnered with Indiana government, corporations, and universities to capitalize on the state's strengths. And Indiana graduates are reaping the benefits.

BioCrossroads was established in 2002 as the Central Indiana Life Sciences Initiative to accelerate new business formation and jobs. A year prior to its inception, Battelle Memorial Institute, a private nonprofit organization recognized worldwide for technology development, management, and commercialization, conducted a study that identified life sciences as one of the state's most promising economic development areas. Also included were advanced manufacturing, logistics, and information technology.

In conjunction with the Indiana Health Forum, BioCrossroads "is focused on creating a strong talent pipeline that fills the needs of the

state's life sciences firms, while preparing Hoosiers for tomorrow's career opportunities in the bio-economy," says Jenny Siminski, spokesman for BioCrossroads.

Since its inception, BioCrossroads has experienced significant progress, including establishment of the Indiana Future Fund 1 (IFF1), a \$73 million venture capital fund to spur investment in Indiana opportunities. The fund has invested in six local and national venture capital firms.

A result of IFF1 has been the teaming of corporate and academic experts to form start-up companies such as the two leading the way for BioCrossroads: the Indiana Center for Applied Protein Sciences and the Indiana Health Information Exchange. The goal is that these small biotech, with time, will mature into companies that employ hundreds of people and have the potential to form sub-companies.

Economic development through start-ups, relocations, spin-outs, and collaborations are providing opportunities for Indiana graduates. With BioCrossroads's information, jobs, and research, Indiana's life sciences graduates are finding it easier to explore careers within the state.

hundreds of employees," Kinghorn says. "It started exactly the way we hope other new businesses will start and flourish."

Studies by the National Business Incubation Association and the U.S. Department of Commerce estimate that 84 percent of businesses that graduate from incubators stay in their communities after achieving independence. These businesses have produced about a half-million jobs since 1980, according to the findings.

To spread the word about Muncie and Delaware County's strides toward a more vibrant economy and job arena, marketing efforts accompany the many Vision 2006 initiatives. Similar to state media efforts to boost Indiana's image and beckon graduates back to the state, Vision 2006 calls for a "Back Home Again in Muncie" marketing campaign to draw in Ball State alumni who have left Delaware County. Throughout the five-year plan, community leaders also are

promoting the ready availability of Ball State students, an attractive prospect for growing businesses and an effective way to keep graduates.

The city, county, and state mission to enhance quality job opportunities for Indiana graduates is a long-term undertaking, but it is already seeing results. Muncie was named the 2004

"Community of the Year" by the Indiana Chamber of Commerce, owing to quality of life improvements, and *Money Magazine* recently placed Muncie on its list of five "Up and Coming Cities" with populations under 150,000. In 2004, Delaware County was one of 28 Indiana counties whose personal income growth rate was higher than the state's. Additionally, *Entrepreneur Magazine* ranked Indiana second in the nation on its 2003 "Best Bet" list for small business growth.

The Indiana Venture Center, Indiana INTERNet, and Vision 2006 alliance are key contributors to these accolades, yet they are only a small sampling of the numerous organizations working toward economic development and graduate retention in Indiana. Almost all of Indiana's colleges and universities, including Ball State, have received Lilly Endowment funds to implement graduate retention programs.

Ball State received \$1.5 million from the endowment, which it has used to implement the Business Fellows Program. The university also is fighting brain drain through its Building Better Communities projects and iCommunications collaborations. With these initiatives, Ball State joins the many business, community, government, and academic efforts tackling brain drain across the state—helping make the Crossroads of America not those that lead graduates to adventure and prosperity elsewhere, but roads that Hoosier graduates are happy to call home. ■

The May Ball State Alumnus will delve deeper into Ball State-specific "brain gain" initiatives—the Business Fellows Program, Building Better Communities, iCommunications, internship efforts, and others.

22 Ball State Alumnus / March 2005

PREVENTING BRAIN DRAIN

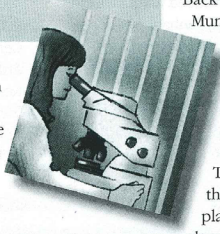
businesses can receive assistance in prototype development, financial management, technology transfer procedures, and other business matters.

Kinghorn, chairman of the Vision 2006 executive committee, says the goals of Vision 2006 mirror those of the statewide TechPoint organization, which works to advance Indiana's technology businesses. At both the state and local levels, an economy rich in technology businesses like those in business parks attracts not only more high-tech companies, but also other businesses that stand to benefit from the economy-growing power of tech companies.

Complementing the Vision 2006 business park support is a devotion to nurturing high-potential start-up businesses. The Innovation Connector, a small business incubator, is key to this effort. Located just north of campus on Marsh Street, the incubator is a collaboration between Ball State, Cardinal Health Systems, and the City of Muncie. Since the acceptance of its first business in 2002, the incubator has grown to house six companies, all with access to university resources for help in market research, accounting, product licensing, and more.

Kinghorn likens the potential of the fledgling businesses to the success Ontario Systems has achieved. "There was a time when Ron Fauquier and Wil Davis [founders of Ontario Systems] were operating out of their garage. They started that company as just two individuals, and they grew it to

Money Magazine recently named Muncie one of five "Up and Coming Cities" with populations under 150,000.



24 Ball State Alumnus / March 2005

LEARNING TO LIVE IN INDIANA

PREVENTING BRAIN DRAIN

tax and the phasing out of inventory taxes. In addition, the legislature doubled the research and development income tax credit from five percent to ten percent, created the Indiana Economic Development Corporation, expanded the 21st Century Research and Technology Fund, and initiated the Hoosier Business Tax Credit.

To specifically encourage entrepreneurship, the state now offers a venture capital tax credit, providing a 20 percent tax credit for venture capital investments in technology-centered start-up companies.

Assisting entrepreneurs also is the mission of the Indiana Venture Center (IVC), the nation's first public-private partnership comprising several universities and the private sector. Founded by Stephen Beck, a member of Ball State's entrepreneurship board and former BSU faculty member, IVC is a collaboration of five Indiana universities and the Central Indiana Corporate Partnership. The schools provide services, such as faculty consultations, high-tech equipment, and product testing, to help entrepreneurs and growing companies carry out innovations.

Lynne Richardson, Dean of the Miller College of Business, joined the IVC board of directors in December of 2004. "What we're trying to do is to provide resources in a one-stop shopping place for people who either have a small business and need help growing it or organizations that have an idea but don't know how to commercialize it. They have a widget, but may not know how to market it," says Richardson.

The center also features a fellowship program and assistance in finding interns. "We're looking for ways to involve our students and faculty," Richardson says. "The faculty are conduits of information, and being able



Learning to assess hail damage to a roof, Bingham and fellow Farm Bureau interns are immersed in the workings of insurance during the summer of 2004.

to share information with students helps them understand the opportunities there are in Indiana."

She believes the result is a win-win situation for the state and the businesses. The students exposed to IVC projects learn about Indiana's growing innovation and even build relationships with local companies, which can translate into retention of these high-potential students when close-to-home connections turn into close-to-home job offers.

The idea that directly involving students in companies helps retain graduates is not specific to IVC graduate retention efforts. In fact, it is the sole emphasis of another retention program, Indiana INTERNet, initiated by the Indianapolis Chamber of Commerce.

"The primary key to Indiana college graduate retention is the availability of internships, says 2000 Ball State alumnus Stacy Schleeter, account associate at Borshoff Johnson Matthews

public relations firm in Indianapolis, which handles the Indiana INTERNet account. "Internship programs allow employers to build relationships with college students early."

Internships, in which students work at a company for a summer or semester, can draw students into a state's corporate scene long before they've made decisions about post-graduation.

The relationships established are of such benefit to retention because they are frequently succeeded by offers of full-time employment. Approximately half of all interns accept a full-time position with the company of their internship after graduation, according to the National Association of Colleges and Employers.

Seizing this information, the Chamber launched the INTERNet to promote the benefits of internships. Through the INTERNet Web site, Indiana businesses can post internship positions and students can post resumes, resulting

Ball State Alumnus / March 2005 21

2003. Unlike Bingham, however, Garvey's internship was in Casselberry, Florida. This May, he will prepare to move back to Casselberry to begin the full-time position he was offered at the end of his internship.

Garvey never specifically planned to pursue a job out-of-state. "I had figured that since I'm from northwest Indiana, I'd probably end up in the Chicago-area [after graduation], but I was willing to go pretty much anywhere," says Garvey. "I was planning on taking whatever I could get."

Despite the distance from home, the company's values and the early assurance of a job persuaded him to accept the offer. "I didn't really have any of the big offers on the table since I was a junior, so I told them I'd join the team," Garvey says.

Efforts to keep valuable students like Garvey in Indiana don't stop at the state level. Muncie and Delaware County leaders have embarked on an economic expansion plan that will help retain Ball State graduates and entice those who have left the area to return. Quoted in *Indiana Business Magazine*, Terry Murphy, vice president of economic development for the Muncie-Delaware County Economic Development Alliance, said, "As we went through our visioning process, we discovered we needed to do a lot better on working with Ball State University and retaining the graduates coming out of the premier programs we have."

In 2002, the Muncie-Delaware County Economic Development Alliance kicked off its five-year Vision 2006 program, the area's fourth and most aggressive economic development plan since the mid-1980s. The alliance is one of less than 30 economic development organizations in the U.S. and Canada recognized as an Accredited Economic Development Organization by the



O'Neal Smitherman, Ball State's vice president for information technology and executive assistant to the president, presents at Muncie's 2004 Technology Summit.

International Economic Development Council.

Vision 2006 aims to create economic strength and enhanced quality of life through attainment of six core goals: expansion and retention of existing business; attraction of new businesses and tax base expansion; recruitment and retention of knowledge-based workers and businesses—specifically those in areas such as telecommunications, software development, advanced manufacturing, and biotechnology; enhancement of transportation and distribution infrastructure; growth of population and labor supply; and further development of Muncie's downtown district. The program also hopes to boost Muncie's per capita income from 93 percent to

100 percent of the state average by 2010.

Technology initiatives are a staple of the five-year plan. Currently, leaders are working to develop a high-speed wireless system to cover the entire community. Vision 2006 committees also sponsor technology videoconferences, offer training to those who want to upgrade their skills, and host an annual Technology Summit. At the 2004 summit last November, roughly 250 people gathered to explore new technologies, entrepreneurial strategies, and tactics for business growth.

Perhaps one of the most substantial technology efforts in which Vision 2006 is involved is Muncie's Certified Technology Park. Situated where Jackson Street intersects the White River, the park includes two anchor businesses, Ontario Systems and Pathologists Associated. Ontario Systems, a provider of receivables management information systems, houses nearly 400 employees. Pathologists Associated is a laboratory services provider, employing more than 370 people at its Muncie location.

The park was designated as a Certified Technology Park, Indiana's 11th, last August by then-Governor Joe Kernan. Ball State has partnered with the park to provide companies support through consultations with faculty and technology professionals. Member



The Ontario Place sign marks the entry to Muncie's newly designated Certified Technology Park, where Ontario Systems and Pathologists Associated are anchors.

Ball State Alumnus / March 2005 23