



Fiscal Policy

MEMORANDUM

Important Notices

Upcoming Event:
October 16, 1997
Annual Meeting.
U.S. Senator Richard
Lugar will be the
keynote speaker.

Recent News:
The Institute's
President, Bill
Sheldrake, is one of
32 members on the
Governor's Citizen
Commission on
Taxes. Interested in
hearing more about
the Commission and
its work? Call us to
schedule a
presentation on
Commission progress
to date and work in
the coming year.

Look For:
New publications
scheduled for release
include 1) A Guide to
Indiana School
Finance and 2) The
1997-99 Indiana State
Budget.

The Institute Undertakes New Challenges

On June 24, 1997, the Institute announced the receipt of a grant from the Lilly Endowment to conduct a 21-month study into the State's investment in higher education and Indiana's labor market. The Lilly Endowment's grant is valued at over \$370,000. The Institute will work in collaboration with the Indiana Chamber of Commerce and the Indiana Commission for Higher Education, who jointly contributed approximately \$70,000. This is a unique and exciting opportunity for the Institute to undertake a lengthy study into one of the most challenging issues facing Indiana.

The study encompasses a series of questions into Indiana's economy, labor force, and education programs. Specifically, researchers will evaluate the educational achievement of Indiana's workforce and the migration or mobility of the State's population of college graduates. The research is targeted at 1) a perceived lack of human capital available to the State's economy, 2) the possible impact of that situation on the State's economy, and 3) the discovery of workforce development strategies that will not only correct the lack of supply but act as a catalyst for a more rapidly growing economy in Indiana. Additionally, the project will explore the linkages between the State's developing future economy and the human capital resources necessary to achieve it.

This project involves an in-depth analysis of current population statistics and a survey of graduates from Indiana colleges and universities. Also included is an analysis of how Indiana's labor market operates currently and its contrasting characteristics from other states or regions. The best practices of other states in developing and maintaining a high and productive level of human capital in conjunction with a growing economy will also be examined.

The 21-month study is well underway with research endeavors already in progress. Discussions with researchers throughout the Midwest are also taking place in order to contract out some components of the study. The time line (see box insert) provides a brief overview of estimated project deadlines. The final report should be complete by November 1998, in time for the results to be available for the 1999 legislative session. Interim reports may be issued as portions of the research are completed.

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Human Capital Retention Project Time Line

Phase 1:

May-June '97 Launch Project
July '97 Commence Assigned Papers/Tasks
September '97 Begin Econometric or I/O Mode
Development
April '98 Complete Assigned Research Tasks
June '98 Test Policy Options Using Models
Developed
July '98 Begin Work on Final Reports and
Evaluating
Research Process
November '98 Complete Final Report, End Phase 1

Phase 2:

November '98 Begin Discussing Report and Findings with
Interested Groups
December '98 Distribute Final Reports and Meet with
Legislative Leadership and Staff
January '99 Answer Questions During Legislative
Session

This project will add a new dimension to the Institute's research agenda and should strongly enhance its reputation. As with any project undertaken by the Institute, the goal is to produce an independent, non-partisan, and factually sound research product. This project is no exception and will require an intensive commitment by the Institute. Nonetheless, the Institute's regular research agenda will continue.

In order to insure that the normal responsibilities of the Institute are met, an additional staff person is necessary and can be hired with assistance of the research grant. The new Research Associate will be involved both with the Human Capital Retention project and the normal research agenda.

Receipt of the Lilly Endowment grant presents both opportunities and challenges for Institute finances. Membership contributions must be maintained to continue the Institute's topical research in areas like pensions, K-12 education, Medicaid, and property taxes.

This is an important public policy research project for the State and for the Indiana Fiscal Policy Institute. We are excited to lead the research agenda in this area and believe the endeavor will significantly benefit the Institute's members. Updates on the progress of the project will be forthcoming.



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