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Sen. James Buck, Co-Chairperson
Sen. James Arnold
Rep. Mark Messmer, Co-Chairperson
Rep. Dan Forestal
Eric Doden
Art Evans
Mark Becker
Mayor Shawna Girgis
Jeff Quyle
Danita Rodibaugh
Chris Lowery
Dr. Raymond Golarz
Dr. Vidya Kora
Tom Easterday

INTERIM STUDY COMMITTEE ON ECONOMIC DEVELOPMENT

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Authority: IC 2-5-31.8

MEETING MINUTES[1]

Meeting Date:	**October 9, 2013**
Meeting Time:	**10:00 A.M.**
Meeting Place:	**State House, 200 W. Washington St., 431**
Meeting City:	**Indianapolis, Indiana**
Meeting Number:	**4**

Members Present: **Sen. James Buck, Co-Chairperson; Sen. James Arnold; Rep. Mark Messmer, Co-Chairperson; Rep. Dan Forestal; Eric Doden; Jeff Quyle; Danita Rodibaugh; Chris Lowery; Dr. Raymond Golarz; Dr. Vidya Kora; Tom Easterday.**

Members Absent: **Art Evans; Mark Becker; Mayor Shawna Girgis.**

Co-chairperson Senator Jim Buck called the meeting to order at 10:06 a.m..

The role of Indiana's higher education system in economic development

Teresa Lubbers, Commissioner, Indiana Commission for Higher Education, began the day's testimony with her presentation on the role of Indiana's higher education system in economic development.

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[1] These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at http://www.in.gov/legislative Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of $0.15 per page and mailing costs will be charged for hard copies.

Commissioner Lubbers' initial remarks were related to the issue of what preparation will be necessary for today's workers, particularly young people, to be in the middle class. Her point of view is that, more than ever, there is a linkage between education and employment. While there may be rare exceptions, the path to the middle class for virtually everyone else takes both hard work and credentials, which include the whole range of post-secondary degrees.

She made several points about the modern realities confronting young people:

- There are no career pathways for a young person who drops out of high school.
- A high school graduate who is not seeking a bachelor's degree must still obtain some kind of post-secondary credential.
- College students must clearly realize that prolonging one's college studies is very costly in terms of the additional student loan debt incurred by the student.
- It's essential that a college student who has made a significant start on a college degree go on to obtain the degree.

Commissioner Lubbers recommended to the Committee the new study "Failure to Launch" by the Georgetown University Center on Education and the Workforce and The Generations Initiative, available at cew.georgetown.edu/failuretolaunch. "Failure to Launch" describes changes in long-term workforce trends.

Commissioner Lubbers reviewed the Commission for Higher Education's strategic plan "Reaching Higher, Achieving More". The strategic plan focuses on creating a system of higher education that is student-centered, mission-driven, and workforce-aligned. See Attachment A, which is also available at http://www.in.gov/che.

The extent to which Indiana's K-12 system and the Department of Education support economic development

Senator Buck then recognized **John Barnes,** Director of Legislative Affairs, Indiana Department of Education, and **Eric Ogle,** Career and Technical Education (CTE) Specialist, College and Career Readiness Curriculum -- Humanities, Indiana Department of Education, to present on the extent to which Indiana's K-12 system and the Department of Education support economic development.

Mr. Barnes introduced the topic and Mr. Ogle elaborated with a presentation on Career and Technical Education in Indiana. See Attachment B. The CTE model allows high school students to explore career-oriented subject matter from any of 12 career clusters, including classes that are eligible for dual high school/college credit and classes that prepare students to obtain industry certifications. His presentation compared students who earned six credit hours or more of CTE courses (CTE concentrators) to the general population of high school students, as measured by:

- CTE enrollment statistics;
- graduation rate statistics;
- statistics on students taking courses that qualify for dual credit for both high school and college;
- remediation rates statistics; and
- statistics on industry certifications obtained by students.

The statistics presented by Mr. Ogle showed that CTE concentrators as a group tended to surpass the general population of high school students in the indicated measures.

Indiana's K-12 school systems and economic development

Dr. Raymond Golarz, Committee member and former Indiana teacher and superintendent, made his recommendations concerning the following issues in public education (see Attachment C):

- Teacher authority.
- The crushing impact of meth, spice, prescription drugs, cocaine, heroin, and alcohol.
- Possible increase of economic and racial segregation and also the loss of diverse experiences.
- Adverse economic impact resulting from perceived negative attitudes and attempts by the State to grade public schools.
- The tendency to narrow the idea of education to mean only what is required to be productive economically.

The Committee recessed at 11:59 a.m. and resumed at 1:18 p.m..

Job and skill training: the Indiana Innovative Workforce Centers Projects

Brad Rhorer, Manager of Associate Development, Subaru of Indiana Automotive and **Matt Conrad,** Director -- Indiana Automotive Council, Conexus Indiana, spoke next about a new educational program currently being developed to train vocational employees in the field of industrial maintenance.

Mr. Rhorer explained that the automotive industry, as well as many other industries, are experiencing a shortage of people with training and experience in industrial maintenance. This shortage is expected to become more severe as experienced workers in industrial maintenance retire over the next five to ten years. The problem is two-fold: (1) there is a lack of experienced workers; and (2) there is a lack of entry-level skills among young people and older workers looking to change careers.

Mr. Conrad explained that the Indiana Automotive Council has partnered with Ivy Tech Community College and Vincennes University to develop a training program in industrial maintenance. The training program will combine classroom instruction and on-the-job training with a sponsoring employer. A student who completes the program will receive an associate's degree in industrial maintenance. Neither the student nor the employer are obligated to each other after the student obtains the degree. However, Mr. Conrad believes that a graduate who is not hired by the sponsoring employer will have no problem finding a job elsewhere because of the nationwide demand across industries for workers with industrial maintenance skills.

Mr. Rhorer concluded by articulating some of the other expected benefits of the program in industrial maintenance:

- The program will enhance career opportunities for high school students not going to college.
- The program provides an opportunity for displaced workers.
- The paid work component of the program will be a big help financially to participating students.
- An expanding pool of qualified workers in industrial maintenance can help attract new business to Indiana.

The chart entitled "Future Industrial Maintenance Training Initiative", designated as

Attachment D, has additional details.

Report of the Indiana Economic Development Corporation

Eric Doden, Chief Executive Officer, Indiana Economic Development Corporation (IEDC) and Committee member, briefed the Committee on the following topics:

(1) Community revitalization enhancement districts (CRED). The biggest threat to economic development, Mr. Doden asserted, is a lack of talent, not a lack of incentives. He said that Indiana does a great job incentivizing businesses, but the state's challenges are in attracting talent.

Mr. Doden indicated that CREDs are located throughout the state. As one example, Mr. Doden asked **John Urbahns,** Director of Community Development, City of Fort Wayne, to explain the City's use of a CRED in preparing a downtown site for Ash Brokerage. The big advantage of CRED, Mr. Urbahns told the Committee, is that CRED is a quickly utilized tax credit.

(2) State Economic Incentives and Compliance Report. The Indiana Economic Incentives and Compliance Report is available on the Indiana General Assembly's web site at http://www.in.gov/legislative/.

Mr. Doden commented on incentives compliance reviews. The IEDC used Crowe Horwath to review jobs projection compliance and found that there has been 91.8% compliance with jobs projections that were made as part of the incentive application process. Only 27 companies have been subject to compliance forfeitures of incentives, totaling approximately $3.4 million, of which $1.02 million is currently in collection.

(3) Indiana Twenty-first Century Research and Technology Fund Report. The 2013 report on the Indiana Twenty-first Century Research and Technology Fund (21st Century Fund) is available on the IEDC web site at https://transparency.iedc.in.gov/Pages/AdditionalPublicInformation.aspx.

Mr. Doden briefly described the evolution of the 21st Century Fund. When the 21st Century Fund first started out [2005], the orientation was toward providing grants for university research. Some time after that, the orientation changed to providing grants to businesses for their research activities. Today, however, the IEDC uses the 21st Century Fund more like a late stage venture capital funding source. The IEDC looks to make sure the private sector has funded the candidate first.

Moreover, the IEDC has moved from making grants under the program to providing assistance in the form of convertible notes. A note convertible to equity at the IEDC's option makes it possible for the IEDC to participate in a firm's success, thus replenishing the 21st Century Fund for future investments.

(4) Industry sectors. Mr. Doden described the following industry sectors as strong sectors for Indiana: insurance; life sciences; software and information technology; automotive; logistics; defense; and agribusiness.

(5) Tax laws. Mr. Doden noted that he hears very few complaints about Indiana's tax regime. People are pleased with the declining tax rates and Indiana's surplus/balanced budget situation.

Nevertheless, Mr. Doden suggested that the Committee and the General Assembly find ways to make the following improvements to the Indiana tax code:

- Eliminate the sales tax on data center equipment.
- Make the Hoosier business investment tax credit refundable.
- Eliminate personal property taxes.

Best practices in state and local economic development policies and activites

Michael Hicks, PhD, Director of the Center for Business and Economic Research (CBER) and Professor of Economics, Ball State University, reviewed the findings of a soon-to-published CBER study and then made a few observations about labor mobility.

The forthcoming CBER study looks at three big questions: (1) How does the IEDC compare with its counterparts in other states? (2) What are the states spending in different economic development categories? (3) Where are the jobs going that are related to IEDC activity compared to jobs that are not related to IEDC activity?

On the first question, Prof. Hicks said that the IEDC compares favorably to its counterparts in other states but the study does make some recommendations. Among other things, the study recommends that the IEDC take a greater role in policy development. He also observed that IEDC's work is being hampered by the varying quality of regional economic development organizations in Indiana--approximately 30 counties do not have a regional economic development organization. Prof. Hicks noted that the IEDC has only about 65 employees, as opposed to its counterparts in other states that may have hundreds of employees.

On the second question, the study finds that investments in workforce development do not produce statistically significant changes in outcomes in any area of the country.

On the third question, Prof. Hicks disputed the notion that the jobs resulting from the IEDC's activities are concentrated in just a few cities. On the contrary, the study finds that the IEDC is spreading jobs throughout Indiana.

Prof. Hicks concluded with a few remarks about the movement of people and jobs. He said that in 1940 about 65% of jobs were jobs that could be performed anywhere. In the 1970s, that number dropped to about 30%. The number is now closer to 12.5%. This means that today the jobs are moving to where the people are. In the long run, then, attracting people to a particular locale is a fundamental aspect of attracting jobs to the locale.

Report of the Indiana Department of Workforce Development

Scott Sanders, Commissioner, Indiana Department of Workforce Development, delivered his report on employment in Indiana to the Committee. See Attachment E.

Commissioner Sanders' presentation addressed two broad topics: (1) statistics on employment and unemployment in Indiana and how those statistics have changed over time; and (2) Indiana's workforce development system. Among other things, the statistical part of the presentation showed that:

- Indiana's August 2013 unemployment rate was 8.1%;
- Indiana's private sector job growth is trending above both the U.S. average and the average of other mid-western states;

- the amount of advances to Indiana's unemployment insurance trust fund ($1.3 billion) is decreasing (as of September 20, 2013); and
- Indiana's unemployment insurance claims are decreasing (as of September 21, 2013).

Among other things, the part of the presentation devoted to Indiana's workforce development system explained:

- how the system is organized, including the WorkOne locations statewide;
- the demographics of particularly high levels of unemployment;
- the requirement that a person collecting unemployment insurance benefits make an in-person visit to a WorkOne office after the fourth week of receiving benefits (as required by HEA 1457-2013); and
- the range of WorkOne redeployment services.

Public testimony

Michael Seitz, President, Greater LaPorte Chamber of Commerce, asked the Committee to consider legislation to allow third-class cities to establish a CRED.

Final report

Senator Buck and Representative Messmer decided to make this meeting of the Committee the final meeting of the 2013 interim. They discussed the elements to include in the Committee's 2013 Final Report.

There were 11 members of the Committee present and 3 were absent. The Committee members present agreed unanimously by a voice vote to include the following elements in the Committee's Final Report:

- A summary of the Committee's work activity during the 2013 interim, as reflected in the meeting minutes.

- The following findings:

    - The local wine-growing industry is adversely impacted by the current statutory restrictions on self-distribution of wine.

    - Education is critical to economic development.

- The following recommendations:

    - The General Assembly should adopt legislation that supports some degree of self-distribution of wine by the local wine-growing industry while not negatively impacting distributors of wine.

    - The General Assembly should provide adequate education funding to support the goal of having an educated workforce capable of contributing to Indiana's economic development.

The Committee did not recommend any legislation for introduction in the 2014 session of the General Assembly.

The meeting was adjourned at 4:08 p.m..

ATTACHMENT A

REACHING HIGHER, ACHIEVING MORE

A SUCCESS AGENDA FOR HIGHER EDUCATION IN INDIANA

INDIANA COMMISSION for HIGHER EDUCATION

COMPETE

About the Indiana Commission for Higher Education

MISSION

The Indiana Commission for Higher Education is a 14-member public body created in 1971 to define the missions of Indiana's colleges and universities, plan and coordinate the state's postsecondary education system, and ensure that Indiana's higher education system is aligned to meet the needs of students and the state.

MEMBERS

The Commission includes representatives from each Congressional district, three at-large members, a college faculty representative and a college student representative.

Teresa Lubbers, Commissioner

Ken Sendelweck, Chair, 9th Congressional District

Eileen O'Neill Odum
1st Congressional District

Chris Murphy
2nd Congressional District

Marilyn Moran-Townsend
Vice Chair, 3rd Congressional District

Susana Duarte de Suarez
4th Congressional District

Michael Smith
5th Congressional District

Michael "Jud" Fisher, Jr.
Secretary, 6th Congressional District

Dennis Bland
7th Congressional District

George Rehnquist
8th Congressional District

Gerald Bepko
At-Large Member

Carol D'Amico
At-Large Member

Christopher LaMothe
At-Large Member

Kent Scheller
Faculty Representative, University of Southern Indiana

Keith Hansen
Student Representative, Purdue University

ADOPTION & ACKNOWLEDGEMENTS

Reaching Higher, Achieving More was adopted unanimously by the members of the Indiana Commission for Higher Education in March 2012.

The Commission wishes to thank the many individuals who contributed their time and talent to *Reaching Higher, Achieving More*, including the co-chairs for the strategic plan's development, Gerald Bepko and Marilyn Moran-Townsend.

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WORKING TOGETHER TO ACHIEVE MORE

More Hoosiers than ever before recognize that a college credential is their passport to opportunity and prosperity.

Indiana must rise to the challenge by establishing one of the best and most student-centered higher education systems in the country.

The stakes for achieving more have never been greater. It is not an overstatement to say that Indiana's future depends on the educational attainment of its citizens.

Achieving More calls for a higher education system that is:

- **Student-centered**, recognizing the changing needs and demographics of Hoosier students and placing students at the center of each and every effort, from development to implementation.
- **Mission-driven**, recognizing Indiana's diverse landscape of public and private postsecondary education providers, each filling a distinct but integrated role within the state's higher education system.
- **Workforce-aligned**, recognizing the increasing knowledge, skills and degree attainment needed for lifetime employment and ensuring Indiana's economic competitiveness.

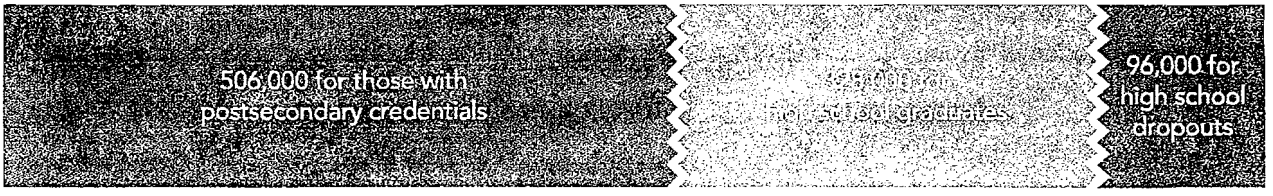
Achieving More requires a focus on student success

by creating efficient pathways and incentives for **completion** of degrees and certificates, promoting **productivity** to safeguard affordability, and attaining a standard of academic **quality** that ensures Indiana's college credentials are universally recognized for their rigor and value.

THE *REACHING HIGHER, ACHIEVING MORE* CHALLENGE

1. **College Completion:** Increase on-time college graduation rates for Hoosier students to at least 50 percent at four-year campuses and 25 percent at two-year campuses by 2018.
2. **Degree Production:** Double the number of college degrees and certificates produced currently by 2025 (requires increasing annual degree production from approximately 60,000 degrees to 120,000 degrees).
3. **Education Attainment:** Increase higher education attainment of Hoosier adults to 60 percent of Indiana's population by 2025 (45 percent by 2018).

930,000 Projected Job Vacancies by 2018



Reaching Higher, Achieving More

Looking Back: Reaching Higher

Since the first *Reaching Higher* strategic plan was adopted in 2008, Indiana has accelerated momentum to increase student access and success, to ensure college affordability for students and families, and to align the state's higher education system to meet Indiana's economic and workforce needs.

Together, we have:

- **Raised college-readiness expectations** by making Indiana's Core 40 high school diploma the standard for all students and expanding access to dual credit, Advanced Placement and other early college opportunities.
- **Reformed the state's financial aid system** by making college costs more transparent for Hoosier families, strengthening the state's Twenty-first Century Scholars program to promote student success, and targeting aid to better serve adult students.
- **Rewarded colleges for student success** through a performance-based funding formula that emphasizes completion and productivity.

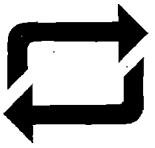
While these accomplishments and the dedication of campus leaders, faculty and students should not be overlooked, now is not the time to back off. Indiana college completion rates have remained relatively flat over the past decade and the state's education attainment ranking of 42nd in the nation has not improved.

Looking Ahead: Achieving More

To achieve a better result, Indiana and its higher education institutions must respond to changing times and growing demands, rethink traditional notions and approaches, and renew and accelerate the promises of the original *Reaching Higher*.

The strategic priorities and policy directions outlined in *Reaching Higher, Achieving More* were formed with these challenges and opportunities in mind.

Indiana ranks 40th nationally in higher education attainment and 41st in personal per capita income.



Regional Recovery: Meeting Workforce Needs

Vincennes University and its corporate partners are stepping up their game to meet the rising demand for highly skilled workers, particularly in advanced manufacturing.

Vincennes and regional employers such as Sony, Toyota and Subaru are expanding their partnerships to show students, parents and educators the benefits of pursuing employment in the increasingly high-tech field of manufacturing.

Jeffrey Johnson of Toyota's human resources division recently reached out to Technology Division Dean Art Haase, telling him that the company wants to do more to recruit high school students toward technical careers. "Obviously, it behooves us to partner with educators in order to help supply the industry with the trained people that are needed," Johnson said.

Toyota is also among a number of companies providing paid summer internships, including housing, to attract more students into the field.

In 2012, Vincennes will launch an intensive 14-week summer program in precision machining that will earn participating students a bachelor's degree in three years. Innovative business partnerships and degree programs are essential for producing the highly skilled workers Indiana's economy demands.

Healthy and Wise: Improving Lives Through Innovative Investments

Dr. Richard DiMarchi worked for many years as an accomplished corporate scientist, but he says a university setting is the "preferred domain" for fostering discoveries that have tremendous potential to benefit human health.

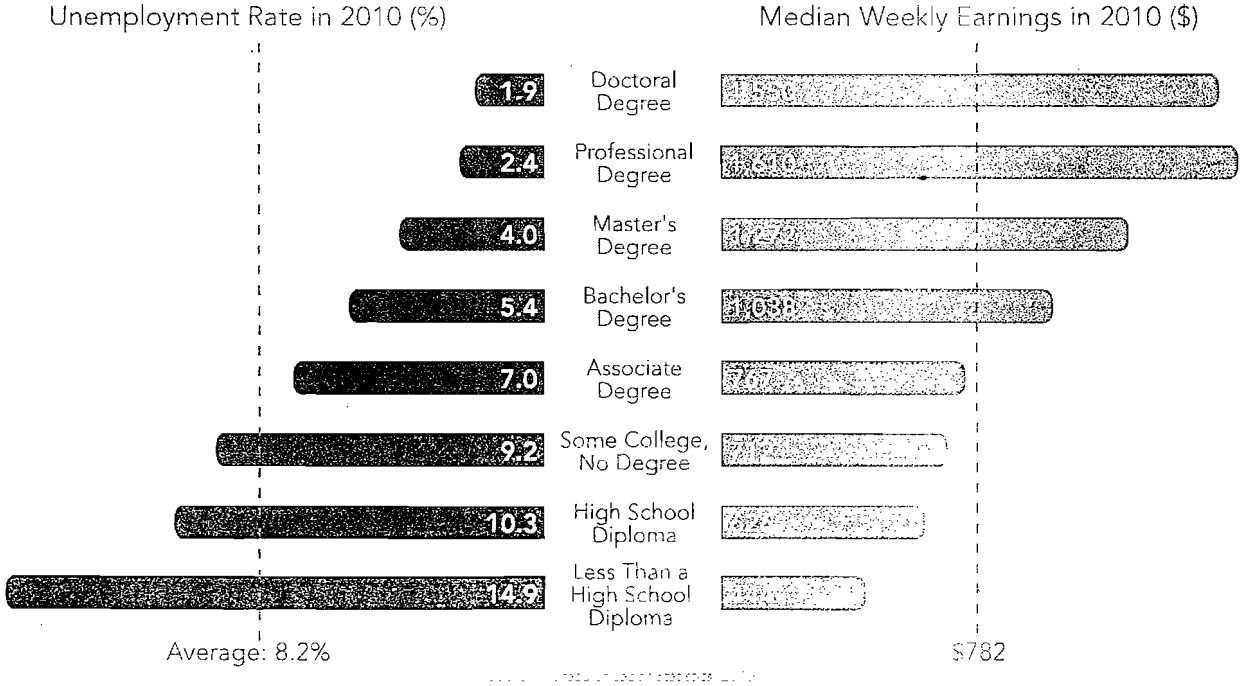
Working with students and staff in the research labs of Indiana University (IU), and with funding support from Carmel-based Marcadia Biotech, DiMarchi's research team developed a compound for experimental diabetes medicines.

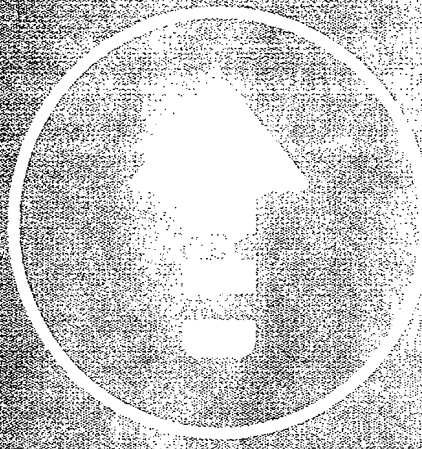
"IU stimulates creativity and an environment that encourages free thought and innovation," says DiMarchi, who also helped found Marcadia.

When testing revealed the potential for multiple applications for this breakthrough research, including treatment of hypoglycemia, hypertension and obesity, Marcadia secured strong commercial interest in the potential of DiMarchi's research. Marcadia was purchased in 2010 by Roche for nearly $300 million, a clear indication of its economic potential. Roche is now working with Marcadia and the university to bring all of this promising research to market.

Fritz French, Marcadia's former CEO, says the company's experience with IU is "an example of what can be accomplished through collaboration and advancing scientific research and should spur other start-ups like Marcadia."

The Growing Divide: Education Attainment and Economic Opportunity





Concern

Students across the state are not well served by an empty promise of college access without completion.

Less than a third of Indiana's four-year college students graduate on time and just over half graduate after six years. Only 4 percent of the state's two-year college students complete on time and 12 percent graduate within three years.*

Not completing a two-year or four-year college degree has dramatic financial implications to Hoosiers and the state.

The lifetime earning potential of a student who does not complete higher education is more than $1 million less than an individual with a college degree.

Indiana must increase overall completion rates and reduce the time it takes for students to complete degree programs. This will require:

- Increasing preparation of K-12 students.
- Transforming remedial education policies and practices to ensure students successfully complete gateway college courses.
- Establishing clear, efficient pathways for on-time college completion.

*The Incomplete Promise: Indiana College Completion Rates**

Four-year Public Colleges:

- Four-year graduation rate: 28 percent
- Six-year graduation rate: 53 percent

Two-year Public Colleges:

- Two-year graduation rate: 4 percent
- Three-year graduation rate: 12 percent

Learn More Indiana: Creating a College-Completion Culture

Learn More Indiana, the state's one-stop resource for college and career planning and preparation, is making higher education possible for more Hoosiers. With a comprehensive website, annual campaigns and a robust mentoring program, Learn More Indiana is working with local partners across the state to break barriers to college access and success.

One such partnership is with Project Leadership, a non-profit organization serving Grant and Delaware counties. Through Learn More Indiana and Project Leadership, students participating in the state's Twenty-first Century Scholars program get help at every stage of the college preparation process. Initiatives such as family outreach events, in-school financial aid labs, college application days and more than 200 trained mentors help make college a reality for these students.

With partnerships like Learn More Indiana and Project Leadership, the state and local communities are working together to create a college-completion culture across Indiana.

PREPARATION

Indiana has made significant progress in increasing the number of students pursuing and completing rigorous courses in high school. This trend is reflected by increasing numbers of students taking college entry assessments (ACT and SAT), completing Advanced Placement (AP) and dual credit courses, and earning Core 40 diplomas with Academic or Technical Honors.

*Rigorous High School Course-Taking (2006-11)**

- Increase in Core 40 and honors diplomas: 70.4 percent to 80.9 percent
- Increase in graduates passing AP exams: 7.5 percent to 14.0 percent
- Increase in Dual Credit Course-Taking: 10,000 to over 43,000 students (317 percent increase)

Creating a High School Diploma that Counts

Indiana created Core 40 to ensure that high school students are prepared for success after graduation. Building on this foundation:

- Core 40 became the **default curriculum for a high school diploma.** The Class of 2011 was the first to graduate with this requirement.
- Core 40 diploma requirements were **aligned with minimum admissions requirements** at all four-year public Indiana colleges (took effect in fall 2011).
- State **financial-aid policies are aligned with Core 40 completion.**

While these developments are noteworthy, the data reveal significant disparities in student preparation and performance. Though the number of Core 40 high school graduates has increased over time, so has the number of students requiring remediation in college. This reality underscores the need to ensure the rigor and consistency of Core 40 courses across Indiana.

Defining What it Means to be College-Ready

Each year, the Commission for Higher Education issues feedback reports showing where Indiana high school graduates go to college and whether these students are ready for college-level coursework. The data is cause for concern: at least a quarter of all first-time Indiana public college students are not college-ready when they arrive on campus.

Building on Indiana's already rigorous academic standards, the state adopted the Common Core State Standards in 2010 to provide students and educators a consistent, clear understanding of the knowledge and skills needed to be ready for college and careers. Implementation of these standards must include:

- Creating a **common definition of college and career readiness.**
- Implementing **common assessments of college and career readiness** (administered beginning at grade 11) as a primary indicator for college placement decisions.
- Developing **alternative academic courses** to accelerate the transition to college-level content, particularly for high school seniors and community college students identified for remedial education.

METRICS THAT MATTER: *COMPLETION*

1. **Degree Completion:** Percentage change in total degrees conferred. For two-year campuses, includes one-year certificates and associate degrees. For four-year campuses, includes bachelor's, master's and doctorate degrees.
2. **Remediation Success:** Percentage of entering undergraduate students who complete first-year, college-level English and math courses.
3. **Student Persistence:** Percentage of entering two-year college students who complete 15, 30 and 45 credit hours and entering four-year college students who complete 30 and 60 credit hours.

Improving Preparation: A Shared Responsibility

Too often, higher education dismisses responsibility for student success in college based on insufficient preparation in the K-12 system.

Indiana's higher education community must engage with the K-12 system to ensure that postsecondary expectations for students are clear and that the future educators prepared by Indiana colleges are equipped to be effective teachers and administrators. It's worth noting that the state's higher education institutions trained more than 90 percent of the teachers currently working in Indiana K-12 classrooms today.

This shared responsibility—student and educator preparation—must be embraced by Indiana's K-12 and higher education communities. Specifically, the Commission will champion state and institutional policies and actions that:

- **Define what it means to be college-ready** in Indiana and align assessments between K-12 and higher education to ensure quality and consistency.
- **Connect colleges with P-20 educators, students and families** to communicate an expectation for college readiness.
- **Improve the feedback loop between high schools, colleges and employers** regarding the performance of their graduates and transfer students.
- **Reform educator preparation programs** to reflect the Common Core State Standards and ensure graduating teachers and teacher leaders are prepared to meet these expectations and to evaluate progress.
- **Share relevant data with K-12** to identify academic areas in which students most frequently lack preparation upon college entry.
- **Ensure high-quality dual credit courses** are available across the state, transfer statewide as college credit, and reduce time-to-degree for students.

COMPLETION METRICS

1. **Degree Completion:** Percentage change in total degrees conferred. For two-year campuses, includes one-year certificates and associate degrees. For four-year campuses, includes bachelor's, master's and doctorate degrees.
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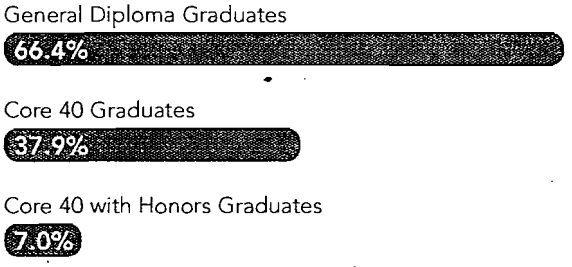
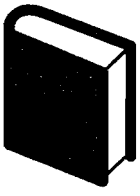
Falling Behind: College Remediation Rates of Recent High School Graduates (2011)



Source: Indiana Commission for Higher Education, 2011



One in four Indiana college students enrolled in remediation will earn a degree within six years.

REMEDIATION REDESIGN

The majority of college students who enroll in remedial education never earn a degree. The data is clear: time is the enemy of completion.

Only one in four college students in remediation today will graduate within six years. Remedial education also has significant costs to students, taxpayers and institutions, with estimated **annual costs exceeding $35 million** at Indiana's community college alone.*

Traditional remedial education models do not accurately discern between students who require minimal strengthening of certain skills and those students with significant academic deficiencies who require more intensive intervention.

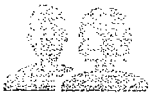
This means too many students, regardless of remedial needs, are placed in a long series of coursework that does not count toward their degree. Moreover, these models often are disconnected from the credits students need to earn a degree—despite research indicating that underprepared students have the best shot at success when they move quickly into college-level courses.

Fostered by the imperative initially laid out in *Reaching Higher*, Indiana has consolidated delivery of college remediation at the state's two-year institutions. Students requiring remediation at Indiana's four-year colleges are now referred to the local community college campus.

Collective efforts must now focus on ensuring that remedial students transition quickly and successfully into college-level coursework. Indiana must both reduce the number of entering students who require remedial education and accelerate the success of those students who do. These twin goals emphasize increasing preparation for high school graduates and finding more effective approaches to deliver remedial education for returning adult students.

The Commission will champion institutional practices that **reduce the time students spend in remediation** by **customizing instruction** based on students' individual academic strengths and deficiencies. These tiered approaches to remediation will:

- Enable students to **enroll directly in college-level courses** as research shows that many remedial students can succeed in gateway college courses when given the opportunity.
- Promote **co-requisite course models** that enroll students in a college-level course along with a supplemental education experience.
- Expand **computer-assisted learning models** that individualize instruction and enable students to move into college-level courses as soon as they demonstrate proficiency.



Darniece's Story: Back on Track

Darniece Christian looks forward to graduating and earning her bachelor's degree in 2014. Her outlook wasn't so bright a few years ago when she was on probation after her first semester at Purdue University Calumet. Like many students, Darniece struggled with the transition from high school and had to juggle the demands of a job with her college courses.

As a regional campus, Purdue Calumet understands that many of today's students face tough challenges when they start college. Its Academic Recovery Program in the Center for Student Achievement supports students like Darniece. The program's Topics for Study course taught her core skills to improve studying, test taking, time management and organization.

"It was an eye-opener, especially out of high school," Darniece says. She applied new techniques, got removed from probation and was accepted into the highly competitive nursing program.

"I would have no idea how to study for college and manage my time if it were not for that class," Darniece says. Through the Academic Recovery Program's guidance and support, she is on track to meet her goal of a college degree and a career dedicated to helping people.

Source: Indiana Commission for Community College Success, 2011

SMARTER PATHWAYS

The majority of Indiana college students today are working, commuting to campus, and trying to balance family and job responsibilities while furthering their education.

As Indiana's college population has grown and become more diverse, the level of support students require has increased commensurately. Even students who enter college without needing remediation often struggle to complete their degrees on time or at all.

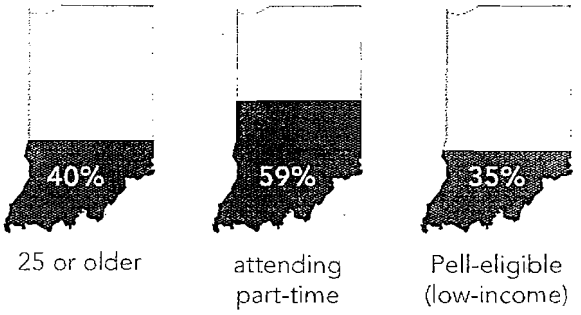
Indiana must deploy more effective structures that guide and support students toward graduation, particularly low-income and first-generation college students.

Though student choice will always play a significant factor in college completion, proactive institutional policies and practices can present students with a clear and manageable path to success.

Specifically, the Commission will champion state and institutional policies and actions that:

- Expand opportunities for students to **earn one-year certificates** in high-value career fields.
- **Implement highly structured, cohort-based programs** for high-demand degrees that serve high proportions of low-income and working students.
- **Promote on-time degree maps** that articulate clear pathways for students to earn a certificate within one year, an associate degree within two years and a bachelor's degree within four years.
- **Limit total credit requirements** to 120 credit hours for bachelor's degrees and 60 credits for associate degrees, except when program accreditation or licensure requirements mandate otherwise.
- **Ensure availability and capacity of required courses** to enable students to graduate on time.
- **Institute early and ongoing career advising** practices that help students successfully set their career path and degree program decisions, thereby limiting costly credit accumulation and changes in major.

The 21st Century Indiana College Student



Source: Indiana Commission for Higher Education, 2011

Mirjana's Story: A LAUNCH to College Completion

Being self-motivated, outgoing and organized wasn't enough to prepare Mirjana Jackson for the challenges of college life at Indiana State University (ISU). "There were plenty of things they don't teach you about college and things you just don't understand unless you've been there," says the first-generation college student.

ISU's LAUNCH program helped Mirjana stay on track. The program is designed to address the dual challenge of growing enrollment and declining retention rates by using academic advisers and peer mentors along with scholarship incentives for students who meet GPA requirements. With about 65 percent of ISU students being the first in their families to attend college, there is a clear need for the kind of support LAUNCH provides.

Mirjana says her peer mentor provided invaluable tips. "If it wasn't for the peer mentor, I would have been lost." To pay it forward, she became a peer mentor herself.

Jennifer Schriver, ISU's associate vice president for student success, reports that 40 percent of LAUNCH freshman earned at least a 2.75 GPA after two semesters—twice what they anticipated. Given its positive impact, ISU plans to enhance LAUNCH and extend the program to sophomores.

Too many Indiana families have to borrow large sums to pay for higher education. Hoosier students borrowed an average of $27,000 to finance a college degree in 2010.*

Hoosiers need lower cost, alternative delivery structures that provide affordable paths to quality credentials that meet their educational and career goals.

The state must foster more affordable options for students, align funding policies with completion, and make it financially attractive for students to complete their education on time.

Specifically, the Commission and Indiana institutions must:

- Sustain and enhance the state's performance funding formula.
- Create student incentives to promote on-time completion.
- Increase cost efficiency and resource reinvestment through business and academic efficiencies while ensuring quality.
- Exchange promising institutional business practices and find new, more efficient ways to share services and avoid duplication of programs.

Higher Education: A Student-Centered Enterprise

In 2007, Indiana University (IU) East was struggling and facing steep budget cuts. But a daunting challenge became an opportunity to transform into a more productive and student-centered institution.

As part of the state's performance-based funding requirements, Chancellor Nasser Paydar and his team looked at every function with a fresh eye to identify innovative models of learning and operating.

A key question guided them: "If we did this 50 years ago, do we still need to do it today? You'd be amazed at how many offices or functions existed then that no longer serve students effectively today," says Chancellor Paydar.

Obsolete functions were eliminated or replaced with improved tutorial services, more online courses, academic coaches who maximize technology and are more responsive to keep students on track, and new degree programs.

IU East "outsourced" remedial and associate degree courses to Ivy Tech Community College and merged staff and services, like library, security and dining.

Four years later, IU East awarded [illegible] more bachelor's degrees and went from [illegible] lowest to highest in regional retention rates. Expenditures per student fell more than [illegible]

PERFORMANCE FUNDING

Sound funding methods align resources with priorities and objectives.

Given Indiana's increasing priority on college completion and student success, state appropriations should align with student persistence and graduation while incentivizing efficiency and academic quality.

Indiana's traditional funding formula for higher education successfully promoted student access by rewarding institutions for enrollment growth. Indiana's institutions responded to this incentive and made access to college a reality for greater numbers of students.

Indiana's performance funding formula was first enacted in 2003 with a research incentive. The state's formula has continued to evolve over time by integrating a variety of completion metrics, including degrees earned on time and by low-income students.

In 2010, Indiana allocated 5 percent of overall state support for institutions through a funding formula that incorporated various measures of student progress and degree completion.

The 2011-13 biennial budget sustained Indiana's commitment to performance funding, and the legislature also directed the Commission to conduct a review of performance funding models in other states, including consideration of how those models account for differences in institutional missions.

The result is a refined performance formula proposed by the Commission that will:

- **Reward effective student remediation.**
- **Promote student persistence and completion.**
- **Prioritize on-time graduation, acceleration and innovation.**
- **Capitalize on each institution's distinct mission.**

PRODUCTIVITY METRICS

1. **On-Time Completion:** Percentage of on-time degrees earned by resident, undergraduate, first-time, full-time students. Includes associate degrees earned within two years and bachelor's degrees earned within four years.
2. **Cost Per Degree:** Total expenditures per degree conferred, as defined by the Delta Cost Project.
3. **Student Debt:** Average college debt load of undergraduate students.

Average tuition and fees at Indiana's public colleges have increased by more than 100 percent over the past decade.

Indiana's student loan default rate has increased by 35 percent over the past three years.

STUDENT INCENTIVES

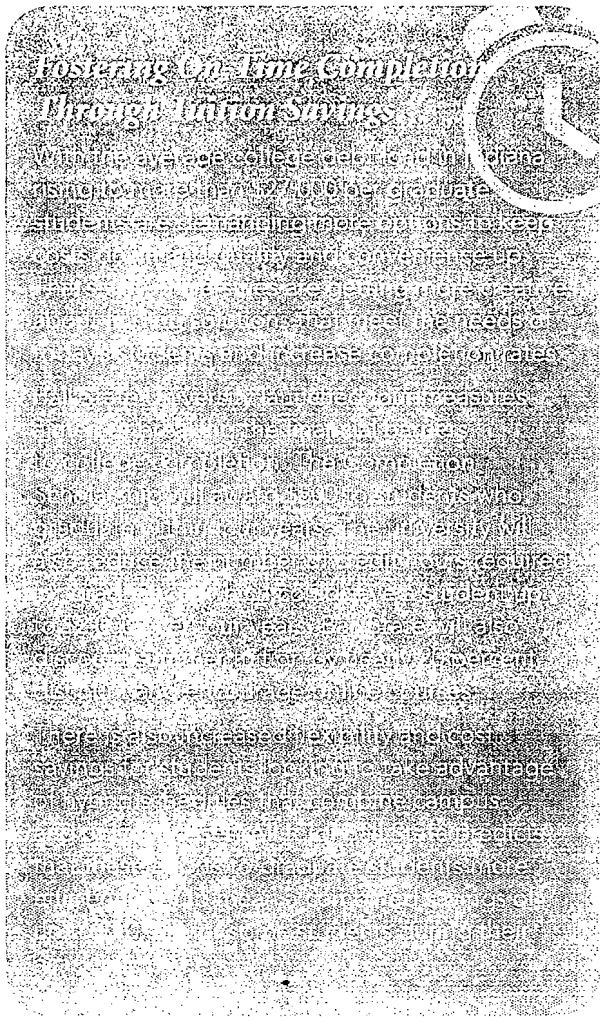
Research shows that financial incentives are effective motivators for students who are capable of graduating but are at risk of dropping out for financial reasons.

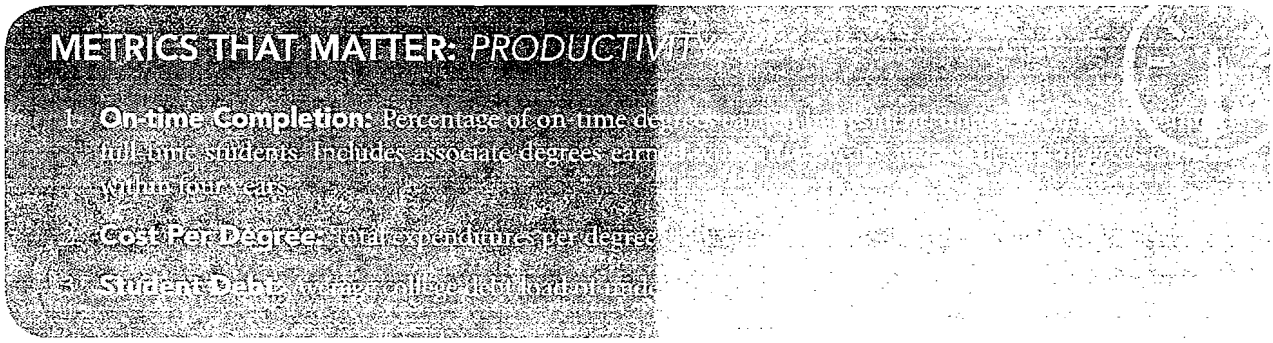
Hoosier students face increasing tuition rates and growing debt burdens despite a state financial aid system based on student need, significant increases in institutional and state aid and ongoing support efforts like Indiana's Twenty-first Century Scholars program.

To ensure affordability for students, Indiana must judiciously allocate student aid and promote policies that directly support the preparation, completion and on-time graduation priorities of Indiana's higher education system.

Specifically, the Commission will champion state and institutional policies and actions that:

- **Increase college cost transparency for students and families.** Total cost and expected family contribution data will be made available to students, policymakers and the public.
- **Emphasize student preparation** for college through revisions in the Twenty-first Century Scholars program to ensure degree completion and program sustainability.
- **Transform student aid programs from college access to success** through tiered incentives that increase as students persist semester-to-semester.
- **Promote on-time completion** through policies that encourage full-time students to take 30 credit hours per year and consider capping state financial aid for students who accumulate excessive credits.
- **Integrate state financial aid policies and grant** distribution through a unified higher education agency.





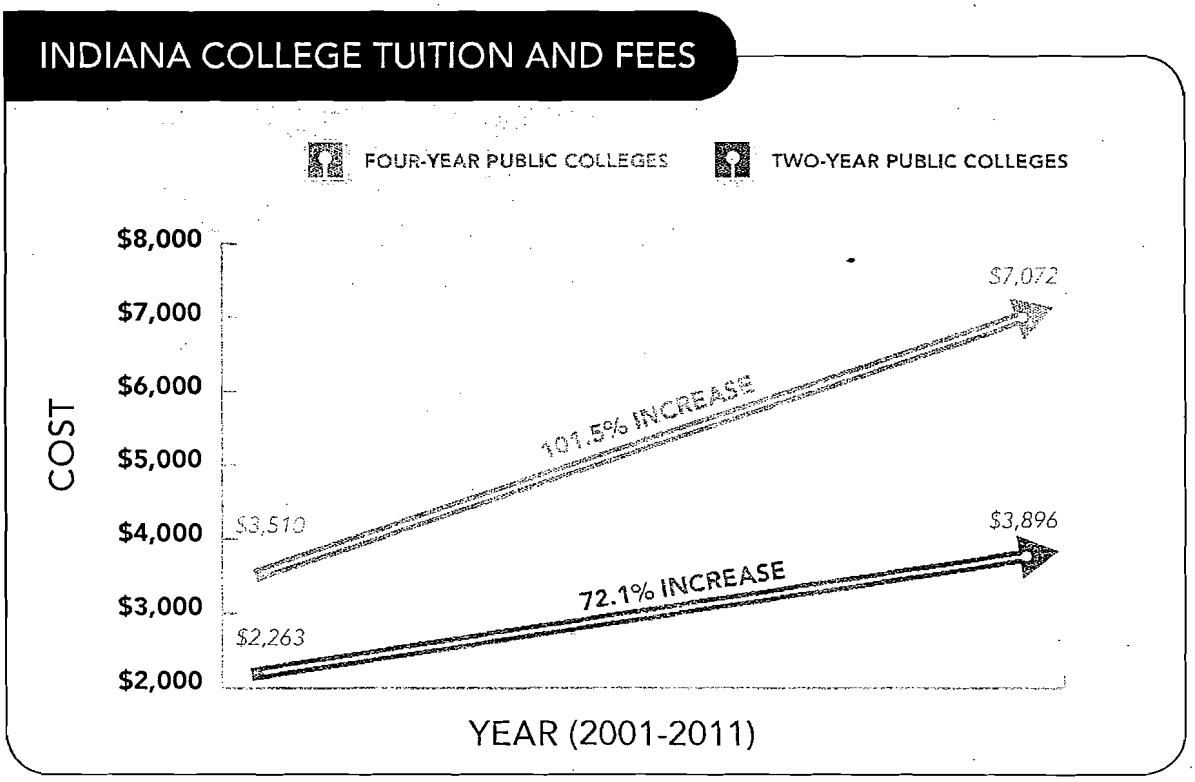
CONTINUOUS EFFICIENCY

As stewards of taxpayer and family resources, Indiana's higher education institutions should relentlessly pursue opportunities to create efficiencies.

New programs should be carefully considered for how they align with the state's priorities. Low priority or low production programs should be evaluated for elimination. Business operations and purchasing should be consolidated to realize meaningful savings. Institutional savings should be reinvested into programs that foster student success and completion.

Specifically, the Commission will champion state and institutional policies and actions that:

- **Emphasize high-quality instruction as the central priority** and mission of each campus and ensure that resources are aligned accordingly.
- **Promote interinstitutional collaboration** to reduce duplication of academic programs and services.
- **Prioritize and reallocate resources to high-demand academic programs** that are critical to Indiana's economy.
- **Expand statewide and interstate compacts in joint purchasing and shared services** (e.g., technology, equipment, energy, payroll, etc.). One notable example is Indiana University's *Blueprint for Student Attainment*, which outlines extensive ways to improve back-office efficiencies while improving academic quality at IU's regional campuses.
- **Review and close under-producing and duplicative degree programs.**
- **Build on efforts under way to ensure optimal efficiency and effectiveness** in employee health care and retirement plans.
- **Establish annual targets for savings, facilities optimization and reinvestment** for all institutions.



Incubating Innovation: Research and Entrepreneurship

Purdue University brings together world-class research expertise with great ideas to develop new technologies that have the potential to impact millions of lives and create hundreds of jobs.

For example, Purdue served as the incubator for Griffin Analytical Technologies, co-founded by former Purdue Ph.D. students Dennis Barket and Garth Patterson. The company applied mass spectrometry research to develop a technology for environmental monitoring that detects dangerous chemicals in the air. Griffin's products serve homeland security, national defense and other clients.

Purdue provided space for Griffin's research and development, served as a conduit for licensing intellectual property and provided seed money.

"Purdue was key in the discovery period and as a catalyst in the start-up phase," says Barket. The company continues to develop new applications for its technology 10 years after its inception and has grown to 50 employees. It merged with another company, then was purchased in 2010 by Flir, a thermal imaging corporation.

Griffin is just one example of the vast well of great ideas waiting to be tapped and brought to market.

"There are more good ideas than seed funding," says Barket. "We need more resources to support this kind of innovation and to get more researchers interested in entrepreneurship."

Indiana college tuition and fees have outpaced Hoosier earnings growth more than 100 to 1 over the past decade.

Source: Indiana Commission for Higher Education, 2011.

Tuition Discounts: Completion Motivation

Many students have to work to pay for college, and working students are also more likely to drop out. Helping students clear this hurdle to college completion is the driving force behind Indiana University (IU) Kokomo's tuition discount incentives for on-time graduation.

"If we can replace or reduce work as priority for our students, we believe we can positively impact graduation rates," Chancellor Michael Harris said.

Chancellor Harris has made increasing graduation rates a top priority for IU Kokomo and convened a task force to pursue bold, innovative ways to make it happen. Launched as a pilot program in fall 2011 with 40 students, the tuition discounts are awarded to students who complete 30 credit hours per year, stay enrolled continuously and make sufficient academic progress.

Discounts are provided over three years, increasing each year from 20 to 40 percent, adding up to a full year's worth of tuition by the time students graduate. It's a win-win for students: cost savings and a college degree within four years.

Reduced quality for the sake of more college graduates does not serve the needs of Indiana students or the state. The state's completion, productivity and quality goals are not, however, mutually exclusive. Indiana's ability to succeed depends on achieving all three

Indiana's higher education system must continuously affirm the academic quality and value of all certificate and degree programs and work collectively to meet the needs of the state. Specifically, the Commission and Indiana institutions must:

- Expand the use of quality assessments that provide comparable measures of student learning outcomes.
- Embrace [illegible] with defined learning outcomes to safeguard quality.
- Increase public transparency through consistent [illegible] that demonstrates what Indiana graduates know and are able to do.

Rachel's Story: Flexibility Meets Quality

"With raising seven children and working full time, I thought obtaining my BSN was not going to happen," Rachel Ingram says of her journey to become a nurse. "WGU Indiana made it possible."

Rachel is exactly the kind of student Western Governors University is designed to serve.

WGU Indiana provides more than 50 online bachelor's and master's degree programs in high-demand careers like business, education, nursing and information technology.

WGU Indiana's flexibility helps students juggle the demands of work, family and school. Its competency-based model allows students to progress more quickly and graduate when they demonstrate a mastery of competencies required for a particular degree. Recognizing their prior experience means students avoid unnecessary courses and typically complete their degrees sooner.

Mentors provide [illegible] individualized support to help students [illegible] — at least [illegible] — and [illegible] to help [illegible] pay their way.

[illegible]

[illegible]

LEARNING OUTCOMES

Indiana's higher education system lacks common measures of academic quality. The result is a cluttered picture of what students know and are able to do when they first enroll in college, when they transfer to other institutions, when they graduate and when they enter the workforce.

Students often are caught in the middle as institutions trade unanswered questions about the relative quality of their courses, degree programs and graduates. Students and employers alike must rely on dubious rankings and anecdotal evidence to make determinations about which colleges provide the best education and where to focus recruiting and hiring efforts.

Indiana colleges employ a wide variety of institution-specific quality indicators, but the ongoing academic ambiguity calls for consistent standards that avoid standardization.

Specifically, the Commission and Indiana institutions must:

- **Define student learning outcomes** relative to individual degree programs and track student persistence and completion relative to each.
- **Adopt comparable assessments** that use common metrics and competencies to gauge learning. This should include all public institutions using the Voluntary System of Accountability (VSA), Voluntary Framework of Accountability (VFA) or a comparable nationally recognized benchmark.
- **Align state and institutional quality measures** with those of regional accreditation bodies to ensure consistency and accountability across Indiana's higher education system.
- **Implement a common general education core curriculum** (30 credits minimum) that builds upon the efforts of Indiana's Statewide Transfer and Articulation Committee (STAC) and provides a consistent, high-quality foundation for seamless statewide transfer and degree attainment.

INNOVATIVE MODELS

Indiana's higher education system must adapt to enable students to learn at the time, place and pace that best suits their individual goals and capabilities.

Indiana has begun implementing instructional models that offer students greater flexibility and accelerated degree completion without sacrificing quality.

WGU Indiana is one example of a competency-based model that caters to working adults. The state is

Quality Commitment: Voluntary System of Accountability

Indiana's higher education community understands that the measure of success is about more than graduation rates. Ensuring a quality education and effective support throughout students' academic careers is the key to success for students and the state's economic future.

That's the driving force behind Indiana's involvement in the national Voluntary System of Accountability (VSA) initiative.

"The big thing about the VSA is the required assessment testing at different times," says Dr. Katherine Drake Hoffman of the University of Southern Indiana (USI). Her school is already a pioneer in tracking student performance over time. The VSA initiative asks uniform, USI and everything participating schools attempt to improve the quality of their degree programs and student support services. VSA focuses on transparency through a College Portrait website provides easy-to-read, easy-to-understand information for students, their families and the public regarding academic information, graduation rates, university [illegible]

[illegible] quality and accountability

deploying this approach to allow students to learn at their own pace online in targeted bachelor's and master's degree programs.

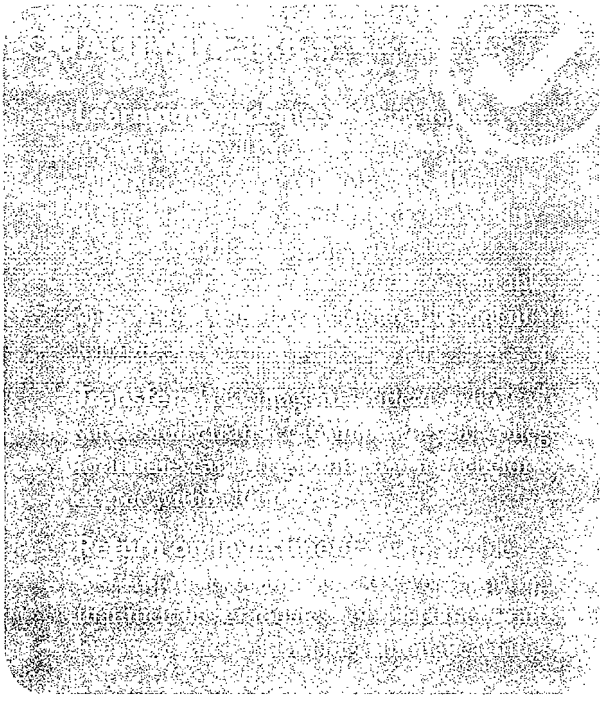
Through a partnership with the state's Ivy Tech Community College system, WGU Indiana offers community college graduates seamless transfer, an application fee waiver, and a 5 percent tuition discount.

Another accelerated approach is Ivy Tech's highly structured associate degree program that enables students to earn a two-year degree in 10 months. The accelerated program is intensive: applying rigorous interventions to address remediation needs and requiring students to be on campus 40 hours each week for coursework and group study.

Together, the Commission and Indiana's institutions must continue to advance flexible learning opportunities that meet high standards of academic quality.

Specifically, the Commission will champion state and institutional policies that:

- **Increase opportunities for flexible and accelerated learning,** including expanded use of online course delivery and scheduling options that allow students to earn an associate degree in one year and a bachelor's degree in three years.
- **Give students credit for prior learning** through competency-based assessments that evaluate the knowledge and skills individuals have accumulated from work and related experiences.
- **Promote degree profiles and research-based instructional practices** that provide faculty and students with targeted assessments of how concepts and skills are being taught, acquired and applied.



Josh's Story: A Partnership Paves Path to Success

Josh Summey is very motivated. So when he was told in high school [illegible] worked to earn 17 dual credits that were later applied to [illegible]

With an AAS degree from Ivy Tech and the Dean's Award [illegible] Josh seamlessly transferred 45 credit hours toward a bachelor's [illegible] made me ready for a four-year program. I had a degree [illegible]

The partnership between the two institutions helped Josh [illegible] a clear path to a college degree. "I would not have gone [illegible] lesser of transferring to a four-year institution," he [illegible] distinction. And he completed four years of college [illegible]

Josh is now an instructional [illegible] adjunct professor at Ivy Tech [illegible]

RETURN ON INVESTMENT

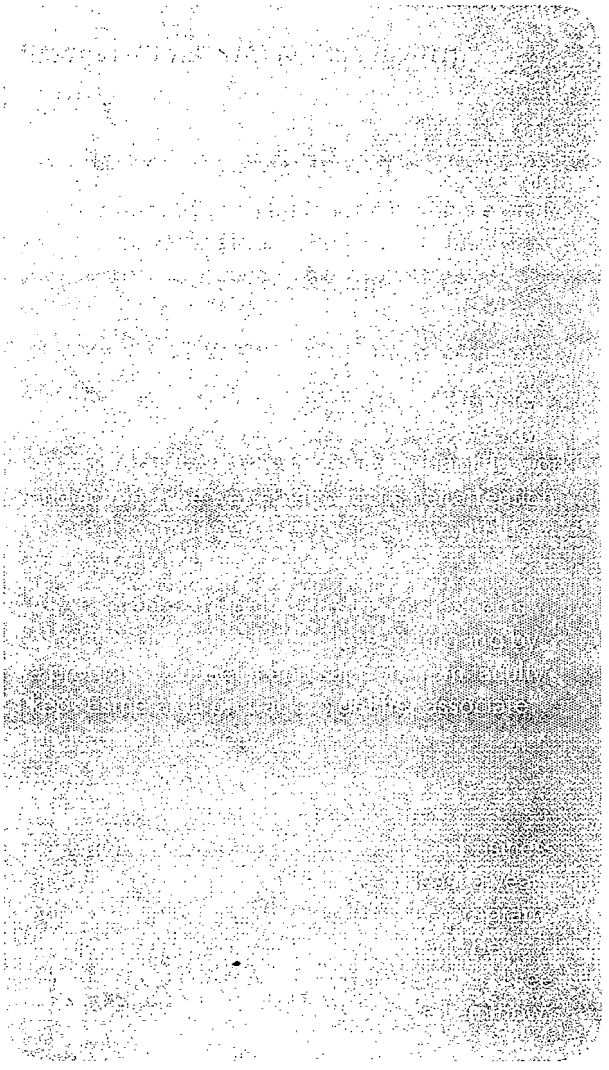
"How do we ensure the quality of Indiana college graduates?" Arriving at a clear answer to this question may be the most critical challenge in higher education today.

Clearly there is no single measure, data point or piece of evidence that will ever provide a satisfactory or truly representative answer to the question of quality.

An essential first step, however, is increasing the accessibility and transparency of information that is already available so students and employers can make reasoned and informed judgments and to ensure that quality is pervasive throughout Indiana's higher education system.

Specifically, the Commission and Indiana institutions must:

- **Provide public return on investment (ROI) information** through comparable institution-level and degree-level reporting that includes job placement rates, licensure rates and average annual earnings.
- **Institute an academic "quality guarantee"** that supports seamless transfer between the state's two-year and four-year campuses and satisfies employer expectations.
- **Monitor quality by tracking success rates** as students enter, persist, transfer and complete degrees and certificates.



METRICS THAT MATTER: *QUALITY*

1. **Learning Outcomes:** Comparable institution-le
learning outcomes, as defined by the Voluntary Sys
Framework of Accountability (VFA) or other comp
student learning.
2. **Transfer:** Percentage of students who successfully
college and earn a bachelor's degree within four ye
3. **Return on Investment:** Comparable institution
students' job placement rates, licensure rates and

ACHIEVING MORE FOR INDIANA

The imperative to increase Hoosiers' education level demands a bold vision and a comprehensive strategy for reinventing postsecondary education. Meeting this challenge is a shared responsibility that requires vision, leadership and a commitment to translating the words on these pages into tangible action and meaningful results.

Reaching Higher, Achieving More builds on important work underway and the shared goals of the Commission and the state's higher education institutions. Recent efforts to address affordability, streamline transfer and increase innovation are creating a more student-centered system of higher education. This work must be accelerated and expanded to maximize the value of higher education to Indiana students and our state.

Achieving more in Indiana calls for an intense and sustained focus on:

- Creating increased opportunities and pathways for students that promote college **completion**.
- Demonstrating an expanded commitment to **productivity** that ensures college affordability for both students and the state.
- Producing **quality** college degrees and certificates that are valued by students and employers.

Reaching Higher, Achieving More charts a course for the work ahead, but reaching these aspirations will require even greater engagement and collaboration by Indiana's higher education institutions, policymakers, business and community leaders, as well as by students and families. Indiana's willingness to embrace this challenge with a collective sense of urgency and thoughtful innovation will determine Hoosiers' place in the 21st century and beyond.

COMPLETION

1. **Degree Completion:** Beginning in 2012, Indiana's colleges and universities will set and publicly report campus-specific targets for increasing overall degree completion.
2. **Remediation Success:** By 2018, Indiana high school graduates who earn a Core 40 diploma will not need postsecondary remediation. By 2018, any adult student identified for college remediation will successfully complete the subsequent gateway English or math course.
3. **Student Persistence:** Beginning in 2012, Indiana's colleges and universities will set specific targets for increasing the percentage of two-year college students who complete 15, 30 and 45 credit hours and four-year college students who complete 30 and 60 credit hours.

PRODUCTIVITY

1. **On-Time Completion:** Beginning in 2012, Indiana's colleges and universities will set campus-specific targets for increasing the percentage of undergraduate students who earn degrees on time.
2. **Cost Per Degree:** Beginning in 2012, Indiana's colleges and universities will set annual targets for improving the cost-per-degree ratio at their campuses.
3. **Student Debt:** Beginning in 2012, Indiana's colleges and universities will set annual targets for decreasing the average undergraduate student debt load at their campuses.

QUALITY

1. **Learning Outcomes:** By 2015, Indiana's colleges and universities will adopt and implement a nationally benchmarked assessment of student learning and publicly report learning gains made from the time students enroll and graduate.
2. **Transfer:** By 2013, Indiana's colleges and universities will adopt a statewide general education common core that transfers seamlessly between the state's higher education institutions.
3. **Return on Investment:** By 2013, Indiana's colleges and universities will publicly report their graduates' job placement rates, licensure rates and average annual earnings.

METRICS MATTER

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ATTACHMENT B
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IMAGINING the possibilities. MAKING THEM HAPPEN.

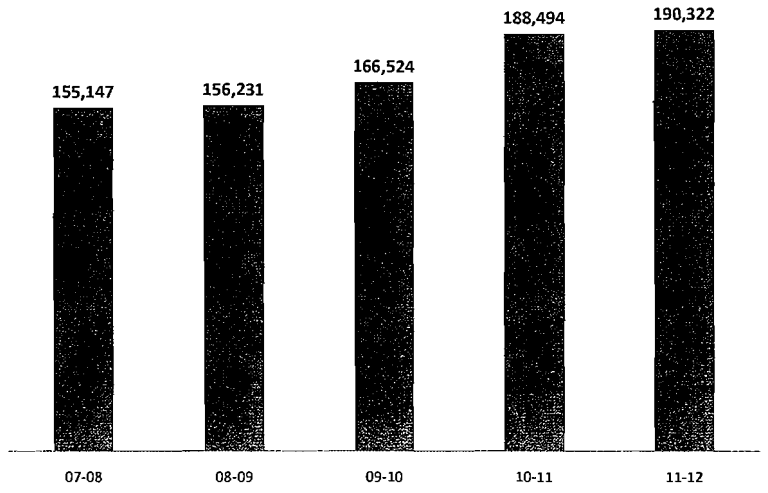
Indiana Department of Education

Glenda Ritz, NBCT
Indiana Superintendent of Public Instruction

Career and Technical Education in Indiana

Eric Ogle
eogle@doe.in.goc

CTE Enrollment



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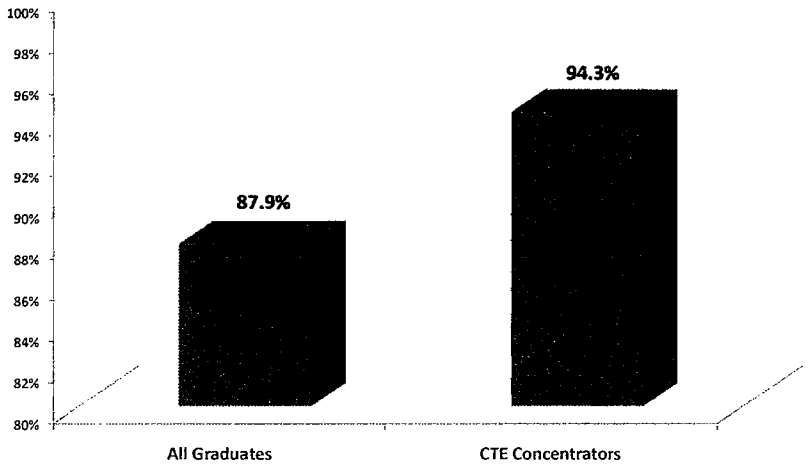
Graduation Rate



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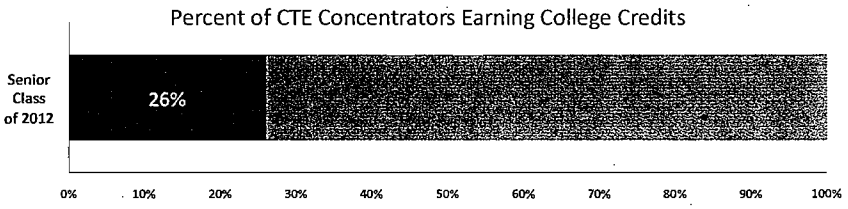
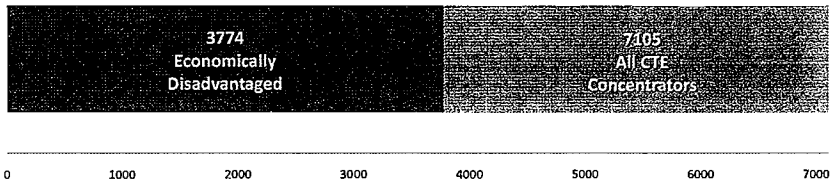
Dual Credit

Percent of CTE Concentrators Earning College Credits



Disadvantaged Student Concentrators Earning College Credits



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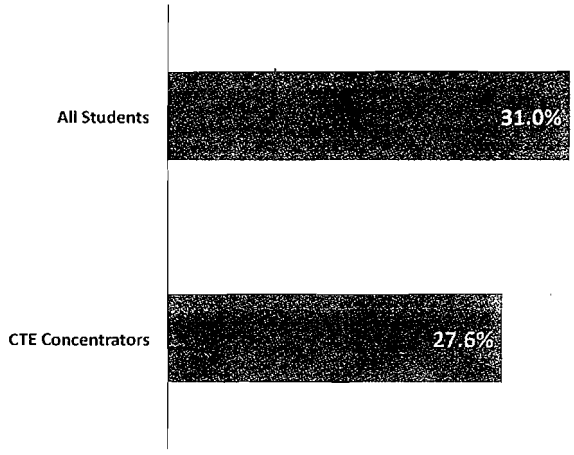
Remediation Rates



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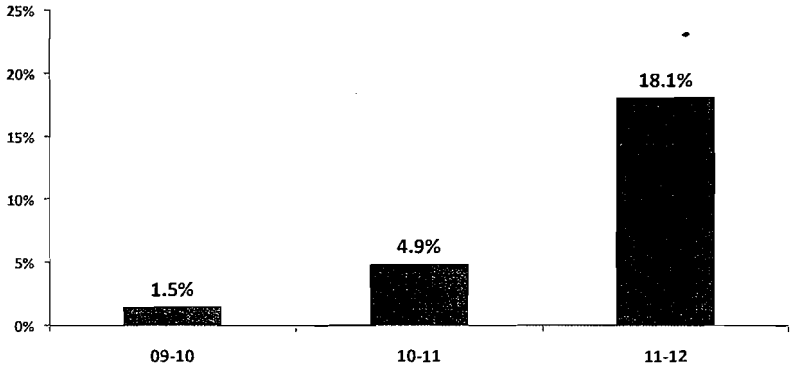
Industry Certifications



Percent of CTE Concentrators Earning Certifications

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Collage & Career Pathways

- Sequence of courses that lead to a career or college and then a career
- Developed with Postsecondary and Business/ Industry
- Provide students with a path in high school
- Opportunities to earn industry certifications and/or dual credit

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Career Clusters

Agriculture
Agribusiness
Life Sciences
Horticulture

Architecture & Construction
Construction Trades
Facilities Management
Drafting & Design

Arts, AV & Communications
Digital Communications
Visual Arts

Business & Marketing
Finance & Accounting
Entrepreneurship
Marketing

Education & Training
Early Childhood Education
Education Careers

Health Science
Biomedical
Health Care Specialties
Nursing Dental

Hospitality & Human Services
Culinary Arts Hospitality
Human & Social Services
Cosmetology

Information Technology
Programming
Network Support

Manufacturing & Logistics
Advanced Manufacturing
Electronics Logistics
Machining Welding

Public Safety
Criminal Justice
EMT/Paramedics
Fire & Rescue

STEM
Technical & Professional Careers integrating Engineering Technology Science Mathematics

Transportation
Automotive Diesel
Collision Repair Aviation
Mobile Equipment
Tractor Trailer

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Indiana Superintendent of Public Instruction

ATTACHMENT C
ICED '13 OCT 9

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Study Committee on Economic Development

Conditions and Recommendations

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Several months ago I was called and asked if I would represent K-12 interests on the Indiana General Assembly's Study Committee on Economic Development. I understood my task to be to consider how the effects of current legislation or recommended future legislation might enhance or diminish the contribution of K-12 Indiana Schools to the economic health and vitality of the state. On July 18, 2013 I received a letter from Brian Bosma, Speaker of the Indiana House of Representatives, confirming my appointment to the committee.

Though I have spent over 40 years in education serving in a multitude of roles, I felt that my ultimate recommendations and value to the State should be based on more than my experiences. So, I dedicated the past three months to visiting and consulting with an array of persons and organizations familiar with current Indiana public education and those things that impact on such education. These groups included various school boards, university personnel, superintendents, school administrators and teachers. They also included past and current school evaluators, school attorneys, parents of both private and public school children, and students themselves. Also, time was graciously extended to me by Indiana police officers, the Indiana Coalition for Public Education, and a former Director of Indiana's North Central Association of Schools and Colleges.

In order to ensure their confidence in speaking to me I promised them that I would not reveal any of their names nor the names of their communities in any of my written or verbal reporting unless I secured specific approval from them first. I secured this permission only twice.

Following is a set of five conditions brought to my attention in multiple locations in the State by various members of the groups and individuals noted above. I believe that each of these conditions needs immediate attention. In each case I describe the condition, tie it to the economic health or potential economic health of the State, and make recommendations.

I. Teacher Authority

Many, many of today's public school teachers daily confront classroom challenges that are beyond any reasonable person's control. These teachers are highly competent and experienced professionals but the hand we have dealt them is inexcusable. The degrees of freedom they must tolerate, the classroom indignations they must endure, the countless hours that they must permit to fall prey to disruptions, cause them endless depression, dejection, and crush the potential of the students who have come prepared to learn. These conditions have been going on uninterrupted throughout our state for no less than the last 40 years. In 1983 I came to this same statehouse and reported on this condition. It was a crisis then and continues to be so today. If you were to ask most parents today to tell you why they are seeking a voucher for their child, the response would be resoundingly the same. "I want a safe and orderly environment for my child to learn." This is the same environment that all Indiana public school teachers need in order to effectively teach. The time is long past when this should have been dealt with, yet it's not too late.

Restore teacher authority and thus allow them the time to shape and develop the civility, appropriate attitudes, and interpersonal skills that are vital to successfully engaging in life, the democracy, and the workplace. Employers call these the soft skills and understand them to be the most essential qualities of good and productive employees.

The following is a true story from my own past. I was at the Chamber of Commerce for a meeting with some business associates. Entering late was a businessman I liked and admired. He entered the room and appeared quite dejected.

"What's wrong Jack?"

"Just frustrated I guess. These young kids we have to pick from to hire today don't seem to get it. They mouth off to their bosses, see no problem in missing a day of work, don't seem to take pride in their work, they're a different breed. No problem with their skills-just their attitudes. I'm employing additional workers because of this—it'll eventually break me."

My first recommendation is that General Assembly members sit with public school teachers and small business persons from across the state. They are the persons who daily must attempt to teach these youngsters and persons who will eventually seek to employ them, and with these teachers and business persons fashion some legislative relief to this lack of teacher authority so critical to the economic health of this State and the capacity of all Indiana public school teachers to effectively teach.

II. The Crushing Impact of Meth, Spice, Prescription Drugs, Cocaine, Heroin, and Alcohol.

At one of the meetings in which I participated there were school board members, teachers, school administrators, parents, district support staff, community citizens, and senior level community economic advisors in attendance. About midway through the meeting, one of the long term professional business community persons reported regarding on-going negotiations he was part of. The negotiations were with a new prospective high tech company that was considering locating in that area of the State. He concluded his story by saying, "Our problem is that we can't find viable persons to work there."

When he concluded, all in the room assumed he meant that there were no persons in the community with the academic skill levels needed in this high tech company. In order to gain clarity on what he meant a question was directed to him and he responded, "No. No. I didn't mean we couldn't find sufficient local people with the necessary skill sets. What I meant was that we couldn't find a sufficient number who could pass the drug test."

Virtually no persons, nor groups that I have talked to in the last three months are unaware of this elephant in the room. I heard from everywhere that Indiana has an epidemic drug problem and this drug problem, particularly in rural Indiana is called Meth, and in more urban areas it's Meth, Spice, prescription drugs such as hydrocodon, cocaine, and heroin. A statement that I often heard in various forms was that the major and thriving industry in rural and some urban pockets of Indiana is the sale of drugs and production of Meth. The negative impact is devastatingly two-fold, first on the employability of work-age Indiana citizens and second on the education of large numbers of children, particularly of lower class who must live with the impact of addicted parents and adults who are living a life of addiction to a multitude of drugs while they manufacture their own meth 24 hours a day.

Recently, the Indiana General Assembly was approached by a non-partisan coalition of Indiana mayors and police units who pleaded with the assembly to act aggressively against Meth to toughen laws dealing with access to methamphetamine ingredients found in over the counter drugs. The specific

request from these mayors and law enforcement personnel was to make such drugs only accessible by prescription. The plea of the Indiana mayors and law enforcement persons went unheeded. However, during a conversation I recently had with law enforcement narcotics officers, I was advised that Oregon and Mississippi had successfully implemented such legislation despite vigorous lobbying effort waged by the American pharmaceutical industry and retail giants to block such legislation. In the end, only after brutal fights, both states are now controlling their meth problems and experiencing crime reductions in a multitude of areas including home break-ins.

My second recommendation is that the General Assembly be advised to call back the Indiana Coalition of Mayors and the police they work with to revisit the reasons for this and other legislative needs. The police brought in to testify should be Indiana police (both State and local) who deal daily with the drug problem and these police personnel should be encouraged to bring with them emergency room personnel from our Indiana hospitals. If further testimony is needed, call upon working Indiana public school teachers and administrators who from their trenches on the front line will affirm such testimony and such need.

A very astute veteran law enforcement officer, Captain Joe Qualters of the Bloomington Police Department, in southern Indiana recently gave me the following insight that I would like to share as the closing statement to this section: "Drug dealers need to be the focus of criminal legislation but treatment resources need to be directed to the addict. Sadly, time and again, we in law enforcement must incarcerate people who throughout their lives would have had no contact at all with the criminal justice system if they had not been addicts."

III. Possible Increase of Economic and Racial Segregation and also the Loss of Diverse Experiences

My first teaching experience was at Hammond Technical Vocational High School. My students came from an array of ethnic and racial backgrounds. They were white, Hispanic, Black, Asian, Native American or a combination of some of the above. The coursework ranged from physics, math for the workplace, machine shop, auto repair, honors calculus, foreign languages, all of the histories, an endless number of English courses and all of the arts, both appreciation and apprenticeships. For any student in Indiana either then or today to walk away from that experience to an experience less diverse with a voucher afforded to him or her by the State would be for that student a personal loss. If many walked away with State supported vouchers, again to less diverse experiences, the loss would be for the future economy of the State itself.

Several years ago one of our children was applying to medical schools. The universal question asked by each school was "Explain your personal history with diversity and explore in an essay the diversity of yourself."

A caution to those issuing vouchers: Study carefully the consequences of your vouchers.

In my earlier years, while a senior central office administrator in the Hammond Public Schools, the NAACP brought suit alleging a possible condition of de facto segregation. Dr. Willard Congreve, then Superintendent, appointed me and two other central office administrators to chair the district's defense and to put into place immediate mechanisms to ensure a cease to such on-going segregation. The next three years were a nightmare of meetings, 10-12 hour work days, appeals, waiver requests, and a detailed analysis of each and every student transfer request while responding to a myriad of continuous interrogatories. The cost to the district over this time exceeded hundreds of thousands of dollars. The carnage only ended when the Superintendent from his hospital bed fashioned a long-term desegregation plan that met federal court stipulations and then had this plan placed on the school board's agenda. Its passage ended the siege and bleeding.

These last three months as I travelled to different parts of the State and also conferred with persons everywhere, the issue of school vouchers and their impact came up continuously. One late afternoon, in one of those meetings, a school board member spoke up in the group setting and with his opinion he labeled the condition and stated, "Ray, what we are supporting and sanctioning is, 'White Flight.'" My

contacts with other persons throughout the State affirmed this board member's feeling and belief. Many added that this condition resulting from the approved voucher transfers was not only racial but even more so was causing increasing economic isolation of large numbers of students.

I no longer sit behind a senior level administrative desk with access to all student transfer requests, records of all approvals and denials, and the knowledge of the impact of each approval upon the limitations of "Brown vs. Board of Education." But from testimony I have received coupled with my own first-hand knowledge of such conditions, it appears that the State through its voucher program may be creating throughout the state **pockets** of such segregation.

My third recommendation to the General Assembly is that they immediately consider assigning staff and/or recognized and reputable consulting firms to investigate and assess these approved transfers, particularly since some of them may conflict with "Brown" and as they may also be causal to increasing economic isolation of children.

If this is not done and some group such as the NAACP or ACLU decides to secure a federal court order, the immediate economic costs to the State might be overwhelming. It will matter not how many individual children benefit from this State policy of vouchers , for if only one child is harmed, be it intended or accidental (de facto), the State could be considered in violation and the State directed and supported voucher mechanism would be shut down. **An additional caution—it takes only one parent of a Black American child who believes that the State's practice of vouchers has resulted in further racial isolation of their child to file suit in federal court on behalf of that child.**

Finally if more and more schools increase in percentages of poor and minorities, history shows us that these schools will inevitably spawn new waves of the unemployable and future unemployed—a group that John Kenneth Galbraith describes as "The Underclass."

IV. Adverse Economic Impact Resulting From Perceived Negative Attitudes and Attempts by the State to Grade Public Schools

As reported by the Center for Public Education and based upon Phi Delta Kappan/Gallop, United Press NORC, and American Federation of Teachers/Hart Research Associates, parents in America say that schools are the most vital institution for the future of the nation and for the future of their community. In this regard, their expressed opinions are consistent with the Founding Fathers of this country who established schools in order to provide this American democracy with an enlightened and engaged citizenry. Preparation for the world of work was always intended to be left primarily to technical preparatory institutions and the American business community itself.

In addition, the Center for Public Education found, using these same sources noted above, that American public school parents and communities at large consistently over the years and up through today give their local schools a resounding vote of confidence.

Finally, polls find that Americans generally mistrust standardized tests and lack confidence and an understanding of new educational standards.

What most Indiana legislators as well as most citizens don't seem to understand is that some sort of A-F, 1-5, or modification of some mechanism used to grade schools correlates highly **only with the poverty of a community.** And if poverty is what we are interested in alleviating then we all know that what we need to be looking at are legislative directions such as living wage.

Our schools, as reported by the sources listed above, have already received their exemplary evaluations from their constituencies. Finally, research shows that Americans believe in their local schools and teachers and believe that these teachers and their local schools are and have been the most vital institution for the future of the nation and of their children. A message I heard consistently was to tell our Indiana legislators to quit wasting tax-payer money on mechanisms to grade our schools and, as an aside, I heard frequently if they give large amounts of money to charter schools as was done recently (+$90,000,000.00) require that these charter schools pay such money back the same way that neighborhood public schools are required to do so when they get a loan.

What I heard **most often** everywhere I travelled and when talking to persons across the state was that they believed that the actions of our governor and legislature over nearly the last ten years have been negative regarding Indiana public education and further that **attempts at grading schools** are causal to grave economic harm to the state. They advised me that this grading system is causing large portions of

neighborhoods to be **red-lined.** Consequently, perspective new companies, businesses and potential home buyers, often young couples with small children, are avoiding these areas of Indiana because of what they are being erroneously told. In addition Indiana homeowners, primarily senior citizens and the working poor, residing in these areas and businesses there located are finding that the dollar values of their properties are plummeting.

Consider, in addition, the following hypothetical. A young upwardly mobile couple, with a young child have just been transferred to a central location in Indiana by their company. They are looking for a home in a community adjoining Indianapolis. Following is the hypothetical conversation with the real estate agent.

"We really don't know Indiana so you'll have to guide us. We are looking for a home in a substantial neighborhood that has good schools for our child—hopefully children. We anticipate being here for quite a few years so we want some assurances that where we buy is an area where our home's value will be preserved, possibly enhanced."

"Well, you said preserved, enhanced?"

"Yes... why?"

"Well... this community we are in right now is quite close to Indianapolis and many of the schools there have been given failing grades from the state?"

"Yes, so?"

"Well you said you would be living here for quite a few years and you were looking for property value enhancement. Well, over the years there's always seepage you know, from one city to its neighbor, so if you want enhancement and preservation of your property value, why don't we look out just a bit farther. You may have to drive an additional 10 minutes or so, but these communities, their schools and their properties are, shall we say—economically safer. Let's get into my car now and go take a look. I don't think you will be disappointed."

Real estate agencies in parts of the State are even now doing television commercials where they are assuring prospective home buyers that their agency will incorporate such information of school grading to them as they consider prospective properties.

My fourth recommendation is that the General Assembly bring together real estate agents, senior citizens, small business owners in these affected areas, school board members, superintendents and teachers from across the state to analyze and discuss this economic harm and then create strategies to immediately change the causal factors bringing it about.

V. Our Future Demands More

This final piece is written often in the first person plural as it represents the feeling I heard from any number of persons I encountered across the state. It is directed to the General Assembly.

If it is your belief that good teaching is only the capacity to explain and disseminate information to a group of students who do not know or understand this information, then you might not be inclined to see the wisdom in requiring students in college to take an array of education courses before they are licensed as teachers. You might also be inclined to see any of an array of tools that do a good job disseminating information as also "good teachers." If you are of this opinion then it is unlikely that we can persuade you as to the wisdom of extended teacher preparation.

Yet if we were to attempt to persuade you, what might we say?

First, consider the issue of obligatory core courses required by Indiana Schools of education. If a college student, say at Indiana University, decided that she wanted to teach mathematics in an Indiana high school or middle school, she would find that she would be required to take more math courses than if she simply opted to secure a math degree from Arts and Sciences. For the school of education must insure for her that she has the broad background for all of the math courses these schools might offer.

Second, we might suggest that the goal of educating children is somehow more than having them acquire knowledge **so that they can become productive workers for the industrial state.** We might suggest that part of an essential education is to prepare our youth to be capable of meaningfully participating in and assisting with the perpetuation of the democracy. This might however, require of our teacher preparation programs that they contain a bit more of coursework. Coursework that extends even further beyond the already enriched content areas such as math or physics.

Third, we might further suggest that children everywhere enter classrooms with a plethora of learning styles—even some learning difficulties. These learning difficulties unless noticed and compensated for, might result in progressive damage to the young learner. Of course, to be equipped to notice these often rather subtle learning problems will again require of our teacher preparation programs a bit more of coursework. Again, coursework that extends beyond our already enriched program.

Fourth , we might suggest that you reread with us portions of the Secretary's Commission on Achieving Necessary Skills (SCANS report). Though published by the Department of Labor in 1991, it was a letter of assurance to the American people that our democracy would not tolerate a narrow definition of education for our children:

"We, your Secretary of Labor and members of the Secretary's Commission on Achieving Necessary Skills (SCANS), write as concerned representatives of the nation's schools…

We understand that schools do more than simply prepare people to make a living. They prepare young people to live full lives—to participate in their communities, to raise families, and then enjoy the leisure that is the fruit of their labor. A solid education is its own reward.

We are not calling for a narrow work-focused education. Our future demands more."

Good teachers prepare the whole child so that they can meaningfully participate in and perpetuate the Democracy while living full lives. Such teaching requires coursework beyond the content areas, for good teaching has always had the implied understanding that **"Our Future Demands More".**

The Indiana General Assembly is currently studying Senate Bill 409, a bill designed to drive accountability at Indiana Schools of Education. These Schools of Education have no fear of accountability as they are, in Indiana, beyond normal or expected standards. A study committee has been established and is meeting. Yet the study committee has not even one Dean of an Indiana School of Education as a part of its permanent membership. It would be as if a committee were meeting on the issue of surgical accountability and not have at minimum of at least a handful of practicing surgeons. Little true wisdom exists at the moment on this study committee.

Finally, under no circumstances should you consider some kind of grading system for your schools of Education teacher preparation programs. Each is a flagship unto itself and has its own unique and complex areas of expertise. There is no individual or group who has the capability to rank order that which defies such ranking. At best if you venture into this area **you will do harm.** Some of life simply defies a single measure and occasionally as we get older we often begin to see and value that. There is a beauty in diversity but then, isn't that really what seeing diversity is all about.

My fifth recommendation to the General Assembly is, if for whatever reason, you feel you must pursue this direction then at least restructure the membership of your study committee. Add to the committee several Indiana Deans of Schools of Education. Bring some first-hand wisdom to your deliberations.

Some Additional Thoughts Gathered from Citizens, Parents, Teachers, and Administrators

I would like to conclude with a listing of relevant and meaningful observations, suggestions, and comments which came from persons who participated in the meetings and dialogues I have reported on. They reflect their intense concerns and their hopes for ways to have appropriate opportunities to use their expertise in shaping the whole educational environment so that all their students, communities, and the State of Indiana experience the best possible economic growth and well-being.

Create consistent and frequent opportunities for business people to talk and interact directly with teachers and teacher representatives about school reform in their communities. We need child-based programs closest to the communities, not politically-driven reforms from afar.

Encourage creativity and wonder in students. Putting them and keeping them "inside the box" thwarts creativity and wonder, the very kind of thinking that fosters innovation, entrepreneurship, and invention. The need for this is evident as we know that other countries still look to the United States of America for this kind of productivity. We don't want to lose this unique edge. Teachers cannot have their time strictly restricted to a narrow test-driven curriculum. This alone could crush our economy.

It would be very productive if the business community could find ways to offer internships so that students with their teachers can explore career options and be kept informed about the current and necessary training and skills needed to pursue careers? Business personnel should be given time off on a consistent basis to relate to school personnel and students by actually visiting classrooms.

It is also necessary for students at an early age be given the opportunity to see the connection between how what goes on in school relates to their capacity to obtain gainful employment in the work place. Again, this is especially true for disadvantaged students. Students and their families need to be made aware of the financial aspects of pursuing an education beyond high school. They need to know not just the cost, but how financial planning should occur, what kind of loans and grants are available and what is necessary to obtain such. Again, we cannot wait until students are in their last years of high school to start investigating such knowledge.

They Just Do It

I would like to point out the truth about how Indiana schools and Indiana school teachers are continuing to build positive assets among our students in an attempt to prepare them to be productive citizens. I report here on only three examples of that truth, but I assure you that there are many, many more examples throughout the State in every school, school district and county.

Richmond, Indiana has an early childhood program starting at age 3 and moving to full-day kindergarten. The program services the entire community. The program is not State funded. The funds for the program came from a total community of public school teachers who gave up most of their modest wage increases over the years to allow the program to exist.

Further, throughout the State of Indiana there exists a network, school-by- school and district-by-district of co and extra- curricular activities being provided by the teachers for the children of our state. When I was a teacher, when I was a superintendent, and even now today, the pay to teachers for these extra - curricular and co-curricular activities has always been sorely underfunded. Often the hours spent by teachers divided by the monetary compensation results in less than minimum wage for these services rendered. Rarely, however, do we hear complaints. Doing these after school, before school and weekend activities is a gift given daily by thousands of Indiana teachers in every corner of our state—a gift given to the communities they serve.

Finally, as poverty has increased these last years in our Indiana communities, the extra sandwiches that teachers bring from home, the number of pencils, paper, and other supplies teachers have purchased, and the individual and organized efforts to provide clothing and other necessities for needy children have also increased. We don't hear of it because they don't tell us. ***They just do it.***

There is one attachment to this document:

It is a challenge to the General Assembly to return control of public schools to local school boards and the communities that elected them. This should Include the control of charter school initiation and design—if charters are, in fact, what these local communities desire.

Local Schools—A Matter For Local Design

In 1993 while I was Superintendent of Schools in Richmond, Indiana, several teachers came to my office expressing a desire to create a new school in the district—a school designed to be a bit different than what we currently offered. It would be a school designed to provide an option to the community. School Board members and I saw the potential of this request and we arranged for them to meet with the entire School Board and Teacher Association leadership. Shortly afterwards, these teachers, along with a handful of parents, had these meetings. Out of these meetings came three conditions that they would have to comply with if they wished to move forward. **First, their venture could cost the district no money. Second, they would need to have the support of the teachers of the district, and third, they would need to have the community's support.**

It took them over a full year to meet these conditions. During that year, while they continued to teach, they met tirelessly with every faculty group, parent group, business coalition, college and university personnel, state officials, local school administrators, and their own Teacher Association Leadership, as well as the School Board. In the end they met all of the conditions. The school was to use room available in an existing facility, share a principal with Gifted Education, and use only staff from our district. For many years, ***Discovery School*** served the population of children and parents, and they did so in harmony with the total district and community. Sam Thomas, Becky Leonard, Dar Haywood, and Robin Tucker were the key teachers in that venture.

The creation of alternatives can be a goal that harmonizes with any community. As a matter of fact, it is the nature of good teachers that they are always attempting to create new ways. Tragically, the path our legislators have chosen pits brother against sister. Their design can only result in hostility and confrontation. Their design contains none of the hard work necessary for long term community support and endorsement which are the essential elements to meaningful success. A public meeting or two after essential issues of design and purpose have already been determined ensures only divisiveness within a community.

There is no enemy in the local communities of Indiana. Those responsible for the hostile climate are some of the members of an elected legislative body at the State Capitol that seem to lack a real understanding of what they have done. The conditions which we fashioned in 1993 are still viable. It is time that our legislators return local schools to their communities.

It is the right of local communities and ***only their right***, to have the primary hand in their own designs.

The image of public schools has been damaged. And this damage is emanating from the very State legislative chambers that should be in the forefront of the effort to support Indiana education. The animosity and hostility must end. In years past we always had disagreements at the State level. It was an understood part of the democratic process. So arguments occurred, conferences were called and compromises took place—all in an atmosphere of honor and civility. It is essential that we return to those days and have *the following agenda:*

There should be comprehensive efforts made to highlight the vital and successful role of public schools and to recognize their contribution to the effort to make the students in the State of Indiana productive American citizens and also career and college ready. The contributions and efforts of teachers in public schools also must be recognized and an aggressive campaign must be mounted to repair the damage done to the dignity of those professionals who have continued to work unceasingly in the best interests of all of the students in the State of Indiana, despite increasingly complex challenges and unfair criticism.

The current adversarial and often hostile climate noted above is causing veteran teachers to leave the profession and is discouraging young people from entering the profession. In some parts of our country, schools of education are reporting as much as a 20% drop in enrollments. Here in our own State the enrollment drop is dire. If this continues, the social and economic cost to the State of Indiana *will* be heavy.

PURPOSE

Establish a sustainable maintenance training program that will provide Indiana Manufacturers with qualified, highly skilled and experienced candidates on an annual basis

ANALYSIS CONDITIONS

The Indiana Automotive Council (IAC) discovered several other manufactures are experiencing the same two fold problem:

1) Lack of maintenance workforce (Experienced)

2) Lack of skill sets with entry level workers (Inexperienced)

Regional meetings demonstrated the need to include all manufacturing

BRAINSTORMING & BENCHMARKING

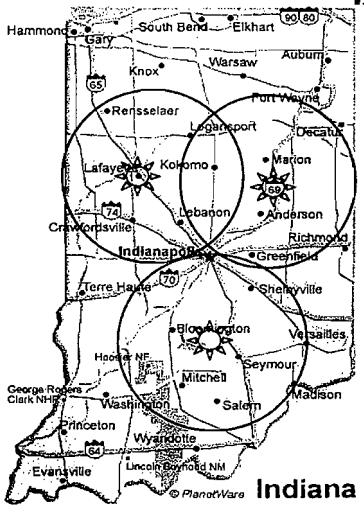
What is being done already?

Toyota (TMMI) currently works with Vincennes University through the Advanced Manufacturing Technician Program.

This is a direct feed program for TMMI and is heavily funded by Toyota. This model program does not provide an overall State-wide solution.

INDIANA
A State that Works

CONEXUS INDIANA



INDIANA AUTOMOTIVE COUNCIL

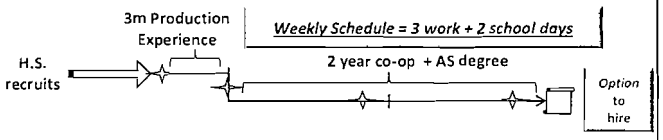
CORE PROGRAM ELEMENTS

- State of the art classroom/lab space laid out by industry
- Hands on practical experience received while in the classroom
- Industry experience received through co-op opportunity
- 2 Year curriculum provided by Ivy Tech and Vincennes
- Students graduate with an AS Degree and significant industry experience

TRAINING CENTER STRUCTURE

Board members include Manufacturers, State Leaders and Educators
Manufacturers will hold a majority of the Board positions
Advisory board for each regional center with local participants

Initial Centers likely located in 3 Regions
1) Lafayette
2) I69 Corridor
3) Columbus
Target group will live/work within a 1 hour radius of the Center



NEW STATE PROGRAM CONCEPT

The IAC worked together with the State, Ivy Tech Community College and Vincennes University to develop a co-op initiative that will provide an effective maintenance-focused training program which will support Indiana's goal to promote manufacturing in the state. In July 2013, Indiana Innovative Workforce Training Center, Inc. was incorporated as a non-profit organization with the Indiana Secretary of State.

PROGRAM BENEFITS

- Close the current industrial maintenance skills gap
- Enhance career path opportunities for HS graduates
- Provide opportunity for displaced workers to re-skill
- Offer Students good wages while obtaining skills
- Leverage pipeline of talent to grow/attract new business

TIMELINE

Fall 2013 - HS School visits and student recruitment begins
Spring 2014 - Locations selected and Centers built
Summer 2014 - Production experience begins
Fall 2014 - Classes and co-op experience begins
Summer 2016 - First cohort graduate and begin career

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OCTOBER 9, 2013

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

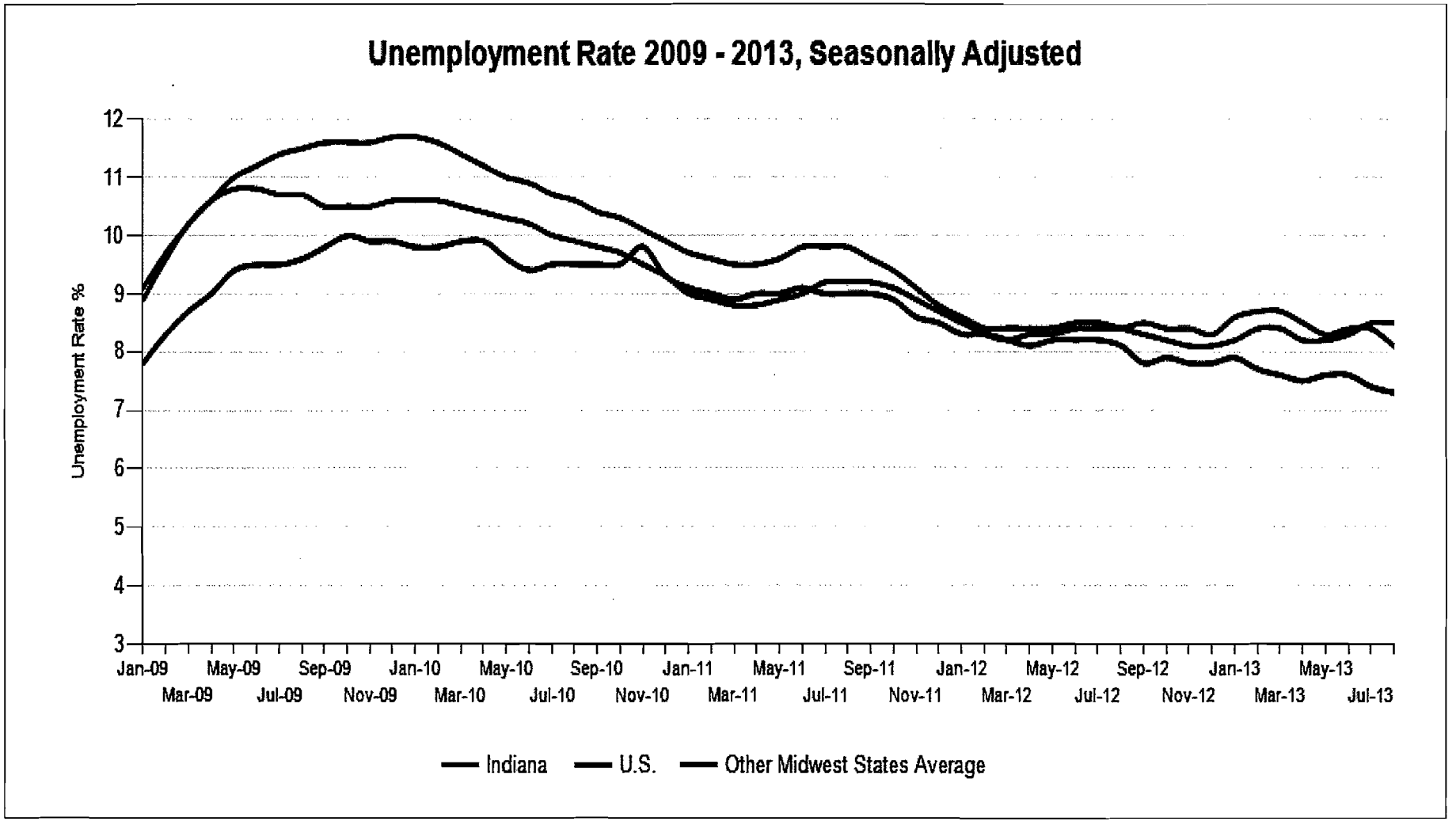
Study Committee on Economic Development

Indiana Department of Workforce Development

Scott B. Sanders, Commissioner

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

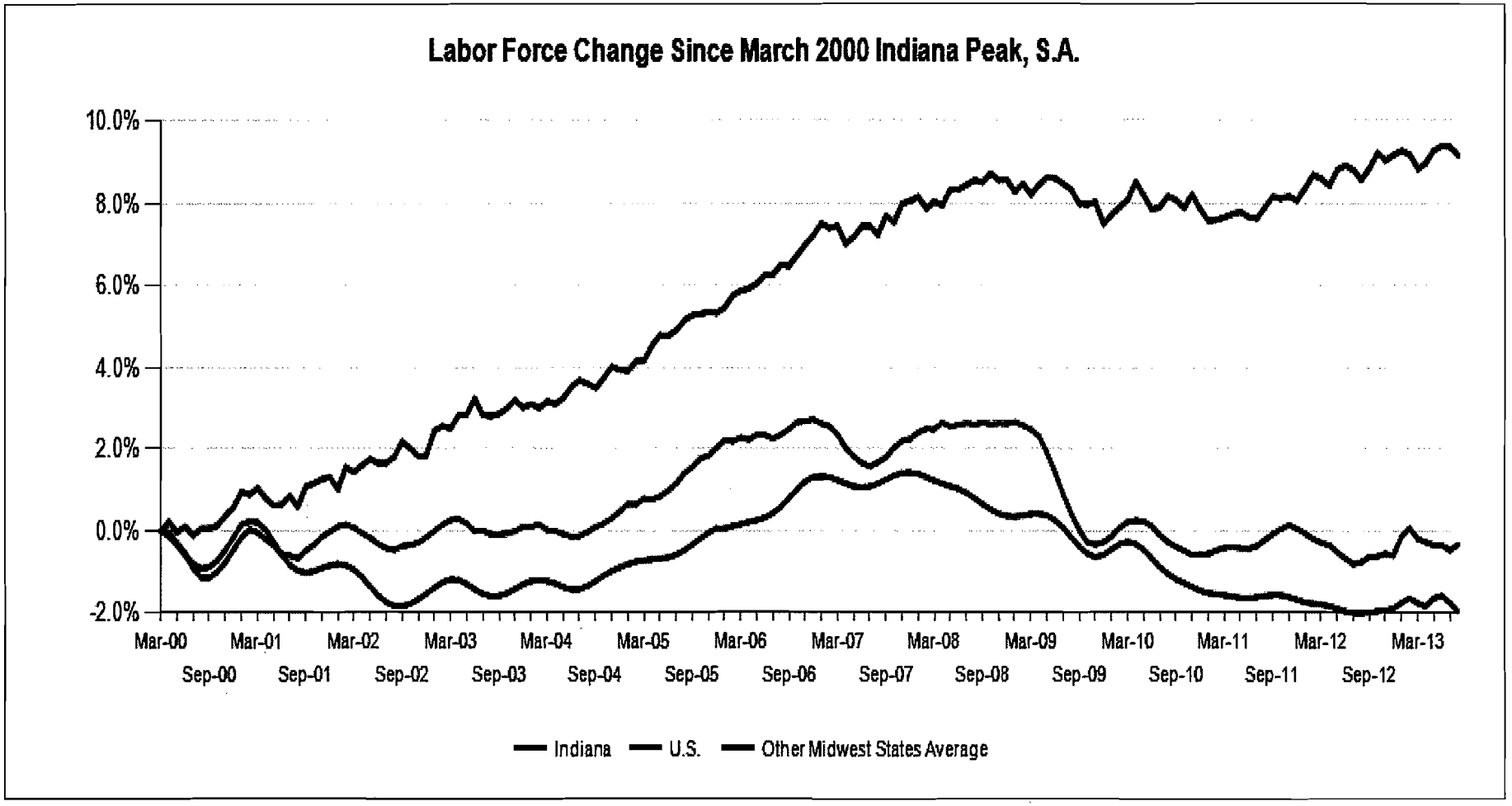
Indiana August Unemployment Rate: 8.1%



Indiana's unemployment rate has been too high and stagnant over the past year however, the 0.3% drop to 8.1% in August is the largest monthly drop since January 2011 and a positive sign for our economy.

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

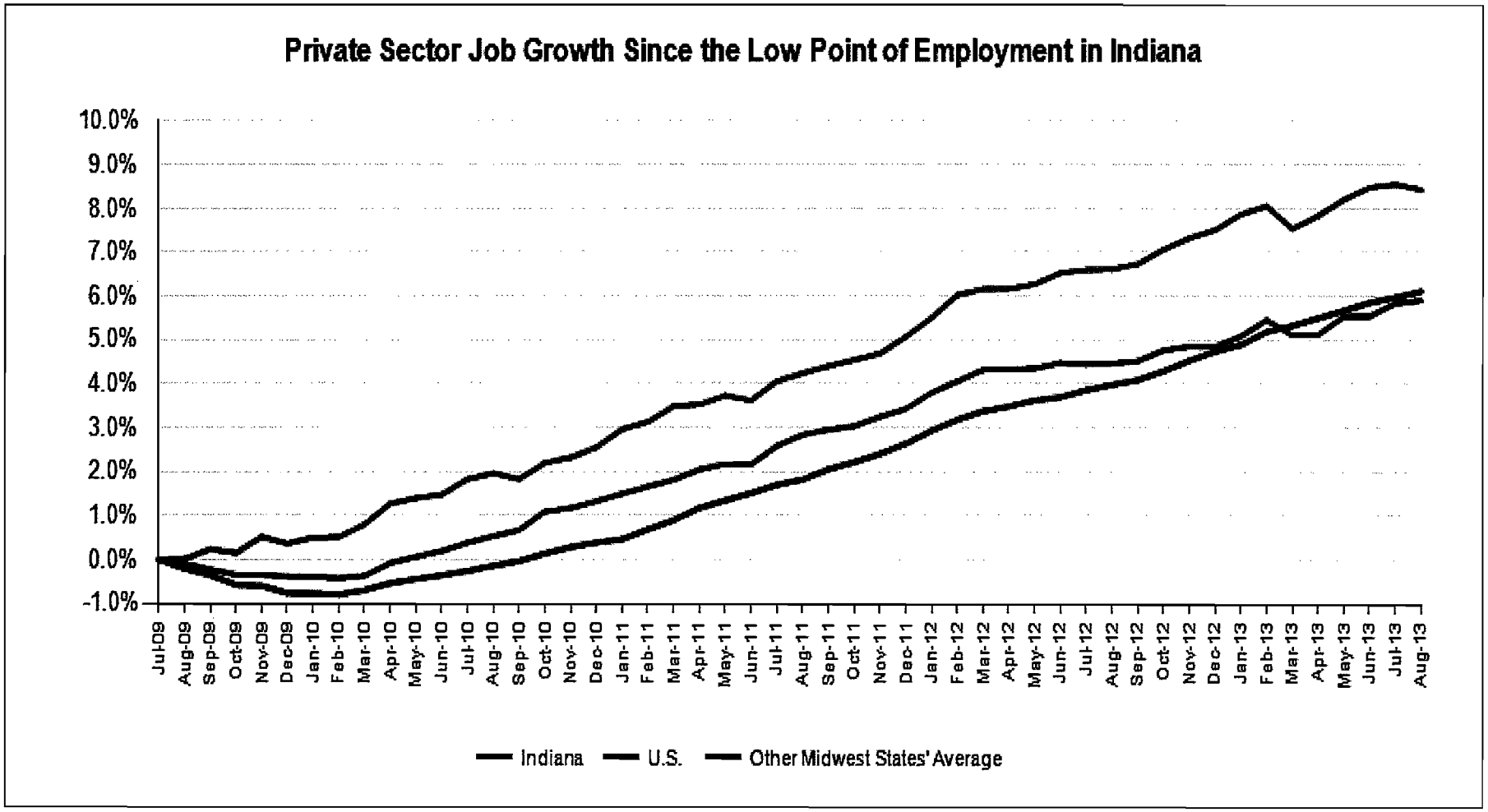
Indiana Labor Force



August brought a welcome labor force increase of 4,000 workers for Indiana, bringing the level back to 0.3% below March 2000 levels.

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

Indiana Private Sector Job Growth



Since January 2010, 40 of 44 months have shown positive job growth, with an average of more than 4,200 jobs gained per month. Indiana's private sector job growth ranks 5th in the nation in percentage of growth since the low point of employment in July 2009 (8.4%), vs the U.S. rate of growth of 6.1%.

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

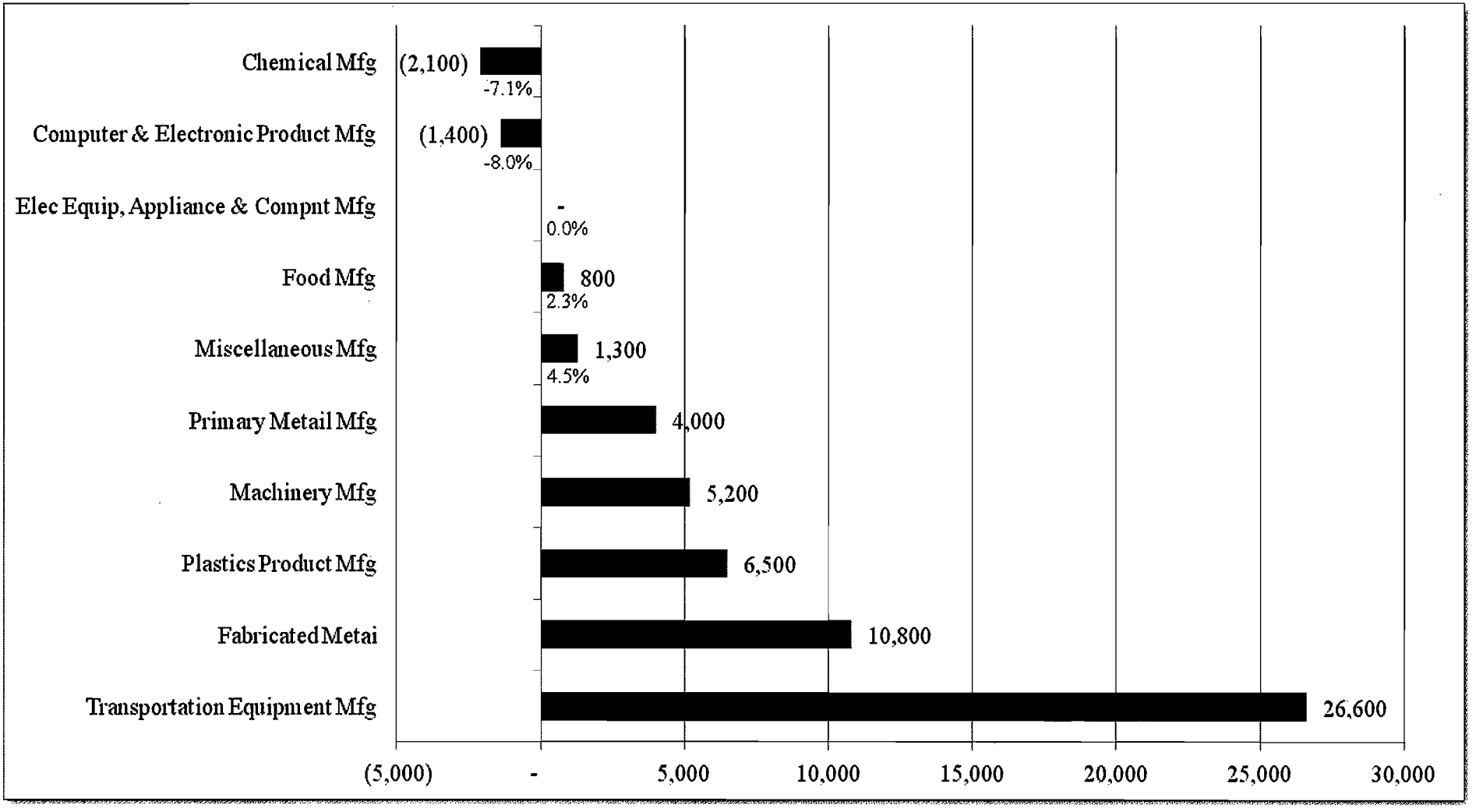
Private Sector: Statewide Industry Movement

Supersector	Private Empl. Peak March 2000	Private Empl. Trough July 2009	December 2012	August 2013	Change Since Peak	Change Since Trough	Year-to-Date Change
Private Educational & Health Services	330.1	416.8	441.5	444.7	114.6	27.9	3.2
.....Private Educational Services	52.2	68.9	74.2	78.3	26.1	9.4	4.1
.....Health Care & Social Assistance	277.9	347.9	367.3	366.4	88.5	18.5	-0.9
Manufacturing	671.0	427.9	488.9	488.4	-182.6	60.5	-0.5
Professional & Business Services	260.5	255.6	298.2	306.7	46.2	51.1	8.5
Financial Activities	145.7	130.8	131.2	134.1	-11.6	3.3	2.9
Construction	154.1	116.9	121.4	113.9	-40.2	-3.0	-7.5
Leisure and Hospitality	267.2	276.7	292.0	293.8	26.6	17.1	1.8
Trade, Transportation & Utilities	617.5	545.9	572.0	586.6	-30.9	40.7	14.6
.....Trade	485.1	421.6	437.5	449.3	-35.8	27.7	11.8
.....Transportation, Warehousing & Utilities	132.4	124.3	134.5	137.3	4.9	13.0	2.8
All Other	162.9	152.0	151.9	150.3	-12.6	-1.7	-1.6
.....Mining	6.8	6.7	6.9	7.1	0.3	0.4	0.2
.....Information	46.5	37.4	35.4	35.3	-11.2	-2.1	-0.1
.....Other Services	109.6	107.9	109.6	107.9	-1.7	0.0	-1.7
Total Private	2,609.0	2,322.6	2,497.1	2,518.5	-90.5	195.9	21.4
Government (Includes Public Schools & Hospitals)	404.6	433.0	426.6	439.9	35.3	6.9	13.3
Total Nonfarm	3,013.6	2,755.6	2,923.7	2,958.4	-55.2	202.8	34.7
United States Total Private	110,737.0	107,711.0	112,817.0	114,302.0	3,565.0	6,591.0	1,485.0

Source: Current Employment Statistics, seasonally adjusted

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

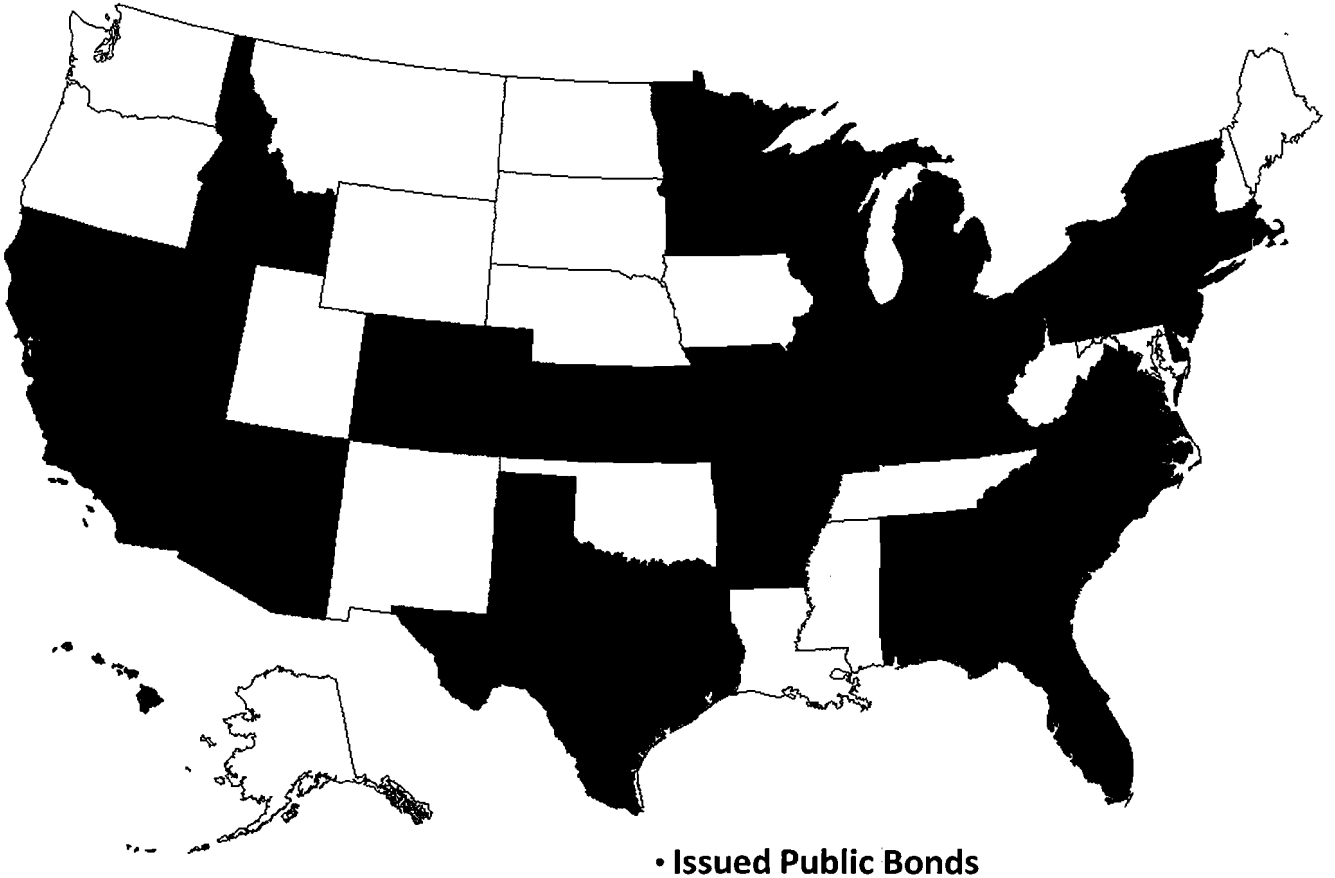
Manufacturing Change during recovery
Aug. 2009 – Aug. 2013



INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

States' Trust Fund Debt

State	Loan Balance
California	$ 9,101.3
Michigan	$ 2,917.0
Pennsylvania	$ 2,827.0
New York	$ 2,752.0
North Carolina	$ 1,980.0
Texas	$ 1,960.0
Ohio	$ 1,554.1
Illinois	$ 1,469.0
Indiana	$ 1,341.7
Colorado	$ 624.8
Kentucky	$ 608.5
Connecticut	$ 573.8
South Carolina	$ 531.5
Nevada	$ 510.1
Wisconsin	$ 390.7
Missouri	$ 322.3
Georgia	$ 296.6
Idaho	$ 187.6
Rhode Island	$ 163.0
Arkansas	$ 157.8
Arizona	$ 133.8
Virgin Islands	$ 76.5
Delaware	$ 71.5
New Jersey	$ 61.4
Totals	$ 30,611.9



- Issued Public Bonds
- Repaid Federal Loan
- Federal Title XII Loan

Federal Loan Balances as of September 20, 2013

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

UI Trust Fund Balance Update:
On Track with Projections

($ millions)	Premiums	Benefits	FUTA Penalty	TF Balance	Interest Surcharge	Employer Totals
2012 Actual	$734.9	$640.9	$104.0	($1,763.4)	$59.1	$898.0
2012 Forecast*	$746.1	$778.8	$117.6	($1,972.0)	$81.5	$945.2
$ Difference	($11.2)	($137.9)	($13.6)	$208.6	($22.4)	($47.2)
% Difference	-2%	-18%	-12%	-11%	-27%	-5%
2013 Actual (through June 30)	$505.1	$274.9	$160.8	($1,368.8)	$33.6	$699.5
2013 Forecast* (through June 30)	$509.0	$361.4	$176.4	($1,648.1)	$31.8	$717.2
$ Difference	($3.9)	($86.5)	($15.6)	$279.3	$1.8	($17.7)
% Difference	-1%	-24%	-9%	-17%	6%	-2%

Using forecast from January 2011

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

Trust Fund Update

Benefits:

- Last year over 180,000 individuals collected benefits for at least one week and received an average weekly benefit of $276.

- The average amount of time an individual received UI benefits decreased from 14.8 weeks in April 2012 to 13.5 weeks in June 2013.

Interest:

- The federal interest rate for 2013 is 2.57% (was 4.08% in 2011; 2.94% in 2012)

- The surcharge to pay the interest is 7% for 2013 (was 13% in 2011; 8% in 2012)

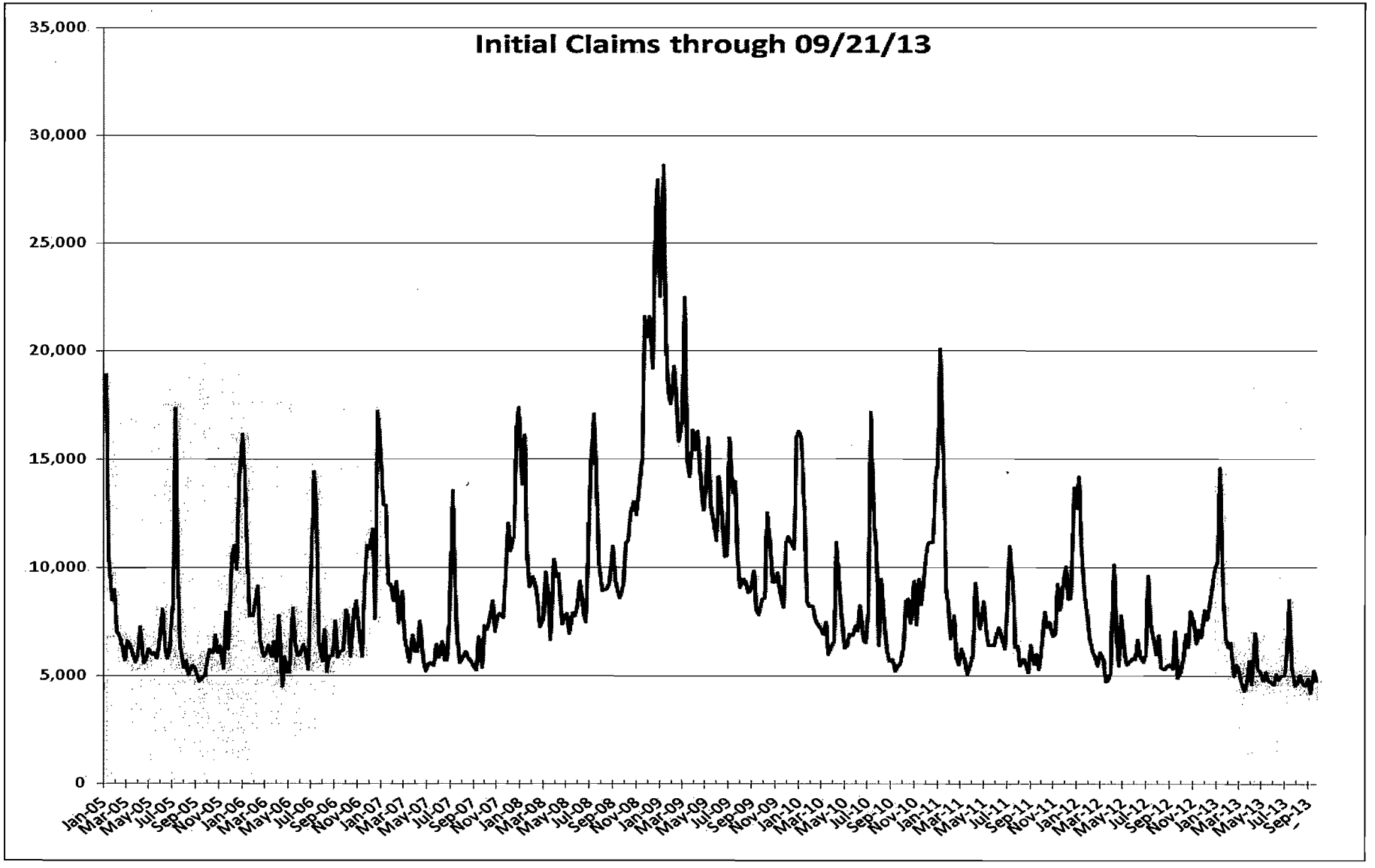
FUTA (Federal Unemployment Tax Act):

- Indiana employers paid an additional amount of $63 per employee in federal unemployment taxes (FUTA) this year and will pay an additional $84 per employee next year due to the state's outstanding loan.

- In late June, Indiana applied for waiver and substitution for additional FUTA tax credit reduction (BCR Add-on Waiver) for taxable year 2013.

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

Initial UI claims are below 2005 & 2006 levels



INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

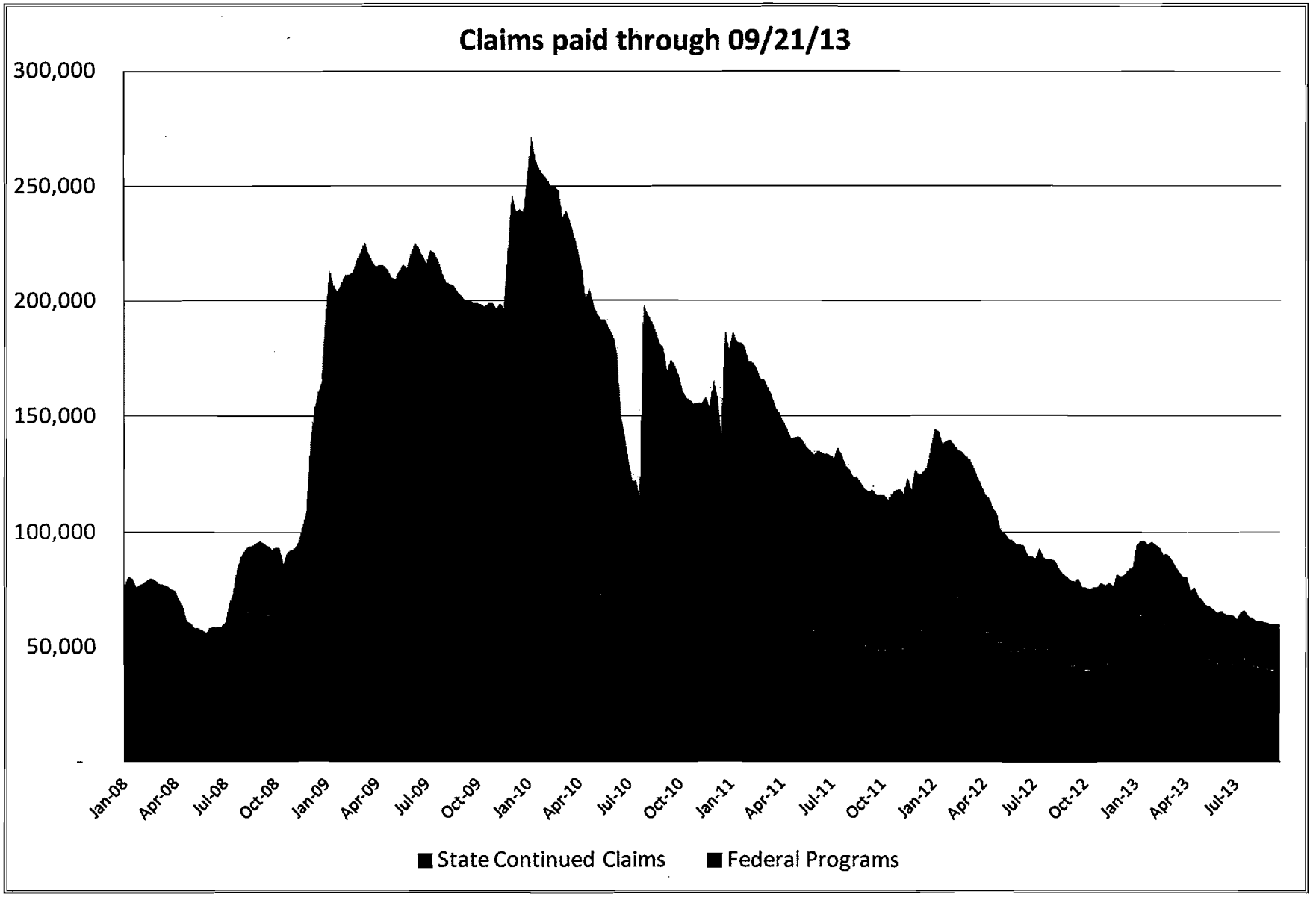
Current Tiers of Unemployment Benefits Available Beginning Sept. 2, 2012

State Regular UI	up to 26 weeks	(State Trust Fund)
Federal Extension #1	up to ~~20~~ 14 weeks	(Federal Funds)
Federal Extension #2	up to 14 weeks	(Federal Funds)
Federal Extension #3	up to ~~13~~ 9 weeks	(Federal Funds)
~~Federal Extension #4~~	~~up to 6 weeks~~	~~(Federal Funds)~~
~~Extended Benefits(EB)~~	~~up to 20 weeks~~	~~(Federal Funds & State/Local Gov't)~~
Total =	~~up to 99~~	
	~~up to 73~~	
	up to 63 weeks	

Note: All Federally Extended Benefits are set to expire Dec. 31, 2013. Individuals will be unable to finish tiers at that point.

INDIANA WORKFORCE DEVELOPMENT

State UI Claims are below 2007 Levels



INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

Indiana's Workforce Development System

12 Workforce Investment Boards:

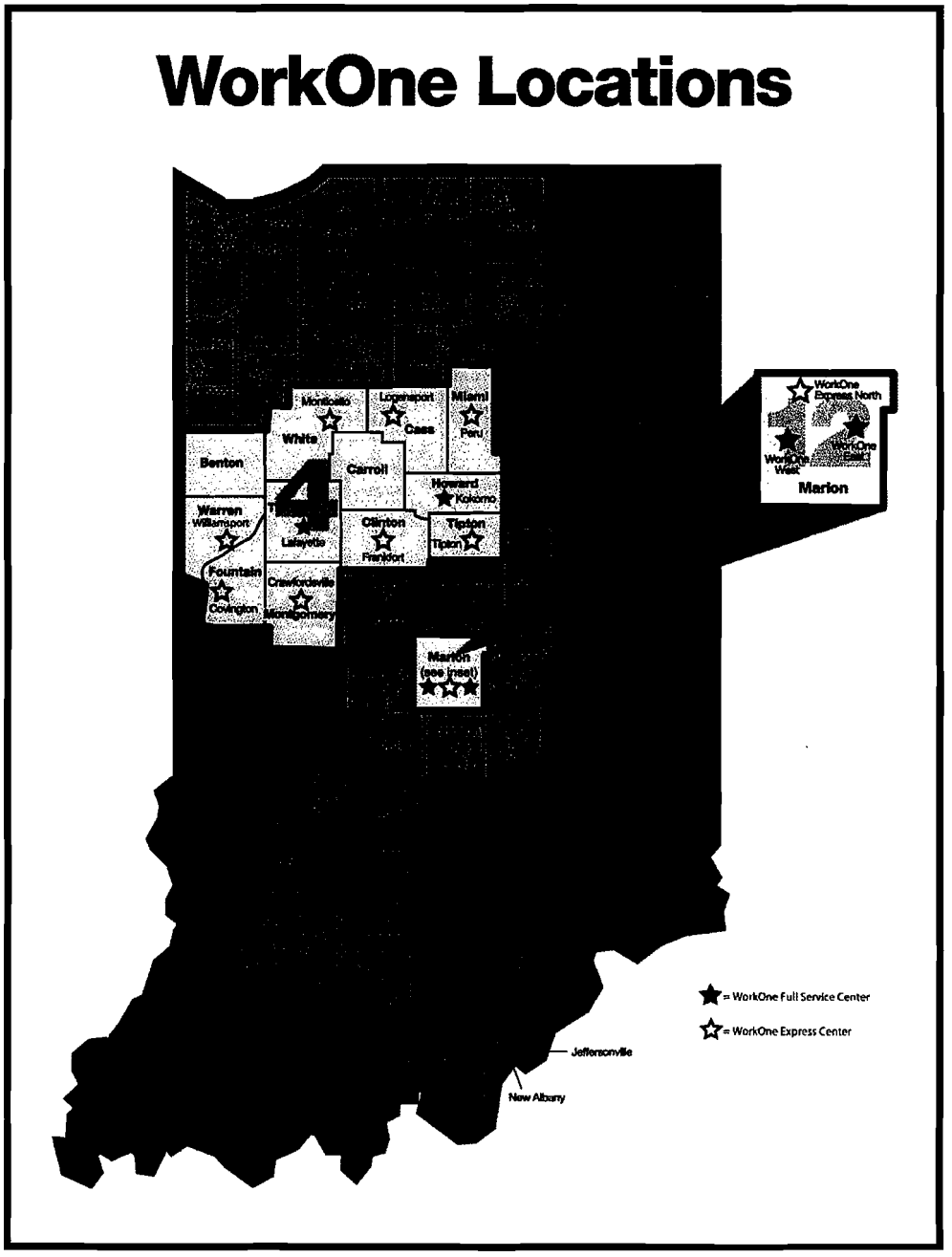
Volunteer Members appointed by local elected officials

Membership: 50% or more business.
- Local Economic Development representative sits on each board
- Other: labor and community based

Main Duties of Board:
- Oversee operations of WorkOne offices
- Develop and execute budget for delivery of services

Business Consultants:
- Hired to perform employer outreach in each community

Funding:
- Distributed by federal formula & weighted heavily by unemployment data



INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

Workforce Challenges

- **High levels of unemployment for:**
  - Undereducated
  - Youth
  - Minorities

- **High levels of Long-Term unemployment:**
  - Particular problem for older workers and minorities
  - Impact of federal extensions
  - "Soft" skills versus "Hard" skills
  - Wage gap issues

INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

JOBS for Hoosiers

HEA 1457-2013

Required in-person visit to WorkOne® after 4th week of UI benefits

This in-person visit is part of the new law passed aimed at getting unemployed Hoosiers back to work as quickly as possible

Prior to in-person visit:

- Review job market and career information in www.IndianaCareerConnect.com
- Complete skills assessments in www.IndianaCareerConnect.com

During in-person visit:

- Review of work searches
- Orientation to WorkOne® services
- Proof of identity

*This new state program is similar to the federal program that has been running at week 27.

WorkOne **Reemployment** Services

IndianaCareerConnect.com

IndianaCareerConnect.com is the #1 source of jobs in Indiana. Find a career close to home that matches your skills and experience or explore training opportunities to help you get the job you want. Search over 99,000 jobs located in your back yard for free!

Hoosier Hot 50 Jobs

The Hoosier Hot 50 is a listing of the 50 fastest growing, high-wage jobs of tomorrow. This listing shows what jobs will be the most in-demand by 2020 in the state of Indiana. Take a moment to explore the profiles of each position online at www.HoosierHot50.com. Inside each job listing you'll meet a Hoosier who will give you an inside look at the position, along with salary information and education/training requirements.

WorkINdiana

Fast-track your future! Take your skills to the next level with WorkINdiana. The WorkINdiana program allows you to earn your GED and a career certificate at the same time, giving you the boost you need to get the job you want. Pick from 15 different certificates ranging from Certified Nurse Assistant to Computer Technician. Choose a program today and start earning tomorrow! Visit www.in.gov/dwd/adulted.htm for more information or stop by your local WorkOne to choose a program today.

Indiana Career Explorer

Whether you're looking for a new career or exploring career and college options, this online tool provides all the resources you will need to make it happen for you. Take control of your future, visit www.IndianaCareerExplorer.com. It is fast, easy, and free!

WIN Career Readiness Courseware

Worldwide Interactive Network (WIN) Courseware is free online training available to Hoosier job seekers 24 hours a day, 7 days a week so you can work at your own pace. WIN can give you the boost you need to update your skills and stay competitive in the job market. Visit Indiana's WIN website, http://ingov.wincshost.com.

National Career Readiness Certificate

The National Career Readiness Certificate proves you have the skills needed to succeed in the workplace and shows Hoosier employers you have what it takes to do the job. Visit your local WorkOne and find out how to get certified today.

Veteran Services

At WorkOne, veterans go to the front of the line and each office has an onsite veteran's representative that assists with employment needs. Services provided to veterans include: direct job referrals, resume development, training and grant assistance, interview coaching and much more. Speak to a veteran's representative at your local WorkOne or visit www.in.gov/dwd/2424.htm for more information.

Youth Services

WorkOne youth services can help you get the education and training you need to be successful. You will be paired with a Career Coach for one-on-one counseling and personalized support. Together you will develop goals and achieve success through career planning, training and mentoring that can lead to job placement. If you are between the ages of 16-21, visit your local WorkOne for more information.

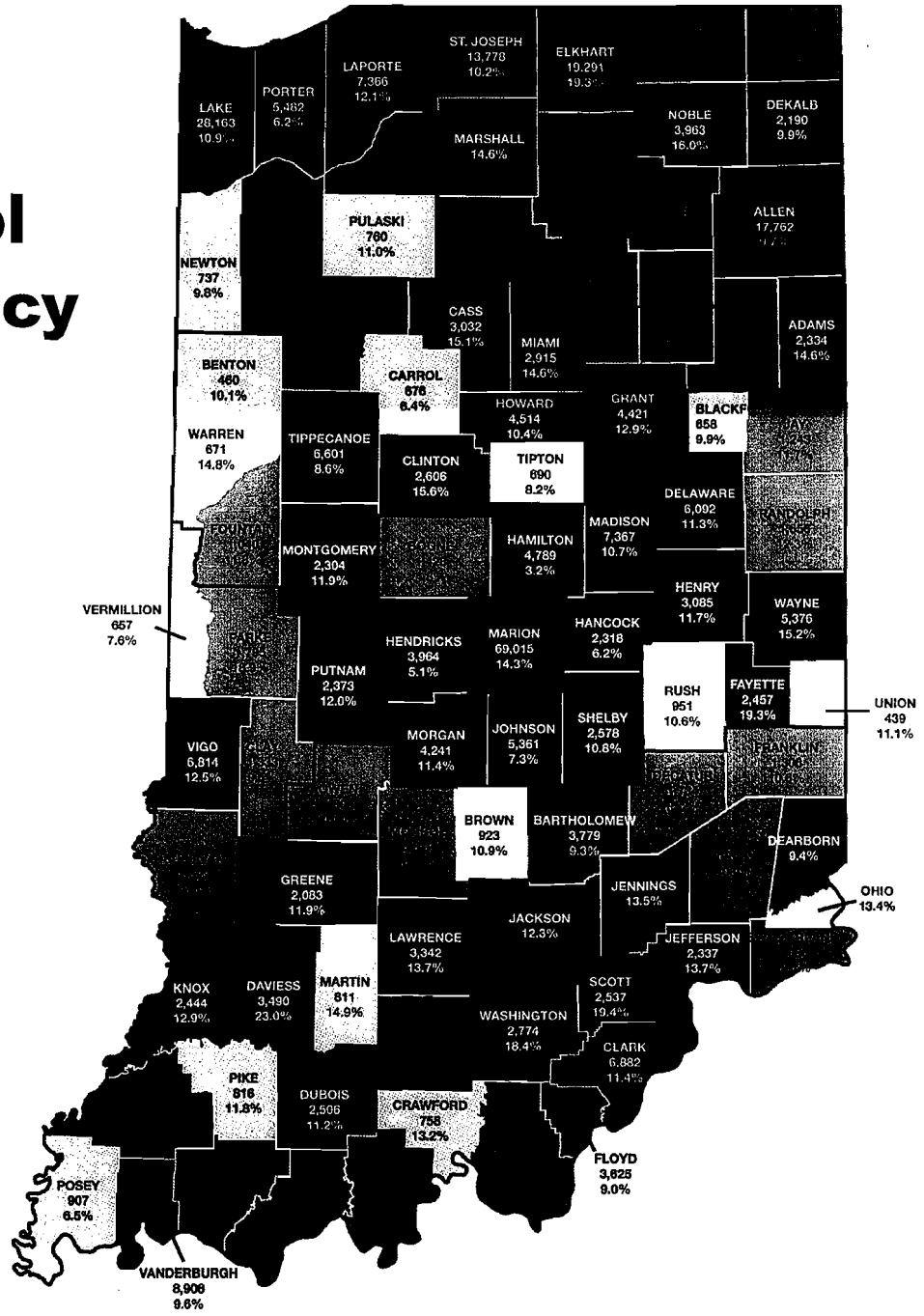
Adults age 25 to 64 without a High School Diploma or equivalency 2011

Number of Adults

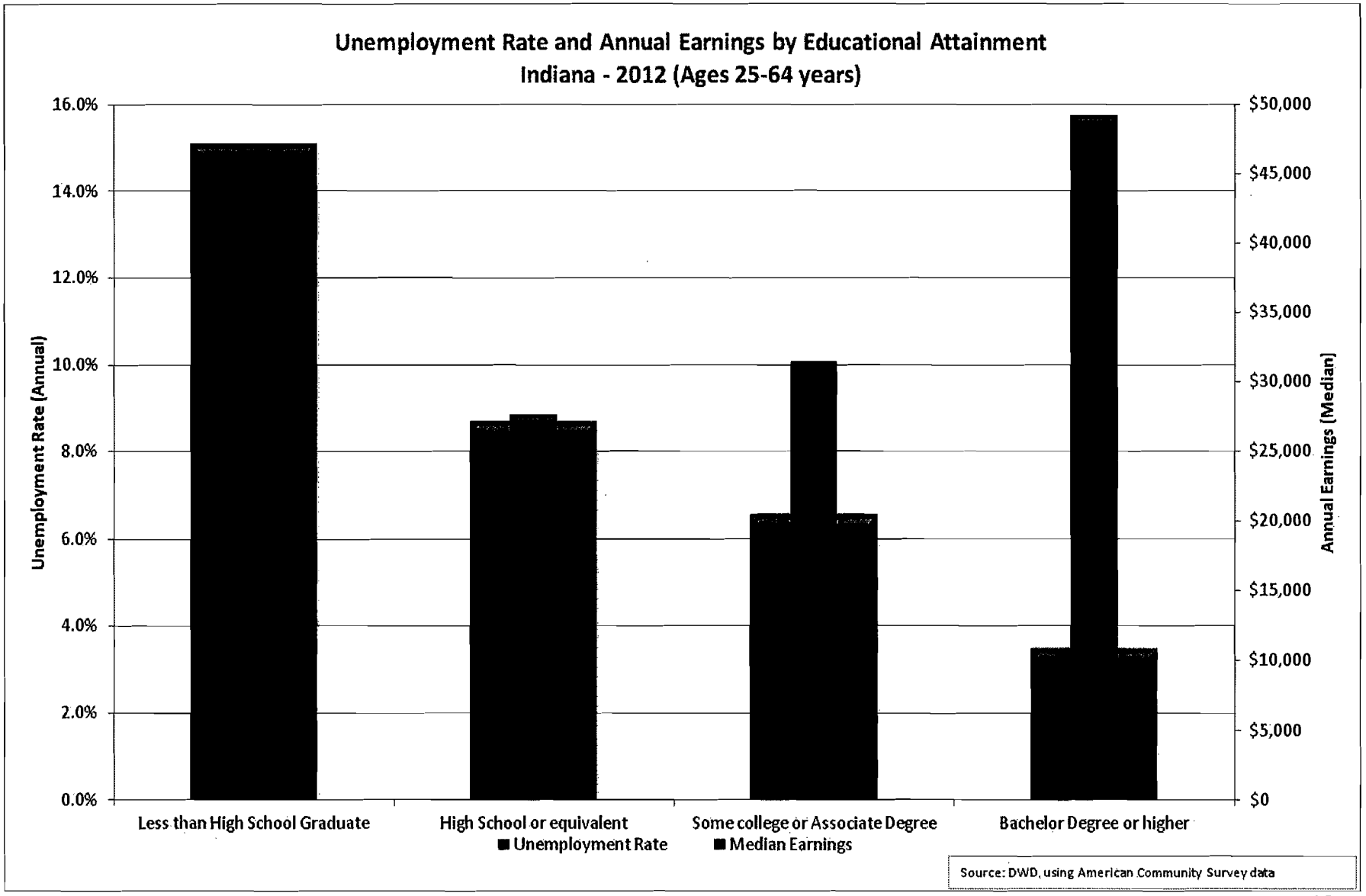
- 0 - 1,000
- 1,000 - 1,999
- 2,000 - 3,999
- 4,000 +
- Economic Growth Region

Labels also show the percent of adults age 25 to 64 without a high school diploma or equivalent.

Source: Indiana Business Research Center, using American Community Survey five-year estimates. March, 2013.



INDIANA WORKFORCE DEVELOPMENT
AND ITS WorkOne CENTERS



INDIANA WORKFORCE DEVELOPMENT AND ITS WorkOne CENTERS

Effective Workforce Education and Training in a Period of Reduced Resources

- Resources in FY2014
  - Education and training dollars in FY2014: $112.7M
  - Indiana's federal WIA funding down 9% since FY2011. FY2014 is $47.0M
  - As unemployment rate improves, funding will decrease
- State approach:
  - Focus on overhead/structure costs and effectiveness
  - Expand Public-Private partnerships / Collaboration
  - Expand Employer driven training model
  - Need for flexibility within program funding streams