Where we are Now

- Recent rate of net job creation, indicates it will take more than 60 months to replace jobs lost in 2008-2009 recession
- 21 states had job losses of 5% or more in the Great Recession
- Only 16 of the nation’s 100 largest metro areas have regained more than half of the jobs they lost during the recession
- Nearly one-in-three Americans who grew up middle class have slipped down the income ladder—before the recession
Where we are Now

- Americans’ income have dropped since 2000 and are not expected to recover until 2021
- Housing prices won’t return to their 2005 peak until 2018
- Model of housing supply indicates housing starts will return to average in 2014
- Decline in housing prices from 2005 to 2009 resulted in $240B less economic activity in 2010, about 1.7% of annual economic activity
State Budgets

- Medicaid spending is increasing an average of 29% in FY12
- Uncertainty on whether revenue projections will be met
- “More Gloom Lies Ahead for Cities” – National League of Cities
- Serious pension and health-care obligations
- State tax revenues grew 10.8% in 2nd quarter, 2011
  - Sixth straight quarter of growth year-over-year
  - But in 38 states this is still less revenue than 2008
FY 2012 Spending is $18 billion less than FY 2008

*FY 2007, 2008, 2009, 2010 are actual, FY 2011 is estimated and FY 2012 is proposed.
Addressing Capital

- Angel investor tax credits
  - AZ, CO, CT, LA, ME, MD, MI, MN, NE, ND, OH
- Other tax credits
  - NJ, UT
- Using federal SSBCI funds
- State’s investments
  - CT, IL, VA
- Fund of Funds
  - MD, WI
Workforce

- Encouraging greater college attendance
  - AK, CT, OR, VA, New Haven, and Gates Foundation
  - Balanced against rising college costs and student debt

- College grad retention
  - CT, OK

- Increase number of engineers or STEM in general
  - KS, OK, TX, VT*

- Internships
  - NE, WSU/TechTown

- Affordability and completion
  - GA, TX

- Immigration
  - MI
Mismatch on Workforce

- A vicious cycle
- Unfilled positions due to lack of qualified job candidates
  - 52% of employers say they’re having trouble filling positions; up from 14% last year, ManpowerGroup survey
  - Nearly half of MN mfrs report openings they can’t fill
Investing in research
- CT, KS, MD, NV, NY

Universities playing role in economic development
- FL

Supporting university spin-outs
- FL, Ontario
Higher Ed has a Problem

“Spend Less, Deliver More Value”

Approaches being proposed

- Rate professors to determine how cost-effective they are
- Moratorium on campus construction
- Target sabbaticals
- Cut programs
- End tenure
- Significant cuts in funding
- Offer a four-year degree that costs no more than $10,000
- Faculty spend more time in the classroom, less on research
Income Flat; Tuition Increasing

Accountability

- “How many jobs from Oregon’s green energy incentives? No one knows.”
  • The Oregonian, March 13, 2011
- “State audit faults Emerging Technology Fund’s transparency”
  • Austin American-Statesman, April 28, 2011
- “Behind Perry’s Jobs Success, Numbers Draw New Scrutiny”
  • Wall Street Journal, October 11, 2011
- “Companies got millions— but state got no jobs”
  • Orlando Sentinel, October 21, 2011
- “How to Create a Job”
  • This American Life, aired May 13, 2011
Recommendations

- Demonstrate relevance
  - Support from industry
  - Creating needed workers

- Report results that mean something to state funders
  - Jobs, sales, spin-off companies, quality of jobs being created
  - Don’t rely on process measures or metrics that are meaningful to academics (publications, citations, patents)

- Tell an interesting, understandable story

- Effort should be part of a long-term strategy
For more information, contact:

Dan Berglund
614.901.1690
berglund@ssti.org

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