

STATUS REPORT DECEMBER 2008

generation IOWA
COMMISSION



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December 3, 2008

Governor Chester J. Culver
Lt. Governor Patty Judge
Iowa Legislature



Dear elected officials and fellow Iowans:

2008 has been a tumultuous year for the state of Iowa having faced epic, natural disasters and a national economic crisis. These events have created a series of challenges Iowans must face. However, these challenges have also provided opportunities to recreate a vision for our great state with consideration of both current and Next Generations.

Our state currently finds itself with an exodus of our educated young adults seeking higher wage opportunities elsewhere, which leaves a looming workforce shortage. Economic development focusing on retention of talented, young adults is critical to maintaining both our economy and the high quality of life all Iowans help create for all generations.

The state has made great strides toward necessary action in the last two years by recruiting 21st century high tech businesses, such as alternative energy and information technology. It has moved forward in promoting cultural interest via film industry productions in "Peacock" and "The Final Season." The success of these efforts paired with data showing a surplus of qualified, educated Iowans is indicative of the continued need for permanent and ambitious economic development efforts.

The Generation Iowa Commission has continued work over the past year to research historical data and best practices, assist marketing efforts, explore legislative possibilities, and prioritize solutions in consideration of feedback from thousands of participants from the Next Generation. In these pages, you will see the results of this process, painting a picture of our great state's potential for prosperity.

Our recommendations are multifaceted and ambitious resembling our generation, but underscored by an awareness of the critical role economic development must play to attract, retain, and engage the Next Generation of Iowans.

On behalf of the Commission, we thank you for the opportunity to serve the citizens of the state in a capacity essential to the vitality of Iowa.

Sincerely,

A handwritten signature in black ink that reads "Rachel Dozark Judisch". The signature is fluid and cursive.

Rachel Dozark Judisch
Chair

A handwritten signature in black ink that reads "Christian Fong". The signature is fluid and cursive.

Christian Fong
Vice-Chair

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Executive Summary

The state of Iowa is faced with a difficult mismatch of current workforce needs and the jobs the Next Generation of workforce seeks. The research completed in 2008 by the Generation Iowa Commission and Iowa Workforce Development has clarified the needs of the state, identified strengths and challenges and worked to create solutions.

Iowa's Next Generation strengths

- Iowa is a "Top 5" importer of college students and ranks #1 in the Midwest for college student attraction.¹
- Iowa remains a popular place with a strong Next Generation brand.
- Iowa has an active Young Professionals of Iowa organization.
- In 2006, Iowa had a net college student "brain gain" of 8,200 young people.²
- 21 percent of Iowans have college degrees³, and an estimated 33 percent of the next generation workforce is getting at least a bachelor's degree.⁴

Iowa's Next Generation challenges

- Iowa had a "brain drain" of 19,500 college-educated people for 1995-2000.⁵
- 12 percent of currently available jobs in Iowa are for college graduates.⁶
- Iowa's brain drain is 4th worst in the nation since 2000.⁷
- Iowa is one of only six states facing a declining rate of the percent of our population with at least a bachelor's degree.⁸
- Iowa has the 9th lowest average wage out of 10 regional states.
- Iowa's wages are 20 percent lower than the national average.⁹
- Cost of living adjustments do not make up the wage gap.
- Iowa college students rank 17th nationally at a volunteer rate of 32 percent.¹⁰

¹ U.S. Department of Education, National Center for Education Statistics, 2006 Integrated Postsecondary Education Data system

² U.S. Department of Education, National Center for Education Statistics, 2006 Integrated Postsecondary Education Data system

³ U.S. Census, Iowa QuickFacts 2006

⁴ National Center for Education Statistics and U.S. Department of Education, Institute of Educational Sciences, State Educational Profiles

⁵ U.S. Census, 2000 (most recent data available)

⁶ Iowa Workforce Development 2008 Workforce needs Assessment

⁷ U.S. Census, 2000

⁸ U.S. Census, 2000

⁹ Bureau of Labor Statistics, 2006 wage survey. ACCRA cost-of-living index 1Q 2007

¹⁰ Volunteering in America 2008

Conclusions

- Nationally, as well as reflected in the Next Generation survey, the most important factors are wage related that drive a young person's decision to stay or leave.
- Iowa's surplus of qualified, college educated professionals drive wages down forcing Iowans to choose between being underemployed in Iowa or leave the state.
- Without drastic overhaul of economic development practices, 20 percent of Iowa graduates will have to make this choice.
- The number of Iowa jobs for college graduates must dramatically increase to meet the next generation education rate and stem "brain drain."

Recommendations

- Amend legislation to include voting seats for Next Generation Iowans on all boards and commissions relating to economic development and quality-of-life.
- Make job creation programs more ambitious to increase job opportunities for the next generation's education level.
- Expand "Iowa Internship Program" that links top Iowa college students with internships in small and medium sized businesses.
- Expand the Education Award to Iowa's Americorps volunteers to attract service-minded, educated young professionals.

Generation Iowa Commission Overview

The Generation Iowa Commission was established to advise and assist the state, specifically the Iowa Department of Economic Development, to retain and attract the Next Generation of Iowans. Additionally, the Commission has sought to develop recommendations for employers to effectively recruit and retain young professionals.

The Commission produces a report annually, including findings and recommendations, regarding its efforts to attract and retain the young adult population in Iowa. It examines career opportunities, educational needs of young adults and the movement of the young adult population.

The voting members serve staggered three-year terms and eligible commissioners may be reappointed by the Governor. To be eligible, voting members must be at least 18 years of age, but less than 36 years old. Four members of the Iowa General Assembly, two senators and two representatives, serve as nonvoting, ex-officio members of the commission.

The Generation Iowa Commission, with support from the Iowa Department of Economic Development, have worked to research historical data, investigate best practices, assist marketing efforts, explore legislative possibilities and prioritize solutions. To do so, three subcommittees were formed, including Best Practices, Legislation, and Outreach, to most effectively complete these duties.

Generation Iowa Commission Activities and Constituency Outreach

The Commission sought input from all generations statewide. The Commission hosted a variety of events and accepted invitations to participate in many, diverse opportunities across the state, which resulted in collecting information to specific challenges and gaining insight to local initiatives that focused on Iowa's Next Generation.

A significant portion of the Commission's outreach activities identifies opportunities and threats to maintaining, creating, and nurturing the state's quality of life. This is arguably the most important, complex, and difficult area to define. The Commission repeatedly heard from Iowans of all ages that the state must create viable, lasting entertainment and cultural opportunities if it is to attract and retain young people.

Generation Iowa Commission Sponsored Events

- A Web site, www.generationiowa.com, was launched. To date, the web site is continuously growing, connecting young Iowans to one another.
- Network connections were created within MySpace, Facebook, and LinkedIn to engage young Iowans at the most popular social networking Web sites.
- A survey was conducted to evaluate attitudes toward the state and which factors contribute to living and working in Iowa.
- Approximately 1,200 people completed the survey; nearly 900 participants were Next Generation (or between the ages of 18-35 years old).
- Young Professionals of Iowa and Generation Iowa Commission co-sponsored a lobby day at the State Capitol. A similar event is scheduled for March 24, 2009.
- The Commission sponsored and participated in the 2008 Young Professionals of Iowa Conference, an annual professional networking event, in Muscatine, Iowa.
- Commissioners and Iowa Department of Economic Development staff volunteered at an 80/35 Music Festival to promote the Generation Iowa Commission, including www.generationiowa.com.

Generation Iowa Commissioner Events

- Public forums held in Ames, Des Moines, Cedar Falls, and Carroll.
- Representatives of Generation Iowa for panels, presentations, and discussions statewide include: IDED Smart Conference, Sioux City Growth Organization, Cedar Rapids City Council, Linn County Rotary, Iowa Chamber of Commerce Executives, AEGON USA's HR Managers Council, Western Iowa Advantage, Western Iowa Advantage CEO-Educator Summit, Des Moines Young Professionals, Iowa Careers Consortium, Quad City Young Professional Network, Business Conference of the Quad Cities, Family Resources Inc., Carroll Chamber of Commerce, Iowa Council for International Understanding, Latino Unidos of Des Moines, Leadership Iowa, Government Policy Committee of the Greater Des Moines Partnership, Iowa League of Cities and Northeast Iowa Community Development Conference among others.
- Commissioners have participated on the Rebuild Iowa Advisory Commission, the Cedar Rapids Small Business Recovery Task Force, development of a "Next Generation Council," and the Iowa Commission on Volunteer Services.

Commission Goal

“To attract, retain, and engage the Next Generation of Iowans.”

To that end, the Commission aims to accurately report on Iowa’s efforts to retain and attract young people and to develop realistic and reasonable solutions for elected officials and business leaders to make Iowa more successful in recruiting the Next Generation to the State.

Generation Iowa Commission Members

Voting Members

Chair Rachel Dozark Judisch, Lake View

Vice Chair Christian Fong, Cedar Rapids

Kyle Carlson, Colfax

Ragen Cote, Sioux City

Karris Golden, Waterloo

Mitchell Gross, Coralville

Jodi Grover, Rowley

Jesse Harris, Waukee

Emiliano Lerda, Urbandale

Emilia Martin, Davenport

Isaiah McGee, Waukee

Jordan Oster, Clive

Michael Schneider, Grimes

Ex-Officio Members

Senator Matt McCoy, Des Moines

Senator Brad Zaun, Urbandale

Representative Dave Deyoe, Nevada

Representative Elesha Gayman, Davenport

Iowa Department of Economic Development

Jessica Montana

Kay Snyder

Background on the Creation of the Commission

THE SITUATION

Iowa Attracts College Students But Does Not Retain College Graduates

- Nationally, Iowa is a Top 5 importer of college students and ranks No. 1 in the Midwest for college student attraction. Thousands of non-Iowans seek higher education in Iowa each year, creating a net brain gain of college students.¹¹
- Surveys and marketing analysis show Iowa has a strong brand. Both native Iowans and in-coming students want to stay in Iowa—and would if they could. They cite the state's cost-of-living, culture of compassion and community and outdoor activities advantageous and positive.
- Despite the positive brand, Iowans leave. Iowa's brain drain is primarily caused by an inability to retain young educated professionals between 22 and 32 years old.

THE CHALLENGE

Iowa Lacks Adequate Numbers of Jobs for College Educated People

- Too few jobs are being created in fields that require graduate and post-graduate education. Iowa Workforce Development found that in spring 2008, only 12 percent of available jobs require at least a college degree.¹²
- 21 percent of Iowans have college degrees¹³, and about 33 percent of the Next Generation workforce is pursuing at least a college degree.¹⁴ The majority of graduates are forced to leave for lack of adequate jobs.
- The oversupply of educated workers and undersupply of jobs suppresses wages. Iowa does not pay equal pay for similar jobs, relative to neighboring states.
- According to extensive research outlined in the 2008 Generation Iowa report, the wage gap is the number one reason given by young people leaving the state. To quote one participant in a Generation Iowa Commission open forum, they are “a generation of economic migrants.”
- “Brain drain” correlates with lower productivity, lower economic growth rates, lower levels of innovation or new business formation and higher poverty rates.

¹¹ U.S. Department of Education, National Center for Education Statistics, 2004 Integrated Postsecondary Education Data system

¹² Iowa Workforce Development, Workforce Needs Assessment 2008

¹³ U.S. Census, Iowa QuickFacts 2006

¹⁴ National Center for Education Statistics and U.S. Department of Education, Institute of Educational Sciences, State Educational Profiles

The Situation: Iowa Colleges Attract Young People, But Then They Leave

- Iowa is the Midwest’s great schoolhouse. The state boasts one of the greatest public education systems in the world.
- Iowa achieves a top 10 high school graduation rate nationally, along with a college graduation rate (bachelor degrees) of nearly 33 percent.¹⁵
- Iowa is a Top 5 importer of college students and ranks No. 1 in the Midwest for college student attraction.¹⁶
- Iowa has a significant college student “brain gain” advantage over other states in the Midwest, with thousands of non-Iowans seeking higher education in Iowa each year among all levels of our fine colleges.
- Our “brain gain” of college students could paint a bright future for Iowa. Every great economic boom—from Silicon Valley to modern India and the Four Asian Tigers—was built on the raw resource of educated minds.

In 2006, more than 12,000 non-Iowans came to the state for post-secondary education. Only about 4,000 Iowans left the state for school, creating a net college student brain gain of approximately 8,000 young people. Further, surrounding states, such as Minnesota, Wisconsin, Illinois, Kansas, South Dakota and Nebraska, that send many of their young people to Iowa all rank below the national average in college student brain gain.

Residence and Migration of All Freshmen Students in Degree-granting Institutions, by State or Jurisdiction in 2006¹⁷

	State	Out of State Migration	Into State Migration	Net “Brain Gain” Migration
1	Arizona	4,524	29,633	25,109
2	Pennsylvania	19,685	35,431	15,746
3	Florida	14,879	26,198	11,319
4	Iowa	3,921	12,489	8,568
5	California	26,220	34,322	8,102
6	Indiana	7,751	15,574	7,823
7	North Carolina	7,745	15,489	7,744
8	District of Columbia	2,695	10,074	7,379
9	Utah	1,898	9,163	7,265
10	Rhode Island	3,005	9,954	6,949

¹⁵ U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data system, Spring 2006

¹⁶ U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data system, Spring 2006

¹⁷ U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data system, Spring 2006

Iowa Challenges: Iowa Does Not Retain College Graduates

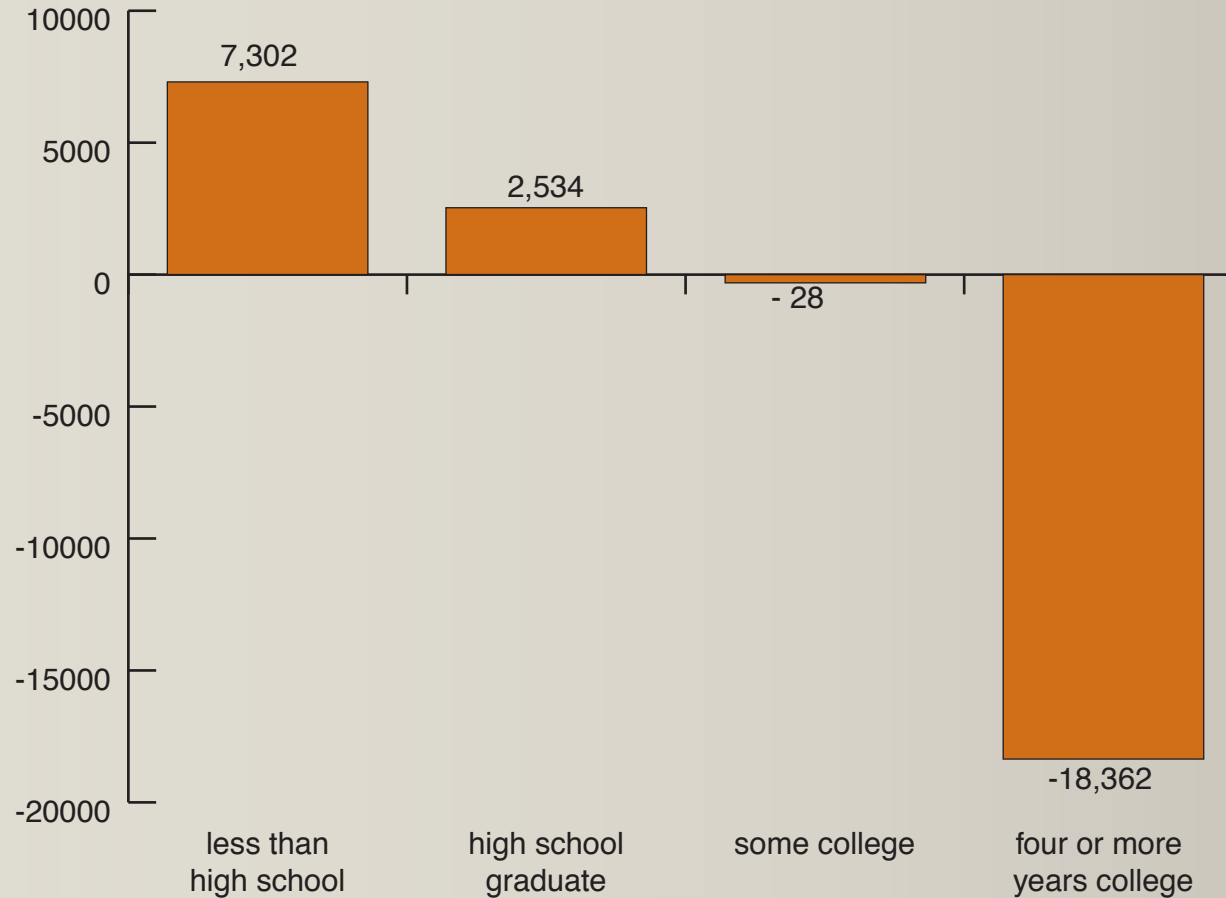
Educated Minds are Iowa's Greatest Value-Added Export

Iowa has a college student brain gain, but also a college graduate brain drain. Census data shows the loss clustered in the 22 to 32 year old demographic.

Iowa's brain drain is mostly caused by an inability to retain college graduates.

The trend toward losing our most educated population is also true for the overall population.

Iowa Net Migration by Education: 1995-2000 (all ages)¹⁸



¹⁸ U.S. Census, 2000

Iowa's Population is Growing Less Educated — the Nation's Fourth Fastest Pace

- The out-migration of Iowa's most educated is accelerating. Iowa's brain drain is the fourth worst in the nation.¹⁹
- Iowa is one of six states facing a declining education rate, as measured by the proportion of the population who have at least a bachelor's degree.²⁰
- Iowa is the least educated state of any of our neighbors.²¹
- Our population growth lags all of our neighbors. We experience rapid out-migration and a birth rate slower than all but one of our neighbors.²²

¹⁹ U.S. Census, 2000

²⁰ U.S. Census, 2000

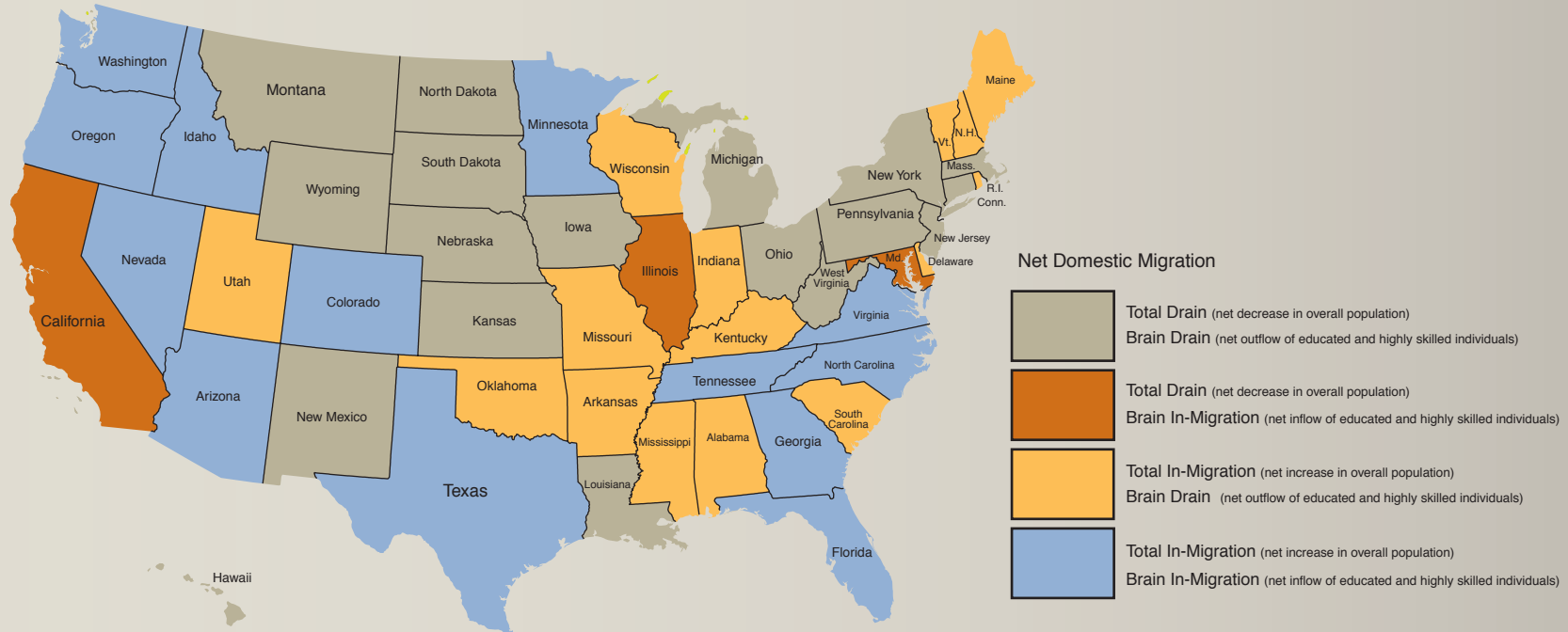
²¹ U. S. Census Bureau, 2005 American Community Survey

²² National Center for Health Statistics

The Situation: Brain Drain and Net Migration are Tied to Relative Average Wages

- Iowa and its neighbors can easily predict the level of educated migration, i.e., brain drain or brain gain, by the relative wages.
- Higher income states win; lower income states lose.

Net Domestic Migration for the Total Population (1995-2000)²³



Statewide Average Wages Correlate with “Brain Drain / Gain”

- States with the lowest average salaries continue to experience both “brain drain” and total population loss.
- Iowa lags the region in wages and thus lags in both educated and net migration metrics.

Average Annual Salaries in Iowa’s Region²⁴

- | | | | |
|-----------------------|-----------------------|----------------------|--------------------------|
| ➤ Colorado: \$40,280 | ➤ Wisconsin: \$35,660 | ➤ Kansas: \$33,960 | ➤ South Dakota: \$29,170 |
| ➤ Minnesota: \$40,340 | ➤ Indiana: \$34,080 | ➤ Nebraska: \$33,310 | |
| ➤ Illinois: \$39,290 | ➤ Missouri: \$34,660 | ➤ Iowa: \$32,340 | |

²³ U.S. Census Bureau: “Net Domestic Migration of People Who Were Young, Single, and College Educated, and for the Total Population aged five and Over: 1995-2000”: 2000; <http://www.census.gov/prod/2003pubs/censr-12.pdf>

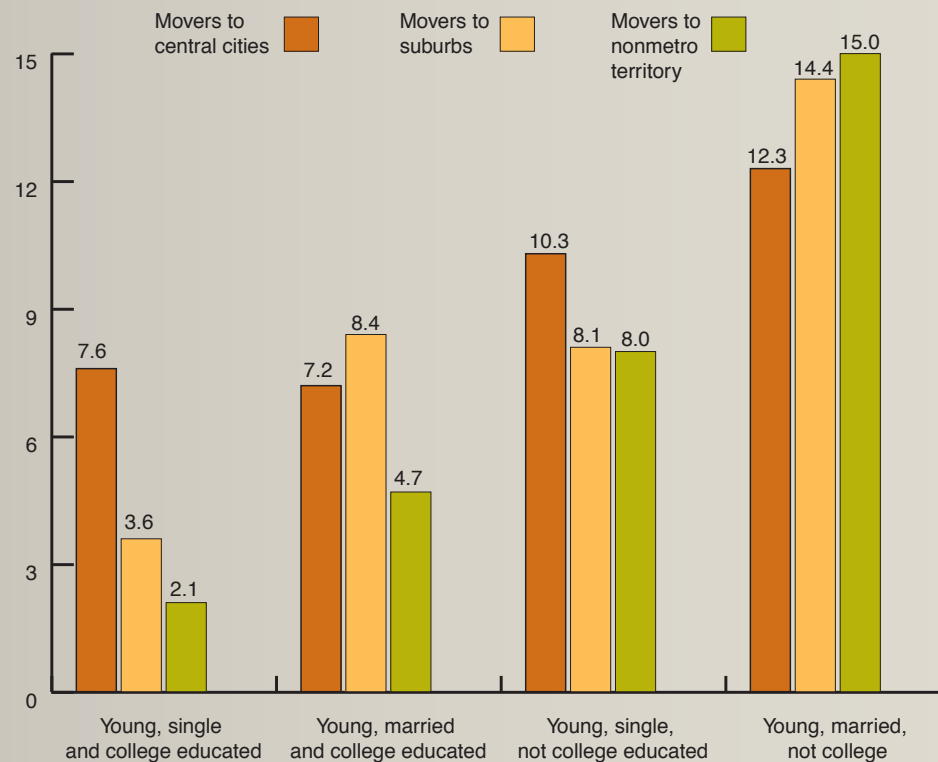
²⁴ Bureau of Labor Statistics, 2005

Iowa's Strengths: Iowa's Urban and Suburban Areas Project Population Gains

- Iowa's 10 most populated counties and most surrounding suburban counties expect population increases between 2000 and 2030, primarily from inflows of young lowans.²⁵
- Young, educated lowans tend to move to cities, while young people without a college education tend to move to rural areas.¹ This mirrors the nationwide pattern.

Generation Iowa Commission surveys and open houses identified Iowa as a popular place with a strong "Next Generation" brand. There will always be young adults who want to explore the world; no amount of cajoling or marketing will change their minds. However, most young lowans and students at Iowa's colleges want to stay in Iowa or eventually return to raise their families, particularly in or around Iowa's urban areas.

Percent of Movers to Specified Destinations in U.S.: 1995 to 2000²⁶



²⁵ Iowa Civic Analysis Network, October 2006.

²⁶ United States Census Bureau, www.census.gov/prod/2003pubs/censr-12.pdf

Domestic Migration of People Who Were Young, Single, and College Educated, and for the Population Aged 5 and Over: 1995-2000 Migration Total by 1995 to 2000

Iowa Challenges:

Lagging Wages is the Main Factor for Failure to Attract from Out-of-State

What Do Our Educated Young People Want? What Causes Them to Leave?²⁷

Studies show young people want a place where they can find degree-compatible high-paying jobs and low cost-of-living.²⁸ Nationally, the most important factors that drive a young person's decision to stay or leave are:

1. Highest-paying job in a field that is compatible with the young person's degree
2. Affordable cost-of-living

The following factors are considered tie-breakers:

3. Demographic-specific amenities, i.e., things-to-do, cultural life, attractions
4. Geography, i.e., access to outdoors, access to other cities
5. Options for career advancement and mentoring

Iowa Fails to Attract Out-of-State Young Professionals Because of Its Low Relative Wages

Migration for today's young professionals is remarkably simple. The Next Generation follows the best economic opportunities. In this, Iowa is failing spectacularly. Iowa's wages are a staggering 20 percent lower than the national average.²⁹

²⁷ Greater Boston Chamber of Commerce, Preventing a Brain Drain: Talent Retention in Greater Boston, October 2003

²⁸ Iowa Civic Analysis Network, October 2006

²⁹ Bureau of Labor Statistics 2006

What Next Generation Thinks of Iowa: Next Generation Perceptions of Iowa Reveal Strengths and Weaknesses

During 2008, Generation Iowa Commission conducted a survey of 889 next generation participants, age 18 to 35 years old, the majority of whom lived in Iowa. In response to key questions, the commission found that:

The Next Generation *Wants* to Stay in Iowa

Iowa does well in the top factors that determine where the Next Generation *wants* to live and work. This is consistent with the feedback from Generation Iowa Forums hosted on various college campuses. During these sessions students repeatedly stated their desire to stay in Iowa.

Q: Top factors that affect a decision on where to live and work?

1. Overall cost of living
2. (tie) Available job in my field
2. (tie) Affordability of housing
3. Competitive salary/benefits

Additionally, when asked specifically which cities were most attractive, Iowa cities score well. Many of Iowa's urban areas and several smaller towns (particularly those with colleges), are rated as attractive or more attractive than the regional employment hubs in neighboring states.

The Next Generation Will Follow Economic Opportunity

Despite a demonstrated desire to stay in Iowa, the Next Generation is pragmatic and economically driven. They will only stay in Iowa if they can find a great job with a competitive salary and a good chance for professional growth. This is consistent with the national survey finding that economic factors are the top drivers of migration.

Q: Which factors would entice you to stay in the same state in which you earned your highest education degree?

1. Available job in my field
2. Competitive salary
3. Possibility of professional advancement
4. Overall cost of living

When weighing economic opportunity, pay and benefits are most important factors

Economic development should focus on attracting opportunities to which the Next Generation will say "Yes." This requires matching job creation programs and growth policy to the following factors.

Q: When seeking employment, what are the most important factors in a potential employer?"

1. Competitive Wage
2. Strong Benefits Package
3. Friendly / Welcoming Environment
4. Ability to take time off

Iowa Challenges: Iowa's Wage Gap is caused by a lack of jobs for highly educated people

Commonly used excuses for low wages are inaccurate

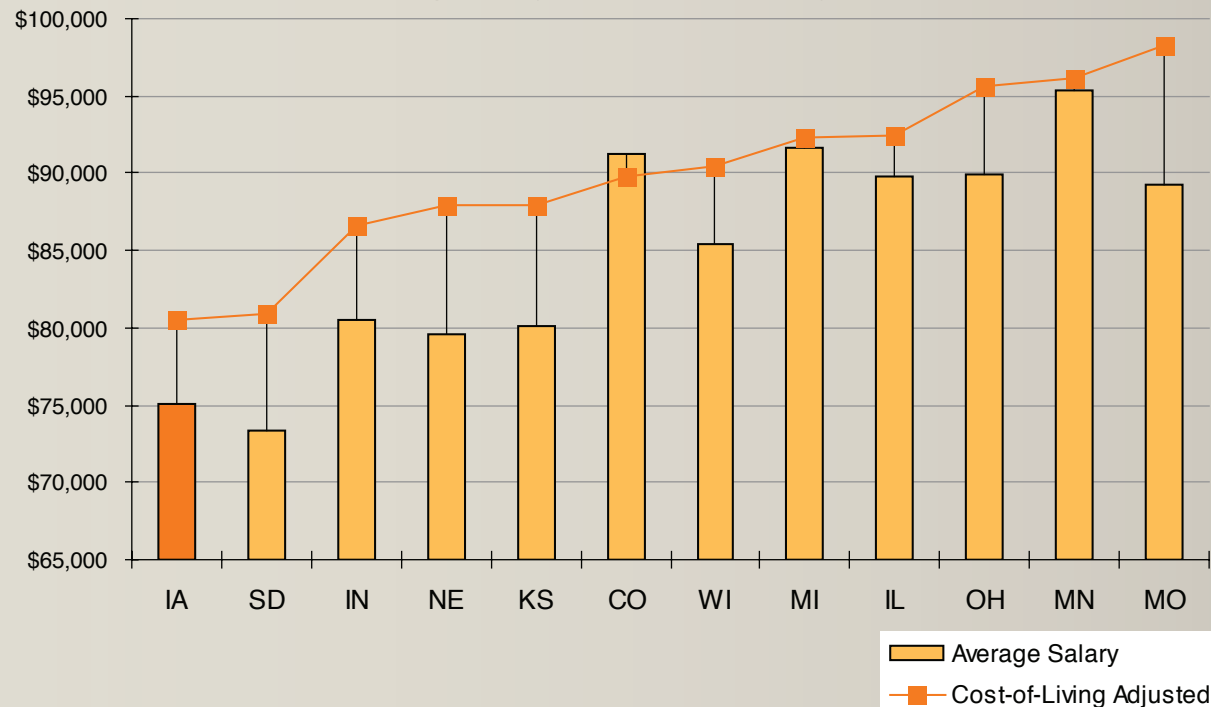
Myth 1: "Wages are low, but it's a lot cheaper to live here."

Actually, cost-of-living adjustments fail to make up the wage gap. (See graph below.) Furthermore, Iowa's cost of living for young professionals is relatively high for two reasons:

1. Cost-of-living calculators use the cost of owning a single-family home. Iowa's young workers often live in apartments, paying their unit's share of the commercial tax rate that apartment complexes pay. As a result, Iowa's young people carry a higher tax burden not captured in standard cost-of-living indices.
2. Education costs are not included in cost-of-living. Iowa graduates carry the sixth highest student loan rate in the country, an average of \$24,990 at graduation. Repayment of large student loans creates a long-term burden that nearly offsets all other cost-of-living advantages.

*Even without the additional burdens, Iowans lag in cost-of-living adjusted wages.

Iowa's "Management Occupations" pay is last in the region, after adjusting for cost-of-living



Myth 2: “But we have high-paying jobs.”

Iowa does poorly in nearly every field.³⁰

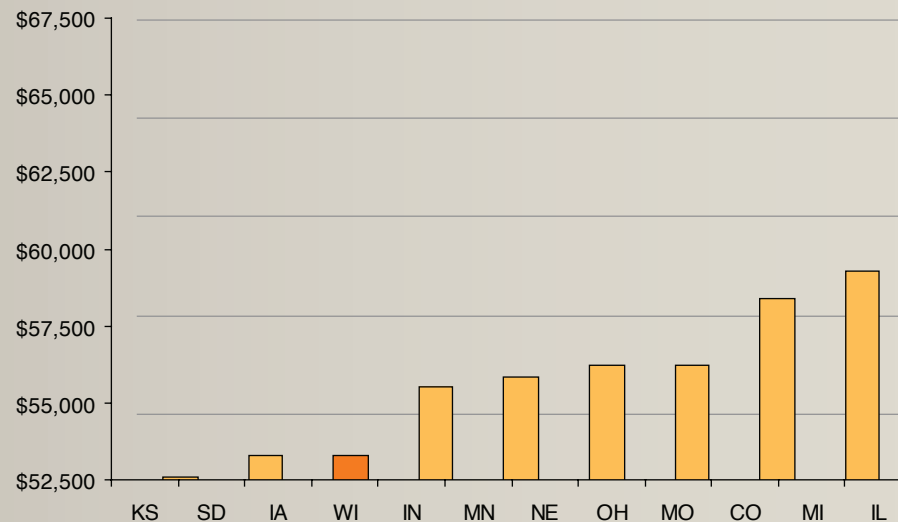
- “Healthcare Providers” are paid dramatically less than every state in our region—a full 20 percent less than neighboring Minnesota.
- “Architect & Engineering” sector is second to last in the region, even after adjusting for cost-of-living.
- “Business & Financial Occupations” pay is tied for last in the region. Any employer that has attempted to use state-level wages to recruit for accountants can attest to the difficulty of luring a twenty-something into Iowa.
- The “Social Services” sector is also last in the region.

Nearly every region has a headline employer touted for high wages and fast growth. Select employers have discovered that paying regionally competitive wages is the best way to attract and retain the nation’s best talent. Yet, for the majority, Iowa pays less for a day’s work than the surrounding states.

Myth 3: “It’s because we’re a rural state. Iowa’s cities actually pay really well.”

Iowa’s wage gap cannot be explained by urban versus rural demographic differences. A regional study of wages using cities of 50,000 people or more in the business and finance sector compared cost-of-living adjusted wages. Unfortunately, Iowa ranks third from last.

**Salaries in Iowa’s urban areas lag the Midwest’s other cities,
with our large cities ranked 3rd to last**
(Cost-of-living adjusted, using “Business & Finance” jobs as a representative sector.)



³⁰ Bureau of Labor Statistics, 2006 wage survey. ACCRA cost-of-living index 1Q 2007

Iowa Challenges: Iowa's Jobs are Mismatched to the Next Generation Education Level

Iowa has a skilled and educated Next Generation. Presently, 62 percent attend college, with approximately 33 percent finishing with, at least, a bachelor's degree.³¹ At first glance, this bodes well for the state's economy since, according to current state projections, Iowa faces a "jobs surplus" of more than 150,000 positions within the next five years.

But the real story is not the number of jobs we have, but the kind of jobs we offer.

- 12.2 percent of available Iowa jobs require a college degree.³² Future retirements could increase the number of jobs that require a bachelor's degree to about 21.6 percent.³³
- The majority of available jobs in Iowa require a high school education or less.
Most college graduates find these positions undesirable and impossible, given their high student debt load.
- The situation does not appear to be improving rapidly enough. None of Iowa's 10 fastest growing occupations (as measured by total new jobs), require a bachelor's degree or more.³⁴

Simply put, 12 percent of Iowa jobs are appropriate for college graduates, and 33 percent of the Next Generation is pursuing a college degree. Without drastic overhaul of economic development practices, we can expect more than 20 percent of Iowa graduates will face the unfortunate decision of being underemployed at home or leaving Iowa.

³¹ National Center for Education Statistics, "Digest of Education Statistics 2007", p. 287

³² Iowa Workforce Development's "Workforce Needs Assessment, 2008"

³³ Ibid

³⁴ Iowa Workforce Development's "2006-1016 Iowa's Career & Education Outlook"

Iowa has great schools that prepare kids for great jobs. Iowa does not have enough great jobs to keep our great kids.

One human resources manager in a mid-sized Iowa town complained to a Generation Iowa Commission panel that she had a hard time finding college graduates willing to work the third shift at her call center. But the reality is that trying to plug the “brain drain” with call center jobs for college graduates is an unrealistic solution to the workforce demands of the 21st century.

The economics are simple. Too few jobs for highly educated people lead to declining wages, relative to the region. Uncompetitive wages and the lack of appropriate jobs make it increasingly difficult for employers to attract the best talent in any field.

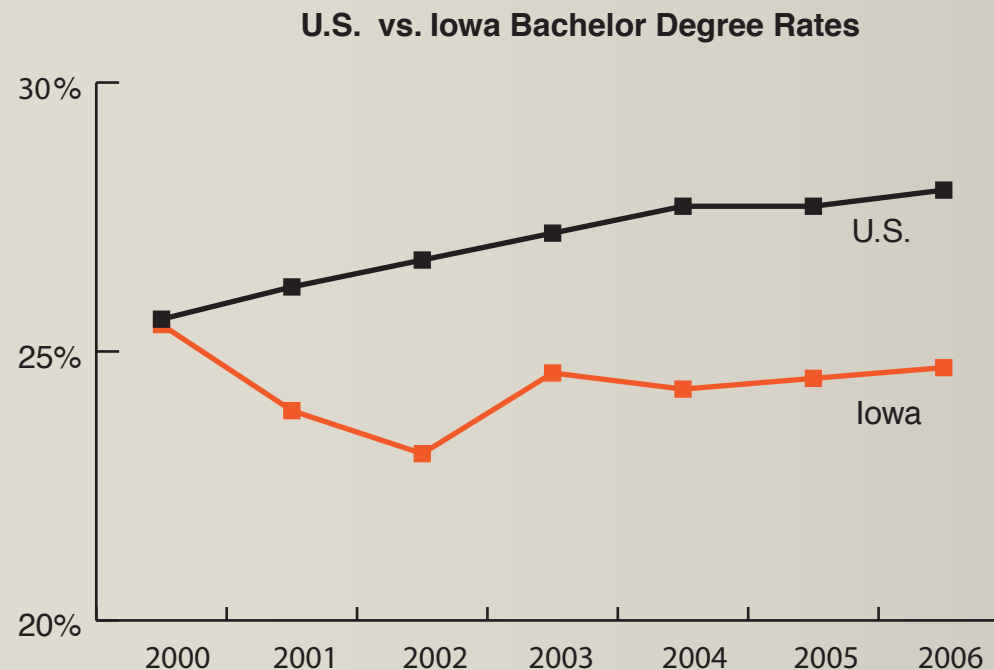
Do Iowans want to see their children, grandchildren and classmates build a full, well-rounded, and enriching life in the state? If so, there is no other alternative than to build an economic infrastructure that supports this desire. Job creation and the economic base that determines what sorts of jobs are created must shift to the 21st century model. Job creation incentives must focus overwhelmingly on the sort of high-wage, high-skill jobs that will attract and retain the college-educated workers that constitutes Iowa’s brain drain.

This does not marginalize workers without college degrees. The Iowa Workforce Development workforce needs assessment for 2008 indicated, there is a surplus of jobs at education and skill level for those with a high school degree or less.

At Present, 12 Percent of Available Jobs are for College Graduates. That Number Must More Than Double to Meet the Next Generation Education Rate and Stop Brain Drain.

Generation Iowa Commission research found there is a direct correlation between falling wages and falling education rates. A 1 percent drop in income, is accompanied by a 0.4 percent drop in the bachelor's degree education rate. A falling education rate is equal to higher poverty rates. A 1 percent decrease in the bachelor's degree education rate is accompanied by 0.25 percent increase in the poverty rate. In 2006, Iowa's education rate for adults 25 years of age or older was 24.7 percent compared to the national average of 28 percent.³⁵

A downward spiral — education level, wages, jobs and population declining — and poverty increasing is a clear and present danger to Iowa. The commission asserts the key to preventing this downward spiral is to create high-skill, high-wage jobs.



³⁵ United States Census Bureau, Current Population Survey, published annually

Iowa Challenges: Iowa has Few Statewide Efforts to Deliberately Engage Youth

Lack of Next Generation Participation in State Boards and Commissions

State law requires most boards and commissions be balanced according to gender and political affiliation. Geographical location and diversity is also considered. However, the age of the board and commission members is not a required factor for the selection committee to consider.³⁶

Lack of Next Generation Participation in Government

In Iowa, there are no active statewide “Young Democrats” or “Young Republicans” organizations.

The creation of the Generation Iowa Commission created a permanent foundation for the voice of the Next Generation of Iowans. This opportunity encourages the next generation to further engage in their communities and run for city, county, and state offices providing fresh voices for perennial conversations.

This year, the Generation Iowa Commission began local efforts to organize the Next Generation in local government commissions, headlined by the creation of the Next Generation Commission in Cedar Rapids. This positive step is recommended for other municipalities as they seek the fresh quality-of-life proposals. The most effective civic efforts occur when local officials can actively engage the energy and ideas of the Next Generation.

State Marketing Efforts Utilize Traditional Marketing Methods

Most Iowa state agencies rely on traditional media (newspapers, TV, radio, direct mail) to disseminate their messaging. The Next Generation demographic responds less to traditional marketing tactics. They do respond to “guerilla marketing,” experiential marketing, honest peer-to-peer communication, social networking Web sites, new technology, viral videos and Web site personalization.³⁷

³⁶ Office of Governor Chet Culver, www.governor.iowa.gov/administration/boards, November 1, 2007

³⁷ Ken Gronbach, Generation Y – Not Just ‘Kids’, www.allbusiness.com/marketing/direct-marketing/627377-1.html, August 2000

Situation Analysis Conclusions: Address Civic Involvement and Career Opportunities

Based on the Commission's analysis, in order of importance, the Iowa Legislature and Governor Culver can begin to reverse Iowa's net loss of the Next Generation—specifically, the college graduates who are the backbone of future workforce in our targeted industries. In 2009, Iowa should:

1. Provide more opportunities for the Next Generation to be involved in the state's boards and commissions, beginning with the Vision Iowa board. Civic engagement helps our young leaders put down roots in Iowa, and establishes statewide priorities that are attractive to the Next Generation. Currently, Iowa college students only rank 17th nationally with a volunteer rate of 32 percent.³⁸
2. Address Iowa's regional and national wage gap by making job creation programs more ambitious in their creation and support of high-wage, high-education jobs.
3. Expand the IDED Iowa Internship Program to create more career pathways for young Iowans in higher-educated oriented growth industries.
4. Provide broader education benefits for volunteers in AmeriCorps, a program that has enabled young Iowans to be actively involved in rebuilding disaster-ravaged communities.

³⁸ Volunteering in America, 2008

Amend legislation to include voting seats for Next Generation Iowans on appropriate boards and commissions

Description: The Generation Iowa Commission requests legislation calling for the Vision Iowa board to have at least two voting members that are aged 35 years or less at the time of their appointments. Other appropriate boards and commissions related to economic development and quality of life amenities that are recipients of state monies should also have at least two voting members from the Next Generation. Age diversity is not currently a required factor for appointments to state boards and commissions.

Rationale: Bringing the Next Generation to the table is the best way to fashion a state that can attract and retain talented, young Iowans. Currently, only 114 of 1,533 commission or board seats are held by Iowans age 35 or younger.³⁹ Nationally, the “amenities of a location” rated as a “tie breaker” for Next Generation decision making when economic opportunities were equal.⁴⁰ Iowa should start with its hallmark community amenities program, Vision Iowa to ensure awards include projects that are attractive to the Next Generation.

³⁹ Governor’s Office 2008

⁴⁰ Greater Boston Chamber of Commerce, Preventing a Brain Drain: Talent Retention in Greater Boston, October 2003

Advancement of aggressive job creation programs

Description: The top reason Iowa's young professionals leave the state is to find a higher paying job appropriate for their education level. (See January 2008 Generation Iowa Commission report for further analysis.) Iowa must adjust its tax incentive structure to more directly target its immediate need to stop the loss of its educated, young professionals by focusing on high-wage job creation in its target industries. Higher standards in job creation programs can help all Iowans receive better paying opportunities.

1) Iowa job creation programs should be legislatively defined to compare *wages only*.

Rationale: Iowa job creation programs, using the High Quality Job Creation (HQJC) standards, currently allow a company to claim the value of offered benefits and wages. That "wages + benefits" figure is then compared to a "wages only" data baseline, which explicitly excludes the value of benefits. This apples-to-oranges comparison allows job creation that could lower the average wages of a community. Iowa should use an apples-to-apples comparison of the workers take-home wages.

2) Define job creation program wage thresholds by "labor shed" regions, using Iowa Workforce Development defined labor areas around regional economies.

Rationale: A "labor shed" is an area within which a company knows it can attract workers and customers. Providing great jobs in each labor shed region is the key to growing all communities in that region and attracting young Iowans to each region, both urban and rural.

Since economic development occurs within labor sheds, all job creation program wage thresholds should use regional wage data, replacing county-level. IDED should be given the authority to define the regions across the state for the purposes of state job creation grants. This leads to the creation of true industry hubs, with better energy efficiency, less waste, faster job growth and higher wages.

3) Increase the Enterprise Zone (EZ) threshold from 90 percent of wage threshold to at least 100 percent.

Rationale: The EZ program recognizes many Iowa areas need significant redevelopment. There are great benefits including: better energy efficiency, neighborhood revitalization, preserving rural areas, and infill redevelopment. However, rewarding companies for only meeting 90 percent of the wage threshold actually drives down the average wages of an area. Making this program more ambitious by raising the standard to at least 100 percent of existing wage ensures that new job opportunities are at least average. These lower wage jobs are often the starting point for young Iowans' careers. Raising the standard to at least 100 percent of existing wages will leave an adequately low hurdle to encourage revitalization, even as it provides better paying jobs for young Iowans.

Expand “Iowa Internship Program” linking top Iowa college students with internships in small and medium sized businesses

Description: IDED currently offers small- and medium-sized Iowa-based employers (those with fewer than 500 employees) financial help to create and maintain internship programs in Iowa’s top targeted industries (biosciences, advanced manufacturing, and information technology/financial services). Internships have a wage threshold of two times minimum wage and an ambitious definition to ensure that internships are high skill, value-add positions. This successful program should be expanded.

Rationale: Employers in Iowa, from large, urban financial services companies to small, rural small businesses, have cited internships as the top way to find, attract, and retain the best and brightest Iowa students. This program, currently managed by the IDED, offers funds up to \$3,100 for any single internship. This amount is added to private funds to create good paying internships. This program has been successful at placing the best Iowa students into Iowa companies, where they are most likely to accept full-time positions and stay in the state.

The program can be even more successful at keeping our best graduates in state by expanding the number of internships that are offered. It also expands the public-private partnerships between employers, which has proven valuable in developing alternate financing for public colleges and workforce development initiatives and alternate financing for public colleges at both the community college and four-year college level.

Expand the Education Award to Iowa’s AmeriCorps Volunteers to Attract Service-Minded, Educated Young Professionals

Description: For a year of service with a local charitable organization, AmeriCorps members currently earn a \$4,725 Education Award in addition to a modest living allowance. Other states supplement that award to attract AmeriCorps workers to their state. Expanding that Education Award to \$7,000 would both alleviate student debt, reward flood relief participants and attract service-minded people to Iowa to live.

Rationale: Iowa’s high college student debt costs are the most significant reason for the state’s college graduate brain drain. Staying in Iowa would become more feasible if college debt were relieved, thus making staying in Iowa more appealing. One great opportunity to build a bond between communities and young people, while reducing college debt, is “Iowa Corps,” a program administered by AmeriCorps for those who serve in Iowa and stay in Iowa.

By matching the Education Award and promoting AmeriCorps, the State of Iowa can provide four important elements to retain our brightest youth: 1) decrease college debt; 2) increase community engagement; 3) improve Iowa communities through AmeriCorps service; and 4) improve the odds of keeping high school and college graduates in Iowa in the years immediately following graduation.

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