



 THE UNIVERSITY OF IOWA

Brain Drain Initiatives

This report is a non-scientific general survey of what states are attempting in order to counteract “brain drain”. Only programs targeting people who have completed their high school education are examined. Two broad categories of incentives are common: tax credits and student loan forgiveness. Examples of each category and a sampling of miscellaneous programs are presented.

Background

Iowa has been experiencing the gradual out-migration of young, single, college educated individuals. This phenomenon is sometimes called “brain drain” and has been prominent in Iowa for at least the past ten years. Several factors have contributed to brain drain, including the national trend towards urbanization and attractive employment opportunities outside of Iowa. Several states, cities, and private groups are in the process of developing incentive programs that will entice recent college graduates to stay in their respective states.

The U.S. Census Bureau collects and reports data concerning the out-migration of single, college educated individuals between the ages of 20 and 25. As of the 2000 U.S. Census, 33 states reported a net export of young people. The three states with the greatest percentage loss were North Dakota, South Dakota, and Iowa.¹

The following examples are meant to provide a general survey of the programs states have initiated to combat brain drain.

¹ Franklin, Rachel S. "Migration of the Young, Single, and College Educated: 1995 to 2000." U.S. Census Bureau. Nov. 2003. U.S. Census Bureau. 25 Nov. 2007 <<http://www.census.gov/prod/2003pubs/censr-12.pdf>>.

Tax Credits

Maine

Several states have discussed and debated the possibility of offering tax credits to recent graduates hoping that this will entice them to remain in or migrate to the state. Only Maine has passed legislation to this effect. The Maine State Legislature passed a law in early 2007 that will give future college graduates a tax credit of approximately \$5,000 a year over 10 years if they stay and work in the state.²

Others

North Dakota and Iowa have both considered proposals that would exempt residents under age 30 from paying state income taxes. Iowa also discussed giving employers tax credits if they helped repay employee student loans, but the bill did not pass. The governor of Indiana attempted to create a scholarship program for graduates in technological fields who promise to stay in Indiana after graduation.

Student Loan Forgiveness

Many states have considered forgiving loans of college graduates who stay in-state, but most programs typically focus on specific jobs such as doctors, pharmacists, math teachers, and science teachers. Often, these loan forgiveness programs are tied requirements that the graduate live in state for a certain number of years. The Pennsylvania Legislature, for example, is considering legislation that would forgive the medical school tuition of doctors who practice in the state for ten years. This is also a popular program for county and city governments to enact. Most counties and cities will offer specific incentives tied to accepting a specific job, and in that way are much more narrowly focused than state efforts. A small town may entice dentists to their area by offering to use public funds to help repay loans from dental college.

Other Approaches

Iowa

Iowa has developed the Generation Iowa Commission to advise and assist the state legislature in the retention and attraction of these young people to Iowa. It will present specific suggestions to the state legislature by January 15, 2008. It will issue another report by January 15, 2009 and reports in every odd numbered year afterwards.³

Pennsylvania

Pennsylvania is a unique state in brain drain initiatives. In 2004 it instituted a program called 'Keystone Innovation Zones'. These zones are required to be geographically linked to an institution of higher learning. Each zone is encouraged to form a group composed of institutions of higher education, economic development organizations, private sector businesses, business support organizations, commercial lending institutions, venture capital, and foundations. Other groups, such as local government,

² Vu, Pauline. "States Work to Plug 'Brain Drain'" [Stateline.Org](http://www.stateline.org/live/details/story?contentId=226909), 25 July 2007. 25 Nov. 2007 <<http://www.stateline.org/live/details/story?contentId=226909>>.

³ "Generation Iowa Commission." Iowa Department of Economic Development. 22 Nov. 2007 <<http://www.iowalifechanging.com/generation/>>.

are also encouraged to participate. Each of these zones works to obtain a number of state grants and tax credits by creating jobs and employee recent graduates and interns.⁴ As of July, 2007 there were 26 zones, with 647 Pennsylvania graduates and interns working at companies inside the zones.⁵

Nebraska

In an attempt to end brain drain in their state, Nebraska is trying to match employers with in-state students. The state has operated a website for the last ten years, <http://www.careerlink.org>, that tries to match specific alumni with Nebraska focused jobs. The website also contacts current and former Nebraskans with regular mailings, social events, and career fairs.⁶

Oklahoma

Over a decade ago, Oklahoma began Project 1000, which encourages employers to hire one additional Oklahoma student than they had intended to. Oklahoma also supported this program by hosting a job fair at the state capitol.⁷

New Hampshire

New Hampshire launched a project titled the "55% Initiative", whose purpose was to raise the percentage of New Hampshire graduates who stay in the state after graduation from 50% to 55%. The main purpose of the initiative was to use a grand marketing campaign to keep students in the state based on survey results about why students choose to stay or leave.⁸

Effectiveness

At this time no conclusive studies on the effectiveness of these approaches can be conducted. Many of the programs will operate over several years and have just been initiated. Furthermore, any programs in progress will have to be reevaluated in the future to determine if their gains prove long lasting.

This report was prepared in November, 2007 by the Iowa Civic Analysis Network (I-CAN), a non-partisan public policy undergraduate research group at the University of Iowa. For additional research on this or other issues, please visit our website at <http://www.uiowa.edu/~ican> or contact us at studorg-i-can@uiowa.edu.

⁴ "Program Information: Keystone Innovation Zone." [NewPA.Com](http://www.newpa.com). Pennsylvania Department of Community and Economic Development. 26 Nov. 2007
<<http://www.newpa.com/programDetail.aspx?id=56>>.

⁵ Vu, Pauline. "States Work to Plug 'Brain Drain'" [Stateline.Org](http://www.stateline.org). 25 July 2007. 25 Nov. 2007
<<http://www.stateline.org/live/details/story?contentId=226909>>.

⁶ Ibid

⁷ Ibid

⁸ Ibid