

Staying PUT

State Incentive Programs Strive to Attract and Retain Young College Graduates

By Karen Doss Bowman



The competition is on. Facing a demand for—and often a shortage of—highly skilled workers, many states are looking for ways to recruit and retain recent college graduates. The New England region, where the population of college graduates has grown at a slower pace than in other parts of the United States during the past 20 years, is particularly vulnerable to this “brain drain.”

A report by the Federal Reserve Bank of Boston estimated that although a healthy 30 percent of New England’s college students come from other parts of the U.S. and around the globe, only 64 percent of the region’s 2008 graduates still lived in the area a year after graduation. This was the nation’s lowest retention rate, considering that 88 percent of college graduates in the West and 83 percent in the Mid-Atlantic, for example, remained in these areas for at least a year following graduation.

established Opportunity Maine to provide tax credit to college graduates who earned a degree in Maine and live and work in the state following graduation. The state of Maine also offers programs to attract teachers, dentists, health care professionals and veterinarians.

Monnica Chan, director of policy and research for the New England Board of Higher Education, adds: “Economic projections also suggest a changing economy, with increasing shares of future jobs in New England requiring some postsecondary credential. In a demographically declining region, it’s necessary to try to keep some of the talent that comes to the region for education if those future jobs are to be filled.” In New Hampshire, “Stay, Work, Play” is a non-profit, non-governmental organization that supports economic, workforce and community development by promoting the state as a great place to live and work. The organization’s website (stayworkplay.org)

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“As a result, policymakers and business leaders remain concerned that an inadequate supply of skilled workers may hamper the region’s economic growth,” reads the report, *Retaining Recent College Graduates in New England: An Update on Current Trends*, which was released in May 2013.

While the reasons for leaving vary in New England, as well as in any other region of the U.S., most young college graduates are willing to go wherever the job market takes them. The increasing costs of higher education have left many new graduates facing a significant debt burden, and they are looking for relief. Incentive programs to attract young college graduates can be found across the country.

Recognizing the region’s demographic challenges, legislators and business leaders in the New England states have implemented numerous initiatives, including work-based learning opportunities and loan forgiveness programs, to keep college graduates in the area. In Connecticut, for example, the English Language Learner Educator Incentive Program offers financial assistance, as well as some loan repayment, to undergraduate and graduate students planning to become bilingual or English-as-a-second-language teachers in Connecticut public schools. A bi-partisan, grassroots group

targets young adults 20 to 30 years old with information such as employment opportunities, tools for starting a business, cost of living calculators and blogs about cultural, entertainment and recreational activities in the area.

Stay, Work, Play also partners with employers who agree to contribute up to \$8,000 over a four-year period toward repayment of federal loans for graduates of any New Hampshire college or university. These employers are recognized on the Stay, Work, Play website. The Rising Stars Awards, sponsored by Stay, Work, Play in partnership with New Hampshire Public Radio, is another initiative of the organization that recognizes outstanding young professionals, entrepreneurs and college students, as well as employers and programs that are innovative in efforts to retain young people in the state. Additionally, Stay, Work, Play facilitates 13 young professionals networks to provide social and professional growth opportunities.

“New Hampshire has one of the highest median ages in the country. So, New England in general is aging more rapidly than other parts of the country,” says Stay, Work, Play president and CEO Kate Luczko. “So there’s a need for us to both retain young people who either grew up here or went to college here and also recruit young people from other places.”

College Graduates in Demand for Decades

Student loan forgiveness programs, the most common initiatives to lure or retain graduates in a particular state or region, are not new. Programs at the local, state and federal levels have existed since the 1940s, according to the AASCU policy brief, “Student Loan Forgiveness Programs: An Evolving Workforce Development Tool,” written by Thomas Harnisch, director of state relations and policy analysis. Many of these were put into place to attract people in occupations that were desperately needed for underserved communities, including teachers, nurses, doctors and public-service attorneys. They still serve these needs today.

While some loan forgiveness and work-to-learn programs had been defunded during the country’s economic downturn in recent years, lawmakers and business leaders continue proposing and advocating for them. Workforce shortages in rural communities, particularly in fields such as health care and education, have made these programs more vital.

In the absence of its own medical school and natural pipeline of physicians, the state of Alaska has participated since the 1970s in WWAMI, a regional, graduate medical education program developed and delivered by the University of Washington. The program trains and prepares doctors for patients and communities in five Pacific Northwest states: Washington, Wyoming, Alaska, Montana and Idaho. Each year, 20 Alaska residents are admitted into the program, and the state provides financial support for them. Students attend their first year at the University of Alaska Anchorage and then complete their medical education at the University of Washington School of Medicine. After completing their residencies and internships within the region, graduates are expected to practice in Alaska for five years, or three years for underserved rural communities.

“The University of Washington School of Medicine has tried to be mindful of the participating states’ medical needs,” says Diane Barrans, executive director at Alaska Commission on Postsecondary Education. “The university prides itself on identifying applicants who are interested in primary physician practice, so that they’re not producing sub-specialists that would have limited utilization in the state with a population

of this size. So a lot of family doctors are produced from the program, and that’s an area where every state has an ongoing need.”

WWAMI has been a success, achieving a graduation rate of 95 percent or higher during its 43-year history. A report of the Alaska Office of Management and Budget credits success to the program’s careful selection of students with high academic standards, strong character, and a commitment to return and practice in Alaska. Additionally, the program sponsors outreach efforts to high school and college students to cultivate future applicants.

The Alaska Division of Public Health also administers SHARP, a support-for-service program established in 2010 to provide loan repayments or direct incentives to licensed health care practitioners, including physicians, dentists, pharmacists, behavioral health clinicians, mid-level practitioners and

physical therapists. The program offers a win-win by recruiting and retaining much-needed health care professionals for the state and by helping to alleviate overwhelming debt for the practitioners, says program director Robert Sewell.

“Economic well-being is related in a lot of ways to physical and mental health,” Sewell says. “So if you can do more to enhance the health of the population, you have a better shot at economic development and wellbeing. That may not be obvious in communities that are well-heeled, but it is real obvious in communities that are of lesser means.

You see it a lot in rural and remote Alaska.”

The state of Oklahoma is considered one of the world’s seven centers for “the maintenance, repair and overhaul of aircraft,” according to a publication by the Oklahoma Aeronautics Commission, with the aerospace industry comprising 10 percent of the state’s total economic output. Over the past two decades, the need has grown for highly skilled workers to fill an increasing number of jobs with companies directly or indirectly involved with the aerospace industry—including Boeing, American Airlines, NORDAM, Northrop Gruman and Tinker Airforce Base.

The Aerospace Engineer Tax Credit was implemented



to attract credentialed aerospace engineers by offering tax credits for businesses that hire them, tax credits for tuition reimbursement, and tax credits for the engineers themselves. Implemented in 2009, the program is set to end on January 1, 2018.

“Several years ago, the need was such that we weren’t producing or keeping and retaining enough aerospace engineers within the state,” says John Chiappe, director of research and economic analysis at the Oklahoma Department of Commerce. “These incentives have helped the businesses find and retain the qualified labor pool that they need in order to operate. And so, we want to ensure that the aerospace companies are thriving here in the state. If they don’t have the requisite workforce, then it’s going to be hard for them to compete in the global economy.”

In Kansas, attracting a strong labor force to rural communities became a priority with the establishment of the Kansas Rural Opportunity Zone program. The initiative provides state income tax waivers for five years or student loan repayments up to \$15,000 for college graduates who move to one of 77 counties in Kansas. A partnership between the state and the participating counties, the program is open to any college graduate in any occupation who establishes primary residency and works in one of the counties.

“The program is actually designed specifically to address rural outmigration issues,” says Chris Harris, program manager with the Kansas Department of Commerce. “This is not unique to Kansas, but many rural areas have lost population over the last 50 or 60 years.”

Since its implementation in 2011, the program has received over 2,500 applications from people in 42 states, with about 70 percent of those who applied qualifying. Harris has been pleased with its success. Established as a pilot program scheduled to end in 2016, the program has been extended to run through 2021.

“The benefit’s going to show up in multiple ways,” Harris says. “More residents usually means more tax revenue. And within the community itself, the school attendance goes up, and they receive more funding for their schools. Their hospitals are able to build more services, and revenues go up there. It’s more likely that businesses will start. Entrepreneurship requires a critical mass of population to be feasible. And as you increase the population it becomes more cost effective to deliver services. In the long run, as you contribute to the growth of these communities, you will see long term benefits in just the very economics of delivering services to that population.”

The Value of Retaining College Graduates

The National Center for Higher Education Management Systems reports that the states and regions that attracted educated workers had more robust economies. That means the

benefit of attracting young college graduates to a particular region has a significant impact that reaches beyond one job or one industry. Still, these programs can be a hard sell to state lawmakers who are more likely to be interested in cutting budgets. In Michigan, for example, Rep. Andy Schor (D-Lansing) has presented House Bill 4118 to reduce “brain drain” and keep intelligent and talented employees in the state.

“We have the best universities in the world here in Michigan,” Schor says. “We need to convince the graduates—whether originally from Michigan or not—that Michigan is a great place to live, work and play.

Schor’s bill would provide a tax credit equal to 50 percent of the amount of qualified student loan payments made during a tax year—up to 20 percent of the average yearly tuition for Michigan’s public universities. The cost of the proposed program is estimated at \$34 million a year, Schor says. Though the bill has received bi-partisan support, Michigan Gov. Rick Snyder is opposed to all tax credits.

“Providing \$1,500 or so for five years shows them we are investing in them to help make Michigan a great place for the future,” Schor says. “My argument is if you give somebody [a tax credit] each year, and they stay here, they’re going to live here, spend money here, pay income taxes, sales tax, property taxes—then they’ll have a positive impact on Michigan’s economy. That’s going to be worth more than the cost.”

In New York, where legislators recently enacted the Get on Your Feet Loan Forgiveness Program, financial aid counselors at the State University of New York (SUNY) campuses may incorporate details of the program into discussions about responsible borrowing and the importance of completing the college degree, says Patricia Thompson, assistant vice chancellor for student financial aid services at SUNY.

The incentive—which is available to people earning less than \$50,000 who graduated from high school or earned an equivalency diploma in New York and who graduated from any college or university in New York during or after the 2014-15 academic year—provides up to 24 payments for federal student loans to eligible candidates living and working in New York.

“We think it’s very positive for anyone who meets these eligibility requirements for them to know that they would be eligible after graduation to have some relief for their loan debt,” Thompson says. “Certainly SUNY has many efforts in place to help our students to understand what it means to be a responsible student loan borrower. We know how important it is for a student to go into student loan borrowing with their eyes wide open, and we always advocate for students to make strong financial decisions. We see the Get On Your Feet Program as a really positive thing for our students as they’re first entering the workforce.” **P**

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