



The Charleston Regional
Chamber of Commerce

Intellectual Capital/Brains for Business

Issue:

West Virginia is struggling to attract and retain young people with the skills and drive to improve economic and community life in the state.

Background:

As our nation shifts to a knowledge-based economy, businesses understand that their success depends on attracting and retaining the best and the brightest young minds.

Demographic shifts make this race for top talent even more acute. The millennial generation (those born after 1980) is much smaller in number than the baby boomer and even Gen X cohorts that came preceded it. And as the first of the baby boomers approach retirement, there are fewer young professionals in the pipeline to replace them.

Nowhere is this problem greater than in West Virginia, where a steadily declining population, rising average age and lower rates of education put the future of our businesses – and indeed our state – at risk. Accelerating this already grim situation is the continuing exodus of educated young West Virginians to locations where they perceive their prospects for a bright future will be greater.

According to a study by “CEOs for Cities,” two-thirds of college-educated young people report that they will make the decision of where they live first then look for a job within that area. The factors that these young professionals weigh when deciding where to live include so-called “soft,” quality of life issues such as the opportunity to get involved in the community, access to mentors and participation in a strong social network of their peers. Programs like Generation Charleston, created in 2006 to attract and retain young professionals, are key component of the solution.

Financial incentives are another powerful mechanism to lure this important demographic.

Many recent graduates face difficult economic realities due to relatively low earning power, staggering student loan debt and the expense of starting a family.

The Charleston Regional Chamber of Commerce is proposing “Brains for Business” legislation that would give West Virginians a \$500 per year tax credit on interest paid on student loan debt and make the first \$25,000 they earn exempt from state income tax for the first two years after graduation from a qualified institution of higher learning.

This translates into a pay raise for recent graduates and will give them a boost to get started in their careers and rooted in their communities. After two years of living, working and contributing, we believe they will be less likely to go elsewhere.

It also gives businesses a leg up on the competition when recruiting employees from across the country to relocate to West Virginia.

Recommendation:

The loss of young professionals is a self-perpetuating cycle and requires decisive and creative action to reverse the trend.

The Charleston Regional Chamber proposes a two-point strategy to retain and attract young talent and intellectual capital to the Mountain State:

- \$500 per year tax credit for interest paid on qualified student loans.
- A \$25,000 per year reduction of federally adjusted annual income for purposes of calculating individual state income tax. The reduction will only be available to West Virginia residents for two years following graduation from a qualified institution of higher education with a two-year, four-year, or advanced degree.

If enacted, this proposal will help make the state more attractive for recent graduates which will translate into retain a skilled workforce and improve economic competitiveness.