

# Combating the Binghamton Brain Drain: Promoting Equitable Opportunities for Student Entrepreneurs

By Brianna Cea & Nate Cutler, *Roosevelt @ Binghamton*

## Thesis

To address the lack of economic opportunities and alarmingly high emigration rates of college graduates, the Broome County Legislature should allocate funds from hotel-motel tax revenue to create a competitive and equitable student entrepreneurship grant program.

## Background Analysis

Since 2012, Broome County, NY has lost 6,000 jobs and has the lowest self-employment rate, at 8.9%, of all of the surrounding counties in New York State's Southern Tier.<sup>12</sup> A major factor contributing to job losses is the accelerating rate of emigration of college graduates, resulting in a "brain drain." In Broome County, this emigration has caused the population's median age to rise drastically from 33.3 in 1990 to 40.2 in 2010.<sup>3</sup> The changing demographics by age group also illustrate the challenge Broome County has faced in retaining its young adult population. For example, from 1990 to 2010, the 25 -44 age group experienced a drastic decline of 30.7 percent, by far the highest decline of any age group in the county.<sup>4,5</sup>

Broome County's shifting age demographics have resulted in a steady decrease in the percentage of working-age residents (ages 18 -65), lowering tax revenue, creating gaps in several workforce sectors and increasing pressure on the municipal government.<sup>6</sup> As a result, the county is in increasing need of programs that encourage young adults to remain in the community. In 2012, Broome County confronted this dilemma by raising the occupancy tax on hotel and motel rooms by 2% to fund an economic development plan with increasing entrepreneurship and nourishing a diverse population of young, educated workers as top priorities.<sup>7</sup> This 2 percent increase netted the county approximately \$725,000 to be allocated for different economic development initiatives each fiscal year, such as marketing events, brownfield remediation, corridor-based land improvements, and other entrepreneurship efforts.<sup>8</sup>

## Talking Points

- Brain drain in Broome County has steadily decreased the percentage of working-age residents, creating a disproportionately large elderly population that is associated with lower tax revenues, increased government spending on health care and pensions, and lower rates of capital investment.<sup>9</sup>
- To promote equitable access to entrepreneurship resources, the Broome County Planning Department should promote incentives for student entrepreneurs from low-income households as an additional priority initiative in the hotel-motel fund policy.
- A competitive student entrepreneurship grant program will provide economic opportunities for local college students, help combat the brain drain, increase the self-employment rate, and promote equitable access for student entrepreneurs from all backgrounds.

## KEY FACTS

- In Broome County from 1990 to 2010, the number of residents aged 25- 44 declined by 19,977, a 30.7 percent decrease. During the same period, all other age groups gained a combined 8,417 residents.<sup>10,11</sup>
- A 2 percent increase in Broome County's hotel/motel occupancy tax created approximately \$725,000 in additional tax revenue in 2015.<sup>12</sup> This money is devoted solely to the purposes of economic development.<sup>13</sup>
- Since 2012, Broome County has lost 6,000 jobs and has the lowest self-employment rate, at 8.9 percent, of all of the surrounding counties in the Southern Tier.<sup>14,15</sup>

## Policy Idea

To combat the “Binghamton Brain Drain” and increase the self-employment rate in Broome County, the Broome County Legislature and local universities must collaborate on creating incentives for college graduates to stay in the local community with a competitive student entrepreneurship grant program, financed through the “hotel-motel” occupancy tax fund. To promote equitable access to entrepreneurship resources for future grant applicants, the Broome County Planning Department should also include incentives for students from low-income households to pursue entrepreneurship as a priority initiative in the hotel motel fund policy.

## Policy Analysis

Currently, student entrepreneurship initiatives in Broome County focus primarily on high-technology startups and do not provide initial funding. Thus, the Broome County Legislature should allocate 3 percent of available hotel/motel occupancy tax revenue to a student entrepreneurship grant program, creating an annual funding stream of approximately \$21,750. Based on previous proposals for economic development funds from the hotel-motel tax fund, an annual funding stream of \$21,750 is competitive.

Capitalizing on the resources of the SUNY Bridge to Entrepreneurial Excellence Initiative, and Southern Tier Startup Alliance, winners of the grant competition would have access to incubators, educational startup trainings, mentorships, and housing-assistance programs. In return, they would agree to reside and locate their business in Broome County. Since the entrepreneurship grant program will be open to all college graduates from the local universities and colleges, it is important to recognize that not all students have equal access to entrepreneurship resources that may strengthen their application. Hence, to promote equitable access to entrepreneurship resources, the Broome County Planning Department should also promote incentives for student entrepreneurs from low-income households as an additional priority initiative in the hotel-motel fund policy. In pursuing the goal of diversifying a young workforce, this additional priority can increase the accessibility of these resources to young graduates of both four-year universities and local community colleges.

The province of Ontario, Canada has also launched successful youth entrepreneurship programs, such as the Starter Company, to reverse its “brain drain” and prepare young entrepreneurs (ages 18-29) to start small businesses.<sup>16</sup> In the City of Hamilton, the Starter Company program has trained 41 businesses, funded five storefront businesses, and contributed to the growth of 2,000 small business jobs since 2014.<sup>17</sup> A similar program will help Broome County retain a younger population by providing equitable economic opportunities, which has been shown to increase tax revenue and produce higher rates of capital investment.<sup>18</sup>

## Next Steps

To address the alarming loss of young professionals and the aging population of the county workforce, the Broome County Legislature and Planning Department must collaborate with local universities and agencies to provide incentives for college graduates to start businesses. This would include a competitive student entrepreneurship grant program that furthers the priorities of Broome County's economic development strategies. With the support of County Executive Jason Garnar (who has already publicized the entrepreneurship grant) and his Student Advisory Board, a coalition of student organizations and faculty from local universities such as Binghamton University and Broome Community College can lobby the Broome County Legislature to include this reallocation of funds in the 2018 county budget through an amendment to the hotel motel fund policy. The coalition should also include local nonprofits and incubators, such as the Broome County Urban League and Southern Tier Startup Alliance, and consult with the Broome County Industrial Development Agency.

## End Notes

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- <sup>1</sup> NYSDOL Broome County Unemployment Data. September 2016. Raw data. New York, Albany
- <sup>2</sup> "Broome County New York Economy Data." Broome County New York Economy Data with Outlook, Income, Earnings, Employment, Commute Tioga County and Chenango County. Accessed November 28, 2016. <http://www.towncharts.com/New-York/Economy/Broome-County-NY-Economy-data.html>.
- <sup>3</sup> "Broome County CHA Appendix A and B." *Broome County News* | Broomecountyny. Accessed November 24, 2016. [http://www.gobroomecounty.com/files/hd/cha/Broome County CHA Appendix A and B.pdf](http://www.gobroomecounty.com/files/hd/cha/Broome%20County%20CHA%20Appendix%20A%20and%20B.pdf).
- <sup>4</sup> Data Access and Dissemination Systems (DADS). "American FactFinder." U.S. Census Bureau. Accessed December 01, 2016. <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>.
- <sup>5</sup> "CHA Demographics." *Broome County News* | Broomecountyny. Accessed December 01, 2016. <http://www.gobroomecounty.com/files/hd/pdfs/CHADemographics.pdf>.
- <sup>6</sup> Pettinger, Tejvan. "The Impact of an Ageing Population on the Economy." Economics Help. Accessed December 01, 2016. <http://www.economicshelp.org/blog/8950/society/impact-ageing-population-economy/>.
- <sup>7</sup> "Hotel Motel Fund Policy." *Broome County News* | Broomecountyny. Accessed November 28, 2016. [http://broomecountyny.gov/files/planning/\\_pdf/Hotel Motel Fund Policy 1 30 12.pdf](http://broomecountyny.gov/files/planning/_pdf/Hotel%20Motel%20Fund%20Policy%201%2030%2012.pdf).
- <sup>8</sup> "Identifying Sustainable Funding Streams for the Broome County Land Bank." The ORB: The Open Repository @Binghamton. Accessed November 28, 2016. [http://orb.binghamton.edu/cgi/viewcontent.cgi?article=1003&context=mpa\\_capstone](http://orb.binghamton.edu/cgi/viewcontent.cgi?article=1003&context=mpa_capstone).
- <sup>9</sup> Pettinger
- <sup>10</sup> Data Access and Dissemination Systems (DADS).
- <sup>11</sup> "CHA Demographics."
- <sup>12</sup> "Identifying Sustainable Funding Streams for the Broome County Land Bank."
- <sup>13</sup> "Hotel Motel Fund Policy."
- <sup>14</sup> NYSDOL Broome County Unemployment Data.
- <sup>15</sup> "Broome County New York Economy Data."
- <sup>16</sup> Ministry of Advanced Education and Skills Development. "Ontario Youth Jobs Strategy." Ontario Newsroom. January 27, 2015. Accessed December 02, 2016. <https://news.ontario.ca/maesd/en/2015/01/ontario-youth-jobs-strategy.html>.
- <sup>17</sup> Belchior, Rob. "Starter Company Helps Young Adults Pursue Entrepreneurial Dreams." *The Globe and Mail*, January 05, 2016. Accessed December 02, 2016. <http://www.theglobeandmail.com/report-on-business/small-business/talent/starter-company-helps-young-adults-launch-entrepreneurial-ventures/article21351449/>.
- <sup>18</sup> Pettinger