

## Jobs and Economic Development

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The Executive Budget promotes the economic growth of the state by focusing resources on Ohio's strengths. Working to bolster existing industries and attract new opportunities to the state, a number of state agencies will collaborate to create a stronger Ohio economy. This will be accomplished by investing in initiatives that target the following areas: encouraging the revitalization of Ohio's urban areas, highlighting green and advanced energy policies, utilizing job development tools, and making use of existing and new workforce development programs.

### Urban Policies

Many opportunities exist in Ohio's urban areas. Urban initiatives are designed to strengthen developed urban areas and revitalize inactive urban areas by capitalizing on existing assets. The state is already investing in a number of urban initiatives, led by the Department of Development, which will be continued in this Executive Budget. Five of those initiatives that will directly benefit urban areas are the Clean Ohio Revitalization Fund which restores formerly unusable Brownfield sites to encourage redevelopment and the revitalization of communities, the Job Ready Sites Program which was created to bolster the state's inventory of available facility locations served by utility and transportation infrastructure, the Industrial Site Improvement Fund which assists geographically and/or economically disadvantaged counties around Ohio in the expansion and modernization of buildings, and the Ohio Historic Preservation Tax Credit Program which provides a tax credit for rehabilitation expenses to owners of historically significant buildings. In the fiscal year 2009-2010 capital budget, \$100 million has been budgeted for the Clean Ohio Revitalization funding and \$30 million has been allocated for the Job Ready Sites and Industrial Site Improvements programs.

In the upcoming biennium, the state will provide additional tools to local governments to continue revitalizing urban areas. Rather than invest resources into urban communities and have them compete with one another for economic growth, the Executive Budget will seek to stabilize and restore the vibrancy of underutilized urban areas while simultaneously developing unified local economic plans so that communities and groups of local governments can cooperatively plan and invest to strengthen their economies, lower their operating costs, and provide higher quality services in a mutually beneficial or synergistic manner.

The Executive Budget encourages local governments and communities to work cooperatively, by funding the Ohio Hubs of Innovation and Opportunity initiative. This initiative will serve as a catalyst for local business development and economic growth by building on the synergies that are generated by the close geographic proximity of valuable resources such as advanced knowledge bases, existing infrastructure, and clustering of mutually beneficial endeavors. By strategically aligning local governments, communities, and regions while at the same time investing in emerging new technologies and industries, regions can leverage these assets into new business development opportunities and job creation.

To enhance Ohio's urban communities the Executive Budget contains \$83 million in federally funded neighborhood stabilization grants to be used to help 17 cities, 12 counties, and 21 regions in Ohio. These grants will improve neighborhoods by purchasing and redeveloping abandoned and foreclosed properties, establishing land banks, and demolishing blighted structures. These initiatives will help preserve, and in some cases, restore the value of housing markets while protecting communities in difficult economic times.

Another tool made available through the Executive Budget are the Catalytic Development Action Teams, or CDAT, which will stimulate economic and community development projects tailored to the specific strengths and needs of local and regional communities. The primary goal of the teams is to serve as catalysts for the communities and to encourage private investment that eventually becomes self-perpetuating. The CDAT will draw from all existing development programs currently in the state's portfolio and match them with the local governments that could realize the greatest impact for the state.

As referenced in the Transportation Bill Special Analysis, the Executive Budget will provide municipal governments and regional organizations with new financing tools called Transportation Innovation Authorities to focus on transit and infrastructure oriented development. Through collaboration with the

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Department of Transportation, municipal, county, or township governments, county transit systems or regional transit authorities, metropolitan planning organizations, port authorities or transportation improvement districts will jointly use their existing financing authority or toll collection for appropriate intermodal, roadway, and bridge, public transit and intercity rail projects that span jurisdictions in order to benefit the region as a whole.

### Green Investments and Energy

Ohio has long history of energy production, but in the last two years a number of significant steps have been taken to shape Ohio's role in future energy production. Through policy change and research and development investment tools, these steps have created a green foundation which will ensure that advanced energy technologies and green energy investments will be developed and utilized in Ohio. This movement will be accomplished through energy efficiencies and investments in advanced energy production.

The state has moved to improve energy efficiency by requiring energy efficiency increases among state agencies and by beginning the transformation of the state vehicle fleet to more fuel-efficient and flex-fuel vehicles. Also, by providing tax incentives to individuals and businesses and financing opportunities to local governments, the Executive Budget is better preparing Ohio for improved energy consciousness. One such endeavor, supported by the Public Utilities Commission, is the continued work with electric utilities to develop Advanced Metering Infrastructure (AMI). AMI refers to the two-way systems that measure and analyze energy usage. Eventually, consumers will know exactly how much electricity they are using at any given time, and also how much they are being charged for each kilowatt-hour of usage. This information will help citizens and businesses to adjust their energy-usage behavior, while simultaneously helping them save money through energy conservation.

Investments in green energy efficiencies also have positive impacts on local economies. For example, in fiscal year 2008, the School Facilities Commission partnered with local school districts to spend approximately \$1.47 billion dollars improving school facilities throughout the state. These facilities are required to be certified as LEED Silver or better and while providing an improved educational infrastructure to benefit Ohio's children, the combined efforts of the commission and local school districts directly or indirectly created nearly 25,000 jobs. In addition to the commercial and institutional building related jobs that were directly created through the School Facilities Commission's and local school districts' efforts, other job creation was indirectly related and took place in such industries as architectural and engineering services, retail and food establishments, contract security services, and building materials supply. Currently, the School Facilities Commission is experiencing a significant increase in funding as a result of tobacco securitization and work on similar projects will support up to 36,500 jobs annually and spend \$4.11 billion between fiscal year 2008 and fiscal year 2011 building the equivalent of 405 new school buildings.

The state has also become a beacon for green industry by enacting a renewable portfolio standard which will make Ohio one of the largest renewable energy producers in the country when fully implemented. Investing in these emerging green and advanced energy technologies will be a vital area of growth for the state in the upcoming biennium and beyond. Through Executive Budget recommendations, state agencies will support these forward-looking industries and take advantage of green technology enhancements within agencies' operations. For example, the Ohio Air Quality Development Authority will continue to finance both public and private investment in researching and developing advanced energy technologies, prioritizing those projects with the greatest likelihood of commercial application and economic benefit. One such priority, the development of clean coal technology, will maximize the economic benefit of Ohio's abundant coal resources and will seek to secure Ohio as a competitive domestic energy source. Working in concert with the Department of Natural Resources' Division of Geological Survey, the Executive Budget will seek to identify and document Ohio's existing natural geological formations which can be used to demonstrate the benefits of responsible carbon sequestration. Documenting Ohio's carbon sequestration is an integral part of the creation of advanced energy facilities in the state. Coupled with the implementation of the Advanced Energy Job Stimulus program, these investments will help to create jobs in these targeted industries.

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### Job Development Strategy

The Department of Development's strategic plan is geared toward energizing the state's economic and community development climate to increase the competitiveness of Ohio's businesses and communities. The main objectives of the Department of Development's strategic plan are to grow the income of Ohioans, create and retain jobs in Ohio, and increase productivity across industries through innovative means. Initiatives currently underway include the implementation of target industry development teams, the launching of the Ohio Sales Strategy, and the integration of technology-based economic development programs. These three tenets of the strategic plan each lend themselves to promoting job creation in the state in different ways. For instance, target industry development teams are comprised of a diverse mix of regional and statewide stakeholders including experts from industry, regional economic and workforce development organizations, centers of technology and innovation, and academic institutions. These stakeholders are working together to develop specific retention, expansion, and attraction strategies for each target industry. The Ohio Sales Strategy employs a proactive approach aimed at attracting new investment in Ohio through partnerships with the Ohio Business Development Coalition and the alignment, enhancement, and restructuring of the Department of Development's technology-based economic development programs. These partnerships enable the state to provide proper resources at every stage of the technology commercialization process.

In the upcoming biennium, the Department of Development will continue to bring economic development to the state through various programs designed to encourage economic development and job creation. One such program is Ohio Means Home which will use an integrated marketing and communications campaign to persuade former Ohio residents and graduates to return to the state to advance their careers or create new business opportunities. Other programs include Ohio Green Places which promotes the development of programs and policies that advance the goal of making Ohio the leading state of sustainable green development. This program seeks the formation of an advanced energy business sector with a robust supply chain and green building industry. Another economic development program is Check Ohio First, which encourages companies operating in Ohio to maximize the use of Ohio businesses when making purchases by using an on-line directory of Ohio businesses. One other program, Enterprise Appalachia, works to stimulate the economic activity in the Appalachian region by initiating small business attraction and creation campaigns built on the success of entrepreneurship in the region.

Through the use of various strategic proposals, the Executive Budget will enhance the state's business environment and encourage economic development resulting in a more competitive climate. The Executive Budget will provide the Department of Development new and better tools to attract and retain high-paying jobs through tax credit incentives. The Executive Budget will reform the Job Creation & Job Retention Tax Credits to encourage companies offering higher paying jobs to locate in the state. These reforms will give the Department of Development the flexibility to attract quality companies that will contribute to Ohio's economy for generations to come and ensure that the state's largest employers continue to invest in Ohio workers and the economy. Ohio investors will continue to receive a tax credit to invest in qualified, technology-based Ohio companies as a result of increasing the cap on the Technology Investment Tax Credit.

As part of encouraging economic and job development and growth through tax credit initiatives, the Executive Budget proposes two new tax credits, the New Markets Tax Credit and the Ohio Film Tax Credit. The New Markets Tax Credit offers a non-refundable tax credit against the domestic insurance tax for those that invest in low income communities. Investments will be in the form of either an equity investment or long-term debt security issued by a community development entity. The Ohio Film Tax Credit creates a tax credit incentive within the Department of Development to entice investment in Ohio from the cinematic production industry.

### Workforce

The Board of Regents, the Department of Job and Family Services, and the Department of Development recently initiated coordinated strategies for workforce development in order to align employers' needs and workers' skills through innovative and strategic investments in training and education for the long-term economic benefit of the state. Within these strategies, the Board of Regents focuses on providing job

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training and skills development opportunities, the Department of Job and Family Services concentrates on workforce development relative to individual workers, and the Department of Development focuses on the business and industry portion of workforce development. Through this workforce realignment, employers are served by a streamlined system through which skilled employees assemble the right mix of resources to meet the needs of the employer.

The Ohio Skills Bank is a partnership of agencies that supports business growth and new job creation by filling critical job vacancies through the creation of a regional talent pipeline and by aligning educational efforts with the needs of Ohio's targeted industries. The Ohio Skills Bank will analyze occupational and skill shortages at the regional level, and work toward correcting these shortages. The result of Ohio Skills Bank efforts will be long-lasting, systemic solutions to some of the state's most pressing occupational and skill shortages. The Board of Regents' University System of Ohio will provide the structured higher and post-secondary education training for Ohio's workforce of the future. Through the Ohio Skills Bank planning process, regional employer talent needs will be at the heart of programs and services offered through Ohio's post-secondary education systems from G.E.D. to Ph.D.

The Ohio Means Jobs program, managed by the Department of Job and Family Services, is one way in which employers and job seekers are united. This program identifies and provides job seekers with electronic access to employment opportunities from major commercial job boards, niche industries, national and Ohio Fortune 100 companies, and the State of Ohio. Another service provided to employers and individuals is through the Rapid Response program. Rapid Response provides the quick coordination and immediate delivery of services and aid to employees affected by mass layoffs or plant closings. Services are provided through partnerships with local Workforce Investment Boards, County Departments of Job and Family Services, and One-Stop Centers among others. Rapid Response teams work with employers and employee representatives to maximize the public and private resources dedicated to the situation and minimize the disruptions associated with job loss to companies, affected employees, and communities.

The Ohio Workforce Guarantee, coordinated by the Department of Development, is a commitment from the state to act as a partner in cultivating the skills and talents needed to meet the workforce needs of the state's industries today and into the future. The Ohio Workforce Guarantee includes the consolidation under a single umbrella of programs previously housed in separate agencies throughout state government. Regional workforce directors work with companies to develop comprehensive training solutions. These partnerships will develop policies in support of a demand-driven workforce development system consistent with the current and future demands of employers in targeted, high-growth industries and will also assist with regional and sector-specific talent attraction and retention initiatives.

The combined workforce development efforts of the Board of Regents, the Department of Job and Family Services, and the Department of Development will continue in the upcoming biennium through innovative and strategic investments in training to promote job creation throughout the state and by more effectively aligning employers' needs with skilled employees.

### **Fostering Economic Prosperity**

The Executive Budget will foster economic prosperity for Ohio's citizens by directing resources where they will be most beneficial. Urban programs hold the promise of revitalizing underused or blighted areas in Ohio's cities, bringing back economic opportunities and a greater sense of community. Investments made today in green technology and advanced energy hold the key to unlocking benefits which will pay dividends long into the future. Strategic initiatives and tax credit programs will encourage industries and individuals to invest, live, and work in Ohio. Lastly, as job development strategies increase the demand for skilled labor, the state's targeted workforce initiatives will ensure that the supply of skilled laborers keeps pace so that Ohio will remain competitive today and into the future.