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Driving Ohio's Prosperity - Recommendations

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Driving Ohio's Prosperity

Recommendations

Today's Job: Improve the Business Environment

- Focus on retaining OEM assembly plants and their supply chains.
- Work on maintaining state business tax reforms and incentives.
- Support collaboration between OEMs and parts manufacturers.
- Address uncompetitive aspects in the workers' compensation system.

Today's Job: Support Incumbent Manufacturers

- Ensure long-term energy price stability & reliability and help finance "last mile" energy infrastructure.

- Regionalize and integrate state & local economic development retention and expansion activities.
- Provide seamless processes and best-practice improvement services.



Today's Job: Focus on Workforce Improvement

- Focus and invest in the incumbent manufacturing worker in a demand-driven system.
- Make all training and funding outcome-based and customized.
- Base the subsidy for workforce training, which is a recognized focus of Ohio's two-year college system, on credit hour provided, not on student enrollment in degree-granting programs.
- Establish one source of contact across all service providers.

Tomorrow's Job: Develop Thought Leadership

- Recruit Tier 1 & 2 headquarters and research and development functions.
- Become a thought leader in global integrated manufacturing production (global process improvement).
- Build on existing leadership in manufacturing ergonomics and joining technologies.
- Develop leadership in the areas of lightweight metals, composites, forming technologies, alternative fuels and related propulsion systems, and non-destructive materials testing.

Today's Job:

Improve the Business Environment

- Focus on retaining OEM assembly plants and their supply chains.
- Position Ohio as an attractive business environment for OEM retention and expansion. Develop business strategies for keeping OEM plants and their suppliers in Ohio. The best opportunities may be in the area of just-in-time delivery and research, development and production preparation built around facility changes in model design and production processes. Monitoring the level of OEMs' reinvestment in manufacturing plants is a distinct indicator of future plans to stay or leave.
- Support collaboration between OEMs and parts manufacturers.
- Facilitate relationship-building among Ohio's OEMs and Ohio-based suppliers. Support collaboration between OEMs and parts manufacturers as OEMs move to integrate suppliers into their process even more tightly and jointly train the region's skilled manufacturing workforce.
- Help Ohio companies expand by taking advantage of global opportunities. Support manufacturers, especially small- and mid-sized enterprises, that want to expand into international markets. Current market and tax conditions encourage this direction.
- Work on maintaining state business tax reforms and incentives.
- Continue support for the full implementation of the comprehensive tax reforms passed in 2005. Protect against erosion of the Commercial Activity Tax (CAT).
- Explore specific regional issues related to local taxing jurisdictions and, where possible, advocate for change.
- Work with the ODOD to link local tax issues, such as tax sharing and governmental operating efficiencies, to state-level incentive packages currently under study by the department.
- Support regional cooperation and tax-base sharing.
- Address uncompetitive aspects in the workers' compensation system.
- Explore an "Ohio model" – reap the benefits of both a monopolistic and privatized system by bringing more private-sector influences to the system and maximizing the current benefits of a fully reserved state insurance fund.
- Explore a mutual insurance company model.
- Maintain a high level of appropriate care for injured workers to ensure a quick return to work.
- Limit direct oversight of the system by governmental or political forces.
- Provide greater uniformity of hearing decisions to ensure adherence to commission policy and Ohio workers' compensation statutes.
- Remove hearing officers from protected classifications and put in place prescribed terms of service during which reviews are performed.

Today's Job:

Focus on Workforce Improvement

- Focus and invest in the incumbent manufacturing worker in a demand-driven system.
- Educate the educators that manufacturing is not dead and is much more high-tech.
- Separate services targeted toward the hard-to-employ so that they are **not** provided where employer services are provided. These are two different client populations, with different problems and different solutions.
- Address soft skills and culture issues in elementary and secondary grades.
- Expand cooperative education programs and encompass all employment levels, from the shop floor to management.

- Leverage federal funds to increase OITP funding significantly and merge OITP efforts with other programs designed to invest in the incumbent workforce.
- Pursue OEM-driven “master OITP” grants similar to the collaboration between Boeing, the state and TechSolve to improve supply chain development.
- Provide local governments financial incentives to support the training of incumbent employees at their 2-year institutions with their own local tax base.
- [Make all training and funding outcome-based and customized.](#)
- Build around employer-specified and customized training modules that teach objective skill sets and are subject to outcome-based evaluation. Recognized, objective skill certification is desirable.
- Allow employers and employees greater flexibility in defining “success.” A successful training outcome doesn’t always involve the granting of a degree.
- Make two questions central to workforce training efforts: What can employees do after the training that they could not do before? How well can the trainees perform the skill or task?
- Aim to provide training as close to the workplace as possible and in a fully portable educational portfolio that can be applied to two-year and four-year degree programs.
- Develop a regional structure for workforce training built on best-practice operating principles that have been developed with, and vetted by, private-sector human resource professionals.
- Work with human resource professionals to design a responsible but efficient post-training accountability and evaluation process.
- Clarify the roles of the Enterprise Ohio Network (the workforce training providers of the state’s 2-year post-high-school institutions) and the two Manufacturing Extension Program participants (TechSolve and MAGNET) and encourage them to work together, instead of competing, to provide better solutions to manufacturing companies.
- Develop a common, valid, accepted diagnostic tool that all providers of training and efficiency (process) improvement services can use with employers to identify competitiveness problems.
- Insist that training providers’ contacts with customers be solutions-based, not sales-based.
- Offer employees income tax credits or deductions for investments they make in their professional education and training.
- [Base the subsidy for workforce training, which is a recognized focus of Ohio’s two-year college system, on credit hour provided, not on student enrollment in degree-granting programs.](#)
- Remove funding barriers that discourage vocational, community colleges and universities from responding to the needs of employers by developing skill-based training programs.
- Do **not** restrict subsidies for technical and community education to enrollment in a formal 2-year, post-high-school degree program. A subsidy should be granted by the credit hour as long as credit can be assigned through a student’s educational portfolio.
- [Establish one source of contact across all service providers.](#)
- Minimize and standardize forms, applications, requirements and general employer “burdens” from region to region.
- Break the county-based model of service provision and payment. Workforce Investment Boards can no longer respond to the demands imposed by a fluid regional labor market.
- Allow the Ohio Department of Jobs and Family Services to operate a statewide clearinghouse, with consistent paperwork and funding that follows the worker.

Today's Job:

Support Incumbent Manufacturers

- [Ensure long-term energy price stability & reliability.](#)
- Support passage of legislation seeking to ensure reliability standards, establish long-term predictability in pricing and keep market options available.
- Support passage of legislation with the intent to create a utility infrastructure development fund and seek to expand provisions that apply to the state's electricity infrastructure, as well as to the natural gas infrastructure.
- Support supply diversification and energy conservation by helping manufacturers overcome the cost hurdles of both.
- Seek regulatory or legislative approval to create a statewide fund that would help defray a portion of energy costs directly related to key economic development projects.
- [Help finance "last mile" energy infrastructure.](#)
- Develop an energy policy that would allow either utilities or port authorities to finance the last mile of energy infrastructure through one of two mechanisms: direct payments made from overages of state utility tax payments or direct amortized payments made by private businesses over the lifetime of the infrastructure but secured by a statewide energy infrastructure insurance pool.
- [Regionalize and integrate state & local economic development retention and expansion activities.](#)
- Combine regional economic development staff and state economic development professionals into one regionally focused team so that there is a clear point of contact for incumbent employers when they seek to expand or find business assistance from the public.
- Use the same district boundaries across all departments of the state that provide services and affect economic development.
- Develop interagency economic development cabinets. At a minimum, this should include the Ohio Departments of Development, Environmental Protection and Transportation. An interagency Workforce Investment Board that represents the Department of Development and the University System of Ohio and their intermediaries should also participate.
- [Provide seamless processes and best-practice improvement services.](#)
- Form an Incumbent Employers Program within the Ohio Department of Development, combining OITP, EON, MEP and educational portfolios recognized by the community college system into a more cohesive workforce training structure. The new training would be paid with a combination of increased state funding, state income tax credits for the employee, job training tax credits for the employer and a state funding mechanism in the economic development portion of the community college budget, which gives extra funding to counties that spend local tax dollars on workforce training – preferably in consortia. The system would be reinforced with an aggressive cooperative education program for community college and technical college students.
- Leverage technological innovations that are deployed in the automobile industry for use in Ohio's aerospace supply chain and other areas of advanced manufacturing, such as food processing and alternative energy production.

Tomorrow's Job:

Develop Thought Leadership

- **Recruit Tier 1 & 2 headquarters and research and development functions.**
- Aggressively recruit local headquarters, design and R&D functions of non-U.S.-based auto parts suppliers.
- Grow the intellectual property component associated with Ohio auto plants. This provides Ohio manufacturers an edge because it is difficult to offshore parts if the intellectual property link is embedded.
- **Become a thought leader in global integrated manufacturing production (global process improvement).**
- Identify where investments should be made to ensure thought leadership in the production process. Ohio State University's College of Engineering is a global leader in the field of workplace ergonomics or biodynamics, and the Edison Welding Center is considered a major source of innovation in joining technologies. Areas where knowledge gaps have been identified but where research strength exists in the state are in materials science, especially lightweight metals and composites, metals forming, and advanced machining. Ohio can also become a knowledge center in the integration of global production and production management systems.
- Align academic and applied technology resources to support innovation in advanced manufacturing. Research capabilities are needed in advanced production techniques and in the global integration of manufacturing processes.
- **Build on existing leadership in manufacturing ergonomics and joining technologies.**
- Leverage Ohio's deep industrial design talent that staffs automotive design studios throughout the world. Can industrial designers at the Cleveland Institute of Art, the University of Cincinnati, the Columbus College of Art & Design and The Ohio State University be combined in teams with engineers to create new and better products and new and better production systems? And can Central Ohio anchor this thought leadership, where it has its greatest synergies?
- **Develop leadership in the areas of lightweight metals, composites, forming technologies, alternative fuels and related propulsion systems, and non-destructive materials testing.**
- Work with universities to fill a growing national knowledge gap in metallurgy (especially lightweight metals and materials), metal forming, and nondestructive materials testing.
- Continue investments in alternative fuel and propulsion systems. Given that Ohio is an engine state, any shift away from traditional gasoline engines toward other propulsion systems is a state-wide competitive threat.