

# Ohio Third Frontier Renewal

## Accelerating Ohio's New Economy

### Should the Third Frontier be renewed?

**Yes.**

Ohio's economy succeeds when we invest in advanced technology, applied research, and new product development. OhioThird Frontier has demonstrated positive growth in high tech jobs that runs counter to Ohio's overall trend. ❶

Ohio has already realized a substantial return on its \$681 million investment in OhioThird Frontier programs. These programs have fostered new technologies and industries with the potential to drive significant economic growth and job creation. ❷

### Should the structure of the renewed program be the same?

**Yes.**

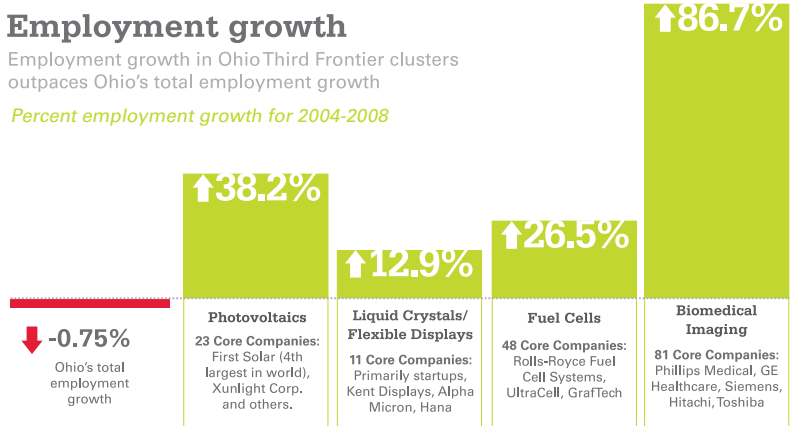
The Third Frontier renewal should be consistent with the successful governing principles of the current program and all proposals for funding will be subject to the same approval process as before. ❸

- ✓ Invest in cutting-edge research collaborations between industry and higher education that are linked to growing industries
- ✓ Help companies convert research into products and jobs
- ✓ Support entrepreneurship and make companies more competitive
- ✓ Keep and attract a world-class workforce
- ✓ Subject all proposals to scrutiny by outside experts through peer review
- ✓ Maintain all current statutes and rules of the Third Frontier

### 1 Employment growth

Employment growth in OhioThird Frontier clusters outpaces Ohio's total employment growth

Percent employment growth for 2004-2008



### 2 Return on Investment



State investment in Ohio Third Frontier



Economic impact from research, product sales and construction

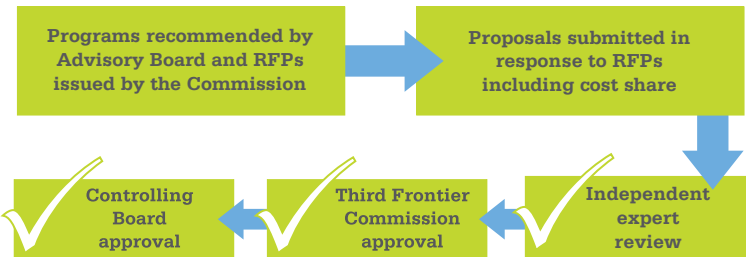


Employee wages and benefits



### 3 Proposal Process

Proposals for funding are subject to the same process as before.



## How much should the renewal be?

### \$1 Billion (awarded over 5 years)

A \$1 billion bond package over 5 years will allow the state to maintain, and moderately increase, the current level of awards. ④

#### Benefits of this approach:

Maintains the current level of funding.

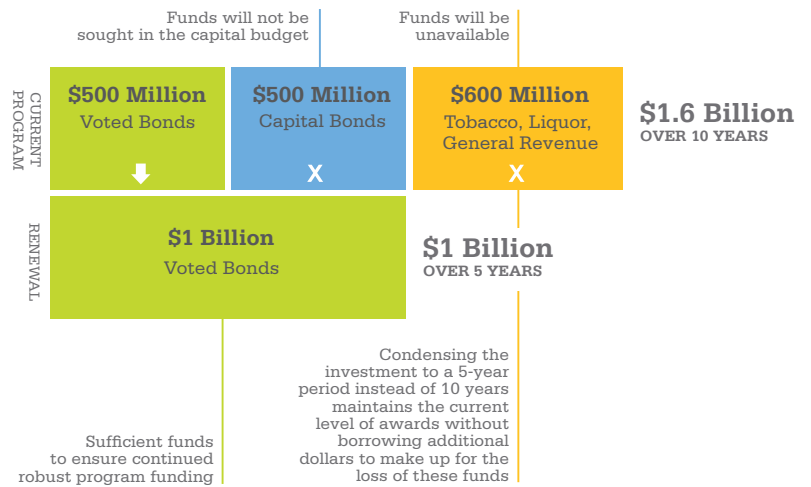
Renewing \$1B of Third Frontier Bonds allows greater flexibility in the spending of the program for operating and capital purposes.

All non-capital expenditures from Third Frontier Bonds are targeted to investments that are sustainable in the long run without public funds, and generate a return to the state through new jobs and private investment. This is evidenced by the 8.8 to 1 leverage ratio for current Third Frontier spending.

## 4 Ohio Third Frontier funding

A \$1 billion bond package awarded over 5 years allows the state to continue or moderately increase funding to programs that are creating jobs without reliance on capital bonds.

### Total funding



### Average annual funding



## When should it be renewed?

### May 2010

To avoid gaps in funding, the program must be renewed before July 1, 2011, the beginning of the 2012 fiscal year. A May 2010 vote is the best way to ensure the Third Frontier is renewed with no gap in funding.

The current plan is for FY2011 bond funding of \$138 million and FY2012 funding of \$81 million. This funding is dependent on \$100 million in traditional capital purpose bonds being dedicated to Third Frontier in the next capital budget.\*

#### Renewing the Third Frontier in May 2010 would . . .

**maintain and accelerate the program's momentum** which would otherwise slow in the face of uncertain future funding.

**assure businesses** that Third Frontier funding will continue beyond current levels and timeframes.

**permit longer-term investment** commitments to be made in FY 2010, 2011 and 2012.

#### Other options are problematic:

##### November 2010

Gubernatorial election and many other high profile races will make it difficult and expensive to reach voters.

##### May 2011

Requires a special election costing approximately \$5M.\*\*

\* Bond funding for FY2011 and FY2012 includes \$98M Third Frontier R&D Bonds (Nov 05 Ballot), \$21M of Wright Capital Fund (Higher Education Bonds) carryover, and an expected \$100M of Wright Capital Fund in the next capital budget.

\*\* Source: Ohio Secretary of State