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## Renewing Ohio's Job-Creation Efforts

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### **PART III: CONTRACTING WITH JOBSOHIO TO LEAD OHIO'S JOB-CREATION EFFORTS**

*Legislation will soon be introduced that would, in part, change the name of the "Ohio Department of Development" to the "Ohio Development Services Agency." Therefore, any references to the Ohio Department of Development made below should be read as the Ohio Development Services Agency, pending legislative approval.*

#### **BACKGROUND**

Amended Substitute House Bill 1, passed by the General Assembly and signed by Governor Kasich in February 2011, requires the Director of the Ohio Department of Development (ODOD) to execute a contract with JobsOhio to provide strategic business retention, expansion, and attraction services on behalf of Ohioans. The contract must be approved by the Controlling Board. Through the contract, JobsOhio will be provided the flexibility it needs to interact with job creators in and outside of Ohio, as well as work with regional network partners to recommend appropriate economic development incentives. It will also establish metrics to measure success and outlines the state's oversight and accountability functions relative to JobsOhio. The contract is one of the pieces needed to finalize the transition of job creation, recruitment, and expansion from state government to the private, not-for-profit corporation JobsOhio.

#### **CONTRACT OVERVIEW**

- **Improving Flexibility in Economic Development:** JobsOhio will be responsible for all business retention, expansion, attraction and economic development marketing efforts on behalf of the state of Ohio. JobsOhio will be the lead organization in company negotiations, and have the authority to negotiate and recommend development incentives to be granted by the state. The state of Ohio must give final approval to all public incentives offered by JobsOhio.
  - **Managing a Regional Network:** JobsOhio will build and maintain the JobsOhio Network, a network of six regional economic development organizations that work with JobsOhio to coordinate economic development activities.
  - **Research and Planning:** JobsOhio will be responsible for overseeing industry and business research, and for developing an annual strategic plan.
  - **Tracking Management and Return-On-Investment (ROI):** JobsOhio will operate a statewide customer relationship management system that allows streamlined management of all economic development projects. JobsOhio and the state will share information on incentives data in order to track ROI of public incentive funds.
  - **Management of Loan Negotiations:** JobsOhio will manage negotiations for loan incentives under the Direct 166, Ohio Enterprise Bond Fund, Research and Development Loan, and Innovation Ohio Loan programs, making the processes more efficient and timely.
- **Setting Metrics for Success and Accountability:** JobsOhio will base its success on metrics set forth in the contract, which include, but are not limited to, the net new jobs created, new annual payroll, and new capital investment. JobsOhio will submit operating guidelines as well as an annual strategic plan to ODOD that reflects metrics and a scope of work that are established together with the state.

- Contract Terms: The contract is effective from July 5, 2011, until June 30, 2013. Contracts will not cross a biennium. The contract requires Controlling Board approval and will be effective upon the signature of the Chief Investment Officer of JobsOhio and the Director of ODOD.
  - Dispute Resolution: The contract allows for ODOD oversight of JobsOhio and establishes a relationship to resolve differences internally.
  - Conditions for Contract Termination: The contract could be terminated if:
    - JobsOhio does not uphold its contractual obligations;
    - A law is enacted that directs ODOD to terminate the agreement; and/or
    - There is clear evidence of criminal wrongdoing that undermines the effectiveness of JobsOhio. Inquiries into any wrongdoing must be conducted by an investigative authority and reported to the Governor.
- Payments and Expenditures: Payments to JobsOhio under the contract include transition funds of up to \$1 million, authorized by Section 5 of Am. Sub. House Bill 1. JobsOhio must provide ODOD and the Controlling Board with written reports of all expenditures made with the aforementioned \$1 million.
  - Payments from ODOD to JobsOhio will include monthly administrative fees for loan processing but may not exceed \$2 million (between March 1, 2012 and June 30, 2013). All commitment fees and application fees will be paid to JobsOhio for the administration of the Direct 166, Ohio Enterprise Bond Fund, Research and Development Loan, and the Innovation Ohio Loan programs.

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