

OPPORTUNITIES FOR OHIO IN A POST-COVID ECONOMY

June 2021

The COVID-19 pandemic has been a long and difficult period for businesses in Ohio and across the country, many of whom have had to contend with severe restrictions, if not outright closures, due to public health and safety measures designed to contain the spread of the virus. Now that the economy is regaining momentum and returning to near-normal, we believe this is great timing to hear from experts and policy leaders on some of the ways the state can take action to put our best foot forward as the economy looks to come roaring back from the doldrums of the pandemic.

Recently, the Ohio Chamber of Commerce Research Foundation invited a panel of speakers to shed light on opportunities that exist for businesses to expand and open new operations here in Ohio, as well as how leaders across the state are taking cues from the lessons learned over the last year and adapting to changes in the ways our businesses will operate moving forward. We are thankful that we were able to be joined by Dr. David Shideler, Chief Research Officer for Heartland Forward and co-author of “[Reshoring America: Can the Heartland Lead the Way?](#),” Lydia Mihalik, Director of the Ohio Development Services Agency, and Charlie Rowell, Director of North American Business Development for JobsOhio.

In 2018 the Research Foundation published a landmark study titled “[Ohio BOLD: A Blueprint for Accelerating the Innovation Economy.](#)” The study called for the creation of four statewide Innovation Hubs, connecting the established base of knowledge and talent in Ohio with the resources needed to foster a new generation of research and development.

During our discussion, we highlighted the announcement and creation of the three Innovation Districts made by the DeWine Administration, JobsOhio, and private sector partners in Cincinnati, Cleveland, and Columbus. We believe these are exactly the types of efforts our leaders in both the public and private sectors should be making to enhance Ohio’s economic future and raise the state’s profile as we seek to attract talent, research capabilities, and venture capital, and we look forward to tracking the progress made through these partnerships.

We also congratulate the JobsOhio team on their recent announcement of the formation of their [Growth Capital](#) initiative, as we believe this is another tool in the arsenal of economic development to attract investment and opportunity that will pay dividends for years to come.

Another major initiative highlighted during our discussion was the creation of the Residential Broadband Grant Program through House Bill 2. As we have seen over the last year, the transition to working from home brought about by the pandemic has prompted a shift in both the capability for employees to maintain their productivity outside of a traditional office environment as well as the infrastructure necessary to support remote work opportunities. The investment made by the state through this program is critical in deploying this technology to underserved areas and unlocking opportunities for economic growth across Ohio.

Our panelists shared their optimism that Ohio has the resources and programs in place to benefit from shifting trends in the global economy, and to demonstrate Ohio’s built-in advantages as a place to locate and expand their businesses.

A primary emphasis of the conversation was on the ability for Ohio to serve as a magnet for businesses to reshore, defined as relocating overseas production and business activity back to the United States. According to Heartland Forward’s February report, and in remarks by Dr. Shideler, “[m]any domestic and foreign companies are recognizing the strategic advantages of locating in the United States [...] Some estimates suggest that firms fail to accurately estimate the costs of production in other countries by as much as 20 percent. Considering these additional costs, experts suggest that 10-30 percent of projects considering locating production outside of the U.S. would find that it would be cheaper to remain or expand within the country.”¹

As direct evidence of that trend, the report highlighted a March 2020 survey conducted by Thomas Industrial, which concluded “COVID-19 supply chain disruptions resulted specifically in an acceleration of appetite for locally-sourced materials and services, as up to 70% of firms surveyed said they were “likely” or “extremely likely” to reshore in the coming years.”²

Reshoring is a key driver of business development opportunities that JobsOhio centers on in their mission to attract companies to come to Ohio. Through incentives such as their Economic Development Grant focused on fixed-asset investment such as land, equipment, machinery and infrastructure, their Workforce Grant promoting job creation through offering funds for employee development and training, and their performance-based Job Creation Tax Credit, the JobsOhio team already has several success stories thanks to reshoring efforts.

Taken in partnership with programs through the state government such as TechCred, a grant program obtainable through the Development Services Agency that offers employers a funding mechanism to pay for their workers to receive technology skills credentials, worker training and retention is paramount to a successful reshoring strategy. Companies looking for a place to locate or relocate their operations in the United States want a capable, qualified workforce available to make their businesses a success.

Business support programs such as TechCred, as well as business grant and business credit programs that incentivize and reward entrepreneurship and investment in Ohio make our state stand out as an attractive place to establish, relocate, or expand – growing the economy for the benefit of everyone.

Key Takeaways

As economic activity in Ohio and across the globe continues to churn back to pre-pandemic levels, there are opportunities for our state to position itself well for changes brought about by the disruption of the coronavirus pandemic. Panelists from our discussion highlighted several critical points for policymakers and the business community to be aware of:

- Ohio enjoys advantages available to few other states in the US. Specifically, our historically strong manufacturing base, coupled with our status as a hub for logistics, distribution, and transportation positions Ohio well to capitalize on the reshoring of companies looking to bring

¹ Joel Kotkin, Michael Lind, and Dave Shideler (February 2021). Reshoring America: Can the Heartland Lead the Way?. P.5. Heartland Forward. <https://heartlandforward.org/wp-content/uploads/2021/02/reshoring-america-can-the-heartland-lead-the-way1-1.pdf>

² Hanno, A. August 2020. Reshoring Is Creating Opportunities For North American Manufacturers. Thomasnet Industrial Marketing & Sales Blog. <https://blog.thomasnet.com/reshoring-creates-opportunities-for-manufacturers-in-2020>.

their manufacturing back to the United States, or those seeking to modify their supply chains in response to the pandemic.

- Certain industries – such as manufacturing of medical equipment, personal protective equipment, semiconductors, and telecommunications – may be better suited to reshoring their operations to the United States than others due to the critical nature of those products in the event of future global economic disruption.
- Not only is Ohio aggressively pursuing companies looking to relocate their manufacturing operations from overseas, there are ongoing efforts domestically to highlight Ohio’s competitive advantages for businesses located in more expensive states with less-friendly business environments.
- Brought to the forefront by the pandemic, there is an accelerating transition to instant access and faster delivery for consumer goods through e-commerce, which underlines the need for robust investment in broadband internet access to boost economic opportunity for entrepreneurs, businesses and communities across Ohio.
- In addition to business attraction efforts, programs such as the Department of Development’s TechCred offer businesses a way to boost the skillset of their employees and provide enhanced opportunities for workers to engage in an economy increasingly integrated with technology.
- Talent is not only developed here in Ohio, it is attracted from across the country and around the world. JobsOhio’s campaigns such as “Find Your Ohio,” as well as the creation of innovation districts across the state, serve as magnets to bring in and retain the highest-quality workforce in the country.

Conclusion

In a rapidly changing global economy, Ohio has an opportunity to re-establish itself as a premier location to do business. Policymakers and thought leaders around Ohio can utilize our state’s existing infrastructure and knowledge base from decades of strong manufacturing, logistics, and productivity as a launching pad for new ideas and innovation through the establishment of major partnerships, with the goal of attracting new talent, new investment, and new research and development that will serve as a beacon of growth and prosperity in the years and decades to come. With the help of the business community, leaders across the state will be able to share the benefits of a lower-cost, business-friendly economy with entrepreneurs and companies from around the world. We look forward to tracking the successes brought by these investments in our economic development landscape, and celebrating the victories achieved through hard work and dedication to a more competitive and prosperous economy in Ohio.