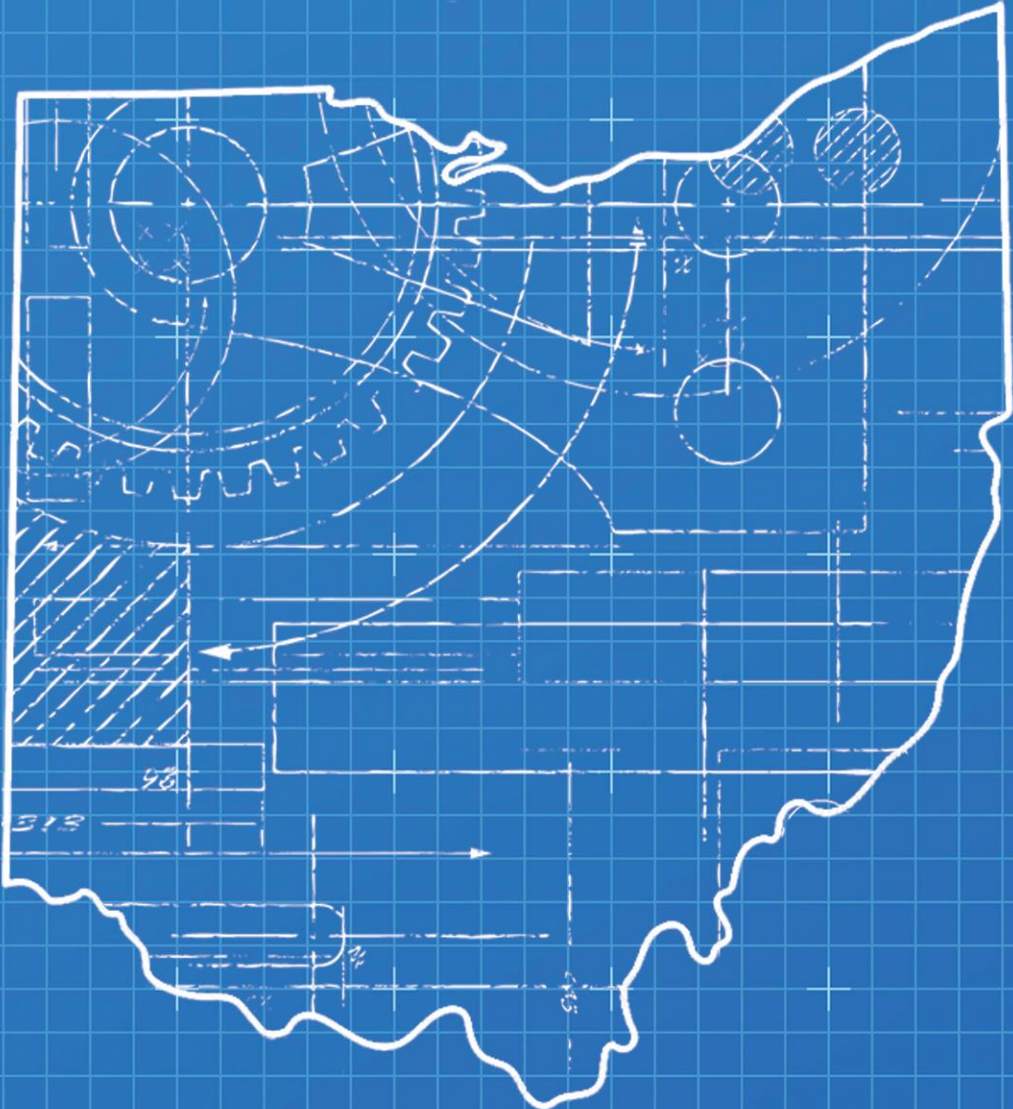


BLUEPRINT FOR OHIO'S ECONOMIC FUTURE

JUNE 2026



OHIO CHAMBER
OF COMMERCE

accenture

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Please note: All policy positions in this report are not necessarily representative of Accenture’s views.

Letter from the CEO

Dear Ohioan,

The Ohio Chamber of Commerce operates with a simple and compelling vision: Making Ohio the best place in which to do business anywhere in the world.

When we first released the *Blueprint for Ohio's Economic Future* in 2022, our state was entering a new era of opportunity. Ohio was ranked 15th overall in CNBC's annual "Top States for Business" list. In that year's *Blueprint*, we highlighted Ohio's strengths, identified key challenges and outlined a policy framework that would help our state compete and win in a rapidly changing economy. Many of our proposed solutions from that report were utilized to help create legislation and public programs that advanced our vision. Then, in CNBC's most recent ranking released in 2025, Ohio was named the country's 5th-best state for business, our highest placement yet.



In the last four years, the pace of economic transformation has accelerated beyond what many could have imagined. Advances in artificial intelligence are reshaping entire industries. Global supply chains continue to evolve. New demands on our infrastructure and workforce systems emerge almost daily. At the same time, Ohio has secured transformative economic development wins and strengthened its position as a national leader in manufacturing, technology and logistics.

These changes call for a new strategy.

This refreshed *Blueprint* reflects our dedication to ensuring Ohio is prepared not only for the challenges of today, but also for the opportunities of the next decade. It is a comprehensive review of the policies needed to sustain our momentum and position Ohio for long-term success in an increasingly competitive global economy.

At the center of this effort is a clear objective: Ohio must pursue a sustained trajectory of at least 3% annual economic growth. Achieving that goal will require a continued commitment to creating the conditions that allow businesses, workers and communities to thrive.

The Ohio Chamber of Commerce remains committed to working alongside policymakers, business leaders and stakeholders across our state to advance solutions that promote growth and competitiveness in our state. This *Blueprint for Ohio's Economic Future* serves as a roadmap for that work and a vision for what Ohio can become.

A handwritten signature in black ink, appearing to read "Steve Stivers".

Steve Stivers
President & CEO
Ohio Chamber of Commerce

BLUEPRINT FOR OHIO'S ECONOMIC FUTURE



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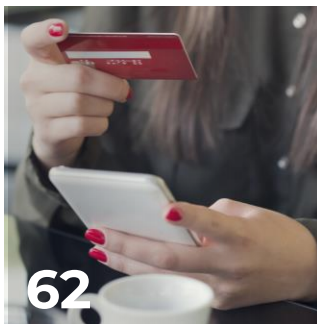
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INTRODUCTION



Introduction: Ohio is at a Turning Point







Ohio has long been a state that sees, and seizes, opportunity and innovation. From the Wright Brothers to the rise of advanced manufacturing, Ohio has consistently been a place where new ideas take shape and industries scale. Today, that legacy continues, with over 200 corporate headquarters, 55 Fortune 1000 companies, and transformative investments such as Intel’s semiconductor campus positioning the state as the emerging “Silicon Heartland.”

But while Ohio’s foundation remains strong, the competitive landscape has shifted significantly since the 2022 Blueprint was released. States across the country have accelerated investments in talent, infrastructure, and innovation, raising the bar for what it takes to attract businesses, workers, and capital. At the same time, Ohio continues to face structural challenges, including population stagnation, workforce shortages, housing constraints, and uneven economic growth.

Recent national rankings reflect this tension. While Ohio has improved in several areas, it continues to lag in others critical to long-term competitiveness. As shown in the CNBC Top States for Business rankings,¹ Ohio ranks near the top nationally in infrastructure and cost of doing business, but continues to face challenges in education, talent, and overall economic performance.

From Strategy to Action: What Has Changed Since 2022

Since the original Blueprint, Ohio has taken meaningful steps to strengthen its economic foundation across all six levers. These actions represent a shift from strategy to implementation, translating priorities into tangible policy changes and investments.

Levers	Indicators	Levers	Indicators
<p>Education & Workforce</p>  <ul style="list-style-type: none"> • K-12 Education • Higher Education • Workforce Participation/ Labor Supply/ Barriers • Labor Demand / New Job Growth <p>Since 2022, the state expanded industry-aligned credentialing programs, invested in career pathways and training infrastructure, and restructured governance to better align education with workforce outcomes.</p>		<p>Sense of Place</p>  <ul style="list-style-type: none"> • Cost of Living & Affordability • Environment and Amenities • Social Determinants of Health <p>Since 2022, Ohio increased investments in childcare, housing, and community revitalization, recognizing their direct link to workforce participation and talent attraction.</p>	
<p>Taxes & Costs</p>  <ul style="list-style-type: none"> • Taxes • Cost Of Doing Business • Legal Climate <p>Since 2022, the state continued to reduce income tax rates, eliminated the Commercial Activity Tax for approximately 90% of all Ohio businesses, and maintained a competitive cost structure for the business community.</p>		<p>Innovation & Collaboration</p>  <ul style="list-style-type: none"> • Startups, Entrepreneurship, and Venture Capital • Technology, Modernization & Data Centers <p>Since 2022, Ohio advanced sector-based strategies, including semiconductors and advanced manufacturing, while launching new regional innovation hubs.</p>	
<p>Business Friendliness</p>  <ul style="list-style-type: none"> • Regulatory & Licensing Landscape • Access to Capital • Economy and GSP Growth/Scenarios • Strategic Industry Growth Drivers <p>Since 2022, Ohio streamlined regulations, expanded licensing reciprocity, and improved digital access to government services.</p>		<p>Infrastructure</p>  <ul style="list-style-type: none"> • Energy/Utilities/Water • Transportation <p>Since 2022, the state made significant investments in broadband, site readiness, water systems, and industrial development capacity.</p>	

From Blueprint to Brick: Tracking Our Policy Victories

A strategic roadmap is only as good as the execution it inspires. Since the release of the initial *Blueprint for Ohio's Economic Future* in 2022, the Ohio Chamber of Commerce has aggressively translated research into real-world advocacy. Working with the Ohio General Assemblies, our policy teams have successfully enacted cornerstone recommendations across all six economic levers.

By proving that the Blueprint directly drives the state's legislative agenda, these historic legislative wins demonstrate clear return on investment for Ohio's business community.

Major Policy Wins: Legislative Priorities Delivered



Education & Workforce Policy Wins

The Multi-Million Dollar Childcare Platform Deployment²

We successfully advanced a foundational portion of the Chamber's Child Care Platform to attack access and affordability problems related to childcare throttling workforce participation. Active programs currently in effect include:

- *The Child Care Choice Voucher Program*³: A \$200 million commitment expanding eligibility up to 200% of the Federal Poverty Level to serve 20,000 additional children.
- *The Child Care Cred Program*⁴: A \$10 million public-private voluntary cost-sharing partnership among employers, workers, and the state
- *The Child Care Recruitment and Mentorship Grant Program*⁵: Deploying \$3.2 million to expand in-home provider footprints across rural areas

A significant organizational overhaul occurred in 2023 in the state operating budget, as the Ohio General Assembly restructured both the Ohio Department of Education and State Board of Education to provide stronger emphasis on workforce skills and career readiness. The former Ohio Department of Education was transformed into a state-level agency called the Ohio Department of Education and Workforce (DEW), with a dual focus on primary and secondary education and preparing students for the workforce. The department is now led by a Director who is appointed by the Governor and subject to the advice and consent of the Senate. The Department consists of two divisions: the Division of Primary and Secondary Education, and the Division of Career Technical Education, with both divisions headed by deputy directors appointed by the Director. The Department is generally responsible for enforcing rules under the Ohio Administrative Code and adopting new rules as required by law. This design is meant to promote communication and collaboration between schools and education leaders to ensure accountability and transparency.

The Ohio Chamber heavily supported this initiative, believing that a greater emphasis must be placed on ensuring accountability for Ohio's education system and career readiness for Ohio's students. Through the creation of a statewide agency directly accountable to elected officials, the Ohio Chamber believes this arrangement will encourage more younger Ohioans to remain in and build their lives here in Ohio, making for brighter futures.

K-12 & Post-Secondary Computer Science Scaling

Continuous expansion of the *Teach CS* program via an \$8 million biennial commitment paired with an ongoing K-12 teacher licensure waiver, enabling educators who complete approved professional development programs to immediately fill critical computer science teaching slots. (*Enacted through HB 33 – State Budget: 135th GA*)⁶

Governance & Restructuring

The comprehensive restructuring of the Ohio Department of Education and the State Board of Education institutionalized a permanent, state-level prioritization of career-technical skills and immediate workforce readiness (*SB 1 / HB 12: Enacted through HB 33 – State Budget: 135th GA*).^{6,7}

Free-Market Principles in Classrooms

Integrated academic concepts detailing free-market capitalism into the mandatory high school financial literacy and entrepreneurship curriculums for grades 9–12 (*Senate Bill 17: 135th GA*).⁸

Mitigating the MBIWD Benefits Cliff

Eliminated the historical age cap for the Medicaid Buy-In for Workers with Disabilities program, allowing skilled, disabled Ohioans age 65 and older to maintain gainful employment without abruptly forfeiting their healthcare access. (*Enacted through HB 33 – State Budget: 135th GA*)⁶

From Blueprint to Brick: Tracking Our Policy Victories



Sense of Place Policy Wins

Increasing Ohio's Housing Availability (*Enacted through HB 33 – State Budget: 135th GA*)⁶

- **Statewide Housing Tax Credits:** Creation and reauthorization of a state Low-Income Housing Tax Credit (LIHTC) program to develop new affordable housing units
- **Rural Housing Infrastructure Support:** Activating a \$90 million *Residential Development Revolving Loan Program* specifically tailored to fund the high-cost baseline utility and road infrastructure necessary to unlock housing construction in rural regions
- **Residential Economic Development District Program:** Deploying a \$25 million incentive fund designed to directly reward local municipalities that proactively streamline and modernize their local zoning codes to accommodate efficient housing construction.
- **Miscellaneous:** Extensions of the Transformational Mixed-Use Development Program (TMUD) and State Historic Tax Credit (HTC), protection from referendums for housing developments constructed in conjunction with mega project developments, increase in the signature threshold for referendums to be placed on the ballot from 15% to 35% in townships, Home Rule townships, and statutory cities, and a doubling of the annual Opportunity Zone tax credit cap to \$50M per fiscal year

Launching the Certified Mental Health Assistant Licensure

Standing up a brand-new, pioneering medical licensure class to rapidly scale Ohio's behavioral health and recovery services workforce. (*Senate Bill 60:135th GA*)⁹

Remote Pharmacy Dispensing Authorization

Gives Ohioans the ability to fill their prescriptions at a pharmacy where the supervising pharmacist is operating remotely, allowing Ohioans greater access to pharmacy care. (*SB 95: 135th GA*)¹⁰

Sustained Tourism and Placemaking Marketing

Successfully increased TourismOhio's biennial marketing budget from \$15 million to \$22 million, while developing strategies to leverage the state's unclaimed property fund to anchor long-term, year-round tourism assets like the Brook Park domed-stadium development.¹¹



Taxes & Costs Policy Wins

Securing JobsOhio's 15-Year Funding Horizon

Successfully secured the historic 15-year extension of the JobsOhio liquor franchise, an Ohio Chamber initiative providing nearly \$1 billion in upgraded long-term capacity to attract global business expansions and competitive incentives. (*Enacted through HB 33 – State Budget: 135th GA*)⁶

Implementing critical property tax reform

Enacted critical, coalition-developed safeguards for property tax calculations including *House Bill 129: 136th GA* to protect school district funding floors and *House Bill 186: 136th GA* to ensure voted school levy revenues do not outpace the rate of inflation.^{12,13}

Commercial Activity Tax (CAT) Exemptions

Legislative leaders utilized the Ohio Chamber's recommendations for a phased exemption from the CAT for taxable gross receipts of \$3M or less in FY24, and taxable gross receipts of \$6M or less in FY25 and subsequent years. These exemptions have eliminated the CAT for approximately 90% of all Ohio businesses.⁶

Defeat of PBM Prescription Dispensing Fee Language

During the state operating budget process, the Ohio Chamber led the successful effort in the Ohio Senate to remove language mandating the Ohio Department of Insurance to set a dispensing fee - estimated to range from \$10.50 to \$15.47 - on every prescription filled in Ohio through Pharmacy Benefit Managers (PBMs). This fee, conservatively estimated to generate \$6.4 billion over the next decade, which would then be re-distributed to independent pharmacies, would have substantially increased healthcare and prescription drug costs for employers and patients alike.¹¹



From Blueprint to Brick: Tracking Our Policy Victories



Innovation & Collaboration Policy Wins

The \$125M Innovation Hubs Launch

Directly modeled after our major metro Innovation Districts, the Chamber successfully advocated for \$125 million in state operating budget funding to create Innovation Hubs in mid-sized Ohio metropolitan centers, pairing regional businesses with higher education anchors. (HB96: 135th GA)¹¹

Corporate Identity Theft Protections

Passed *Senate Bill 98: 135th GA*, establishing an ironclad reporting mechanism to crack down on fraudulent business filings, misleading mailers charging excessive fees for free public services, and the exploitation of dormant business filings by bad actors.¹⁴



Business Friendliness Policy Wins

The Reduction of Administrative Red Tape

Successfully codified a mandate via *Innovate the Code* to eliminate duplicative, obsolete provisions and target up to a one-third total reduction of words and regulatory restrictions across the Ohio Administrative Code. (HB33: 135th GA)⁶

Bolstering Employer Protections in Marijuana Policies

Enacted *Senate Bill 56: 136th GA*, structurally protecting drug-free and zero-tolerance workplace policies from anti-discrimination claims, clarifying that marijuana-related terminations represent "just-cause" exclusions from unemployment benefits, and restricting public usage to private residences, protecting private property rights by giving landlords authority to ban use and cultivation in residential units through lease agreements.¹⁵

Limiting Asbestos Lawsuit Over Naming

Passed *Senate Bill 63: 135th GA*, forcing plaintiff attorneys to provide explicit evidentiary documentation tying a specific business to exposure before filing, preventing completely uninvolved employers from incurring defensive legal fees.¹⁶

Modernizing Labor Poster Compliance

Codified *Senate Bill 33: 136th GA*, allowing businesses the cost-saving and administrative flexibility to post mandatory employment law updates online for distributed workforces.¹⁷

Universal Occupational Licensure Reciprocity


Enacted *Senate Bill 131 (134th GA)* which offered a host of reforms to Ohio's system of occupational licensing and government certifications, with the most significant being the establishment of universal occupational licensure reciprocity. By recognizing occupational licenses from other states, *SB 131* not only reduces or even eliminates certain re-licensing costs, but it also supplies Ohio with trained professionals having the skills to match in-demand career fields.¹⁸

Minimizing Administrative Burdens with Appealing Action Taken by Ohio's Executive Agencies

Give Ohio business owners the option to appeal administrative actions in their local common pleas court, rather than the home county of the state agency. (SB 21 – GA 135)¹⁹



From Blueprint to Brick: Tracking Our Policy Victories

 Infrastructure Policy Wins	
<p>Standardizing State Mineral Sinking Rules Adopted an administrative rule creating uniform lease frameworks for mineral development on Tier I and Tier II state lands with zero surface impact, expanding domestic fuel availability. <i>(Enacted through Ohio Administrative Rule 1501:155-1-01)</i>²⁰</p>	<p>Strengthening Natural Gas Infrastructure Development Actively executing <i>Senate Bill 103 – 136th GA</i>, which systematically tightens the regulatory timelines for capital recovery, allowing natural gas utilities to fast-track major economic development corridor upgrades with minimal regulatory lag.²¹</p>
<p>PILOT Extension Extension of the Payment in Lieu of Taxes (PILOT) Program for four years, giving counties the continued, permissive option to determine how to tax renewable energy projects and spurring renewable energy development and investment. <i>(HB 33: 135th GA)</i>⁶</p>	<p>Extension of the State Capital Improvement Program (SCIP) Successful extension of a constitutional amendment for SCIP at the Ohio Public Works Commission, allowing an additional 2.5B of general obligation bonds. Important projects funded by the SCIP include roads, bridges, wastewater treatment systems, water supply systems, solid waste disposal facilities, and stormwater and sanitary collection.²²</p>
<p>Strengthening Ohio’s Energy Infrastructure Endorsed reducing the Tangible Personal Property Tax on all forms of new generation/storage, encouraging the adoption of Grid-Enhancing Technologies (GETs), incentivizing energy development on brownfields, requiring utilities to publish heat and capacity maps of the distribution system on a “need to know basis”, and the instituting of timelines for regulatory review of generation permits and rate cases. <i>(HB 15 – 136 GA)</i>²³</p> <ul style="list-style-type: none"> • Reduce Tangible Personal Property Tax for Pipeline Companies: Amended into House Bill 15, this measure reduces the tangible personal property tax rate for pipeline companies from 88% to 25%. The reduced 25% rate will apply to new pipeline construction, while existing infrastructure remains at 88%. This reforms a tax rate that is higher than any of Ohio’s neighboring states, and addresses Ohio’s increasing need for both energy generation and distribution. 	
<p>Pole Replacement and Undergrounding Program Successfully pushed for an appropriation of \$50M to create the Ohio Broadband Pole Replacement and Undergrounding Program, to fund replacement of outdated poles, construction of new poles, and assorted other make-ready costs involved with expanding broadband infrastructure along utility routes.¹¹</p>	<p>Preservation of All-Ohio Future Fund During budget deliberations, the Ohio Chamber successfully advocated for the Ohio General Assembly to preserve a portion of the remaining All-Ohio Future Fund and consider appropriations to aid in the completion of multiple sites to ensure Ohio’s continued economic competitiveness. The legislature responded by reserving nearly \$226 million in funds to support site development for four transformational economic development projects in Montgomery, Lorain, Coshocton, and Muskingum Counties. On July 21, 2025, the Ohio Controlling Board met and approved funding for these four projects across the state to receive All-Ohio Future Funds.^{11,24}</p>

Ohio's Progress is Real, but Uneven

Measurable Progress, and Where It Shows Up

Ohio's policy and investment decisions since 2022 have translated into measurable gains in key areas of competitiveness, particularly where the state has made targeted, coordinated investments.

As shown in the CNBC rankings¹:

- Infrastructure improved significantly, with Ohio now ranking 1st nationally, reflecting major investments in broadband, site readiness, and logistics capacity.
- Cost of doing business improved to 2nd, reinforcing Ohio's longstanding affordability advantage.
- Technology and innovation rose to 6th, driven by major industry investments and expanded R&D activity.
- Business Friendliness (regulatory) improved substantially, moving from 47th to 25th, reflecting regulatory streamlining efforts.
- Quality of life (health) and cost of living also saw notable gains.

At the same time, other areas have seen more limited progress or decline:

- Education rankings fell, highlighting ongoing challenges in talent development and alignment.
- Economy rankings declined, suggesting that growth has not kept pace with peer states.
- Workforce improved modestly but remains a constraint on long-term growth.

This mixed performance underscores a critical point: progress has been real, but uneven. Gains in infrastructure, cost competitiveness, and innovation have been partially offset by slower progress in talent and economic growth.

CNBC Top States for Business Ranking

Metric	2021 Ranking	2025 Ranking	Direction of Change
Infrastructure	11 th	1 st	
Cost of Doing Business	4 th	2 nd	
Technology and Innovation (R&D)	15 th	6 th	
Access to Capital	7 th	7 th	
Cost of Living (Affordability)	14 th	7 th	
Quality of Life (Health)	34 th	17 th	
Economy	15 th	26 th	
Business Friendliness (Regulatory)	47 th	25 th	
Education	21 st	27 th	
Workforce	38 th	31 st	

A More Competitive, and Faster-Moving, Landscape

Ohio's progress must also be viewed in context. The challenge is not simply improving performance; it is improving faster than competing states.

Since 2022, peer states have:

- Implemented aggressive tax reforms
- Expanded workforce and education investments
- Accelerated site readiness and energy infrastructure
- Targeted emerging industries with coordinated strategies

As a result, maintaining Ohio's position now requires not just continued improvement, but greater speed, alignment, and scale.

The Mandate for Growth

The Core Challenge Going Forward

The experience since 2022 highlights a clear pattern:

- Where Ohio has made targeted, well-funded, and coordinated investments, it has seen measurable gains (e.g., infrastructure, cost, innovation)
- Where progress has been fragmented or incremental, results have lagged (e.g., education, workforce, economic growth), limiting Ohio’s ability to reach its full growth potential and achieve a top-tier economic growth trajectory

BEFORE 2022		AFTER 2025
700B	REAL GDP ²⁵	720B
0.4%	REAL GDP GROWTH ²⁵	2.0%
5.65M	NONFARM EMPLOYMENT ²⁶	5.71M
11.7M	POPULATION ²⁷	11.9M
-2.6%	PRODUCTIVITY ²⁸	1.8%

Looking Ahead

The refreshed Blueprint builds on the strong foundation established in 2022, while adapting to a more competitive and rapidly evolving environment. It focuses on six core levers: Education & Workforce, Sense of Place, Taxes & Costs, Innovation & Collaboration, Infrastructure, and Business Friendliness, and provides a more integrated, outcomes-driven roadmap for the state.

The goal is not only to maintain Ohio’s advantages, but to close persistent gaps and position the state to achieve sustained, long-term growth, aligned with a 3% annual GDP growth trajectory consistent with national business competitiveness benchmarks.²⁹

3%

Annual GDP Growth Goal

This creates a clear mandate for the next phase of the Blueprint: Ohio does not need to rethink its strategy, it needs to execute it more cohesively, more aggressively, and with greater focus on outcomes

“

As someone who is from California, there are some states that are really good at pushing you out and slowing you down, and there's others that are great at pulling you in and speeding you up. That's what Ohio was.”

- Palmer Luckey, Founder of Anduril



Executive Summary

Ohio stands at a pivotal moment. The state enters the next decade with significant competitive advantages: a globally relevant manufacturing base, growing innovation sectors, nationally recognized infrastructure assets, abundant energy and water resources, and a lower-cost operating environment than many competing states. Major investments in semiconductors, advanced manufacturing, aerospace, healthcare, and digital infrastructure are reshaping Ohio's economic trajectory and positioning the state as an emerging center of industrial and technological growth.

Since the original Blueprint for Ohio's Economic Future was released in 2022, Ohio has made meaningful progress across many of the foundational drivers of competitiveness. The state has improved its national standing in infrastructure, cost of doing business, technology and innovation, and regulatory environment. Strategic investments in broadband, site readiness, workforce programs, and innovation ecosystems have strengthened Ohio's ability to attract investment and support business growth.

At the same time, the competitive landscape has changed rapidly. States across the country are accelerating investments in talent, housing, energy infrastructure, innovation, and quality of place. Emerging technologies, shifting global supply chains, demographic change, and rising infrastructure demands are reshaping how states compete for businesses, workers, and capital. While Ohio's progress is real, it has also been uneven. Persistent challenges, including workforce shortages, population stagnation, housing constraints, healthcare affordability pressures, and fragmented systems, continue to limit the state's full growth potential.

The core challenge facing Ohio is no longer identifying its strengths. It is executing more cohesively, more quickly, and at greater scale than competing states.

This refreshed Blueprint examines Ohio's competitiveness across six interconnected levers:



These levers are deeply interdependent. Workforce participation is influenced by housing affordability, childcare access, transportation, and health outcomes. Innovation depends on talent, infrastructure, capital access, and energy reliability. Business growth increasingly depends not only on taxes and regulation, but also on digital readiness, infrastructure capacity, and quality of life.

1st Infrastructure nationally ¹	2nd Cost of doing business ¹	6th Technology & innovation ¹	7th Access to capital ¹
Manufacturing output²⁵ 14.5% of GSP vs. 10.1% nationally 4 th in the nation	Emerging industry momentum Semiconductors, aerospace, healthcare, data centers		Innovation ecosystems³¹ Expanding regional hubs and \$40B+ in investment
Strategic location³⁰ Within a day's drive of 60%+ of U.S. & Canadian populations	Insurance & financial services³² 8 th nationally in domestic carriers, deep risk management ecosystem		Stable legal & cost environment³³ Tort costs at 1.5% of GSP vs. 1.95% national average

Executive Summary Continued

To identify areas of opportunity to improve Ohio's business climate, each of the national indices was deconstructed. Inputs to each factor were examined and areas where Ohio was ranked low nationally were identified. From here, in-person workshops were held and stakeholder engagement with business leaders was conducted to explore policy recommendations that could help to advance Ohio and elevate the state to the most business-friendly state in the nation.

Levers	Recommendations
<p>Education & Workforce</p> 	<ul style="list-style-type: none"> • Scale Employer-Led Paid Work-Based Learning Through Public-Private Partnerships • Align Credentials and Training to In-Demand Jobs Through Integrated Systems and Shared Data • Expand Workforce Participation and Retain Talent Through Flexible and Targeted Employment Strategies • Advance Policies That Expand, Diversify, and Retain the K-12 Teacher Workforce While Aligning With Future Workforce Needs
<p>Sense of Place</p> 	<ul style="list-style-type: none"> • Strengthen Essential Support Systems to Enhance Health and Well-Being • Accelerate Housing Supply to Protect Ohio's Cost-of-Living Advantage • Strengthen Ohio's Competitive Identity Through Placemaking, Tourism, and Quality-of-Life Investments
<p>Taxes & Costs</p> 	<ul style="list-style-type: none"> • Modernize and Simplify Ohio's Tax Structure to Reduce Compliance Burden and Improve Competitiveness • Preserve and Strengthen Ohio's Cost-of-Doing-Business Advantage While Protecting Stability • Improve Long-Term Competitiveness Through Targeted Tax and Process Reforms
<p>Innovation & Collaboration</p> 	<ul style="list-style-type: none"> • Refresh Ohio's Third Frontier Strategy with a Sector-Focused, Public-Private Investment Model • Scale Commercialization and Early-Stage Capital to Convert R&D Strength into Scalable Investment • Leverage Data Centers as Innovation Anchors and Catalysts for AI-Driven Manufacturing • Enact Balanced and Comprehensive Data Privacy Legislation
<p>Business Friendliness</p> 	<ul style="list-style-type: none"> • Improve Regulatory Certainty, Transparency, and Predictability • Streamline Business Formation, Licensing, and Site Readiness • Proactively Enable the Growth and Scaling of High-Impact Industries
<p>Infrastructure</p> 	<ul style="list-style-type: none"> • Establish Coordinated Statewide Energy Leadership to Support Growth and Competitiveness • Launch a Coordinated Statewide Water and Sewer Infrastructure Growth Strategy • Protect and Enhance Ohio's Logistics Advantage Through Targeted Transportation Investment • Accelerate Next-Generation Broadband Infrastructure and Digital Capacity



LEVER 1: EDUCATION & WORKFORCE



Level 1 Education & Workforce



Education & Workforce Competitiveness Rankings³⁴

Indicator	Measure	Overall Rank
K-12 Education	National Assessment of Educational Progress	8 th
Higher Education	Higher Education Total Fall Enrollment as % of Population	3 rd
Workforce Participation / Labor Supply / Barriers	Age Group by Percentage of Population	26 th
Labor Demand / New Job Growth	State of the Tech Workforce	13 th
	Wages and Productivity of Production Workers in Manufacturing	27 th

Building a Future-Ready Talent Pipeline to Drive Growth, Innovation, and Competitiveness

Ohio’s long-term economic competitiveness is fundamentally tied to the strength, alignment, and adaptability of its Education & Workforce systems. As industries evolve and technology reshapes the nature of work, the state’s ability to develop, attract, and retain talent will determine its capacity for sustained growth and innovation.

While Ohio demonstrates areas of relative strength, particularly in K-12 outcomes and segments of workforce productivity, key gaps persist across the talent pipeline. Challenges in postsecondary attainment, labor force participation, and alignment between education pathways and high-growth industries continue to constrain economic potential. Demographic pressures such as slow population growth, an aging workforce, and below-average labor force participation (detailed later in this section), geographic disparities, and persistent barriers to workforce entry further compound these issues.

A modern, demand-driven workforce system must better connect education, training, and employment ensuring that individuals can seamlessly transition from learning to earning. This requires stronger alignment between K-12 education, postsecondary institutions, and employers, as well as a renewed focus on credential relevance, skills development, and long-term workforce participation.

This section evaluates Ohio’s performance across the full talent lifecycle, from early education through workforce entry and advancement, highlighting both strengths to build upon and structural challenges that must be addressed to support a more competitive, inclusive, and resilient economy.

Demand for talent is accelerating, but without stronger alignment across Education & Workforce systems, Ohio risks leaving growth opportunities unrealized

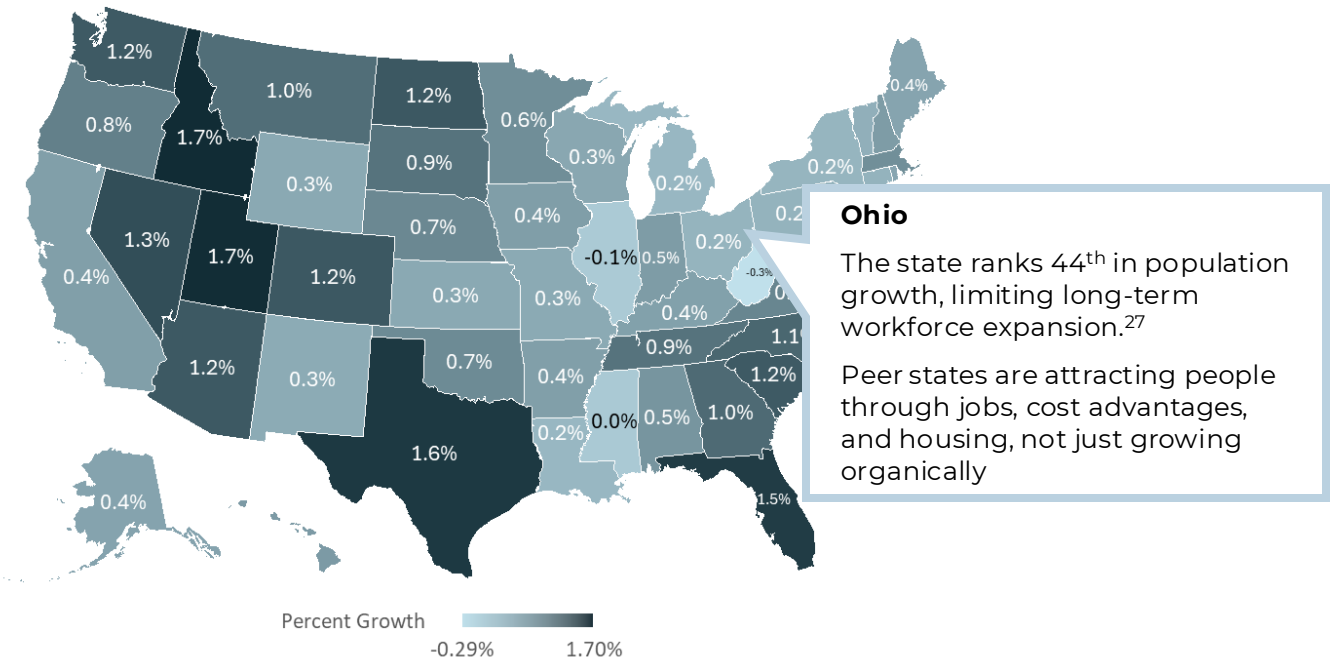


Population Growth Lags National Trends While Migration Shows Recent Improvement

Ohio's long-term economic growth is constrained by slow population growth, even as labor demand continues to expand. While recent gains in domestic migration signal positive momentum, they are not yet sufficient to offset broader demographic challenges. In contrast, faster-growing peer states such as Tennessee, North Carolina, and South Carolina are benefiting from sustained domestic in-migration, strong job growth in high-demand industries, and relatively lower costs of living, factors that continue to attract working-age populations.⁶⁰

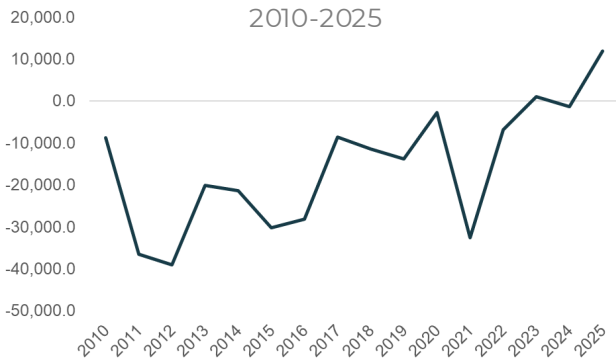
STATE POPULATION GROWTH⁶¹

% Change Between 2009 and 2024



Net Domestic Migration⁶²

2010-2025



Domestic migration has improved from net outflows in 2021 to net inflows in 2025, but remains insufficient to reverse long-term population trends^{61,62}



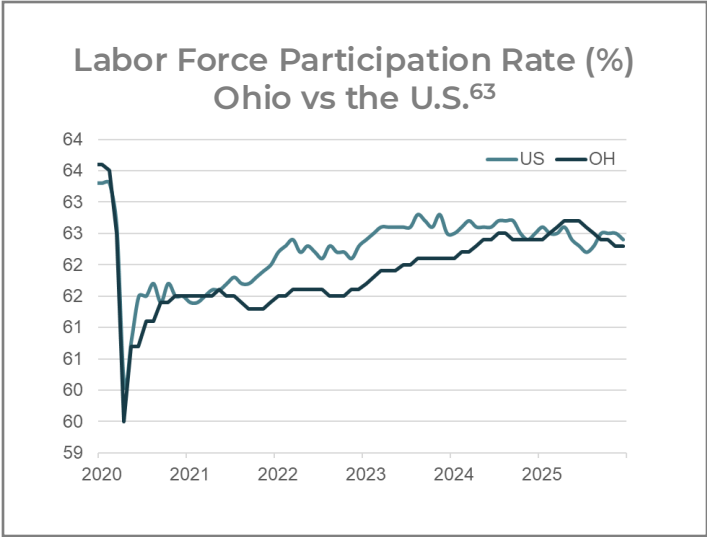
Labor Force Participation Has Recovered – but Still Lags Peer States

Over the past decade, Ohio’s workforce has experienced limited expansion, reflecting both slow population growth and structural labor market constraints. While total employment peaked prior to the pandemic and declined sharply in 2020, the state has since recovered steadily, with labor force participation returning to near pre-pandemic levels by 2024.

Despite this recovery, Ohio continues to lag slightly behind the national average and faster-growing peer states. As of December 2025, Ohio’s labor force participation rate was approximately 62.3%,⁶³ below the U.S. average of 62.4% and trailing states such as Minnesota, Texas, and Virginia. This gap reflects both cyclical recovery patterns and longer-term structural challenges.

Labor Force Participation Rate by State, 2025⁶³

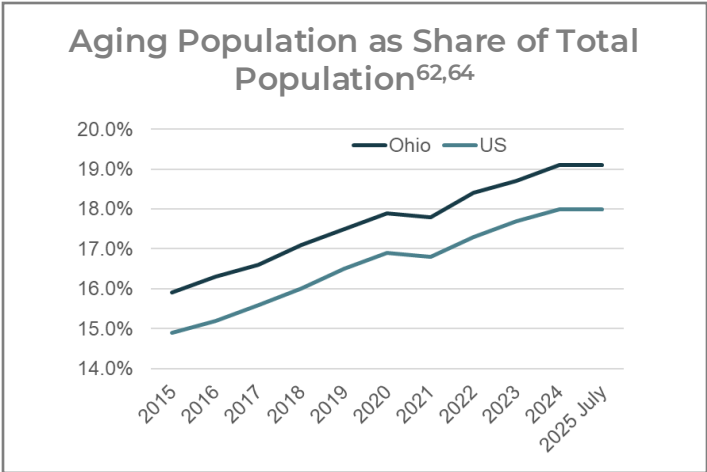
Florida	57.5%
North Carolina	59.2%
Michigan	61.0%
Pennsylvania	61.6%
Ohio	62.3%
United States	62.4%
California	62.6%
Virginia	64.3%
Texas	64.7%
Minnesota	68.3%



Demographic trends are a primary driver of this constraint. Ohio has a higher share of older residents than many peer states, contributing to lower overall participation rates. While pandemic-era retirements have stabilized, the long-term effects of an aging population continue to limit workforce growth and reduce the availability of labor.

At the same time, participation among prime-age workers (ages 25–54) has shown improvement, rebounding between 2021 and 2023. As of 2025, prime-age participation in Ohio reached approximately 83.5%,⁶³ signaling that core workforce engagement remains relatively strong even as broader participation lags.

However, gains in participation alone are unlikely to fully offset the combined effects of demographic headwinds and population stagnation. Sustained economic growth will depend not only on increasing participation rates, but also on addressing underlying barriers to workforce entry and expanding the overall labor pool.



Below-average labor force participation driven by demographic trends and structural barriers is constraining the growth of Ohio’s available workforce



Childcare and Caregiving Are Major Constraints on Workforce Participation

Access to affordable, reliable childcare is a critical determinant of labor force participation. In Ohio, gaps in childcare availability and affordability are limiting workforce entry, reducing hours worked, and constraining opportunities for education and training, particularly for working parents. Nearly 70% of parents with young children report disruptions to work or school due to childcare challenges, and one-third of parents have left the workforce or experienced job disruptions as a result.⁶⁵ These barriers not only reduce immediate labor force participation but also limit long-term career advancement and earnings potential.

The economic impact is significant. Ohio’s economy loses an estimated \$5.48 billion annually due to insufficient childcare access, with employers facing nearly \$3.97 billion in costs from absenteeism, turnover, and reduced productivity.⁶⁶ At the household level, the cost of care remains a major barrier, with many families facing annual childcare expenses exceeding \$11,000—often more than 10% of median household income. These access challenges are driven not only by affordability, but also by supply constraints, including workforce shortages in the childcare sector.

Ohio’s eligibility threshold for publicly funded childcare is set at approximately 145% of the federal poverty level, among the lowest in the country, while many neighboring states have expanded eligibility to 150–200% or higher.⁶⁷ Childcare constraints also disproportionately affect rural communities and lower-income households, where access to providers is more limited. “Childcare deserts” impact a substantial share of Ohio families, further restricting workforce participation and access to training or reskilling opportunities. A ‘childcare desert’ is defined as an area with more than three children for every licensed childcare slot.⁶⁶ In Ohio, a significant share of families live in childcare deserts, with access particularly constrained in rural communities.

As Ohio’s workforce continues to age and labor supply remains constrained, expanding access to affordable childcare represents one of the most immediate and impactful opportunities to increase participation. Addressing caregiving barriers can help unlock untapped labor supply, support working families, and strengthen the state’s long-term economic competitiveness. Some states have begun addressing workforce shortages by expanding access to childcare benefits for childcare workers themselves, effectively increasing total compensation and improving retention. Exploring similar approaches in Ohio could help stabilize the childcare workforce while expanding overall capacity.

70% of parents with young children missed work or school in the past 3 months due to childcare issues⁶⁵

\$5.48B annual economic loss in Ohio due to childcare issues⁶⁶

33% of parents who had job disruptions left the workforce because of childcare problems⁶⁵

\$3.97B annual cost to employers from childcare-related absenteeism and turnover⁶⁶

36% of parents attending school or work training needed to make a significant adjustment to their schedule due to childcare issues in the past year⁶⁵

56% of Ohio parents say they would enter or increase work hours if affordable childcare were available⁶⁶

Expanding affordable childcare, and strengthening the childcare workforce, is one of the most effective ways to increase labor force participation and strengthen Ohio’s workforce pipeline



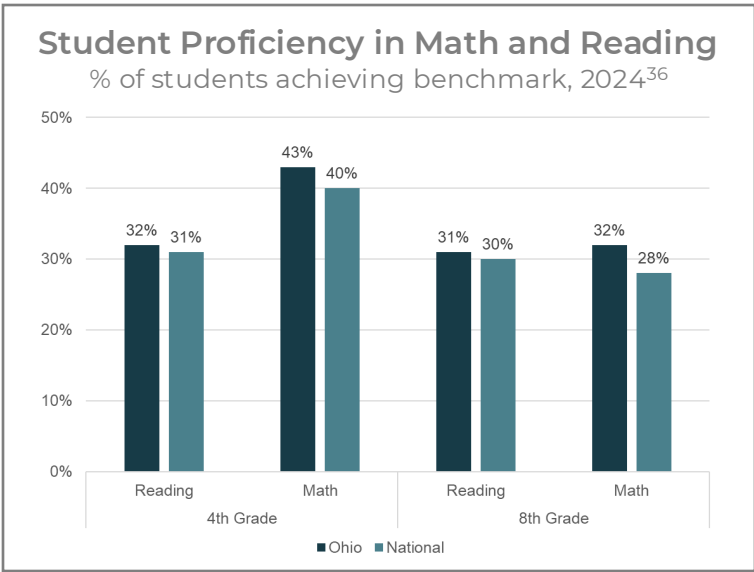


K-12 Education: Early Gaps and Workforce Readiness

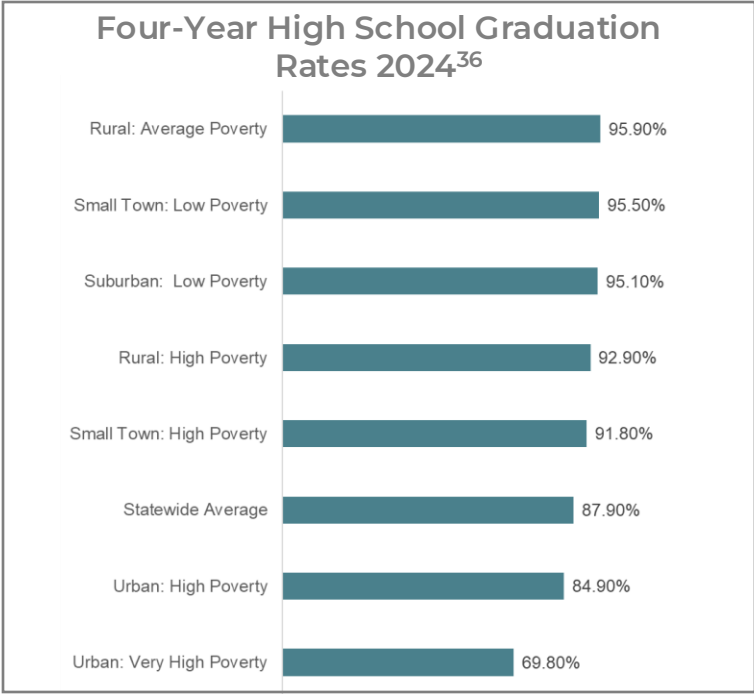
K-12 education is the foundation of Ohio's long-term economic competitiveness. A strong talent pipeline depends on students progressing from early learning through high school with the academic and technical skills needed for postsecondary education and employment. When early skill gaps persist, they limit students' ability to complete credentials, enter high-demand industries, and contribute to sustained economic growth.

Ohio's K-12 system faces persistent challenges in early academic proficiency and equitable outcomes. In 2024, only about one-third of students met proficiency standards in reading and math, reflecting early gaps in foundational literacy and numeracy, as well as significant disparities in outcomes across districts and income levels.³⁵ These early academic gaps in foundational skills and equitable access translate directly into differences in high school readiness and long-term workforce outcomes, compounding over time and limiting readiness for advanced coursework, career pathways, and STEM opportunities.

These early academic gaps translate directly into differences in high school readiness and long-term workforce outcomes.



Only about one-third of students meet proficiency benchmarks limiting readiness for advanced coursework and STEM pathways



Despite a statewide four-year graduation rate exceeding 87%³⁶, significant disparities persist across regions and income levels. Graduation rates exceed 95% in low-poverty suburban districts but fall below 70% in high-poverty urban districts—a gap of more than 25%.³⁶

These disparities weaken transitions into postsecondary education and industry-recognized credential programs, constraining the pipeline of skilled workers entering Ohio's labor market.

Without stronger early academic outcomes and more equitable attainment across districts and income levels, these foundational skill gaps and outcome disparities will continue to limit workforce readiness and long-term economic growth.



K-12 Education: Strengthening Postsecondary Readiness Through Multiple Pathways

To address early academic gaps and uneven outcomes, Ohio has expanded pathways that better prepare students for postsecondary education and the workforce, including scaling career-technical education (CTE) programs, increasing access to industry-recognized credentials aligned with high-demand sectors, and maintaining college readiness pathways such as Advanced Placement (AP). Strengthening these pathways is critical to improving alignment between K-12 education and labor market demand. However, access to these pathways remains uneven driven by differences in program availability, school resources, and early academic preparation across districts and student populations. In practice, student readiness is most consistently measured through key career and college pathways: ³⁷

- Career Pathways: Earning industry-recognized credentials aligned with high-demand sectors such as manufacturing, healthcare, and technology
- College Pathways: Passing Advanced Placement (AP) exams to demonstrate college-level academic readiness

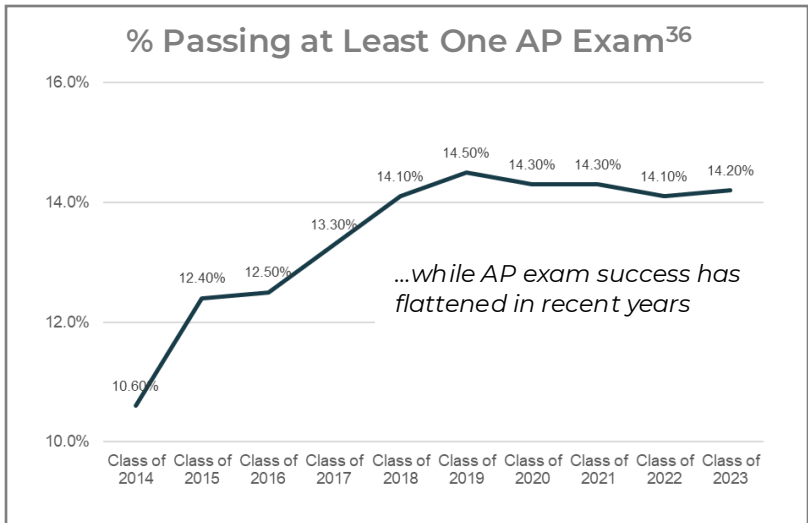
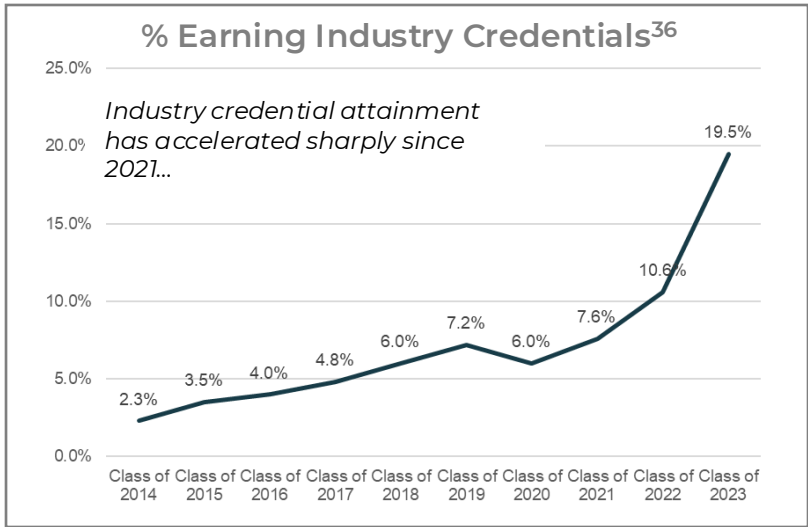
While these pathways capture key indicators of readiness, broader factors, such as work-based learning experience, durable skills, and career exposure, also play an important role in preparing students for postsecondary success.

Participation in career-connected learning has grown significantly in recent years, with increasing attainment of industry-recognized credentials reflecting stronger alignment with employer needs. AP participation and success rates have remained relatively stable, continuing to serve as an important benchmark of college readiness.

Together, these pathways illustrate both progress and remaining gaps in preparing students for postsecondary success.

Career-connected learning has expanded rapidly, but college-readiness indicators have been slower to improve.

Industry-recognized credential attainment has accelerated significantly in recent years, reflecting growing participation in career and technical pathways. By contrast, AP exam success rates plateaued during and after the pandemic and have only recently begun to stabilize. Expanding access to high-quality college and career pathways, and strengthening early academic preparation, will be critical to improving postsecondary attainment and workforce readiness.





Higher Education: Postsecondary Enrollment and Attainment

Building on K–12 outcomes, higher education plays a critical role in translating student readiness into workforce-relevant credentials. Degree and nondegree attainment ultimately determine whether Ohio can meet labor market demand in high-skill, high-growth industries.

Despite strong institutional capacity, disparities in postsecondary enrollment and attainment limit the size and diversity of Ohio’s credentialed workforce. While college enrollment exceeds 75% in very low-poverty suburban districts, fewer than one-third of students in very high-poverty urban districts enroll, highlighting a gap of more than 40%.³⁸

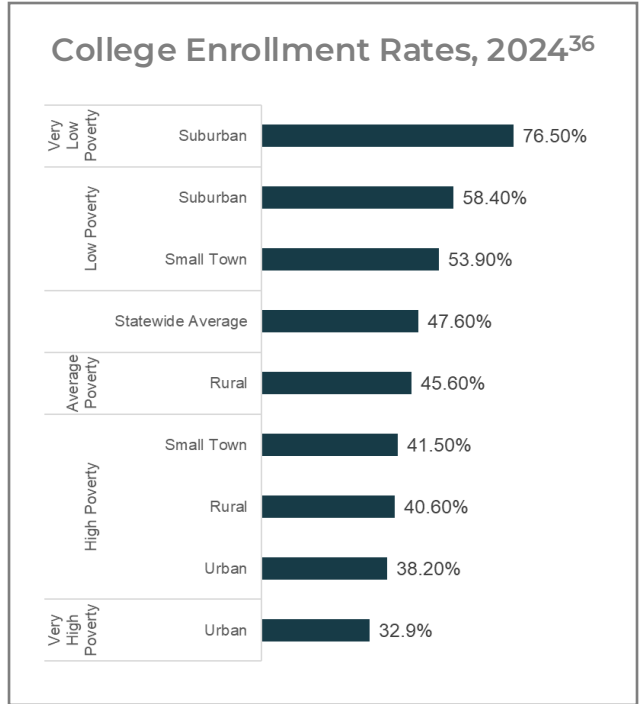
As of 2024, only about 32% of Ohio adults (age 25+) hold a bachelor’s degree or higher³⁹, lagging the national average and many peer states, constraining long-term economic growth. Lower attainment reduces the supply of degree and credential holders entering the workforce and limits Ohio’s ability to compete in high-skill, knowledge-driven industries, particularly those requiring advanced technical, digital, and applied capabilities that are increasingly complemented, rather than replaced, by AI.

Notably, Ohio has seen measurable improvements in completion outcomes following the implementation of performance-based funding. Graduation rates at public institutions increased by approximately 13%, from 49.5% for the 2011 cohort to 62.5% for the 2018 cohort, highlighting the impact of aligning funding with student success outcomes.³⁹

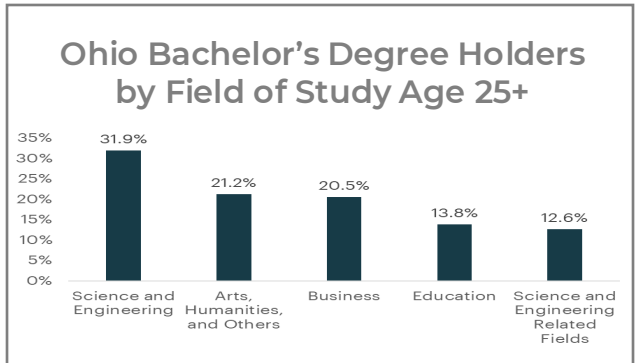
Enrollment disparities ultimately shape the state’s credential pipeline and workforce outcomes. Ohio’s Cap College Report shows that persistent achievement and access gaps must be addressed to expand effective labor supply and improve statewide economic performance.³⁹

These disparities also affect the diversity of the talent pool, particularly in high-demand sectors requiring advanced skills such as digital, technical, and analytical capabilities in fields like engineering, healthcare, and information technology. Lower attainment carries measurable economic consequences: individuals with a bachelor’s degree earn significantly more over their lifetime, and Ohio sees moderate returns on postsecondary investment, with 66% of students realizing positive ROI, below the national average of 70%.⁴⁰

Without broader and more equitable participation in postsecondary education, Ohio will continue to face constraints in expanding its high-skill workforce and attracting investment in innovation-driven industries.



Enrollment disparities narrow Ohio’s credential pipeline, contributing to a 52.8% postsecondary attainment rate, below the state’s goal of 65%³⁹



Share of adults with Bachelor’s degree or higher:^{39,41}

- Ohio: 32%
- U.S. average: 38%
- North Carolina: 36%
- Texas: 35%
- Minnesota: 41%



FAFSA Participation and Ohio’s Governor’s Merit Scholarship

Access to financial aid is a critical factor in postsecondary enrollment and completion. The Free Application for Federal Student Aid (FAFSA) serves as the gateway to federal, state, and institutional aid, yet completion rates in Ohio remain below national averages.

As of April 2026, Ohio’s FAFSA completion rate stood at approximately 47%, a mid-cycle snapshot that typically rises by the end of the academic year.⁴⁴ This is below the national average of 52%. As a result, Ohio students leave substantial financial aid unclaimed, limiting college access and affordability. This decline reflects, in part, the recent federal redesign and simplification of the FAFSA process, which introduced short-term disruptions but is intended to improve accessibility, rebuild trust, and increase completion rates over time.

College costs in Ohio exceed national averages, with total cost of attendance at public 4-year institutions approximately 8% higher than the U.S. average, and community college tuition roughly 28% higher reinforcing affordability pressures and the importance of financial aid access.⁴⁵

Ohio’s college-going rate has also declined from a recent high of 62.3% in 2014 to approximately 53.3% today. Returning to prior peak levels would represent an estimated ~17% increase in enrollment, indicating that a significant portion of the gap is driven by student decision-making and access, rather than underlying population trends.^{38,39}

Ohio students forfeited an estimated \$137 million in federal aid in 2024 due to incomplete FAFSA applications⁴⁴

To improve in-state enrollment and retain top talent, Ohio introduced the Governor’s Merit Scholarship, providing up to \$5,000 annually (for up to four years) to the top 5% of high school graduates who attend in-state institutions.^{46,47}

Initial results show strong uptake, with acceptance rates increasing from 76% in Year 1 to 87% in Year 2.⁴¹ The program represents a targeted strategy to reduce “brain drain” and encourage high-achieving students to remain in Ohio for postsecondary education.

While programs like the Governor’s Merit Scholarship show promise, improving FAFSA completion and expanding access to financial aid remain essential to increasing postsecondary enrollment, particularly among underrepresented and low-income students. Strengthening these entry points into higher education will be critical to expanding Ohio’s talent pipeline and long-term economic competitiveness. Recent federal policy changes expanding Pell Grant eligibility to high-quality, short-term credential programs create a new opportunity to improve access and affordability. Aligning state financial aid programs and workforce strategies to support these pathways could further expand participation and accelerate entry into in-demand careers. If completion rates remain below national averages even as the federal process becomes simpler, stronger state-level interventions may be required to drive participation.

Governor’s Merit Scholarship^{46,47}	
Award amount	\$5,000 per year (up to 4 years)
Eligibility	Top 5% of graduates
Year 1 acceptance	76%
Year 2 acceptance	87%

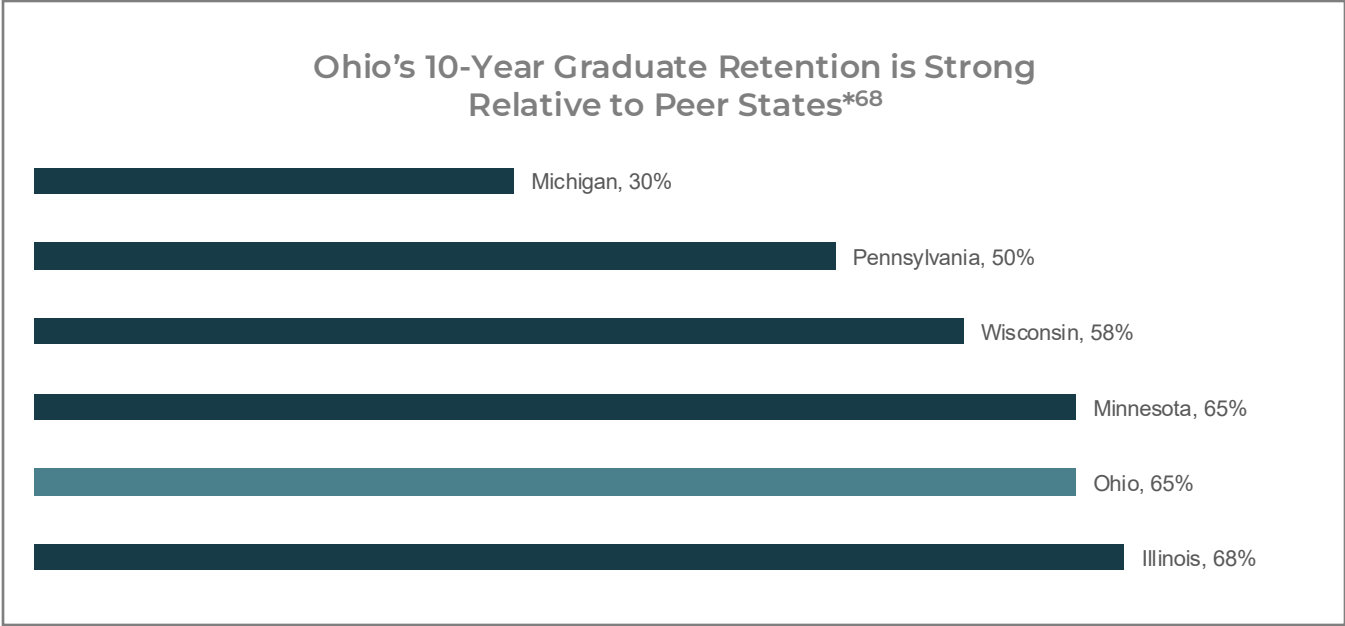
Acceptance of the Governor’s Merit Scholarship increased to 87% in Year 2 helping retain more of Ohio’s top students in-state⁴¹



Ohio Retains a Strong Share of Graduates, But Alignment Drives Economic Impact

Ohio retains a strong share of its graduates, providing a solid foundation for workforce growth. Approximately 80% remaining in-state one year after graduation and about 67% after five years.⁶⁸ This level of retention supports the state’s talent base and helps capture returns on investments in higher education. For example, more than 70% of graduates from Ohio State University remain in Ohio after graduation.⁶⁹ State initiatives such as the Forever Buckeyes program further reinforce these patterns by encouraging graduates to build careers within the state.

Ohio’s economic momentum will be bolstered by connecting college graduates, whether from Ohio or attracted to Ohio from out of state, with Ohio-based employers whose need for a skilled workforce can retain those graduates and keep them from taking those investments elsewhere. However, strong retention alone does not guarantee economic competitiveness, what matters is whether retained graduates are employed in high-growth, high-wage industries that expand Ohio’s economic base. While we need to retain as much of our graduating talent as possible, the long-term impact of retention depends on whether graduates are employed in high-demand, high-growth industries. As Ohio’s economy evolves, ensuring that retained talent is aligned with workforce needs will be critical to sustaining growth.



*Peer Midwest and Great Lakes states with similar industrial composition and talent dynamics

Graduate retention is a strength, but the economic value depends on whether graduates enter high-growth, high-wage industries that expand Ohio’s tax base and long-term competitiveness



Retained Talent Is Concentrated in Health Care and Education, Not Always in High-Growth Sectors

While Ohio retains a strong share of graduates, that talent is concentrated in a limited set of industries. Nearly 40% of retained graduates work in health care, social assistance, or education, sectors that are locally anchored and less exposed to interstate competition.⁷⁰

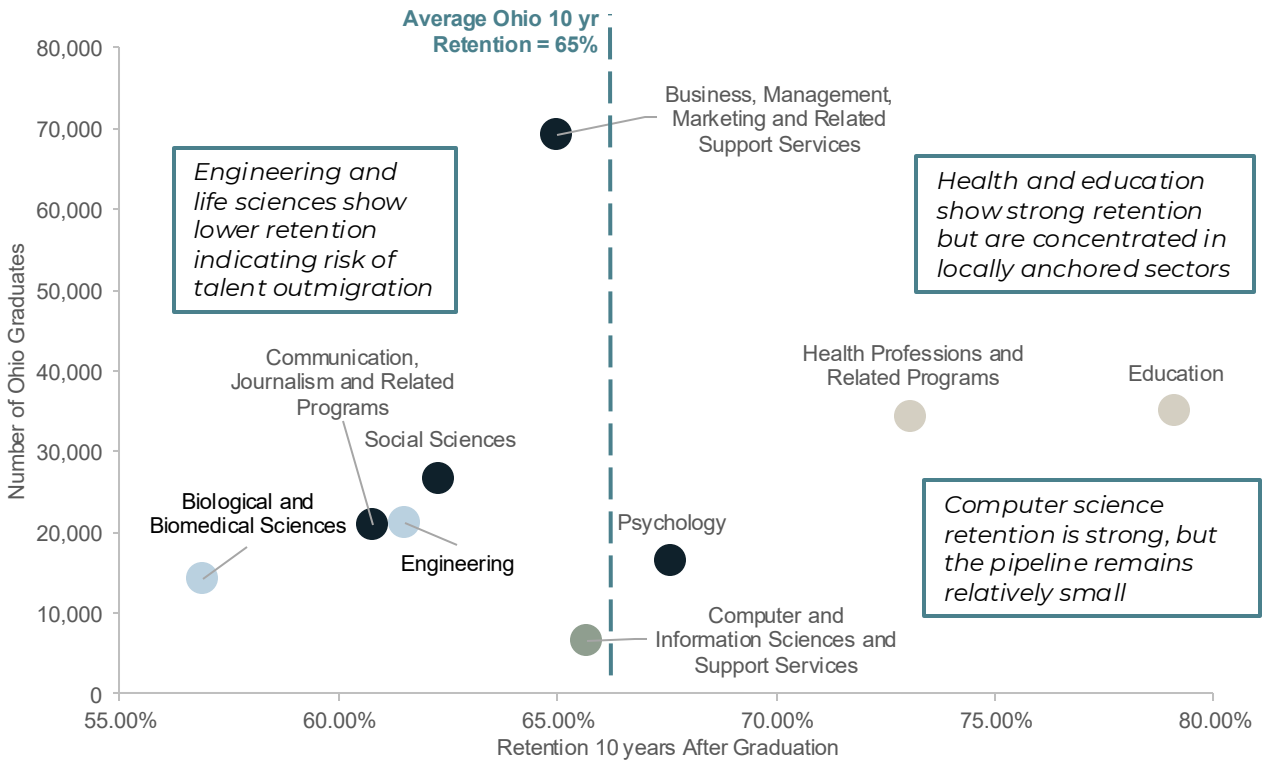
This concentration reflects both degree production and labor market dynamics. Health and education programs produce large numbers of graduates and exhibit high retention rates, reinforcing workforce stability in these sectors.

In contrast, high-demand and innovation-driven fields, such as engineering, computer science, and advanced manufacturing, have smaller graduate pipelines and, in some cases, lower retention. This limits the availability of talent in sectors critical to long-term economic growth and competitiveness.

Graduate Retention by Industry in Ohio^{68,70}

Industry	Graduate Retention
Health Care & Social Assistance	20%
Educational Services	19%
Professional, Scientific And Technical Services	11%
Manufacturing	8%
Finance & Insurance	8%

Retention and Degree Production Highlight Misalignment Across Fields^{39,70}



Improving retention of talent in high-demand fields, like STEM, is critical to aligning Ohio's workforce with future economic growth





Strengthening Alignment Between Industry Demand and Talent Supply

Beyond overall attainment, alignment between degree production and workforce demand is critical to Ohio’s competitiveness. While enrollment and completion vary by institution and field of study, persistent misalignment between education output and industry needs continues to create talent shortages in key sectors.

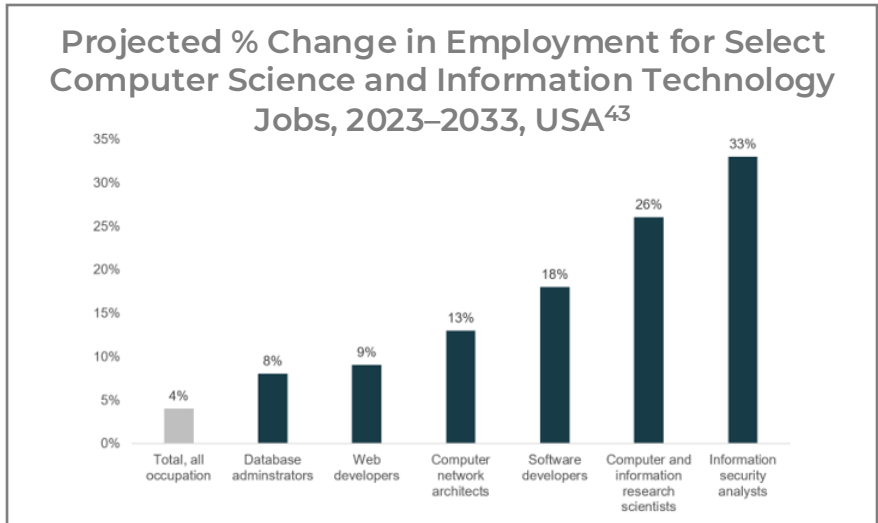
A majority of Ohio’s projected job growth will require postsecondary credentials, particularly in advanced manufacturing, healthcare, and technology. However, the state’s education pipeline is not yet producing enough graduates in high-demand fields such as computer science and engineering.

Employment in technology-driven fields is expected to grow rapidly through 2033⁴², with especially strong demand for software developers, data scientists, and information security analysts. While Ohio has increased production of computing-related degrees in recent years, it still lags peer states in the share of graduates in these fields.

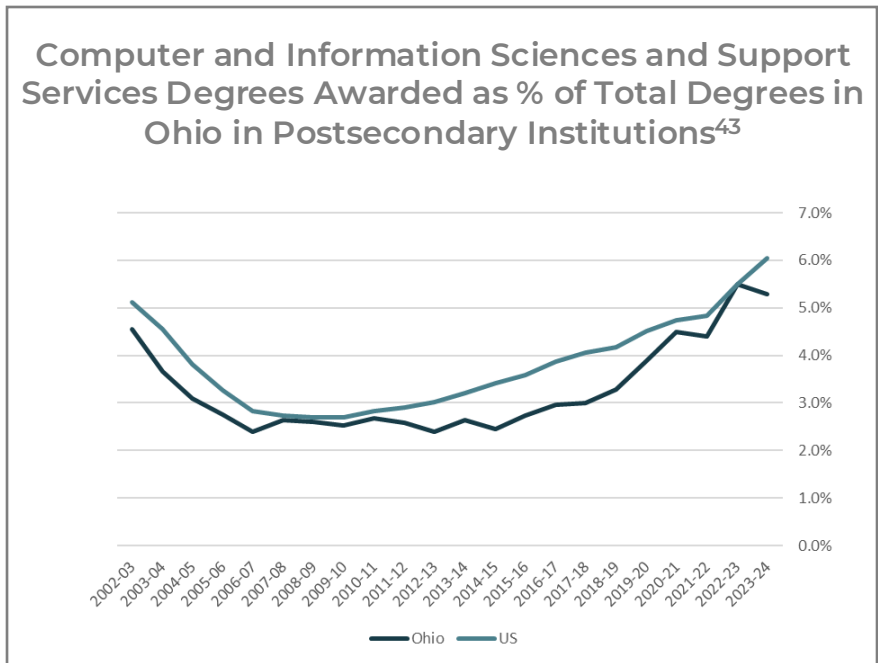
This growing gap between demand and degree production highlights the need for stronger alignment between education systems and employer needs.

Closing this gap will require deeper collaboration between higher education institutions, employers, and policymakers to better align curricula, expand work-based learning opportunities, and guide students toward high-demand career pathways. Without improved alignment, Ohio risks persistent talent shortages that could limit productivity, slow job growth, and reduce the state’s competitiveness in emerging industries.

Demand for IT and computing roles is growing rapidly, increasing pressure on Ohio’s talent pipeline



Ohio produces a smaller share of computing degrees than peer states contributing to a persistent talent gap in high-growth sectors





Data-Driven Workforce Systems Can Better Align Talent with Industry Demand

States that leverage longitudinal workforce and career pathway data dashboards gain a competitive advantage in aligning talent supply with labor market demand. For example, Virginia’s Office of Education Economics (VOEE)⁷¹ connects education credentials, occupational employment, earnings, and workforce projections enabling policymakers to tailor programs to high-demand fields and regional priorities.

Similarly, the Kentucky Center for Statistics (KYSTATS)⁷² integrates data from education through employment including occupational projections, postsecondary earnings, labor force trends, and commuting patterns to provide a comprehensive view of workforce dynamics. These platforms demonstrate how linking education outcomes to career outcomes can strengthen workforce planning and credential alignment.

Ohio has also been a national leader in performance-based higher education funding through its State Share of Instruction (SSI) model. Approximately 70% of the Ohio Department of Higher Education’s \$3.16B budget is allocated through SSI, with 100% of undergraduate funding tied to performance metrics, placing Ohio #1 nationally in the share of funding tied to outcomes.⁷³

More recently, Ohio has advanced this model further by dedicating approximately \$100M of performance funding to employment-based outcomes using wage record data through the U.S. Census Postsecondary Employment Outcomes (PSEO) dataset.^{70,73} This represents a significant shift from funding degree completion alone to measuring job placement, earnings, and return on investment.

By integrating and visualizing data across systems, these dashboards improve decision-making around career pathways, highlight skills gaps, and identify where investments in training and upskilling can have the greatest economic impact. They support evidence-based policy, reduce mismatches between supply and demand, and enable more targeted workforce interventions.

In Ohio, employer–education alignment efforts in manufacturing illustrate the impact of strong public-private partnerships. The Ohio Manufacturer’s Competency Model establishes standardized, employer-validated skills across roles, creating a common language for workforce readiness.

The Ohio Manufacturing Talent Partnership (MTP)⁷⁴ builds on this model by bringing together employers, educators, and workforce agencies to align curricula, expand apprenticeships, and support regional talent planning. This structure ensures training programs are directly responsive to industry needs, improving job readiness and hiring outcomes.

Additionally, the Ohio Biomanufacturing Competency Model⁷⁵ extends this approach into high-growth sectors, aligning advanced bioprocessing skills with employer demand. Collectively, these initiatives strengthen Ohio’s talent pipeline and improve alignment between workforce supply and industry needs.

Implications for Ohio

<p>Aligned Credentials</p> <p>A robust statewide data system can help align credentials with in-state job growth, improve regional workforce planning, and strengthen talent pipelines in high-growth industries</p>	<p>Increased Employer Confidence</p> <p>Public–private partnerships like MTP can reduce skills mismatches, accelerate hiring, and improve employer confidence in Ohio’s workforce</p>	<p>Improved Job Readiness</p> <p>Employer-led competency models ensure credentials reflect real-world skill needs and improve graduate job readiness</p>
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Rising Job Demand is Increasing Pressure on Ohio’s Talent Pipeline

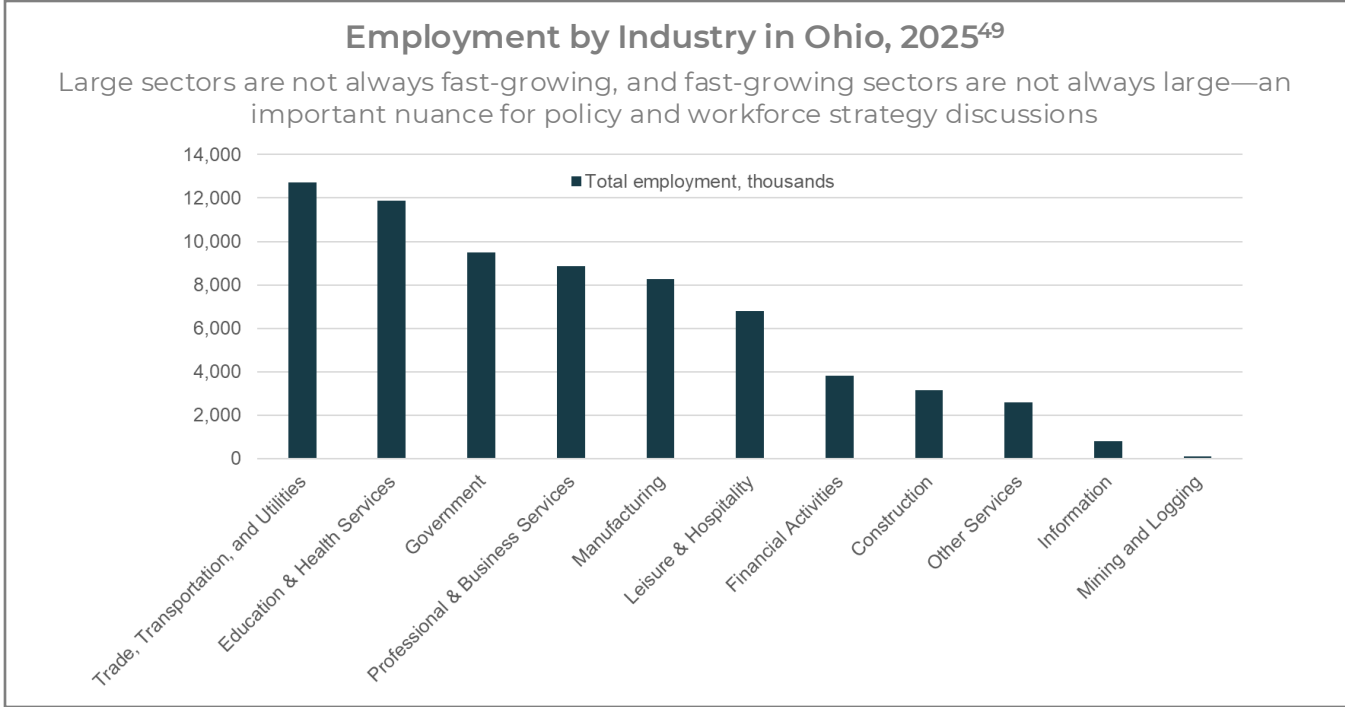
Looking ahead, Ohio is expected to see more than 1.7 million job openings (new and replacement) over the next decade,⁴⁹ significantly increasing demand for skilled workers across industries. Growth is particularly strong in sectors such as construction, advanced manufacturing, and technology driven by major industrial, energy, and infrastructure investments. Construction employment alone exceeds 250,000 workers and is projected to expand further.⁴⁹

While some large-scale semiconductor investments, such as Intel’s Ohio facility, have extended timelines, the underlying demand for semiconductor talent, supply chain capacity, and AI-related infrastructure remains strong, creating a near-term opportunity to accelerate adjacent industries and workforce development.

However, persistent shortages in skilled trades, technical roles, and high-demand occupations threaten to slow project timelines, delay capital investment, and constrain long-term economic growth.

This growing gap between labor demand and available talent sets up the next critical challenge: expanding workforce participation and reducing barriers to employment.

Demand for talent is accelerating faster than supply making workforce participation and talent development critical to sustaining growth



- Construction recorded the fastest employment growth from 2024 to 2025 (5.9%), followed by Education & Health Services (2.1%)
- Leisure & Hospitality and Mining & Logging were the only sectors to experience employment declines over the year
- Most other industries saw modest employment gains of 1.5% or less, reflecting slower overall labor force expansion despite rising demand for workers



Ohio's Job Growth Momentum Positions the State as a National Leader

Ohio has emerged as a national leader in job creation, generating approximately 57,700 private-sector jobs in 2025 accounting for 7.7% of total U.S. job growth and ranking 5th nationally.²⁶

This growth reflects strength across key industries, including advanced manufacturing, healthcare, logistics, and technology, which continue to drive economic expansion and attract investment across the state.

Compared to peer states such as Texas, Pennsylvania, and North Carolina, Ohio's performance demonstrates its ability to compete nationally for job creation particularly in sectors tied to its industrial base and emerging technologies.

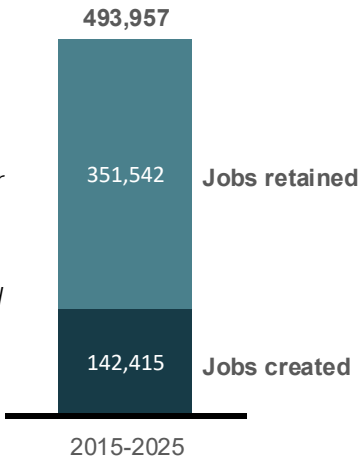
State Share of Total U.S. Job Growth in 2025²⁶

State	Share of Total U.S. Job Growth in 2025 ²⁶
Texas	15.5%
Pennsylvania	11.0%
North Carolina	10.5%
New York	8.7%
Ohio	7.7%
Florida	4.9%
Minnesota	4.8%
Arizona	4.4%
South Carolina	4.2%
Missouri	3.0%

Number of Announced Jobs⁴⁸

Cumulative jobs saved or created

Nearly 10% of Ohio's employment base reflects newly created or retained jobs—underscoring both economic momentum and growing workforce demand



Ohio's strong job growth underscores its economic momentum, but sustaining this position will depend on continued investment in talent and workforce alignment



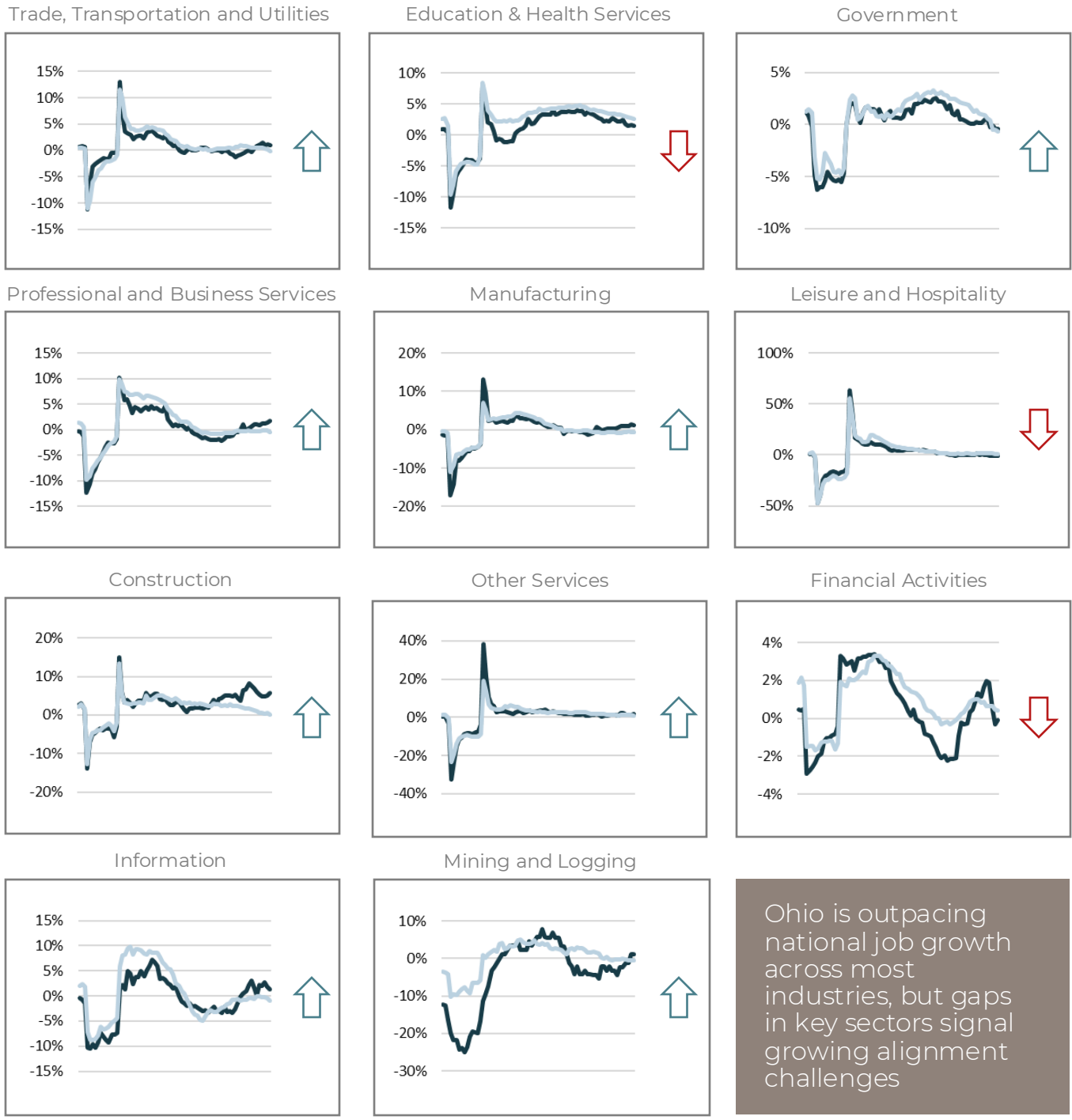


Ohio's Job Growth is Broad-Based Across Industries, with Gaps in Key Sectors

Ohio's employment growth is broadly outpacing national trends across most major industries, including manufacturing, professional services, and construction reinforcing the state's strong economic momentum. However, slower or declining growth in sectors such as financial activities, leisure and hospitality, and education and health services signals emerging gaps that could impact long-term workforce alignment. As demand continues to evolve, ensuring that talent supply keeps pace across both high-growth and lagging sectors will be critical to sustaining Ohio's economic competitiveness.

% Change in Employment from January 2020 to Dec 2025⁴⁹

■ US ■ Ohio



Ohio is outpacing national job growth across most industries, but gaps in key sectors signal growing alignment challenges



High-Demand Jobs Do Not Always Require a Four-Year Degree

While postsecondary degrees remain important, many of Ohio’s fastest-growing and hardest-to-fill roles, particularly in skilled trades, logistics, and construction, do not require a bachelor’s degree. These occupations offer strong wages and career pathways but depend on effective credentialing, training, and workforce alignment.

These roles are also among those being reshaped by technology, reinforcing the need for both technical skills and adaptable training pathways. As AI continues to reshape skill requirements across both degree and non-degree pathways, ensuring that K–12 systems are equipped to prepare students for AI-enabled work will be increasingly important.

High-Demand Occupations that Typically Do Not Require a Bachelor’s Degree

Occupation	Number of job openings ⁵⁵	Median Wage (2023) ⁵⁶
Heavy & Tractor-Trailer Truck Drivers	10,641	\$25.82
Construction Laborers	3,942	\$23.40
Maintenance & Repair Workers, General	6,528	\$22.99
Industrial Truck & Tractor Operators	4,521	\$21.05

In Ohio, 31.9% of adults hold only a high school diploma and 19.1% have some college but no degree, meaning more than half of working-age adults do not hold a bachelor’s degree.³⁹ This underscores the critical role that strong, accessible non-degree pathways play in connecting Ohioans to in-demand careers.

Ohio has taken steps to elevate these pathways, incorporating industry-recognized credentials and technical assessments into school report cards to better reflect workforce readiness. Career and technical education (CTE) programs are increasingly aligned with high-demand sectors such as manufacturing and healthcare, helping to build earlier connections between education and employment.

Non-degree pathways can also deliver meaningful economic outcomes. In 2023, Ohio’s median hourly wage was \$23.95,^{56,57} and many high-demand occupations requiring only a high school diploma or industry credential offer wages at or above this level demonstrating their potential to support upward mobility.

Beyond entry-level wages, these roles often provide structured advancement opportunities through apprenticeships, on-the-job training, and employer-sponsored certifications allowing workers to increase earnings over time without incurring student debt. As labor shortages persist in skilled trades, logistics, and transportation, expanding access to these pathways will be essential to meeting employer demand.

However, even with stronger pathways and targeted reskilling, Ohio’s ability to meet future labor demand will ultimately depend on expanding workforce participation and increasing the overall availability of talent.

Non-degree pathways can deliver middle-income careers but require stronger alignment with evolving industry needs

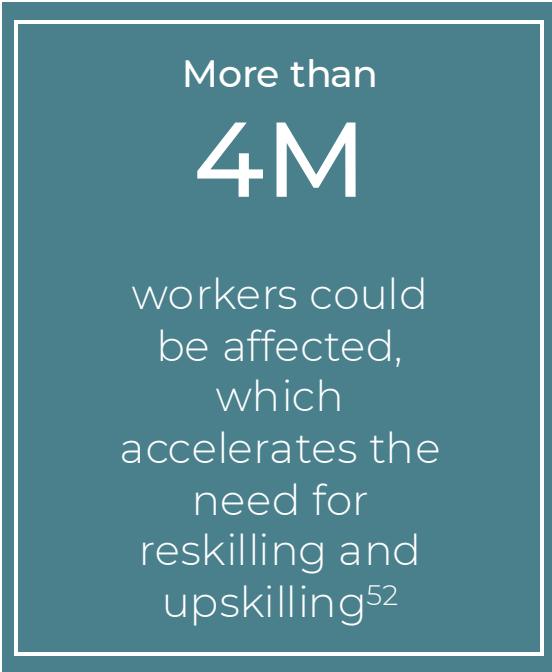


AI is Reshaping Labor Demand Across Ohio's Economy

Ohio's economy is undergoing a structural transformation driven by digitalization, automation, and artificial intelligence.⁵⁰ These technologies are increasingly embedded across sectors not only in technology firms, but also in manufacturing, healthcare, logistics, and financial services.

AI is not eliminating work, but rather it is reshaping how work is performed and what skills are required.⁵⁰ As routine and process-driven tasks become more automated, demand is rising for workers with digital, analytical, and problem-solving capabilities. This shift is redefining job roles across occupations and increasing the importance of adaptability and continuous learning. It is particularly pronounced in sectors critical to Ohio's economy, including advanced manufacturing and healthcare, where both technical and human-centric skills are increasingly required.

As a result, the challenge facing Ohio is not simply job displacement, but a growing mismatch between evolving skill demands and the current workforce.⁵¹ Without stronger alignment between education, training systems, and employer needs, this gap could constrain productivity, limit business growth, and reduce the state's competitiveness.



AI is reshaping jobs, automating some tasks while augmenting others, and Ohio's workforce systems must adapt quickly to avoid a widening skills gap



AI is Repricing Skills, Creating New Demand for Scarce, High-Value Capabilities

AI is fundamentally reshaping labor demand by repricing skills across the economy. According to the Wharton–Accenture Skills Index (WASIX),⁵³ economic value is shifting away from routine cognitive and administrative tasks toward technical, analytical, and execution-oriented capabilities. As automation expands, this shift is not just changing jobs it is redefining which skills drive productivity, wages, and long-term economic competitiveness.

In Ohio, this shift is already visible in labor market trends. Roles centered on routine communication and general business functions are becoming more automated, while demand is growing for applied, technical, and industry-specific skills. However, Ohio’s current Education & Workforce systems are not yet fully aligned with this transition contributing to persistent talent gaps in high-demand fields.

Accenture & Wharton National Research

Oversupplied Skills (Declining Demand)	Undersupplied Skills (Rising Wage Premium)
<ul style="list-style-type: none"> • Communication • Leadership • Generic productivity tools • Routine analysis • Writing 	<ul style="list-style-type: none"> • Technical execution • Regulatory & compliance • Operations management • Digital systems fluency • Scientific depth • Domain-specific expertise

What This Means for Ohio

Ohio’s labor market constraints are increasingly driven not by the number of workers, but by the availability of in-demand skills. Ohio Department of Higher Education data show continued growth in degrees and certificates awarded, but production remains uneven across fields, highlighting the importance of aligning credentials with high-demand occupations.⁵⁴ Aligning education, training, and workforce systems with evolving employer needs will be critical to improving productivity and capturing future economic growth.

Policy considerations:

- Expand degree and credential pathways aligned with high-demand, AI-resilient skills
- Scale technical and industry-recognized credential programs
- Strengthen work-based learning and employer partnerships
- Increase access to short-term, stackable credentials
- Target reskilling and upskilling investments toward high-growth sectors
- Coordinate statewide efforts to attract and retain skilled talent

The future of work will be defined not just by job creation, but by the availability of high-value skills creating an opportunity for Ohio to align Education & Workforce systems with evolving demand

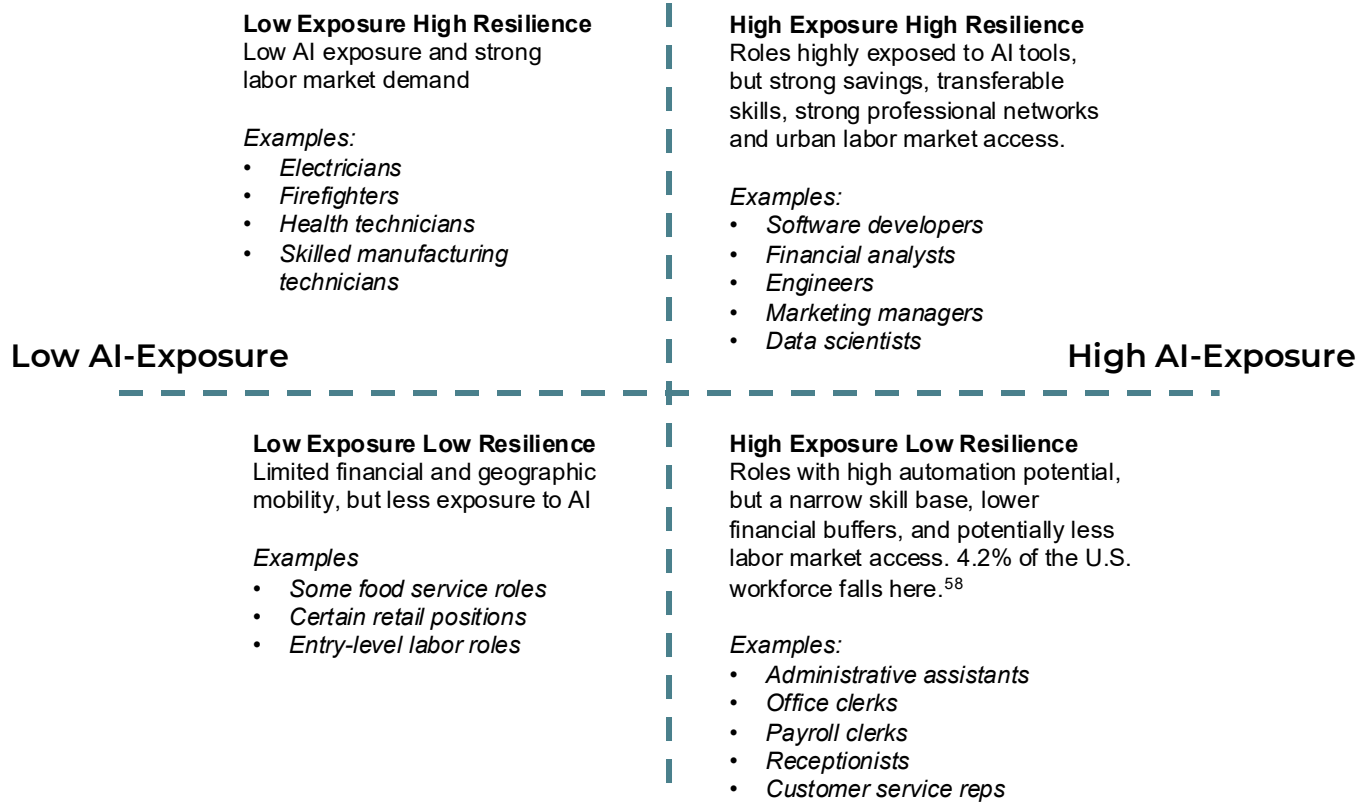


AI Exposure and Worker Readiness Vary Significantly Across the Workforce

While AI is reshaping jobs broadly, its impact is uneven. Workers differ significantly in both their exposure to AI-driven disruption and their ability to adapt to changing skill requirements.⁵⁸ The greatest risk is concentrated among workers in roles with high exposure to AI and low adaptive capacity, often characterized by limited access to reskilling, fewer career mobility pathways, and lower financial resilience.

In Ohio, a significant share of the workforce is employed in occupations with high exposure to AI-driven task changes, with an estimated ~4-5% in roles where core tasks are highly automatable or augmentable.^{52,59}

High Adaptive Capacity⁵⁸



Low Adaptive Capacity

A relatively small but vulnerable segment of workers faces the highest risk, creating an opportunity for targeted intervention before disruption accelerates



AI-Driven Workforce Risk is Concentrated in Specific Occupations and Regions

AI-related workforce risk is not evenly distributed across Ohio’s economy. Approximately 260,000 jobs are concentrated in occupations identified as having both high exposure to AI and low adaptive capacity, primarily in clerical and administrative roles across sectors.⁵⁸ This reflects a role-based disruption pattern that cuts across industries but is concentrated in specific occupations.

These roles are disproportionately located in smaller metro areas, legacy industrial regions, and communities with more concentrated employer bases, where fewer alternative employment opportunities exist.⁵⁹ In contrast, larger and more diversified metro areas such as Columbus, Cincinnati, and Cleveland are generally better positioned to absorb disruption due to broader industry mix and greater labor market mobility.

As a result, workforce disruption is likely to be geographically uneven, with localized impacts where fewer alternative employment opportunities exist. This concentration increases the risk that AI-driven changes will have outsized effects on certain communities and regional labor markets.

The following occupations represent the largest concentrations of workers with high exposure to AI and limited adaptive capacity:

Occupations with Highest AI Exposure and Lowest Adaptive Capacity in Ohio⁵⁶

SOC Occupation	Number of Employees in Ohio, 2023
Office Clerks, General	88,140
Secretaries & Administrative Assistants (except legal, medical, executive)	60,700
Receptionists & Information Clerks	35,080
Medical Secretaries & Administrative Assistants	26,060
Insurance Sales Agents (licensed insurance salespeople, SOC definition)	15,760
Insurance Claims & Policy Processing Clerks	14,870
Court, Municipal & License Clerks	9,270
Payroll & Timekeeping Clerks	5,210
Legal Secretaries & Administrative Assistants	4,110
Eligibility Interviewers, Government Programs	3,990

Workers in these roles often face limited access to reskilling opportunities, lower occupational mobility, and fewer pathways into higher-demand jobs.^{58,59} Without targeted interventions, displacement in these occupations could translate into broader regional economic challenges, affecting employment stability, income growth, and community resilience.

Targeted regional reskilling and workforce strategies will be critical to mitigating concentrated risk and maintaining Ohio’s economic resilience



Education & Workforce Recommendations

Recommendation 1: Scale Employer-Led Paid Work-Based Learning Through Public-Private Partnerships

1.1 Promote employer-led work-based training and position employers as co-designers of talent pipelines

Incentivize employers to co-design and co-deliver work-based learning programs by aligning funding, curriculum, and credentialing with real-time workforce needs.

1.2 Support efforts to increase labor force participation of 16–24-year-olds

Expand targeted outreach, supportive services, and flexible program models to increase labor force participation among 16–24-year-olds, particularly those disconnected from school or work.

1.3 Expand and differentiate work-based learning programs through scale and credential portability

Scale proven “Learn & Earn” models by providing sustainable funding, employer incentives, and standardized frameworks that integrate paid work experience with education pathways. Incorporate industry-recognized, portable credentials within these programs, validated by multi-employer consortia, to ensure skills gained are transferable across employers and regions, strengthening talent attraction and long-term retention.

1.4 Embed work-based learning into education and training pathways

Embed work-based learning across K–12, career-technical education, and postsecondary systems to create seamless, stackable pathways from education into high-demand careers.

1.5 Expand access to financial aid for short-term and non-degree credentials and improve FAFSA completion

Expand the Ohio College Opportunity Grant (OCOG) and other state financial aid programs to support high-quality, workforce-aligned credential programs. Build on recent federal changes allowing Pell Grant eligibility for certain short-term training programs by increasing FAFSA completion and awareness among students and adult learners. Prioritize programs tied to Ohio’s “Top Jobs List” and those demonstrating strong employment and wage outcomes.

Recommendation 2: Align Credentials and Training to In-Demand Jobs Through Integrated Systems and Shared Data

2.1 Focus public investment on high-demand occupations

Prioritize funding, program approvals, and performance incentives for education and training programs aligned to Ohio’s “Top Jobs List,” ensuring strong job placement and retention outcomes.

2.2 Strengthen employer-driven credential alignment

Embed employers as co-designers in defining, validating, and updating credentials to ensure programs reflect current and emerging skill needs, particularly in high-growth sectors such as advanced manufacturing, healthcare, AI, and semiconductors.

2.3 Expand access to reskilling and upskilling pathways

Increase flexible, modular training opportunities for adult learners, including mid-career workers and displaced populations, with targeted pathways into high-demand fields.

2.4 Build a fully-integrated education-workforce data system

Connect K–12, postsecondary, and workforce data systems to enable real-time insights into program outcomes, employment pathways, and regional talent gaps, improving transparency, accountability, and system coordination.



Education & Workforce Recommendations

2.5 Strengthen early career awareness and K-12 exposure

Embed career exploration, industry exposure, and work-based learning opportunities starting in K–12 to build awareness of high-growth careers and reduce future skills mismatches.

2.6 Use outcomes data to guide policy and investment decisions

Leverage longitudinal data to inform funding models, scale high-performing programs, and ensure investments are tied to employment outcomes, wage progression, and long-term career mobility.

2.7 Pilot globally recognized, industry-validated micro-credentials in priority sectors

Partner with Ohio Technical Centers (OTCs), higher education institutions, and leading employers in AI, semiconductors, and advanced manufacturing to develop stackable micro-credentials aligned to real-time skill needs. Establish multi-employer consortia to validate and recognize these credentials, positioning Ohio as a national leader in portable, industry-recognized credentialing.

Recommendation 3: Expand Workforce Participation and Retain Talent Through Flexible and Targeted Employment Strategies

3.1 Remove childcare as a barrier for caregivers and treat childcare and elder care as core workforce priorities in high-growth regions

Increase access to affordable, high-quality childcare and elder care by treating care infrastructure as a core workforce enabler, particularly in high-growth regions. Explore policies such as caregiver tax credits and targeted support programs that help working families balance employment and caregiving responsibilities while increasing labor force participation.

3.2 Pursue strategies to alleviate public assistance benefits cliffs

Reform benefits cliffs and disincentives to work by aligning public assistance programs with workforce participation goals and enabling smoother transitions into employment. Prioritize reforms that reduce abrupt benefit phase-outs for working families, including those near key eligibility thresholds such as 160% of the Federal Poverty Level, to encourage workforce advancement and earnings growth.

3.3 Consider recruitment campaigns, incentives and advocacy to recruit and retain top talent

Implement targeted recruitment and retention strategies for in-demand talent, including relocation incentives, industry partnerships, and place-based talent attraction efforts such as targeted outreach to former Ohio residents and alumni networks. Explore innovative incentive models, including philanthropic tax credits and other public-private approaches, to strengthen talent attraction, workforce development, and community-based workforce initiatives.

3.4 Foster a culture more explicitly supportive and inclusive of foreign workers and international students

Foster a more inclusive workforce by improving pathways for international workers and students to live and work in Ohio, and by supporting employers in building inclusive workplace practices. While Ohio continues to build a sustainable domestic talent pipeline, ensure employers can access the specialized talent needed to address critical workforce shortages. Support retention of international students educated in Ohio and advocate for policies that help connect highly skilled graduates and workers to in-demand employment opportunities across the state.

3.5 Expand flexible, part-time, and phased-retirement options to retain experienced workers

Expand flexible work models including part-time, phased retirement, and return-to-work programs to retain experienced workers and increase participation among underutilized populations.



Education & Workforce Recommendations

Recommendation 4: Advance Policies That Expand, Diversify, and Retain the K-12 Teacher Workforce While Aligning With Future Workforce Needs

4.1 Expand alternative and accelerated pathways into teaching for mid-career professionals

Create and scale alternative and accelerated pathways into teaching, particularly for mid-career professionals and individuals with subject-matter expertise in high-need areas.

4.2 Align teacher preparation with high-need subject areas (e.g., STEM, computer science, career-technical education)

Strengthen teacher preparation programs by aligning training with workforce needs, expanding residency and apprenticeship models, and increasing exposure to high-demand fields such as STEM and career-technical education.

4.3 Strengthen retention incentives and career pathways for educators in hard-to-staff districts

Improve teacher retention by enhancing compensation, career advancement pathways, and targeted incentives for educators in high-need subjects and underserved districts. Support strategic capital investments in educator preparation programs, career-technical education facilities, and training infrastructure needed to align talent development with evolving workforce demands.

Case Study: Be Pro Be Proud

Employer-led workforce initiative focused on changing perceptions of skilled trades and building early talent pipelines into high-demand technical careers

- Uses immersive, hands-on mobile experiences to expose students to real-world skilled trade careers
- Industry-funded and employer-driven model connecting awareness efforts directly to workforce needs
- Designed to increase enrollment in industry-aligned technical education and close skilled labor shortages



LEVER 2: SENSE OF PLACE





Lever 2 Sense of Place

Education & Workforce



Sense of Place



Taxes & Costs



Innovation & Collaboration



Business Friendliness



Infrastructure



Sense of Place Competitiveness Rankings³⁴

Indicator	Measure	Overall Rank
Cost of Living and Affordability	Home Ownership Rates	25 th
	Housing Price Increase (1 st = faster)	45 th
	Metropolitan Median House Price to Median Income Ratio	41 st
	Per Capita Personal Income by State	37 th
Social Determinants of Health	Percentage Without Health Insurance by State	18 th
	% of Privately Insured Persons with Employment-Based Insurance	5 th
	Health Care Expenditures Per Capita	21 st

Affordability, Health, and Quality of Place as Drivers of Economic Competitiveness

Sense of Place is a core economic asset that shapes where people choose to live, work, and invest. Beyond quality of life, factors such as affordability, housing availability, community amenities, and population health directly influence workforce participation, talent attraction, and long-term competitiveness. While healthcare cost and system complexity increasingly shape employer decision-making and overall cost competitiveness, stable, accessible healthcare systems remain a key differentiator in attracting and retaining talent.

Ohio's relative affordability and quality-of-place strengths remain real, but they are under growing pressure. Housing supply constraints, uneven health outcomes and access, and localized community conditions are increasingly influencing where people choose to stay in the state. While Ohio ranks 14th nationally in Quality of Life (CNBC),¹ reflecting a solid foundation, underlying indicators suggest emerging constraints that could limit the state's ability to attract and retain talent over time. These challenges are not evenly distributed; differences across communities, particularly in access to care and public safety, contribute to uneven economic opportunity and workforce participation, shaping long-term competitiveness across regions.

Ohio's Strengths*

- Competitive cost of living
- Strong cultural and recreational assets
- Established healthcare infrastructure and access to care
- Mid-tier public safety performance

Emerging Pressures*

- Housing supply gap
- Rising childcare costs
- Uneven health access and outcomes
- Local variability in safety

* Summary observations based on affordability, housing, health, public safety, and quality-of-life indicators presented throughout the Sense of Place section





Ohio's Population Growth Lags Peer States, Reflecting Competitiveness Challenges

Ohio's slower population growth is both a signal and a consequence of broader competitiveness challenges. From 2009 to 2024, Ohio ranked 44th nationally in population growth,^{61,76} having declined during the COVID-19 period.

This trend reflects longer-term dynamics, including an aging population, lower levels of immigration, and continued outmigration. While U.S. population growth has been strongest in the South and West regions, Ohio and other Midwestern states have lagged behind.⁶⁰

Population trends are closely tied to sense of place. Factors such as housing availability, cost of living, access to healthcare, and overall quality of community conditions influence whether people choose to move to or remain in a state.

Within Ohio, growth has been uneven. Columbus continues to attract residents, while other major cities have experienced slower growth or decline. This divergence highlights how local conditions increasingly shape population trends and economic momentum across the state.

Although population growth is concentrated in certain urban areas, most Ohio regions are growing more slowly than peer metros nationally. This uneven growth pattern reinforces the importance of strengthening affordability, health outcomes, and community conditions to support broader, statewide competitiveness.

15 Fastest Growing States vs Ohio

(2009-2024 Growth Rate)^{61,76}

State	Growth Rate
Ohio	0.20%
U.S. Median	0.51%
Idaho	1.70%
Utah	1.69%
Texas	1.56%
Florida	1.52%
Nevada	1.32%
Colorado	1.21%
North Dakota	1.21%
Arizona	1.20%
South Carolina	1.19%
Washington	1.19%
Delaware	1.11%
North Carolina	1.05%
Georgia	1.01%
Montana	0.97%
South Dakota	0.91%

2009-2024 Growth by Largest City⁶¹

Columbus	(920,569 residents, up 17.9%)	↑
Cleveland	(365,379 residents, down 9.1%)	↓
Cincinnati	(314,935 residents, up 5.6%)	↑
Toledo	(265,638 residents, down 8.1%)	↓
Akron	(189,664 residents, down 5.4%)	↓

Population growth is increasingly driven by local conditions rather than statewide trends, with a widening gap between high-growth regions and areas experiencing stagnation or decline

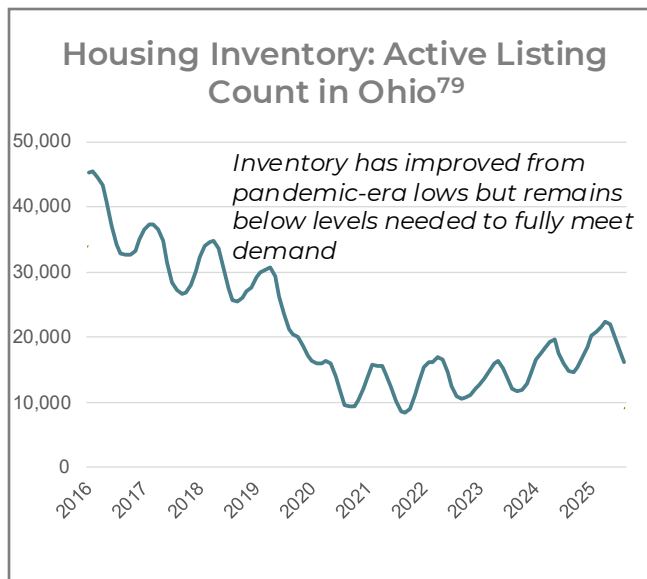
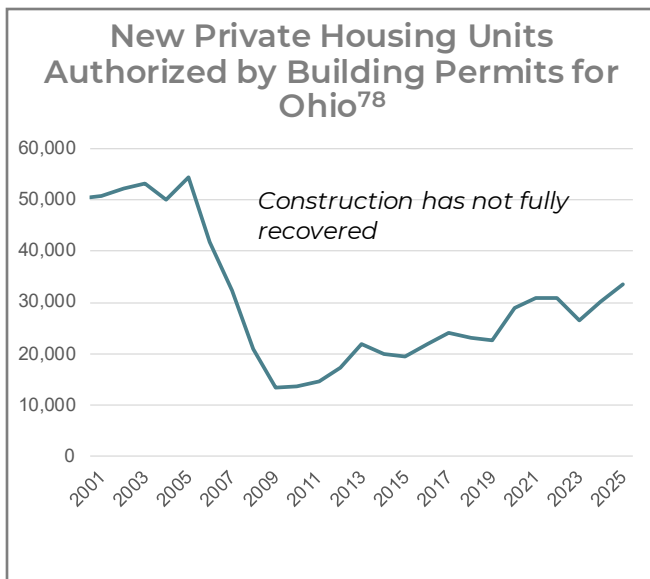


Housing Supply Constraints are Emerging as a Risk to Ohio's Affordability Advantage

Affordability is a key driver of workforce participation, talent attraction, and household financial stability. Ohio maintains a relative cost-of-living advantage, ranking 7th nationally,¹ with homeownership rates above the U.S. average.

However, this advantage is under growing pressure. As job growth and migration drive demand, housing supply has not kept pace. Construction has yet to fully recover from the 2008 downturn and remains constrained by labor shortages, rising development costs, and local zoning and permitting barriers that slow new housing development.

As a result, housing production and available inventory remain below needed levels, particularly in fast-growing regions. In many communities, restrictive zoning policies, lengthy local approval processes, infrastructure constraints, and limits on multifamily development slow the pace of new housing construction and make it more difficult to meet growing demand.⁷⁷



Housing supply is not keeping pace with demand as local zoning restrictions, permitting requirements, and infrastructure limitations constrain new development in many communities⁷⁷

Case Study: National Zoning Atlas (NZA)⁸⁰

An analysis by the NZA reviewed 432 Jurisdictions across Ohio's 88 counties, 247 cities, and 1,308 townships that currently have zoning and found that most areas zoned for residential use are primarily limited to single family dwellings. The NZA found that local land-use regulations across Ohio often limit housing density and multifamily development, reducing the ability of communities to respond to growing housing demand.

~15%

Of land is zoned for residential or mixed uses

~59%

Prohibit 2-Family Dwellings

~70%

Prohibit 3- and 4+- Family Dwellings





Widespread Housing Affordability Pressures

The impact of housing supply constraints is not evenly distributed across households. Affordability pressures are primarily concentrated among low-income households but are also rising for moderate-income workers critical to Ohio's growth. While wages have grown in recent years, they have not kept pace with rising housing costs, leaving many working families rent-burdened. In 2024, only 4 of the 15 most common jobs in Ohio pay enough to afford a modest two-bedroom apartment.⁸¹

Across Ohio, 438,000 renter households (27% of all renters) are classified as extremely low income.⁸¹ With a shortage of more than 280,000 affordable rental units, many of these households are severely cost burdened. However, rising costs and limited supply are increasingly affecting middle-income households as well, particularly in high-growth regions where new job creation is outpacing housing development.

Ohio Ranks

15th

in the
nation for
high
housing
cost
burden⁸²

- 26.8% of Ohio households spend more than 30% of income on housing⁸²
- 13.2% of residents live below the poverty line, slightly above the national average⁶⁴
- In 2024, only 4 of the 15 most common jobs in Ohio pay enough to afford a modest two-bedroom apartment⁸¹

While affordability challenges are most severe for low-income households, rising housing costs are affecting moderate-income families as well. In many of Ohio's fastest-growing regions, housing production has not kept pace with demand, placing upward pressure on rents and home prices and making it more difficult for workers across income levels to find housing near employment centers.

When households spend a disproportionate share of income on housing, they have fewer resources for essentials such as food, healthcare, and transportation, limiting financial stability and economic mobility.

Housing constraints continue to be a limiting factor for major economic development projects, with employers reporting challenges attracting and retaining talent across income levels due to limited housing availability

Case Study: Michigan Employer-Assisted Housing Fund⁸³

Michigan launched a \$10M Employer-Assisted Housing Fund to support partnerships between employers, developers, and local governments to expand workforce housing. The program demonstrates how states can align housing development with job growth through targeted public-private partnerships





Ohio's Elevated Childcare Costs are a Growing Constraint on Affordability

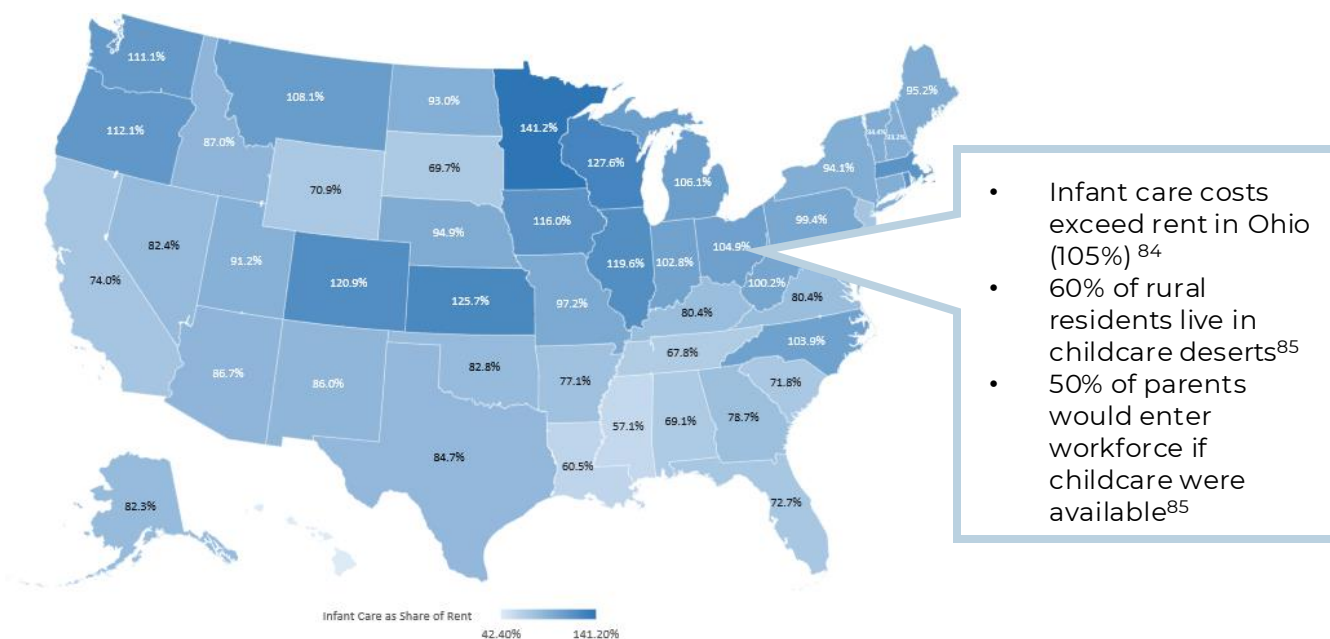
Beyond housing, childcare is one of the most significant and binding affordability constraints for working families in Ohio. Ohio's childcare costs are among the highest in the nation relative to rent, with infant care averaging 105% of housing costs.⁸⁴ This places Ohio among the most expensive states when comparing these two essential household expenses.

In addition to cost, access remains a major barrier. Nearly 60% of rural Ohioans live in "childcare deserts," where the number of children far exceeds available licensed providers.⁸⁵ Limited supply further constrains parents' ability to participate in the workforce.

These challenges have direct economic implications. More than half of Ohio parents report they or someone they know would consider entering the workforce if affordable, reliable childcare were available, highlighting childcare as a key lever for labor force participation. Beyond affordability, childcare is also a critical workforce constraint (see Education & Workforce recommendations for policy actions to expand access and unlock labor force participation).

Infant Care Costs⁸⁴

Infant Care Costs Exceed Rent in Many States, Including Ohio



Recent policy changes have expanded eligibility for publicly funded childcare to 145% of the Federal Poverty Level, allowing more families to qualify. Further expanding eligibility could unlock workforce participation among parents who remain just above current thresholds but still face significant affordability barriers.

Low wages in the childcare workforce, averaging \$15.56 per hour,⁸⁶ make it difficult to recruit and retain providers, as pay often falls short of what is needed to support a basic cost of living in many parts of the state. Although many of Ohio's providers pay above market wages, they must still compete for labor against retail and other service industries with higher wages.

Without sustained investment in workforce capacity, childcare will remain a structural bottleneck limiting both family affordability and labor force participation.



Ohio Continues to Lag Nationally in Public Health Outcomes, Despite Recent Progress

Ohio continues to lag national peers in overall health, ranking 34th among U.S. states in 2025.⁸⁷ While the state has improved from 47th in 2021, performance remains below peer states across key indicators with persistent challenges across chronic disease, behavioral health, and premature mortality, limiting overall health system performance.

These health outcomes have direct implications for the workforce. Poor physical and mental health, particularly when combined with substance use, reduce individuals' ability to work, contributing to lower labor force participation and productivity. National research suggests that up to 57% of prime working-age men not in the labor force have a health-related condition.⁸⁸ Improving health outcomes is not only a public health priority, it is a critical lever for strengthening workforce participation, reducing employer costs, and improving productivity and retention.

39th

in physical
health
outcomes⁸⁷

38th

in behavioral
health
outcomes⁸⁷

31st

in social and
economic
factors⁸⁷

20th

in clinical care
access and
services⁸⁷

Faced with persistent gaps in patient outcomes, the health industry has increasingly turned to integrated care models approaches that coordinate services across primary care, specialty care, behavioral health, and social support systems under a unified framework. Unlike traditional siloed care, where providers operate independently with limited communication, integrated models create structured pathways for care teams to share information, align treatment goals, and address the full spectrum of a patient's physical, mental, and social needs in a cohesive way. This shift is driven by evidence that fragmented care leads to duplicated services, missed diagnoses, and preventable hospitalizations, while integration reduces those inefficiencies. Health systems, payers, and policymakers have championed models like patient-centered medical homes, accountable care organizations, and collaborative care frameworks as practical vehicles for this integration.

Expanding integrated behavioral and physical healthcare models is a key opportunity to improve outcomes and access across Ohio. This approach is particularly important for working-age adults, where untreated behavioral health conditions can limit workforce participation and productivity. Scaling integrated care models can help address provider shortages, improve health outcomes, and reduce long-term costs, making it a critical component of Ohio's broader competitiveness strategy.

Case Study: Integrated Behavioral Health in Primary Care⁸⁹

Nationwide Children's Hospital integrated Ohio behavioral health clinicians into pediatric primary care and expanded the model statewide from 10 to 35+ practices with proven positive outcomes.

- 143% increase in behavioral health service reach
- 25% reduction in high-level care referrals
- 66% improvement in clinical outcomes





Behavioral Health Gaps Are Straining Systems and Limiting Workforce Participation

Behavioral health challenges are a major driver of Ohio's overall health outcomes and expose gaps in the state's care delivery system. Mental health and substance use disorders are significant public health and economic challenges, closely linked to chronic disease, emergency care utilization, and workforce participation.

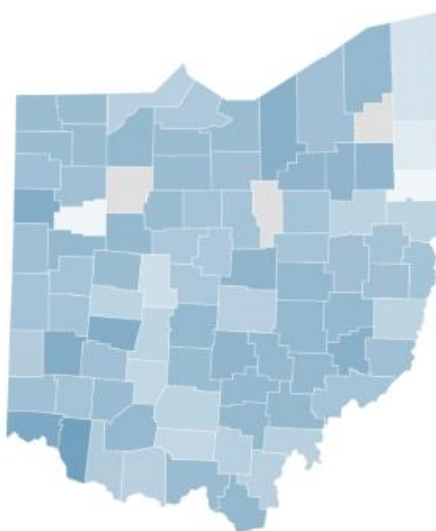
While Ohio ranks 12th nationally in mental health,⁹⁰ this masks significant gaps in access and treatment. More than 55% of Ohioans with mental illness do not receive care, reflecting system capacity constraints, provider shortages, and cost barriers.⁹⁰ These gaps disproportionately affect vulnerable populations, including low-income individuals, rural residents, and those with limited insurance coverage, who face greater barriers to accessing timely and affordable treatment.

System limitations are a key driver. More than 4.8 million Ohioans live in areas with insufficient mental health providers, and patients are more likely to be forced out-of-network for behavioral health services than for primary care.⁹¹ Provider shortages reflect both training pipeline constraints and retention challenges across the healthcare workforce. Without improvements in access, capacity, and care coordination, behavioral health challenges will continue to limit workforce participation and strain healthcare systems across the state.

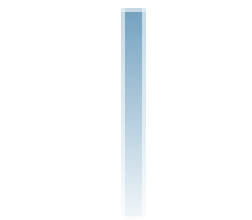
Mental Health Provider Shortages⁹²

Health Professional Shortage Areas (HPSA) Score

More than 4.8 million Ohioans live in areas with insufficient mental health providers



Severe (highest need)



Low (highest access)

Indicators of System Gaps and Unmet Needs of Ohioans

15.3%

have struggled with a substance use disorder (SUD) in the past year and a large majority do not receive treatment⁹⁰

5.3%

have had serious thoughts of suicide in the past year⁹⁰

24.2%

reporting 14+ mentally unhealthy days a month who could not see a doctor due to costs⁹⁰

6.6%

adults with any mental illness (AMI) who are uninsured⁹¹





Rural and Appalachian Communities Face the Greatest Barriers to Care

Geography remains a major driver of healthcare access and health outcomes across Ohio, with rural and Appalachian communities facing the greatest barriers to care.⁹³ Limited economic opportunity, provider shortages, hospital closures, and geographic isolation continue to restrict access to timely and affordable healthcare services.

Access challenges are a primary driver. Approximately 4.5 million Ohioans, over half of whom live in rural areas, reside in “ambulance deserts,”⁹⁴ increasing the risk of delayed emergency care. Travel distance further limits access, as even moderate travel times can significantly reduce healthcare utilization.⁹⁵ Compounding these challenges, provider and pharmacy networks are not consistently adequate across Ohio’s commercial insurance markets, resulting in uneven access to in-network care, particularly in rural and Appalachian communities.

System pressures are intensifying these gaps. Many rural hospitals face financial instability, and an estimated 10–15% are at risk of closure,⁹³ threatening access to essential services such as obstetrics and specialty care. Without targeted, place-based solutions, these geographic disparities will continue to limit access, worsen health outcomes, and constrain workforce participation in rural Ohio. Recent policy actions, including pharmacy benefit manager (PBM) reforms aimed at improving transparency and stabilizing pharmacy access, represent important steps, but additional efforts are needed to ensure adequate provider networks and sustainable access to care.

Over the past decade, premature deaths have increased statewide, with the highest burden concentrated in rural Appalachian counties where residents are more likely to die before age 75 than those in other regions⁹⁴

Key Barriers in Rural Ohio

Limited provider availability⁹³

Longer travel distances⁹⁵

Higher poverty rates⁹⁶

Hospital and service closures⁹⁴

Distinct Regional Health Challenges⁹⁶

Appalachian and Rural Southeast Ohio

- Persistent provider shortages and hospital access gaps
- Higher rates of chronic disease, disability, and premature mortality
- Longer travel distances for specialty and behavioral healthcare

Eastern and Northeastern Ohio

- Higher burdens tied to aging populations, chronic illness, and economic distress
- Greater prevalence of preventable conditions and poor population health indicators
- Legacy industrial communities face elevated health and socioeconomic challenges



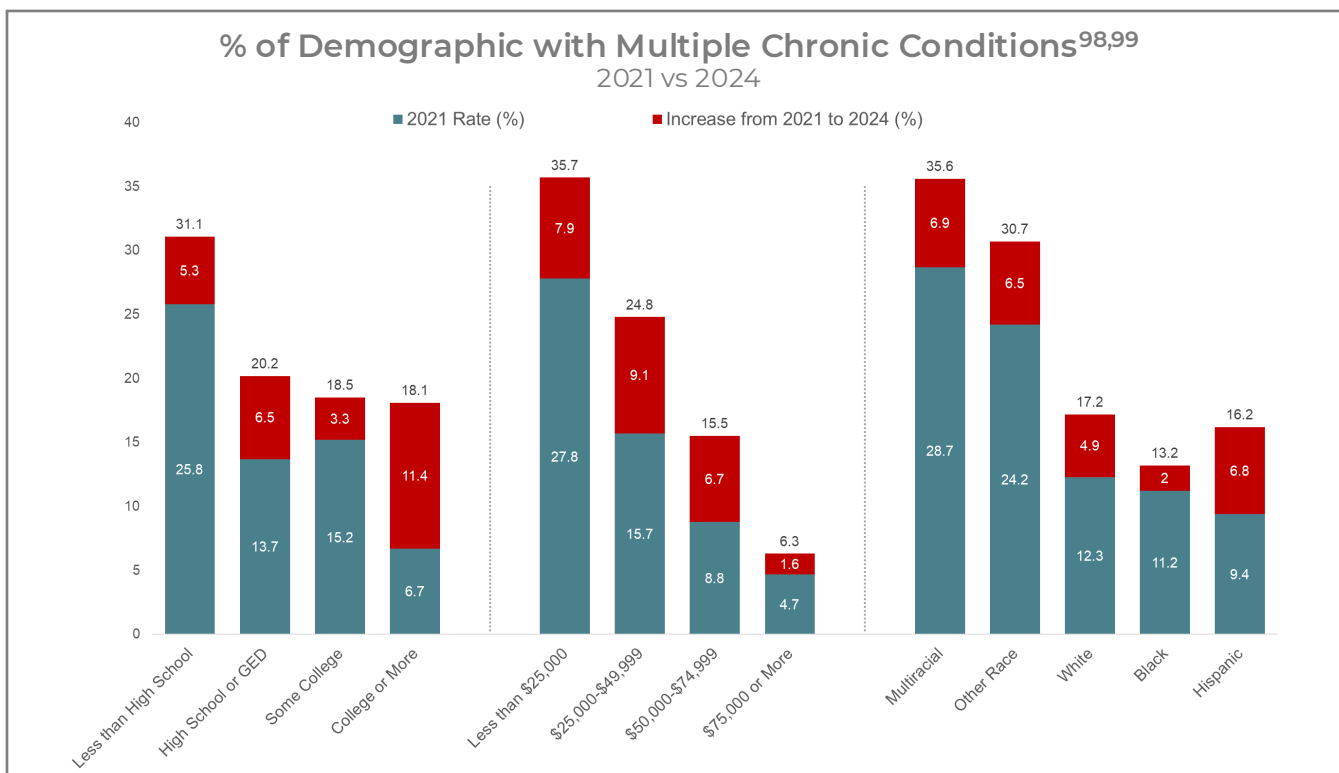
Access to Healthcare Remains Uneven Across Populations

Affordability challenges are closely linked to access, particularly for low-income and underserved populations. While Ohio benefits from relatively strong hospital capacity, access to care is not evenly distributed. Significant disparities persist across income, geography, and race, shaping both access to services and overall health outcomes.⁹⁷

Socioeconomic factors play a central role. Individuals with lower income and education levels are more likely to experience multiple chronic conditions while also facing greater barriers to timely and affordable care.^{98,99}

Disparities are also evident across racial and ethnic groups. Black, Hispanic, and multiracial Ohioans are more likely to report being unable to access care due to cost and have higher rates of uninsurance. These gaps contribute to delayed diagnoses, reduced use of preventive services, and worse long-term outcomes. Even among insured populations, out-of-pocket costs can limit care utilization. Community health centers play an important role in improving access, serving more than 1.4 million Ohioans, but access gaps remain.⁹⁹

Without targeted efforts to expand access and reduce disparities, these challenges will continue to constrain workforce participation and economic opportunity across the state. These disparities are shaped not only by socioeconomic factors, but also by differences in insurance design and network adequacy, which can limit access even among insured populations.



Ohioans Who Are Uninsured or Unable to See a Doctor Due to Cost by Major Demographic⁹⁹

13.8%
White

42.6%
Hispanic

23.8%
Black

27.0%
Multi-Racial



Ohio's Aging Population Is Increasing System-Wide Economic Pressure

Beyond behavioral health challenges, demographic trends are creating additional structural pressure on Ohio's healthcare system and workforce. Ohio's population is aging faster than it is growing, creating a structural shift in healthcare demand and workforce participation. Older populations have higher rates of chronic disease, healthcare utilization, and mortality, placing increased pressure on health systems over time.

Residents age 65 and older now account for approximately 19% of Ohio's population, slightly above the national average.⁶¹ The 85+ population is growing the fastest and is associated with the highest levels of care utilization and cost.⁶¹ At the same time, Ohio has seen recent stabilization, and early signs of growth, among prime working-age residents (ages 25–44), reflecting improving in-migration trends and economic momentum. However, this growth has not yet offset the broader impacts of population aging. As this demographic shift accelerates, healthcare demand will continue to rise while the share of working-age residents declines, intensifying workforce shortages and increasing fiscal pressure on public systems. This dynamic will increase per-capita healthcare costs while reducing the workforce needed to support that cost base.¹⁰⁰

Ohio has joined the AARP Age-Friendly Network, supporting coordinated planning for an aging population.¹⁰¹



Age friendly investments yield a 3:1 return and help Ohio attract talent, support families and grow businesses.”

- Jenny Carlson, State Director of AARP Ohio

According to AARP research,¹⁰¹ adults age 50 and older account for:

- 43% of Ohio's gross domestic product (\$245 billion)
- 52% of Ohio's jobs (3.5 million)
- 46% of employee compensation (\$142 billion)
- 47% of state taxes (\$23 billion)

Ohio's participation in the AARP Age-Friendly Network reflects the growing need for coordinated planning across healthcare, housing, transportation, and community design.

Embedding age-friendly strategies into long-term policy and infrastructure decisions will be critical to managing rising healthcare demand, supporting workforce participation, and maintaining fiscal sustainability.



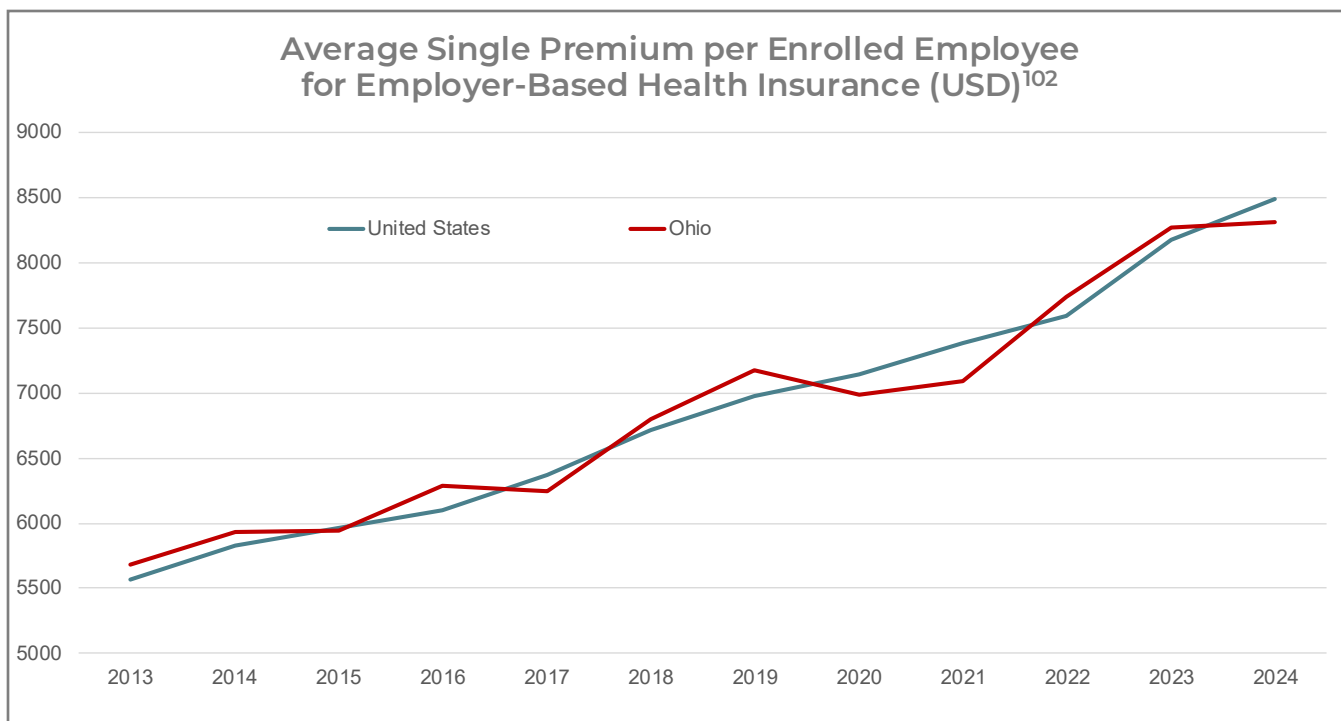
Healthcare Costs are a Growing Burden for Households and Employers

Beyond housing and childcare, healthcare is another major cost pressure shaping household affordability and workforce participation. Healthcare affordability is a key determinant of access to care and long-term health outcomes. In Ohio, 10.9% of residents report difficulty paying medical bills (closely aligned with the national average) highlighting persistent financial strain.⁹⁸

These pressures extend beyond households to employers. Rising healthcare costs increase insurance premiums over time, contributing to higher benefit expenses, reduced productivity, and constraints on wage growth.¹⁰² Beyond underlying cost trends, employers face increasing complexity in managing healthcare spend, particularly in pharmacy benefits and contracting structures. Limited transparency and fragmented pricing mechanisms make it difficult to assess value. Addressing these challenges will require more market-driven approaches to improve pricing transparency and enable better value realization across the system, critical to improving affordability while maintaining Ohio's competitiveness.

10.9%
of Ohio residents struggle to pay medical bills

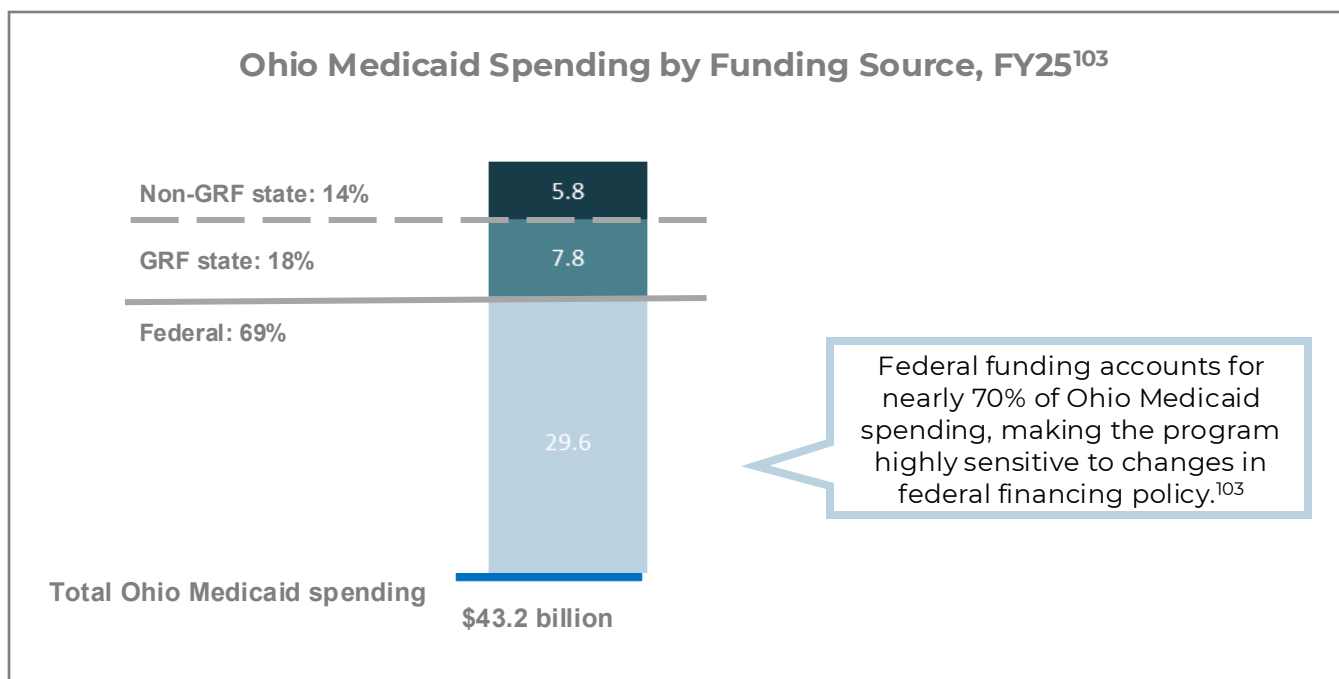
Maintaining healthcare affordability and improved transparency is critical to improving health outcomes, supporting workforce participation, and sustaining long-term economic competitiveness





Medicaid Financing Changes Could Reduce Healthcare Access Across Ohio

Ohio's Medicaid program provides health coverage to nearly 3 million Ohioans (more than 25% of the state's population) and serves as a major funding source for hospitals, behavioral health providers, nursing facilities, and rural healthcare systems statewide.¹⁰³ The program is financed through a combination of federal funding and state dollars, including Ohio's General Revenue Fund (GRF), the state's primary operating fund. Proposed federal policy changes would restrict key Medicaid financing mechanisms Ohio uses to draw federal matching funds, creating potential multi-billion-dollar funding losses and forcing difficult policy and budget decisions.



Funding Reductions Would Create System-Wide Pressures on Providers and Patients

- Providers serving large Medicaid populations, including rural hospitals, behavioral health providers, and long-term care facilities, could face significant financial strain if reimbursement funding declines
- Some healthcare providers may reduce services, limit Medicaid participation, or stop accepting Medicaid patients altogether in response to funding pressures¹⁰⁴
- As provider participation declines, even Ohioans who retain Medicaid coverage could experience reduced access to care, longer wait times, and fewer available providers
- Ohio policymakers may need to pursue a combination of financing changes, state budget support, and Medicaid spending reductions to address funding losses

Medicaid funding reductions could affect more than insurance coverage alone, they may reshape provider participation, healthcare access, and healthcare system stability across Ohio communities



Uneven Health Outcomes Have Broader Economic Consequences

National research demonstrates that poor health outcomes and health inequities create substantial economic costs, and Ohio's below-average health outcomes suggest the state is exposed to many of the same workforce, productivity, and healthcare spending pressures.

Disparities in access to care and health outcomes have broader economic consequences across the state. Community health outcomes should be understood not only as quality-of-life issues, but as core components of the state's economic infrastructure. When access to care is uneven and health outcomes lag, these challenges directly constrain labor supply, increase employer costs, and limit economic mobility.

In Ohio, these disparities are reinforced by broader structural challenges, including economic instability, housing insecurity, workforce shortages, aging demographics, and rising rates of chronic disease, which together increase barriers to timely and affordable care.

Administrative complexity, including billing, contracting, and regulatory requirements, continues to divert resources from clinical care while increasing system costs without improving outcomes. Expanding digital health and care coordination models could help reduce administrative burden and improve efficiency.

\$320B

Health inequities cost the U.S. ~\$320B annually¹⁰⁵

\$2.8T

Closing health gaps could add ~\$2.8T to GDP and ~\$763B in corporate profits by 2040¹⁰⁶

78%

of employees have more than one chronic condition¹⁰⁷

3X

More workdays missed by employees with 3+ conditions¹⁰⁷



Health outcomes are not just a social issue, they are a core driver of workforce participation and economic performance



Public Safety Is Stable Overall, but Local Variability Impacts Perception and Investment

While public safety is not a primary statewide weakness, it remains an important factor in business confidence and talent attraction. Ohio's public safety performance is broadly aligned with national trends and does not represent a structural outlier among peer states. Crime rates are generally in line with or below national averages, reinforcing the state's position as a moderate performer overall.

However, stakeholders consistently highlight that local variability, rather than statewide averages, is the more significant concern. Differences in enforcement, judicial processes, and public safety outcomes across jurisdictions can create inconsistency for businesses operating statewide. This is reflected in business sentiment: a 2022 Ohio Chamber of Commerce survey found that 62% of businesses believe rising crime has kept businesses from expanding, while 64% report that crime is getting worse, underscoring the tangible economic impact of public safety concerns.¹⁰⁸ In some regions, stakeholders also point to constraints in public safety capacity, including staffing, court backlogs, and resource variability, which can contribute to differences in outcomes and perceptions across jurisdictions.

This variability can influence perceptions of stability and predictability, which are key considerations for site selection, workforce attraction, and downtown economic activity. As a result, public safety in Ohio is less a question of overall performance and more a question of consistency, transparency, and reliability across regions.

Ohio Performs Near the National Average on Key Public Safety Metrics¹⁰⁹

- Violent crime in Ohio is ~18% lower than the U.S. average
- Property crime is ~12% below national levels
- Overall, Ohio ranks as a mid-tier performer nationally

Where Differences Are Most Noticeable¹⁰⁸

- Urban vs. rural enforcement capacity
- Variation in judicial processes (elected judges, sentencing consistency)
- Differences in local resource availability and staffing

Public safety is not a headline weakness for Ohio, but consistency across jurisdictions is increasingly important for business confidence, talent retention, and downtown economic vitality



Environment and Amenities Are Key Drivers of Talent Attraction and Growth

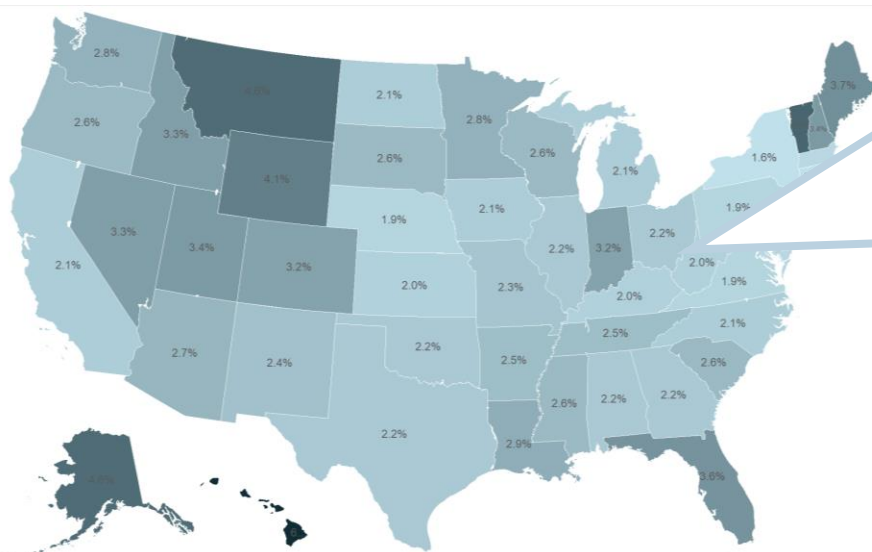
Environment and amenities are critical economic drivers that shape migration patterns, workforce attraction, and long-term competitiveness. Assets such as parks, outdoor recreation, cultural institutions, and tourism infrastructure influence where people choose to live, and whether they stay.

In Ohio, these assets already contribute meaningfully to the economy. Outdoor recreation accounts for ~2.2% of GDP,¹¹⁰ while tourism generates ~\$57 billion annually, supporting more than 440,000 jobs across the state.¹¹¹

These assets are not just quality-of-life features, they are economic infrastructure that influence talent attraction, regional identity, and long-term growth.

OUTDOOR RECREATION ACTIVITIES¹¹⁰

% of Total State Value Added



Ohio Recreation & Quality of Life Assets^{111,112}

- 75 state parks
- Nationally recognized zoo and metro park systems
- Extensive trail and outdoor recreation networks
- Tourism supports 440K+ jobs statewide

Ohio Tourism Snapshot (2024)¹¹³

Visitor spending	\$57 billion
Tax revenue	\$4.7 billion
Visitors	224 million
Tourism jobs	443 thousand
Overnight visits	48 million

Strong Rankings for Parks and Quality of Place Across 100 Largest U.S. Cities¹¹²

- Cincinnati: #4
- Cleveland: #30
- Toledo: #51



Arts, Culture, and Tourism Strengthen Ohio’s Identity and Economy

Arts, culture, and tourism are high-impact drivers of both economic activity and talent attraction. These sectors generate significant economic value while shaping regional identity and quality of place.

In Ohio, the creative sector contributes ~\$32.9 billion annually and supports more than 132,000 jobs, ranking 11th nationally.¹¹⁴ Beyond direct economic impact, these assets influence how regions are perceived as places to live, work, and invest.

Strategic investments, such as major cultural expansions, demonstrate how targeted placemaking can increase visitation, strengthen local economies, and improve long-term competitiveness.



From the Rock & Roll Hall of Fame and Pro Football Hall of Fame to nationally recognized museums and historic destinations, Ohio’s cultural assets strengthen tourism, talent attraction, and regional identity.

OHIO’S SIGNATURE CULTURAL ASSETS

- Rock & Roll Hall of Fame**
Cleveland
- Pro Football Hall of Fame**
Canton
- National Museum of the U.S. Air Force**
Dayton
- Cleveland Museum of Art**
Cleveland
- Toledo Museum of Art**
Toledo
- Hopewell Ceremonial Earthworks**
Chillicothe
UNESCO World Heritage Site

Images courtesy of Rock & Roll Hall of Fame, Pro Football Hall of Fame, US Air Force, Cleveland Museum of Art, Toledo Museum of Art, UNESCO

Ohio’s creative sector contributes \$32.9B annually and supports 132,000+ jobs,¹¹⁴ reinforcing its role as both an economic engine and a driver of talent retention



Sports and Major Events Drive Economic Activity and Regional Visibility

Ohio's strong sports ecosystem enhances its ability to attract major national and international events, driving visitor spending and regional visibility. These events generate recurring economic activity while supporting hospitality, retail, and mixed-use development.

Beyond large-scale events, regional and recurring events also play a significant economic role. Major gatherings such as the Ohio State Fair, attracting over 1 million attendees in 2023,¹¹⁵ drive localized spending across hospitality, food service, and entertainment. The event alone generated approximately \$8.4 million in vendor concession sales, highlighting the economic impact of high-attendance, in-state events.¹¹⁵

Together, national events and local fixtures strengthen Ohio's brand as a destination, support year-round economic activity, and contribute to long-term regional competitiveness.

Best States for Sports Lovers¹¹⁶

Rank	State	Total Score	Sports Interest & Success Rank	Sports Career & Income Rank	Access to Sports Rank
1	Ohio	55.41	2	4	14
2	New York	55.11	3	9	4
3	Illinois	51.97	6	6	6
4	California	51.18	1	42	1
5	Indiana	49.20	13	8	10

Local Events Drive Significant Economic Impact

- Ohio State Fair: 1M+ attendees (2023)¹¹⁵
- ~\$8.4M in vendor concession sales¹¹⁵
- Supports regional hospitality and small business activity
- New investment in professional women's sports, including NWSL expansion in Columbus, is expected to drive future attendance, media exposure, and mixed-use development

Key Stats

2030 Special Olympics in Cleveland¹¹⁷

Economic Impact (expected)	\$70 million
No. of Athletes Participating (expected)	4,500

Key Stats

Cincinnati Open (Annually)¹¹⁸

Economic Output	\$76.9 million
Jobs Supported	685
Total Earnings	\$18 million
Total Attendees	350k



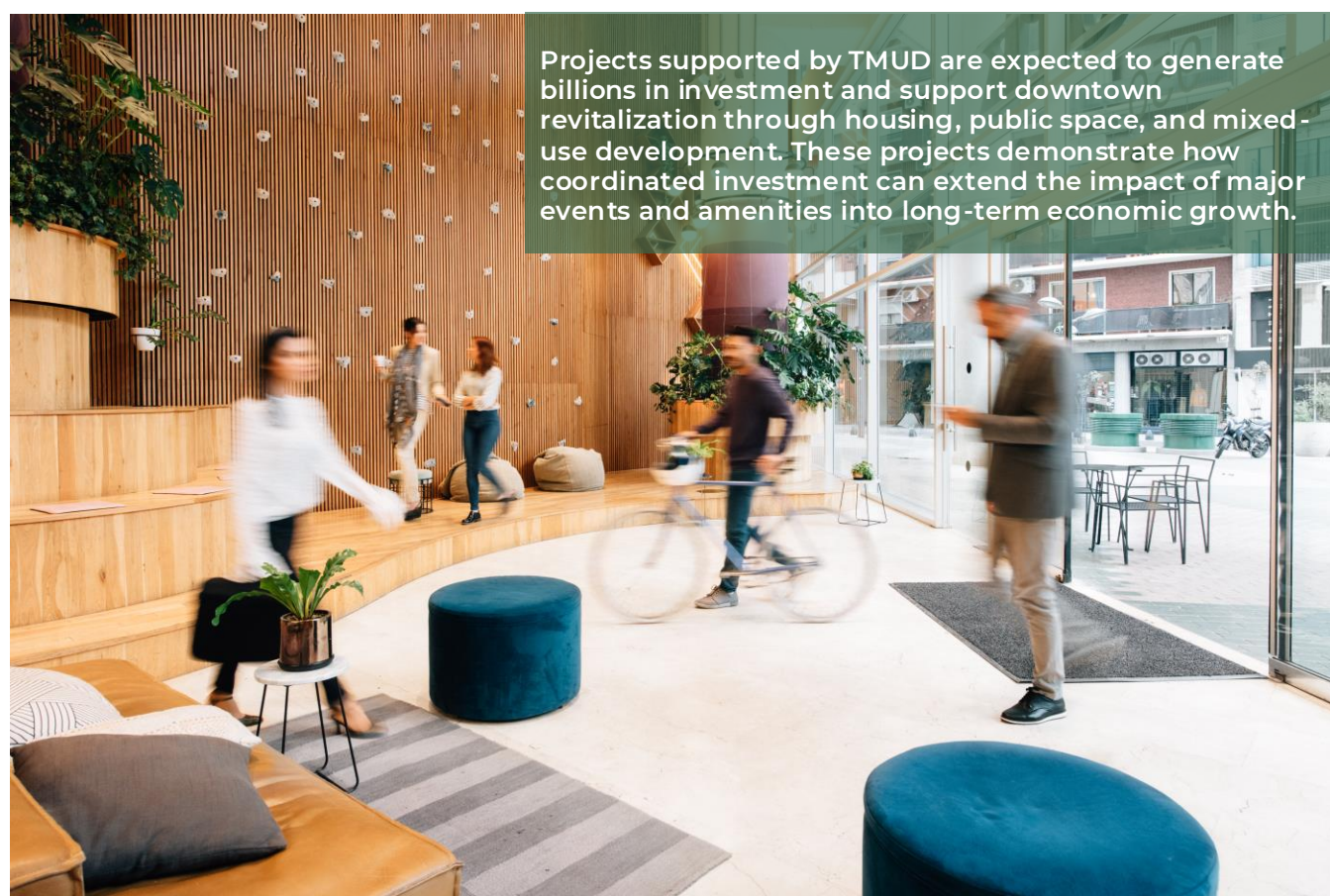


Public-Private Partnerships Enable Placemaking and Economic Development

Building on the economic impact of sports, tourism, and community amenities, public-private partnerships are a key tool for scaling these investments across Ohio.

Ohio is increasingly using public-private partnerships (PPP)¹¹⁹ and targeted incentive programs to catalyze investments in mixed-use development, cultural assets, and community infrastructure. Recent expansions to the Transformational Mixed-Use Development (TMUD) program have broadened its impact, supporting a wider range of projects and financing structures to accelerate placemaking efforts. Programs such as the Ohio Historic Preservation Tax Credit (OHPTC) provide financial support for projects that combine housing, retail, public space, and community amenities. These investments are often aligned with entertainment districts, sports venues, and downtown revitalization efforts.

By leveraging public-private partnerships, Ohio can scale successful placemaking strategies, supporting talent attraction, increasing economic activity, and strengthening regional competitiveness.



Case Study: Stadium-Adjacent Mixed-Use Development (West End / TQL Stadium in Cincinnati)¹²⁰

- ~\$300M total investment
- \$26M in state support (TMUD tax credits)
- Mixed-use: housing, retail, office, hospitality
- ~2,100 construction jobs; ~1,700 permanent jobs





Sense of Place Recommendations

Recommendation 1: Strengthen Essential Support Systems to Enhance Health and Well-Being

1.1 Increase residents' ability to access care by improving and enhancing delivery systems as well as through flexible community-based models

Expand access to care by modernizing delivery models, including telehealth, mobile care, and community-based services, while leveraging digital health innovation to improve efficiency and access, to better reach underserved populations and improve system flexibility.

1.2 Make efforts to eliminate health disparities via targeted outreach to at-risk communities

Improve population health outcomes by increasing investment in preventive care, early intervention, and targeted outreach to high-need communities.

1.3 Increase awareness and access to addiction treatment, harm reduction and mental health services

Enhance system capacity and coordination across healthcare and addiction services to ensure timely access, reduce fragmentation, and improve continuity of care.

1.4 Address mental health and addiction as economic participation constraints

Address mental health and substance use challenges as key barriers to stability and economic participation by expanding access to integrated, community-based support services.

1.5 Strengthen network adequacy standards for commercial health plans

Adopt stronger network adequacy standards for commercial insurance plans to ensure sufficient access to in-network medical and pharmacy providers. This would reduce access gaps, improve care availability, particularly in rural and Appalachian communities, and promote more consistent access to care across regions.

1.6 Strengthen pharmacy access and employer transparency to support community infrastructure

Support policies that empower employers with the tools and transparency needed to make informed decisions for their workforce, while expanding access to pharmacy and healthcare services and keeping healthcare costs affordable. As Ohio seeks to close healthcare disparities in rural and underserved areas, state frameworks must recognize the growing threat of pharmacy deserts and work to protect vital community pharmacy infrastructure. Rather than imposing rigid mandates that restrict the benefit tools employers use to manage costs, the state should prioritize the full, robust implementation of House Bill 229 through the Ohio Department of Insurance. Ensuring that employers have transparent, actionable data allows plan sponsors to effectively manage vendor contracts, mitigate hidden costs, and ensure patients maintain reliable, open access to both routine and specialty medications within their local communities.

1.7 Strengthen aging and long-term care supports to sustain workforce participation and manage long-term costs

Invest in aging-related services to help older Ohioans live independently longer, reduce future Medicaid cost pressures, and ease workforce constraints on caregivers. This includes expanding home- and community-based services, supporting family caregivers, increasing memory care capacity, and encouraging long-term care planning among younger residents.



Sense of Place Recommendations

Recommendation 2: Accelerate Housing Supply to Protect Ohio's Cost-of-Living Advantage

2.1 Make dedicated efforts to increase home ownership

Expand access to homeownership through targeted incentives, financing tools, and first-time buyer programs that support workforce attraction and retention. Prioritize programs that help middle-income households overcome down payment and financing barriers, particularly in high-growth regions where housing costs are rising faster than incomes.

2.2 Make efforts to provide affordable rent

Increase housing production by incentivizing private sector development, expanding innovative housing products, and aligning state and local policies to support growth. Encourage a broader mix of housing types and price points to better meet the needs of young professionals, families, and aging residents.

2.3 Reduce regulatory and zoning barriers that limit housing supply

Reform zoning, permitting, and land-use regulations to reduce barriers, accelerate approvals, and enable a broader mix of housing types. Promote greater consistency and predictability across jurisdictions to reduce development costs and shorten project delivery timelines.

2.4 Address rural and urban housing pressures through targeted strategies

Address housing affordability challenges through targeted subsidies, gap financing, and public-private partnerships that support workforce and attainable housing. Tailor solutions to local market conditions, recognizing that housing needs differ significantly across growing metros, small cities, and rural communities.

2.5 Encourage new construction methods and housing innovation

Encourage innovation in construction methods, materials, and design to reduce costs, improve speed to market, and increase housing supply. Support the adoption of modular construction, factory-built housing, and other scalable approaches that can expand production while addressing labor shortages.

2.6 Encourage adaptive reuse and downtown revitalization strategies

Promote adaptive reuse and downtown revitalization by converting underutilized commercial and industrial properties into residential and mixed-use developments. Align redevelopment incentives with local economic development strategies to strengthen neighborhood vitality, increase housing options, and support long-term community investment.

Case Study: PACE (Aging)¹²¹

PACE provides comprehensive, community-based medical and long-term care services enabling older adults to remain at home through coordinated Medicare and Medicaid funding.

- 8 programs operating statewide, with 2 additional sites launching in 2026
- Expands community-based aging infrastructure and coordinated care
- Integrates medical care, long-term services, and social supports to reduce fragmentation and institutional reliance

PACE demonstrates how housing, healthcare, transportation, and supportive services can be coordinated to help older Ohioans remain in their communities while reducing pressure on institutional care systems.



Sense of Place Recommendations

Recommendation 3: Strengthen Ohio's Competitive Identity Through Placemaking, Tourism, and Quality-of-Life Investments

3.1 Capitalize on Ohio's unique features including parks, museums, and entertainment venues for compelling first impressions and leverage amenities to strengthen regional competitiveness

Leverage Ohio's natural assets and cultural institutions to create compelling, differentiated regional identities that attract residents, visitors, and businesses. Develop coordinated branding and placemaking strategies that highlight each region's distinctive strengths while reinforcing Ohio's broader reputation as a desirable place to live, work, and invest.

3.2 Utilize public-private partnerships to maximize economic opportunities in conjunction with recreational assets

Expand public-private partnerships to activate and enhance recreational, cultural, and tourism assets while maximizing economic impact and community benefit. Prioritize investments that support mixed-use development, downtown revitalization, workforce attraction, and year-round economic activity in surrounding communities.

3.3 Integrate arts, tourism, and sports into state and regional economic strategies

Integrate arts, tourism, sports, and outdoor recreation into statewide and regional economic development strategies to drive talent attraction, quality of life, and long-term growth. Align major events, cultural assets, and destination investments with workforce, business attraction, and community development goals to maximize long-term economic returns.

Case Study: Destination Cleveland, Resident Perception¹²²

Public-private partnership focused on strengthening resident support for tourism and placemaking initiatives by measuring and improving local perceptions of Cleveland as a visitor destination and community asset.

- Tracked perception shifts over time to demonstrate brand impact and resident engagement support
- Used resident perception data to align tourism growth strategy with community priorities
- Demonstrated how resident engagement and perception data can inform tourism, economic development, and quality-of-life investments



LEVER 3: TAXES & COSTS



Lever 3 Taxes & Costs

Education & Workforce



Sense of Place



Taxes & Costs



Innovation & Collaboration



Business Friendliness



Infrastructure



Taxes & Costs Competitiveness Rankings³⁴

Indicator	Measure	Overall Rank
Cost of Doing Business	Ranking State Liability Systems	35 th
	Workers' Compensation Premium Rate Ranking by State	5 th
Taxes	Census Estimates of State and Local Taxes	32 nd
	Business Taxes as a Share of All Taxes and GSP	40 th

Maintaining Cost Competitiveness While Addressing Tax Complexity and Cost Pressures

Ohio's economic competitiveness is shaped not only by workforce and infrastructure, but by the cost, predictability, and administrative simplicity of operating a business in the state. Across national rankings, Ohio continues to perform strongly on core cost metrics, particularly in areas such as workers' compensation, insurance, and overall cost of doing business. However, structural challenges in the state's tax system and emerging cost pressures, alongside early but meaningful reform efforts aimed at improving predictability, transparency, and cost control, are increasingly influencing business decision-making. In addition to statutory taxes, employers face significant administrative and operational cost pressures, particularly healthcare costs driven by administrative inefficiencies, which increase the total cost of doing business and can erode Ohio's competitive advantage.

Ohio ranks 2nd nationally in Cost of Doing Business in CNBC's Top States for Business,¹ reflecting a strong foundation for attracting and retaining employers. At the same time, separate measures focused specifically on tax structure and administrative complexity present a different picture. Ohio ranks 39th in the Tax Foundation's State Tax Competitiveness Index, highlighting a disconnect between the state's low-cost environment and the complexity of its tax structure. Closing this gap, while preserving Ohio's cost advantages, will be critical to sustaining long-term competitiveness.

At the same time, the nature of "cost competitiveness" is evolving. Employers increasingly evaluate not just traditional cost inputs such as taxes, wages, and utilities, but also total cost of operations, including healthcare expenses, administrative burden, regulatory complexity, and long-term risk exposure. In this context, costs that are less visible, such as fragmented tax compliance or rising healthcare premiums, can have an outsized impact on business decisions, workforce investment, and wage growth. Variations in state tax treatment of capital gains may affect business expansion, investment, and relocation decisions, resulting in a loss of in-state wealth, ownership, and reinvestment.¹²³

Ohio's current cost advantages are masking a tax system that is fundamentally hostile to multi-jurisdiction operations. Businesses operating across multiple jurisdictions face duplicative processes and inconsistent requirements, while rising healthcare costs are increasingly viewed as a constraint on expansion and hiring. Addressing these structural inefficiencies, while maintaining stability and predictability, represents one of the most important opportunities to strengthen Ohio's long-term economic position.

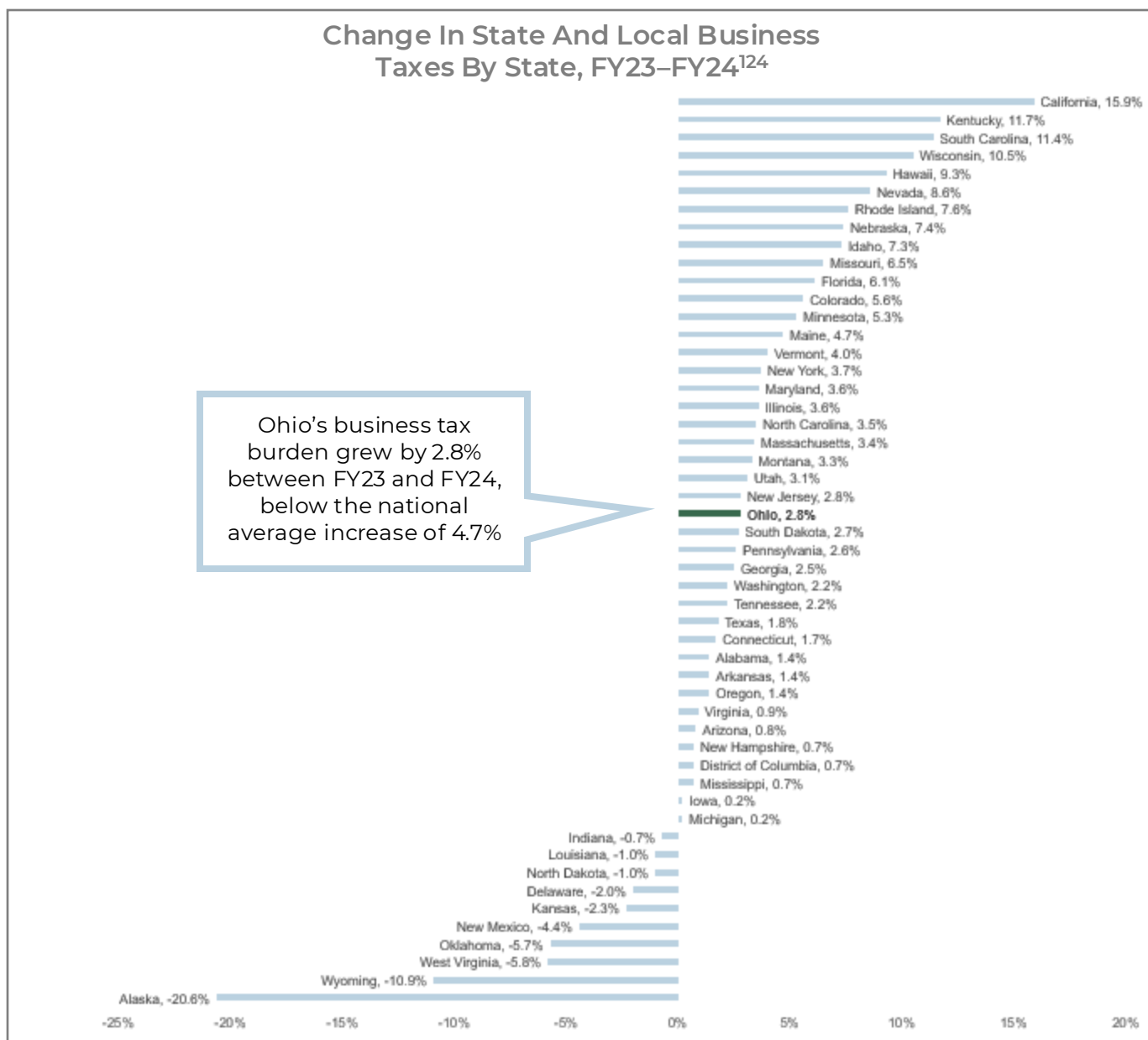




Rising Tax Burdens Signal Emerging Competitiveness Pressures

Ohio's overall business tax burden remains broadly in line with national averages, but recent trends point to increasing cost pressures that may impact long-term competitiveness. While Ohio remains in the middle tier nationally for overall business tax burden, the state continues to face competitiveness challenges associated with tax complexity and fragmented local administration. Although business tax growth moderated in FY24, policymakers should continue to monitor both tax burden and administrative costs as part of Ohio's broader competitiveness strategy.

Between FY2023 and FY2024, Ohio's business tax burden increased by 2.8%, down considerably from the previous year's change of 7.3% but still outpacing many peer states.¹²⁴ This growth is driven not only by changes in tax policy, but also by the structure of Ohio's tax system, particularly the layering of state and local taxes and the complexity of municipal income tax administration. Furthermore, these pressures are compounded by non-tax cost drivers, such as healthcare, where administrative inefficiencies increase employer costs, effectively acting as an additional burden on business activity.





Structural Complexity Is A Major Factor Contributing to Increasing Compliance Costs for Businesses

Local tax fragmentation, with hundreds of municipal jurisdictions, increases both direct tax payments and administrative costs¹²⁵

Lack of uniform definitions and filing requirements create inefficiencies that raise compliance expenses¹²⁵

The interaction between state and local taxes can result in layered tax exposure that is not immediately visible in headline rates¹²⁵

For businesses, these dynamics translate into higher total costs and greater uncertainty particularly for firms operating across multiple jurisdictions or with distributed workforces.

While Ohio retains important cost advantages relative to peer states, the increase in overall tax burden underscores a key challenge: maintaining competitiveness will require not only controlling tax levels but also addressing the structural drivers of cost growth and complexity.

Ohio's tax structure has direct and compounding implications for business growth and location decisions, particularly as overall tax burden has increased in recent years

- *Erodes real cost competitiveness:* Growth in total tax burden, driven in part by the layering of state and local taxes and the proliferation of local jurisdictions, can offset headline cost advantages
- *Disincentivizes scale and expansion:* Companies operating across multiple jurisdictions face duplicative filing requirements and stacked tax exposure, creating friction to growth within the state
- *Creates a structural disadvantage vs. peer states:* More uniform tax environments reduce administrative burden and uncertainty, making them more attractive for investment¹²⁵
- *Disproportionately impacts small and mid-sized businesses:* Firms without dedicated tax infrastructure are least equipped to navigate Ohio's fragmented system¹²⁵
- *Administrative and operational cost pressures are rising:* Employer healthcare costs, driven in part by administrative inefficiencies, compound the impact of statutory tax burden

As these pressures compound alongside other cost drivers, such as labor, healthcare, and regulatory compliance, even moderate increases in tax burden can have an outsized impact on investment decisions. If sustained, this trajectory may challenge Ohio's ability to compete as a destination for manufacturing growth.

Ohio's Tax System Reflects a Common Pattern

Competitive rates in certain areas are offset by structural complexity and non-neutral tax design, resulting in a lower overall competitiveness ranking despite a strong cost-of-doing-business environment. However, some recent tax reform momentum includes:

- Ohio enacted significant property tax reforms in 2025 designed to improve taxpayer protections, limit certain forms of revenue growth, and increase transparency and oversight within the property tax system^{126,127}
- Increased transparency, structure, and predictability in tax appeals (Taxpayer Bill of Rights updates still pending)¹²⁷
- Continued efforts to simplify income tax structure (flat tax adoption)^{126,127}





Layered Local Taxes and Compliance Costs Offset State-Level Strengths

Ohio's state-level tax structure is generally competitive relative to peer states, but higher local taxes and one of the nation's most complex local tax systems offset many of those advantages.¹²⁵ While recent reforms to Ohio's personal income tax have improved competitiveness, layered local taxes and administrative fragmentation continue to increase compliance costs for businesses.

Ohio performs comparatively well in areas such as property taxes and unemployment insurance taxes, but weaker rankings in sales taxes, corporate taxes, and local tax complexity offset many of these advantages.¹²⁸ The combined impact of overlapping local jurisdictions, layered tax rates, and compliance requirements creates a higher effective burden for employers operating across multiple communities.

Overall, Ohio sees weaker performance in other areas such as:

- Corporate tax ranking: 45th nationally, though recent CAT reforms may not yet be fully reflected¹²⁸
- Sales tax ranking: 44th nationally¹²⁸
- Overall State Tax Competitiveness ranking: 39th¹²⁸

Ohio's layered local tax structure compounds these challenges, increasing both compliance complexity and administrative burden.

Compliance costs are a significant component of Ohio's tax burden. According to the Ohio Chamber Research Foundation Tax Benchmarking Analysis, businesses face approximately \$7,000 annually in local tax compliance expenses, with compliance costs averaging roughly 73% higher than comparable peer-state systems.¹²⁵ These costs are driven by Ohio's fragmented municipal income tax structure, numerous local jurisdictions, and complex filing requirements.¹²⁵

Ohio's Tax Ranking¹²⁸ 2026 State Tax Competitiveness Index

Overall	39
Property taxes	5
Unemployment insurance taxes	11
Individual income taxes	33
Sales taxes	44
Corporate taxes	45

Ohio's Local Tax Compliance Cost Estimates per Business¹²⁹

Category	Cost	Share of total
Responding to local tax notices	\$376	5%
Handling local income tax withholding	\$2,366	34%
Other time costs	\$2,110	30%
Additional out of pocket costs	\$2,171	31%
Total annual compliance cost per business	\$7,023	100%

Ohio's state-level taxes are generally competitive, but local tax complexity imposes compliance costs approximately 73% higher than peer states, reducing overall competitiveness¹²⁵

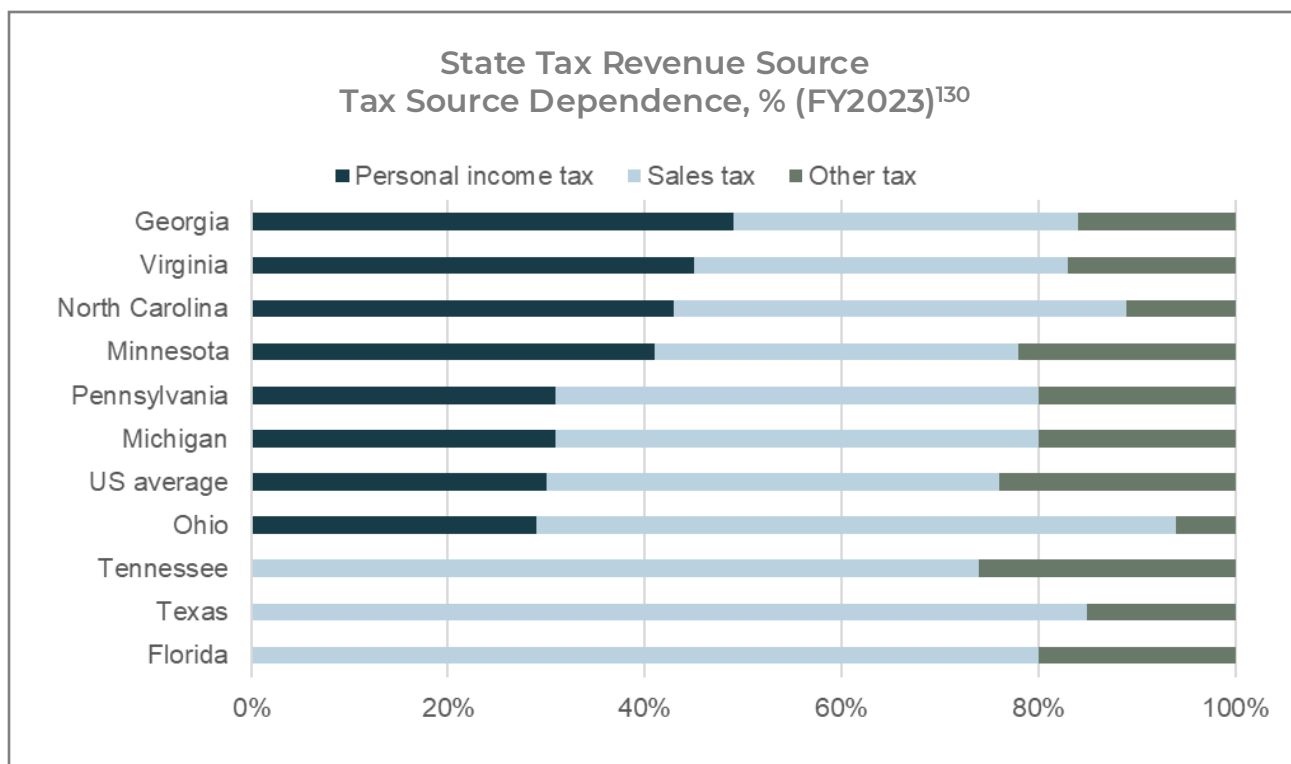


Ohio's Revenue Structure Reflects Both Stability and Sensitivity

Beyond administrative complexity, Ohio's broader tax structure also shapes long-term competitiveness and fiscal stability. Ohio's tax structure relies heavily on general sales taxes, selective sales taxes, and personal income taxes, creating a revenue model that is closely tied to consumer spending and wage growth.¹³⁰ This structure provides a relatively diversified base compared to some peer states, but it also introduces sensitivity to economic cycles, particularly during periods of slowed consumption or stagnant wage growth.

Compared to states such as Florida and Tennessee, which do not levy a personal income tax, Ohio's approach reflects a more balanced revenue model.¹³⁰ By relying on a mix of personal income, sales, and other taxes, Ohio generates a larger share of revenue from household income and consumer spending than from taxes directly imposed on business activity. This can support a more competitive business tax environment, while also making long-term fiscal performance more dependent on population growth, labor force participation, and wage growth.

From a competitiveness perspective, this structure has two key implications. First, Ohio's reliance on income and consumption-based taxes ties state revenue growth to broader economic performance, creating incentives to support workforce growth, labor force participation, wage gains, and economic expansion. Second, in comparison to no-income-tax states, Ohio must ensure that its overall tax burden and administrative complexity remain competitive, as businesses and individuals evaluate total tax exposure when making location decisions.¹³¹



Sales tax includes general and selective sales taxes. **Other taxes** include levies on corporate income, licenses, property, and severance taxes.

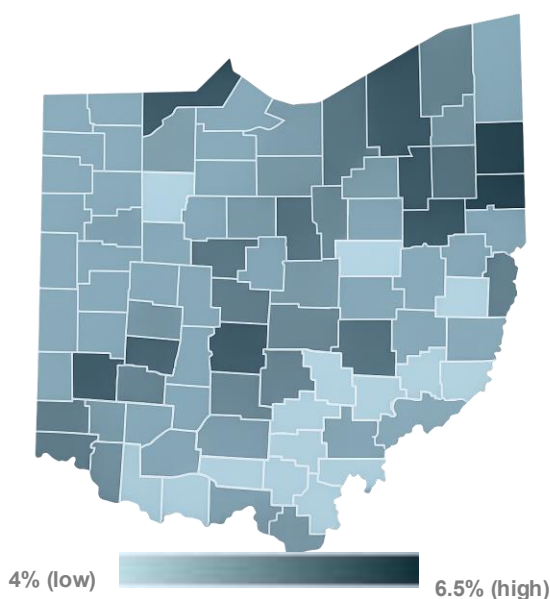


Ohio's Complex Local Tax Structure Creates Administrative Burden and Compliance Risk

Ohio's local tax system is among the most fragmented in the country, with 871 municipalities and school districts currently levying income taxes.¹³² More than 4,000 local jurisdictions levy property tax, creating overlapping layers of taxation and administration.¹³² This fragmentation increases compliance costs for employers and workers and creates inconsistency across jurisdictions. Unlike peer states with more standardized systems, Ohio's decentralized structure places a heavier administrative burden on businesses operating across multiple communities.

INCOME TAX RATES¹³³

Combined Income Tax Rates by County



- Municipal income tax rates range from 0% to more than 3%, creating wide variation across counties¹²⁵
- Most counties contain overlapping municipal and school district tax jurisdictions
- 25 counties include more than 5 special districts (e.g., transit or park systems)¹²⁵
- County, municipal, and school district boundaries often do not align, creating inconsistent taxation across neighboring properties

* The map reflects blended tax rates across jurisdictions in the county, including average municipal income tax and average school district tax across the county, plus Ohio's flat rate state income tax.

Property Taxes

Property tax burdens vary substantially across Ohio, reflecting differences in local levies, property values, and overlapping taxing jurisdictions. This variation can make tax obligations less predictable for both homeowners and businesses.

Recent reforms limiting revenue growth and strengthening taxpayer protections were enacted in 2025 and are intended to improve predictability, transparency, and taxpayer confidence.^{12,13} However, the system remains highly fragmented and administratively complex for both taxpayers and local governments.

Sales Taxes

Ohio ranks above the national average for combined state and local sales tax burden.¹²⁹ The state also maintains a large number of exemptions across goods and services, creating additional complexity for businesses navigating compliance requirements.

Local option sales taxes further contribute to variation across jurisdictions, while numerous exemption categories create administrative challenges for employers and consumers alike.

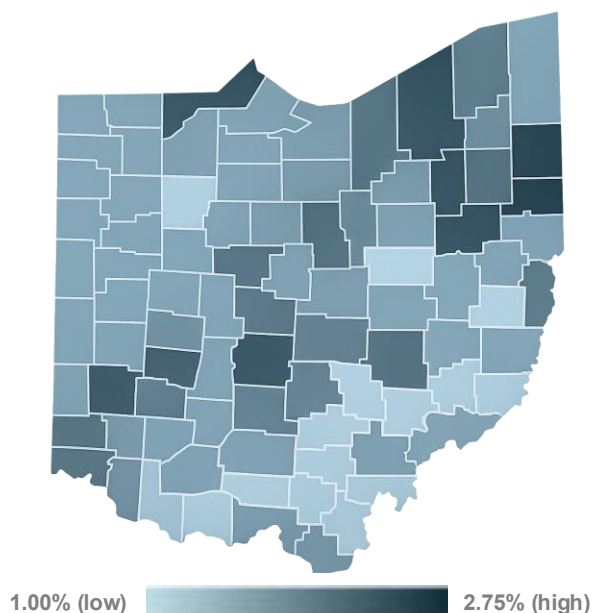


Ohio's Fragmented Business Tax Structure Complicates Multi-Jurisdiction Operations

Ohio's business tax structure is highly fragmented compared to most states.¹²⁵ Instead of a corporate income tax, businesses may pay municipal net profits taxes in multiple jurisdictions alongside the state Commercial Activity Tax (CAT) on gross receipts. Different tax rates, filing systems, and apportionment rules create significant compliance burdens for firms operating across multiple locations.

NET PROFITS TAX¹³³

Municipal Net Profits Tax by County



Complexity of taxes remains high for businesses:

- Businesses filing in multiple municipalities often face separate local filing requirements outside of centralized filing systems (i.e., the Ohio Business Gateway)
- Firms operating in Cleveland (2.5%) and Youngstown (2.75%) may face substantially different local tax burdens across locations
- Differing municipal tax rules and apportionment methods create higher compliance costs for multi-location employers

Businesses operating across Ohio's municipalities must navigate varying tax rates, filing requirements, and administrative processes. These differences increase compliance costs, particularly for employers with distributed workforces or operations spanning multiple jurisdictions.

Ohio's Business Income Deduction (BID) partially offsets these burdens by exempting a portion of qualifying small business income from state taxation. Research from the Ohio Chamber Research Foundation suggests the BID supports entrepreneurship, investment, and job creation relative to peer states, making its preservation important to maintaining Ohio's small business competitiveness.¹³⁴

Unlike most states, Ohio permits widespread local income taxation of both individuals and businesses. As a result, businesses operating across Ohio often face significantly greater administrative complexity than competitors in most states, where local income taxes either do not exist or are administered through a centralized framework.

Pennsylvania Streamlined Local Tax Administration¹³⁵

Pennsylvania demonstrates the benefits of administrative consolidation, but Ohio remains one of only two states that broadly impose local income taxes on both individuals and businesses. Ohio's opportunity is not simply to streamline collection, but to centralize administration under a single statewide framework that reduces compliance costs, increases consistency, and improves competitiveness while preserving local taxing authority.



Commercial Activity Tax (CAT): Impacts on Business Structure and Growth

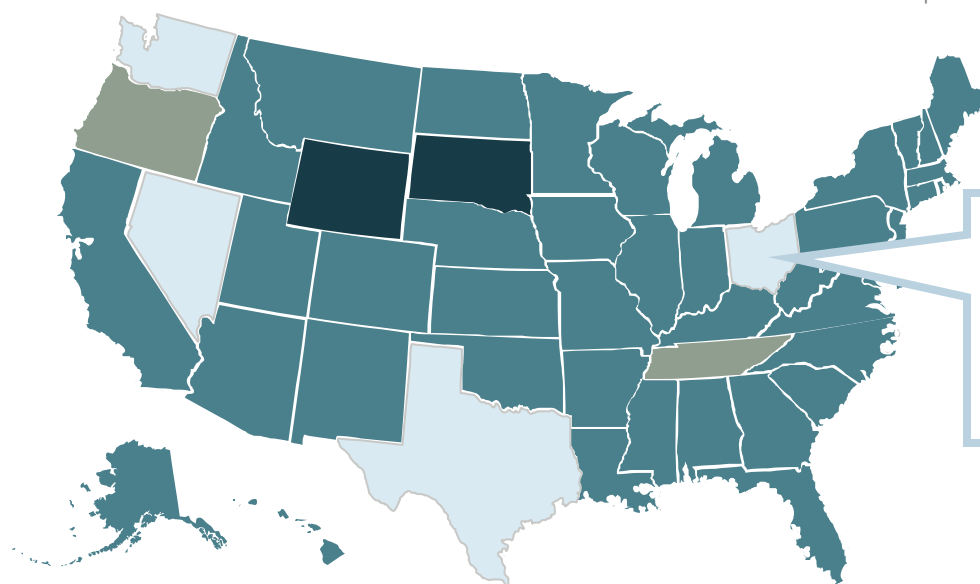
Ohio's Commercial Activity Tax (CAT) is a gross receipts tax applied to business revenues above \$6 million.¹³³ Unlike traditional corporate income taxes, the CAT applies to total receipts rather than profits, creating different impacts across industries and business models. While the tax provides stable state revenue, it can disproportionately affect firms with low profit margins or high production volumes.

CORPORATE TAXES¹³⁶

Gross Receipts Tax vs Corporate Income Tax

Ohio is one of only a few states that still relies on a broad gross receipts tax structure.

- State with a Gross Receipts Tax
- State with Both
- State with a Corporate Income Tax (Net Receipts)
- State without Corporate Income Tax or Gross Receipts Tax



Of the seven states that levy a gross receipts tax, Ohio and Oregon are the only states that do not vary rates by business type.

Ohio has recently reduced the burden of the CAT through phased exemptions on gross receipts. Legislation enacted in 2023 increased the exemption threshold to \$3 million in FY24 and \$6 million at the end of FY25 and subsequent years, significantly reducing the number of businesses subject to the tax.⁶ The reforms delivered nearly \$700M in tax relief in the first two years of implementation, particularly benefiting small and mid-sized businesses. These exemptions have eliminated the CAT for approximately 90% of all Ohio businesses.^{6,134}

Ohio supports innovation through targeted tax credits, but the impact is limited:

Ohio offers a Research & Development (R&D) Tax Credit¹³³ intended to offset some of the structural limitations of the CAT. The credit rewards qualified research conducted in Ohio and may be applied against CAT liability.

However, the credit is nonrefundable and tied to incremental spending, limiting its reach primarily to larger research-intensive firms rather than broadly offsetting the effects of the gross receipts tax structure.



Commercial Activity Tax: Impacting Low-Margin and High-Volume Firms

The CAT tax is applied to gross receipts regardless of profitability, so it can disproportionately impact low-margin businesses, high-volume firms, and startups and early-stage companies. This creates a structural dynamic where businesses pay taxes even in periods of low profitability, potentially limiting reinvestment and growth.

From a policy perspective, Ohio should evaluate the long-term structural impacts of the CAT through a formal marginality audit, assessing how effective tax rates vary across industries and profitability levels. This analysis could inform targeted reforms, such as margin-based offsets or thresholds, to reduce distortion for low-margin, high-volume firms while maintaining revenue stability. Ongoing evaluation will be critical to ensure the tax structure supports growth, investment, and competitiveness.

CAT Effective Rates by Firm Type ¹³³	Profit/Receipts Ratio	Effective Tax Rate
Construction	3%	8.6%
Wholesale	3%	8.4%
Retail	3%	7.9%
Transportation and Warehousing	4%	7.0%
Arts, Entertainment, and Recreation	4%	6.2%
Professional, Scientific, and Technical Services	5%	5.0%
Agriculture, Forestry, Hunting, and Fishing	5%	4.7%
Educational Services	6%	4.5%
Health Care and Social Assistance	6%	4.4%
Manufacturing	6%	4.0%
Information	8%	3.4%
Real Estate and Rental & Leasing	18%	1.4%

The numbers above represent the average effective rates on profitable businesses

As Ohio evaluates long-term tax competitiveness, other states provide examples of how targeted reforms can balance stability with predictability. Ohio recently enacted property tax reforms designed to improve predictability and taxpayer protections, reflecting growing recognition that tax stability is an important component of economic competitiveness. While focused on property taxes, the broader principle, of reducing unpredictability and aligning tax structures with economic realities, is directly relevant to evaluating Ohio's CAT and overall business tax environment.

From a policy perspective, maintaining revenue stability while minimizing distortion, particularly for growth-stage and low-margin firms, will be key to ensuring Ohio's tax system supports long-term economic expansion



Cost of Doing Business in Ohio: Strong Cost Advantages Offset Structural Complexity

While Ohio's tax structure, including the CAT, shapes the direct cost of operating in the state, businesses evaluate competitiveness based on a broader set of cost factors. These include labor-related expenses, insurance costs, regulatory compliance, and overall risk exposure. Taken together, these elements define the total cost of doing business, which ultimately influences decisions around investment, hiring, and long-term growth. In this broader context, Ohio performs strongly, with several structural advantages that help offset challenges within the tax system.

Ohio's cost of doing business remains a core competitive advantage, supporting business retention, expansion, and capital investment across the state. In CNBC's America's Top States for Business rankings, Ohio ranks 2nd nationally for Cost of Doing Business,¹ reflecting a structurally competitive environment driven by relatively low operating costs.

These advantages are particularly important for manufacturing, logistics, and other cost-sensitive industries, where margins are closely tied to labor, insurance, and operational expenses.

Labor-Related Costs Provide a Competitive Advantage

One of Ohio's most significant advantages lies in its workers' compensation system, where the state ranks among the lowest nationally for premium rates. Lower workers' compensation costs reduce per-employee expenses for employers and are especially impactful in industries with large workforces. This advantage translates directly into:

- Lower operating costs for employers
- Greater flexibility in hiring and expansion decisions
- Enhanced competitiveness for labor-intensive sectors

At the same time, Ohio's unemployment insurance system reflects a more mixed picture. While the state's average weekly unemployment benefit is moderate, historical challenges with trust fund solvency and reserve ratios create potential risk during economic downturns. Maintaining stability in this system is critical to avoiding sudden increases in employer payroll taxes during periods of economic stress.

Workers' Compensation Premium Rate Ranking by State¹³⁷

(Lower ranking reflects higher employer costs)

State	2024 Ranking	Rate
Hawaii	1	\$2.52
New Jersey	2	\$2.16
New York	3	\$1.98
California	4	\$1.86
Ohio	47	\$0.68
Utah	48	\$0.63
West Virginia	49	\$0.54
Arkansas	50	\$0.53
North Dakota	51	\$0.5
U.S. average		\$1.12

Note: Workers' compensation premium rates are calculated per \$100 of payroll and vary by job classification

Unemployment Trust Fund Reserve Ratio Ranking by State¹³⁸

(Higher reserve ratio = fiscally stronger system)

State	2025 Ranking	Reserve Ratio (%)
Oregon	1	6.01
Alaska	2	4.34
Wyoming	3	3.85
Idaho	4	2.71
Ohio	41	0.69
New Jersey	42	0.68
U.S. average		1.40



Costs of Doing Business Adds to Total Burden

Beyond direct labor costs, businesses face a range of compliance and administrative expenses that contribute to the total cost of doing business. These include:

- Time and resources spent on regulatory compliance
- Administrative burden associated with tax filings and reporting
- Costs related to legal, accounting, and operational oversight

While each individual requirement may appear manageable, the cumulative effect of layered compliance obligations can be significant, particularly for small and mid-sized businesses. These indirect costs often extend beyond taxes and wages, shaping how businesses allocate resources and plan for growth.

Balancing Cost Advantages with Structural Challenges

Taken together, Ohio's cost profile reflects a combination of:

- Strong foundational advantages (labor costs, insurance, overall affordability)
- Structural challenges (tax complexity, compliance burden, system fragmentation)

This balance helps explain Ohio's strong national ranking in cost of doing business, even as businesses continue to navigate complexity in areas such as taxation and regulation.

For policymakers, the opportunity is clear: maintain and protect Ohio's cost advantages while reducing friction within the system. Doing so will strengthen the state's ability to compete for investment and support long-term economic growth.

Ohio Building Codes Rewrite: Major Word & Restriction Reduction¹³⁹

Ohio rewrote building / mechanical / plumbing code rule text to remove duplicative language and reduce restrictions:

- Reduced Ohio Administrative Code by 610,000+ words via updated building code rules
- New building code rules have ~90% fewer words than previously adopted rules
- Eliminated 10,000+ regulatory restrictions in building code rules through rewrite approach
- Mechanical code rules cut 85% words and removed 2,500+ restrictions. Plumbing code rules cut 75% words and removed 1,800+ restrictions





Tort Reform and Damage Caps: A Stable Environment Supports Cost Predictability

Ohio's legal and liability environment is an important, yet often less visible, component of the total cost of doing business. Litigation and liability costs influence insurance premiums, investment decisions, and operational risk, making the legal system a key factor in overall economic competitiveness.

Litigation costs affect businesses in several ways:

Higher commercial liability insurance premiums and more restrictive underwriting

Increased need for legal reserves and risk management resources

Greater uncertainty that can delay or deter investment, expansion, and site selection decisions

Cost of Liability Systems Across Select States¹⁴⁰

State	2025 Ranking*	% Share of GSP
North Dakota	1	1.28%
Alaska	2	1.30%
South Dakota	3	1.32%
Wyoming	4	1.38%
Washington	5	1.41%
New Hampshire	6	1.42%
Virginia	7	1.47%
North Carolina	8	1.50%
Ohio	8	1.50%
Iowa	10	1.51%
U.S. average		1.95%

*Note: Lower ranking = lower cost / more favorable business environment

Ohio's Position: A Lower-Cost Liability Environment

Relative to peer states, Ohio performs well on liability system cost. Tort costs are estimated at approximately 1.5% of GSP, below the U.S. average of 1.95%.³³

This performance reflects a relatively predictable legal framework and lower overall liability costs than many peer states.

Maintaining Ohio's current noneconomic damage cap remains important as businesses evaluate total cost and risk across states.

U.S. Chamber Institute for Legal Reform³³

National empirical analysis quantifying the economic cost of the U.S. tort system and its impact on businesses, households, and state competitiveness. The study evaluates how litigation costs influence insurance premiums, investment decisions, and overall economic performance

- U.S. tort costs reached \$529 billion in 2022, equal to 2.1% of U.S. GDP
- Average estimated cost of ~\$4,200 per U.S. household annually
- States with more predictable liability environments tend to experience lower commercial insurance costs and stronger business climate rankings



Ohio's Legal Framework Reduces the Burden on Businesses

Ohio's legal framework includes several mechanisms designed to improve predictability and reduce volatility in liability exposure, most notably limits on punitive (exemplary) damages.

In most civil cases, Ohio caps non-economic damages (e.g., pain and suffering) at \$350,000 per plaintiff.¹⁴¹ Ohio also caps punitive damages in most cases, further limiting exposure to extreme or unpredictable awards.

These caps help:

- Reduce the likelihood of extreme or unpredictable awards
- Stabilize insurance markets
- Improve cost predictability for businesses

From a competitiveness standpoint, these policies contribute to a more stable and transparent legal environment, which supports long-term planning and investment.

Why This Matters for Ohio's Competitiveness

For businesses, the legal system functions as a "cost of risk" input, alongside labor, taxes, and regulatory compliance. A predictable and balanced liability environment helps:

- Lower insurance and operating costs
- Reduce uncertainty in investment decisions
- Support business expansion and long-term planning

Importantly, the goal of tort reform is not to restrict access to legal remedies, but to ensure that the system remains fair, transparent, and proportionate, while minimizing excessive volatility in business risk.

Ohio's relatively stable and lower-cost liability environment is a **meaningful competitive advantage**, helping offset other cost pressures.

Maintaining this balance will be essential as businesses continue to evaluate total cost, risk, and predictability across states.



While Ohio's legal environment remains a relative strength, some uncertainty persists. For example, in 2025, House Bill 447 was introduced.¹⁴² This legislation would increase Ohio's current non-economic damage cap by 65% in one year and then require annual increases tied to inflation.



Ohio's Insurance Sector Creates a Competitive Advantage for Businesses

Ohio's insurance sector is a major competitive advantage for the state's business climate. Ohio ranks as the fifth-largest insurance market in the U.S. and the 16th largest globally, while remaining among the most affordable states for auto and homeowner insurance.³² A large concentration of insurers, particularly in property and casualty (P&C) and mutual insurance, contributes to market competition, pricing stability, and regulatory predictability. Together, these factors help lower business risk and support more stable operating costs for employers across industries.

The state consistently ranks among the top nationally in insurance industry presence and performance³²:

271

Domestic Insurance Carriers

#5

Largest U.S. Insurance Market

\$151B+

Premiums Written in 2025

Ohio's insurance sector not only supports business competitiveness, but it is also a major contributor to economic activity and public revenue. In 2025, the industry generated approximately \$849 million in premium and franchise tax revenue³²

Major insurers headquartered or operating in Ohio, including Nationwide, Progressive, Westfield, and others, anchor a robust ecosystem that supports both economic activity and risk management capacity across industries.

Ohio's competitive insurance market translates directly into lower premiums and reduced operating risk for businesses. Compared to peer states, Ohio benefits from:

- Lower commercial and personal insurance costs
- Greater availability of coverage across industries
- More stable pricing over time

A Strategic Asset for Economic Growth

Ohio's insurance sector supports long-term economic growth by:

- Providing capital for investment
- Reducing business risk and uncertainty
- Supporting financial stability for employers and households
- Enabling access to coverage across industries



Taxes & Costs Recommendations

Recommendation 1: Modernize and Simplify Ohio's Tax Structure to Reduce Compliance Burden and Improve Competitiveness

1.1 Establish a centralized municipal tax administration framework through the Ohio Department of Taxation to reduce complexity and administrative burden

Establish a centralized municipal income tax administration framework through the Ohio Department of Taxation, creating a single statewide administrator responsible for filing, auditing, compliance, taxpayer services, and dispute resolution while preserving local authority over tax rates and revenues.

1.2 Address municipal workplace vs residence tax withholding as this creates an administrative burden for the employer

The current structure requiring employers to navigate both workplace and residence-based tax withholding creates confusion and administrative burden—particularly in a post-pandemic environment where remote and hybrid work are more common. Employers are often responsible for tracking employee location changes and applying inconsistent local rules, increasing compliance risk. Clarifying and simplifying withholding requirements would reduce burden on employers and improve Ohio's attractiveness for a modern, mobile workforce.

1.3 Conduct a comprehensive tax structure review, including a CAT marginality audit, to identify and address structural inefficiencies

Ohio has made incremental progress in tax reform, but the overall system remains highly fragmented and non-neutral. A comprehensive review should go beyond surface-level simplification to evaluate how tax burdens are distributed across industries, firm sizes, and profitability levels. This effort should include a formal CAT marginality audit to assess how effective tax rates vary for low-margin, high-volume businesses and to identify distortive impacts on growth and investment. The review should also examine overlapping state and local tax structures, inconsistent definitions, and duplicative administrative requirements. Findings should inform targeted reforms that improve neutrality, reduce complexity, and enhance long-term competitiveness while maintaining revenue stability.

1.4 Enact updates to the Taxpayer Bill of Rights (*House Bill 613/Senate Bill 359*)

Improve the tax dispute process and adopt clear statutory timelines for tax disputes under the BTA and ODT. This ensures taxpayers receive timely answers and reduce the financial burden caused by years-long delays. Enhanced communication along with implementing statutory shot clocks are essential to restoring predictability, fairness, and trust, while preserving appropriate flexibility for legitimate complexity.

1.5 Encourage shared services and administrative consolidation among local governments where appropriate

Support voluntary shared-service agreements, joint administrative functions, and regional collaboration among local governments, school districts, and special districts to reduce duplicative administrative costs, improve efficiency, and minimize the need for future tax increases while preserving local accountability.

Revenue volatility matters for long-term competitiveness. States with greater reliance on income and capital gains taxes tend to experience higher revenue volatility, which can create challenges for budgeting and long-term planning. Stable and predictable tax structures support consistent public investment and reduce uncertainty for businesses.



Taxes & Costs Recommendations

Recommendation 2: Preserve and Strengthen Ohio's Cost-of-Doing-Business Advantage While Protecting Stability

2.1 Perform a review of incentives to ensure they attract and retain business operations in Ohio

Ohio's economic development incentives play a critical role in attracting and retaining businesses, but increasing competition from peer states requires ongoing evaluation. Maintaining competitiveness must be balanced with revenue stability, as states with greater reliance on more volatile revenue sources, such as income and capital gains taxes, can face increased fiscal uncertainty. Policymakers should regularly assess incentive effectiveness, targeting, and return on investment to ensure programs remain competitive and aligned with high-impact industries. This includes benchmarking against peer states and ensuring incentives support long-term job creation, capital investment, and wage growth.

2.2 Analyze any proposed tax changes to consider the impact on services that benefit businesses and communities, such as education, public safety and infrastructure

Tax policy decisions must balance competitiveness with the need to sustain critical public services that support economic growth, including infrastructure, education, and public safety. Changes to tax structures or revenues should be evaluated holistically to understand downstream impacts on these services. Ensuring transparency and clarity in how tax revenues support business-enabling systems will strengthen trust and predictability for employers. Evidence shows that revenue sources tied to economic cycles, particularly income and capital gains, can introduce volatility, underscoring the importance of carefully evaluating structural shifts in the tax base.

2.3. Ensure any reforms provide municipalities with adequate funding for key local services

Municipalities rely on local tax revenue to fund essential services and infrastructure that directly support business operations and community vitality. Any effort to simplify or restructure the tax system must ensure that local governments remain financially stable and capable of delivering these services. Sustainable reform should balance simplification with fiscal responsibility to avoid unintended consequences for local economies.

2.4 Address rising employer healthcare costs as a competitiveness issue and improve system efficiency

Ohio employers benefit most when market forces, transparent pricing, and fair competition operate freely to lower costs across the entire healthcare continuum. Healthcare costs remain a significant component of the total cost of doing business in Ohio, directly affecting wages, hiring, and long-term investment decisions. Policymakers should prioritize market-driven reforms that build upon recent state transparency milestones, such as House Bill 229, by further reducing unnecessary administrative complexity and supporting open, transparent competition among all qualified providers. Accelerating the adoption of digital health tools and interoperable systems will improve efficiency across payers and providers, maintaining Ohio's broader cost competitiveness, improving health outcomes, and mitigating long-term employer cost pressures.



Taxes & Costs Recommendations

Recommendation 3: Improve Long-Term Competitiveness Through Targeted Tax and Process Reforms

3.1 Eliminate or significantly reduce state taxation of capital gains to support business formation, retention, and investment

Ohio's treatment of capital gains can influence business formation, investment, and ownership transition decisions. Policymakers should evaluate targeted reforms that encourage long-term investment, support entrepreneurship, and improve Ohio's competitiveness relative to peer states, while balancing fiscal stability considerations. Potential approaches could include exemptions, reinvestment incentives, or targeted thresholds that encourage businesses and investment to remain anchored in Ohio.

3.2 Strengthen process transparency across tax administration

Complexity in tax administration is often driven not only by structure, but by lack of clarity in processes, timelines, and requirements. Improve transparency across tax administration by standardizing timelines, clarifying requirements, and expanding digital tracking tools for audits, appeals, and filings. Greater predictability can reduce compliance risk, improve business confidence, and lower administrative burden.

3.3 Modernize economic development incentives to compete for investment

As competition for major projects and high-growth industries intensifies, Ohio must ensure its incentive programs are flexible, responsive, and aligned with evolving economic priorities. This includes tailoring incentives to strategic sectors, integrating workforce and infrastructure considerations, and ensuring that programs support long-term competitiveness rather than short-term wins.

Ohio is advancing reforms to modernize tax administration through updates to the Taxpayer Bill of Rights. Proposed changes introduce clearer timelines for assessments and appeals, limiting interest accrual on unresolved disputes, and expanding transparency through formalized review processes. Together, these updates aim to create a more predictable and efficient tax system, reducing uncertainty and administrative burden for businesses navigating audits and appeals.



LEVER 4: INNOVATION & COLLABORATION



Lever 4

Innovation & Collaboration



Innovation & Collaboration Competitiveness Rankings³⁴

Indicator	Measure	Overall Rank
Startups, Entrepreneurship, and Venture Capital	Venture Capital Investment	17 th
	Opening and Closing Rates of Establishments	48 th
Technology, Modernization & Data Centers	State of the Tech Workforce	13 th
	Overall R&D Spending	12 th
	R&D Per Capita by Performing Sector	23 rd

Translating Research Strength and Technology Adoption into Long-Term Economic Growth

6th Ohio's CNBC rankings in Technology and Innovation¹

Innovation & Collaboration are central to Ohio's ability to compete in a knowledge-driven economy. States that successfully connect research institutions, capital, and industry are better positioned to drive productivity, attract investment, and create high-wage jobs. As economic growth becomes increasingly tied to innovation ecosystems, the strength of these connections will determine long-term competitiveness.

Ohio has a strong foundation, anchored by leading research institutions and globally competitive industries such as advanced manufacturing and healthcare. In 2025, the State of Ohio awarded more than \$67 million to support technology entrepreneurs, startup companies, and commercialization initiatives aimed at accelerating innovation-driven growth.¹⁴³

However, the state has not consistently translated these assets into scalable economic outcomes. Gaps in venture capital availability, commercialization pathways, and technology adoption continue to limit the pace at which innovation converts into firm growth and job creation.

At the same time, digital infrastructure and emerging technologies, including AI, automation, and data centers, are reshaping how and where economic activity occurs. States that invest in digital readiness and accelerate adoption across legacy industries will be better positioned to capture future growth.



Ohio's Venture Capital Ecosystem is Undersized, and Firm Survival Challenges Limit Impact

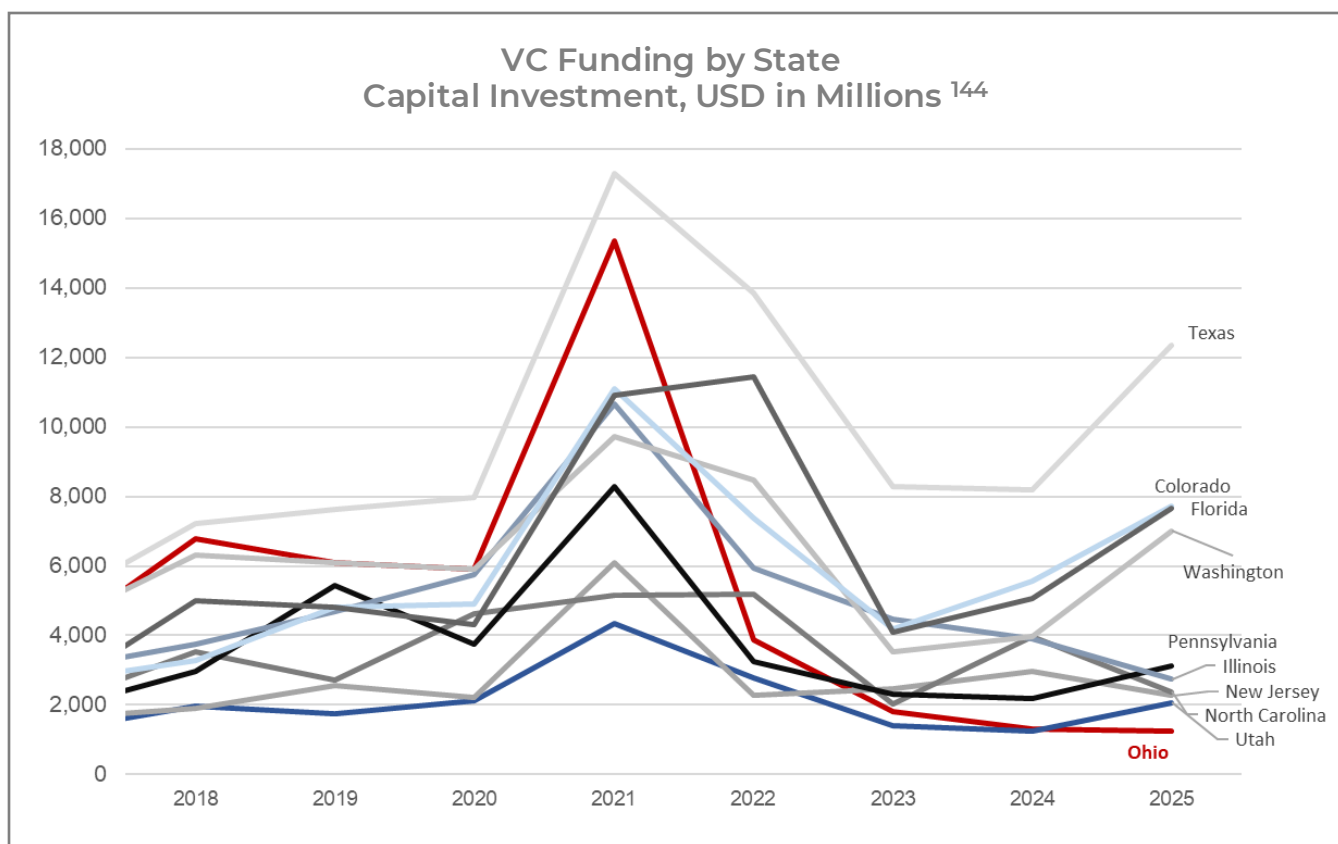
Venture capital (VC) investment is a critical driver of business formation, innovation, and the scaling of high-growth companies. While national VC activity rebounded in recent years following the post-2021 slowdown, Ohio's recovery has lagged faster-growing peer states.

Although VC investment levels in Ohio remain above pre-pandemic totals, the state's share of national VC activity has declined significantly, falling from approximately 1% of total US investment in 2020 to roughly 0.4% in 2025.^{144, 145} Over the same period, peer states such as Texas, Florida, and North Carolina accelerated investment growth and expanded their startup ecosystems more rapidly.

At the same time, Ohio has struggled not only to attract capital, but also to sustain high-growth firms over time. Startup survival and scale-up challenges continue to limit the state's ability to convert innovation into durable business growth and long-term economic competitiveness.

Improving startup survival, not just funding levels, should remain a core priority. States are increasingly using tools like regulatory sandboxes, phased compliance models, and commercialization support programs to help early-stage firms scale before bearing full regulatory burdens.

Ohio is funding fewer firms, and too few are surviving: Despite mid-tier VC rankings, Ohio trails many peer states in new business survival, signaling a gap between capital access and company durability





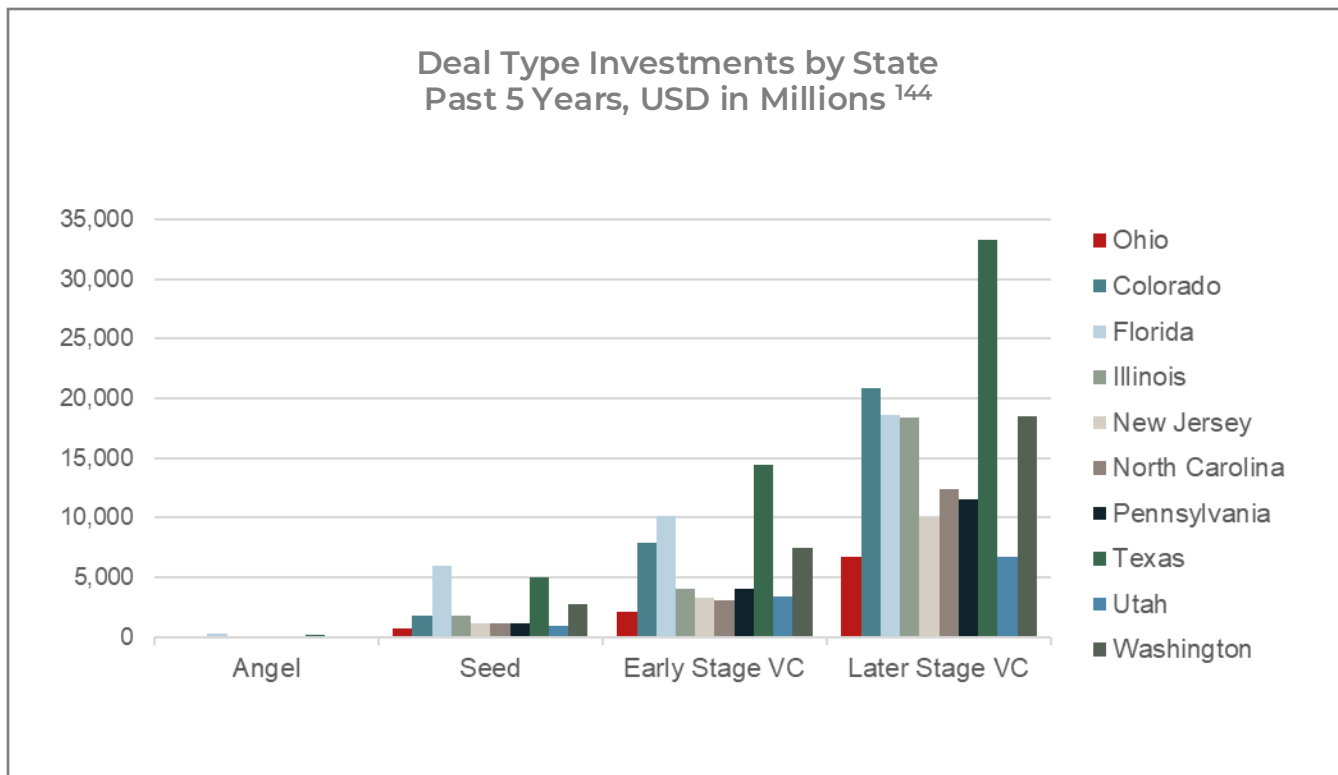
Ohio Lacks the Growth Capital Needed to Scale High-Potential Companies

Ohio’s venture capital ecosystem supports activity across the full company lifecycle, but it lacks sufficient **growth-stage capital** to scale companies into large, high-impact enterprises.

While early-stage investment is present, peer states deploy **2–5x more capital at scale stages**, enabling firms to expand more rapidly and remain in-state as they grow. In Ohio, this gap creates a structural bottleneck—companies can start but often struggle to scale.

This imbalance limits Ohio’s ability to translate early innovation into sustained economic impact, reducing job creation, firm expansion, and long-term competitiveness.

Ohio’s startup ecosystem spans all stages, but insufficient early- and late-stage capital constrains its ability to scale companies and retain growth



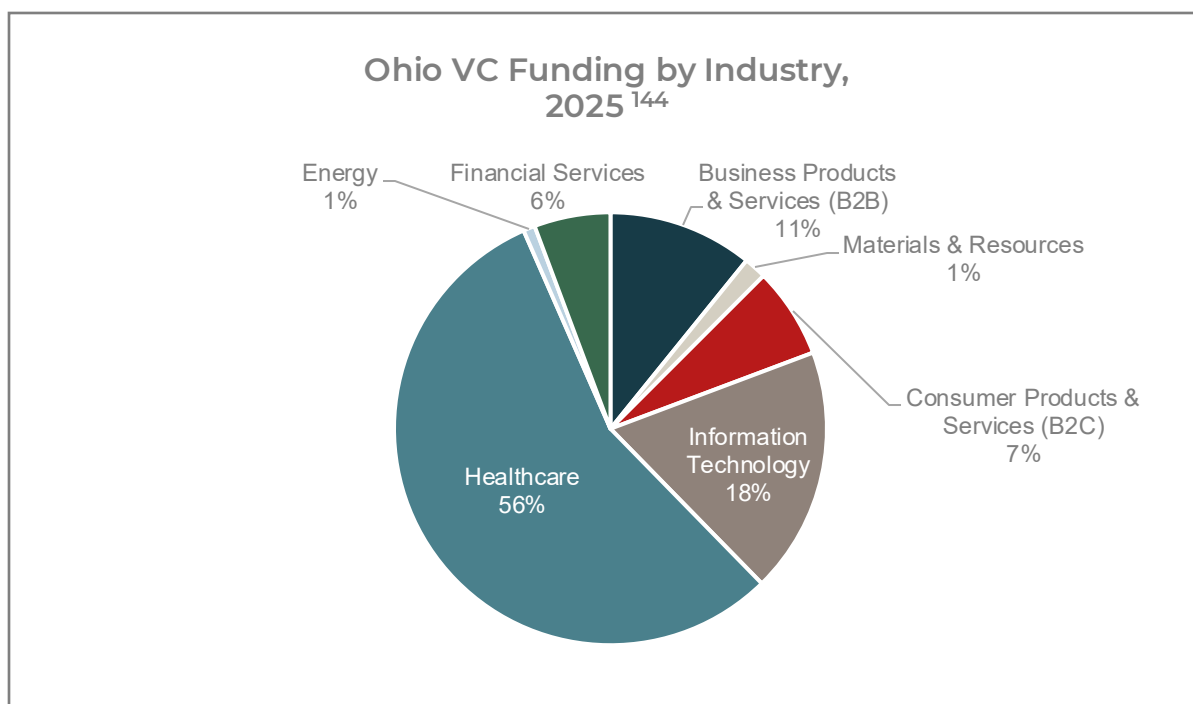


Ohio's VC Investment Is Concentrated in Legacy Strengths, with Limited Exposure to High-Growth Sectors

Ohio's venture capital ecosystem is heavily concentrated in healthcare, which accounted for more than half of VC investment in 2025. This reflects the state's established strengths in healthcare, life sciences, advanced manufacturing, and research institutions, but investment activity across other technology-oriented sectors remains comparatively limited.

Compared to leading venture capital markets and peer innovation states, Ohio attracts substantially less investment in high-growth sectors such as information technology, software, artificial intelligence (AI/ML), and platform-based business models. While healthcare remains a competitive advantage, limited diversification of venture activity may constrain long-term innovation growth and commercialization potential.

Expanding access to growth capital, strengthening commercialization pathways, and improving startup scale-up capacity will be critical to increasing Ohio's participation in the fastest-growing segments of the innovation economy. States that successfully translate research, talent, and emerging technologies into scalable businesses will be better positioned to capture future economic growth.



Ohio is competitive in healthcare, but lags peer states in attracting venture capital to high-growth sectors such as IT and AI^{146, 147}



Ohio's Innovation Hubs Provide a Strong Foundation, but Scaling Requires Capital, Talent, and AI Alignment

Ohio has made targeted investments through the Ohio Third Frontier program to build regional innovation hubs aligned to key industry strengths, including advanced manufacturing, aerospace, polymers, and glass. These efforts build on the state's earlier Innovation District strategy in Cleveland, Columbus, and Cincinnati, which continues to serve as a foundation for research commercialization, talent development, and industry collaboration. Through more than \$125 million in state support,¹⁴⁸ these hubs are designed to extend that model to mid-sized markets, accelerating commercialization, supporting startup formation, and strengthening regional innovation ecosystems.

These hubs connect universities, industry, and workforce partners to drive technology development and talent pipelines. They also help extend innovation beyond major metros, supporting more geographically distributed growth.

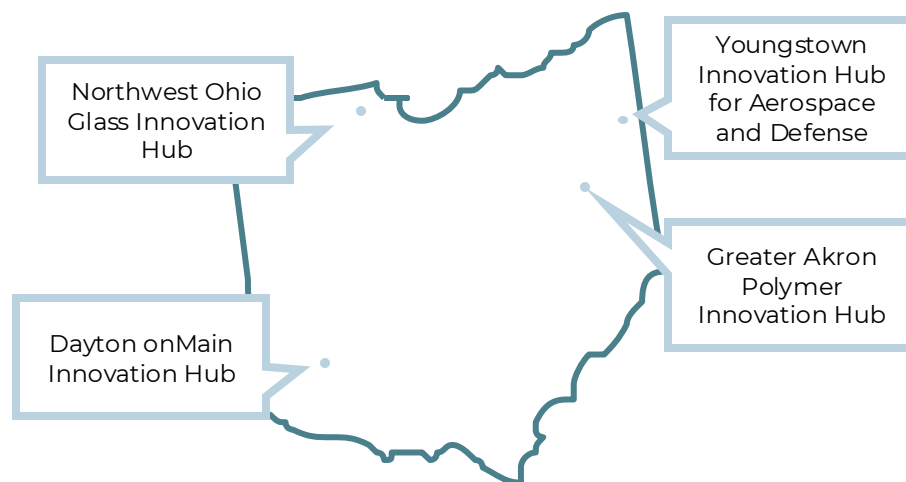
Realizing the full impact of these hubs will require stronger connections to venture capital, growth-stage funding, and high-growth sectors such as AI and advanced computing. Advancing innovation increasingly depends on hybrid technologies that combine software with emerging industry demand and technical expertise.

Ohio's hubs represent a strong foundation, but their long-term economic impact will depend on how effectively they are integrated into broader innovation systems that connect capital, talent, and technology adoption.

Ohio's innovation hubs are extending the state's Innovation District model to new regions, but scaling impact will require deeper connections to capital, talent, and high-growth technologies like AI

STATE-LED, INDUSTRY-ALIGNED, INNOVATION NETWORK

Total State Investment: \$125 million ¹⁴⁸

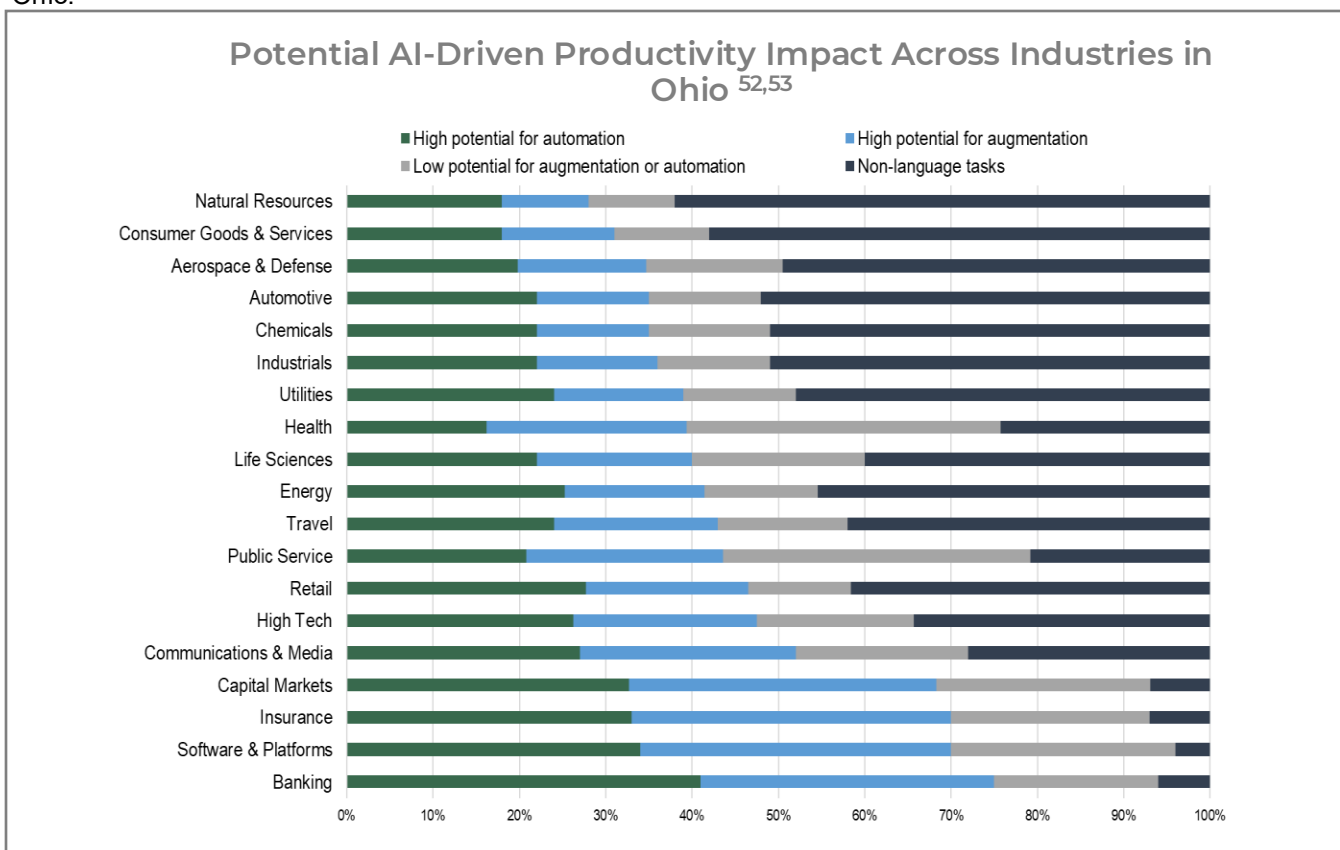




AI and Advanced Technologies Are Reshaping Competitiveness Across Ohio's Economy

Technology adoption and digital modernization are no longer confined to the tech sector; they are becoming core drivers of competitiveness across all industries. With approximately 43% of tasks in Ohio's economy exposed to AI,^{52,53} the potential for productivity gains is significant, particularly in sectors such as advanced manufacturing, healthcare, and finance. Ohio's industrial base positions the state to benefit from this shift. However, realizing these gains will require accelerated adoption, workforce readiness, and stronger digital infrastructure. At the same time, only 46% of Ohio's workforce is considered AI-ready, highlighting a gap between opportunity and capability.^{52,53}

This creates a pivotal moment: Ohio's long-term trajectory will depend on how effectively it aligns technology adoption, workforce development, and capital investment to support AI-driven transformation across industries. AI is not just a workforce disruption—it is a productivity engine that will reshape industry competitiveness across Ohio.



While 53% of stakeholders are bullish on Ohio's AI opportunity, only 2% believe the state is fully positioned to compete highlighting a gap between potential and readiness.¹⁴⁹

According to Accenture Research, approximately 43% of work activities in Ohio can be transformed by large language models (LLMs), with 23% highly susceptible to automation highlighting the scale of potential productivity gains across industries.^{52,53}

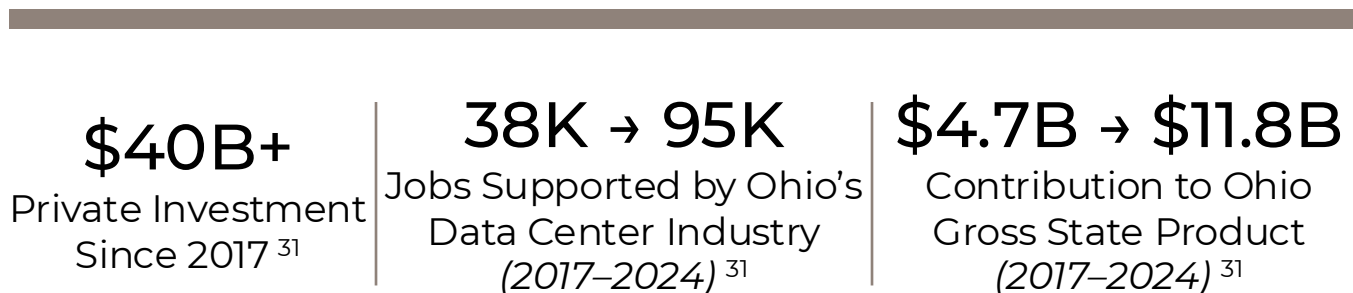


Data Centers and Digital Infrastructure Are Emerging as Core Drivers of Economic Growth

Over the past decade, Ohio has emerged as a major hub for hyperscale investment, supported by targeted incentives, available land, and access to reliable power. From 2017 to 2024, the state has attracted more than \$40 billion in private investment,³¹ helping position Ohio as a critical node in national cloud and artificial intelligence computing infrastructure.

Between 2017 and 2024, employment supported by Ohio’s data center industry grew from approximately 38,400 jobs to more than 95,000 jobs, while the sector’s contribution to Ohio’s gross state product (GSP) increased from roughly \$4.7 billion to more than \$11.8 billion.³¹ The industry generated \$26.4B in total economic output in 2024 alone, while also contributing \$1B in state and local tax revenues (net of incentives).³¹ This expansion reflects the sector’s transition from niche infrastructure to a core economic driver supporting digital services, advanced manufacturing, logistics, healthcare, and AI-enabled business operations.

Sustaining this momentum will require continued investment in energy capacity, grid reliability, digital infrastructure, workforce development, and supply chain resilience. Talent competitiveness is also becoming increasingly important as AI adoption accelerates across industries. Although Ohio maintains a labor cost advantage relative to coastal technology markets, competition for AI engineering and advanced technical talent continues to intensify nationally. Long-term competitiveness will depend on aligning infrastructure, energy, talent, and innovation strategy to capture the full economic value of digital growth.



Ohio’s data center growth is transforming digital infrastructure into a major economic driver but sustaining that advantage will require long-term alignment across energy, talent, and AI readiness



Data Governance and Privacy Are Emerging as Competitive Drivers of Ohio’s Digital Economy

As Ohio scales investment in AI, cloud infrastructure, and data centers, the volume, sensitivity, and economic value of data continue to grow. This expansion increases exposure to cybersecurity risks and regulatory complexity, making data governance a core component of long-term competitiveness. As Ohio expands its footprint in AI, cloud computing, advanced manufacturing, and hyperscale data centers, regulatory clarity around data governance is becoming increasingly important to long-term investment decisions.

The U.S. operates under a fragmented data privacy framework, but state-level regulation is accelerating, creating a more complex compliance landscape for businesses. This presents both challenges and opportunities for Ohio as it seeks to attract and retain technology investment.

To remain competitive, Ohio will need to balance a business-friendly regulatory environment with modern data governance standards. Strengthening cybersecurity protections, aligning with emerging national frameworks, and providing regulatory clarity will be critical to supporting continued investment and innovation.

Why this matters for Ohio’s economy:

Site Selection Risk

Companies increasingly evaluate cybersecurity, privacy standards, and regulatory certainty when selecting locations for data centers and AI investments.

Cost of Compliance

A fragmented and rapidly evolving regulatory landscape increases compliance costs and operational complexity for multi-state businesses.

Trust as a Competitive Advantage

Clear and consistent governance standards can position Ohio as a trusted destination for digital infrastructure and AI-driven industries.

Workforce and Innovation

Businesses and research institutions increasingly depend on secure data-sharing environments to support AI adoption, research collaboration, and digital innovation.

~20
U.S. States

have enacted comprehensive data privacy laws as of 2025, reflecting a rapidly evolving regulatory environment for businesses operating across state lines.¹⁵⁰





Innovation & Collaboration Recommendations

Recommendation 1: Refresh Ohio's Third Frontier Strategy with a Sector-Focused, Public-Private Investment Model

1.1 Continue to expand venture capital and private equity investments throughout Ohio and to a wider array of industries and types of startups

Expand targeted investment funds and co-investment programs that crowd in private capital across priority sectors, while providing technical assistance and ecosystem support to ensure companies across both high-growth and underserved regions can access funding, scale successfully, and remain in Ohio.

1.2 Modernize and expand Ohio's fund-of-funds strategy

Build on existing models (e.g., Ohio Fund) while aligning capital deployment to priority sectors and scaling public-private co-investment vehicles.

1.3 Support manufacturers to realize greater efficiencies and higher output through innovative advancements

Support modernization of legacy industries by funding technology adoption, equipment upgrades, and process innovation enabling small and mid-sized manufacturers to remain competitive and transition into higher-value production.

1.4 Sharpen statewide innovation priorities

Champion statewide adoption of AI and digital tools by establishing incentives, technical assistance programs, and shared resources that help businesses—especially SMEs—integrate new technologies into operations.

1.5 Launch a statewide AI and digital readiness initiative

Launch a coordinated AI and digital readiness initiative that aligns workforce development, higher education, and industry needs to ensure Ohio's talent pipeline can support emerging technology demands.

1.6 Strengthen university-industry R&D partnership

Strengthen university-industry R&D partnerships by aligning research incentives with commercialization outcomes, accelerating technology transfer, and increasing industry-sponsored research activity.

1.7 Establish a sector-focused innovation investment strategy

Align state innovation funding around a set of priority sectors where Ohio has demonstrated competitive advantage, such as advanced aerospace and defense, energy technologies, life sciences, and semiconductors/AI. Structure investments to be sustained, multi-year, and paired with private co-investment to maximize impact and ensure alignment with market demand.

Recommendation 2: Scale Commercialization and Early-Stage Capital to Convert R&D Strength into Scalable Investment

2.1 Advocate for and advertise small business and minority business development centers, innovation districts and the creation of a small business ombudsman

Enhance access to capital and support services for startups and small businesses by expanding the role of Small Business Development Centers, Minority Business Assistance Centers, and innovation hubs as coordinated entry points to the ecosystem.

2.2 Create support programs that provide low-interest or no-interest loans and grants to promising small businesses

Expand flexible, state-backed financing tools including low-interest loans, grants, and credit enhancements to help startups and small businesses bridge early funding gaps and scale operations.

2.3 Expand proof-of-concept and early commercialization funding

Increase the availability of proof-of-concept and early commercialization funding to help translate research into market-ready products and de-risk investment opportunities.



Innovation & Collaboration Recommendations

2.4 Strengthen tech transfer and founder support ecosystems

Strengthen tech transfer offices and founder support systems by standardizing best practices, improving speed to market, and aligning incentives around startup formation and success.

2.5 Establish a hard-tech commercialization bridge fund (SBIR/STTR Matching 2.0)

Create a state-level matching and follow-on fund for Ohio-based startups receiving federal SBIR/STTR awards, with a focus on hard-tech sectors. Provide non-dilutive and early-stage capital to bridge the gap between research, prototyping, and initial commercialization ensuring that Ohio-developed IP is scaled within the state.

2.6 Grow state-backed seed and growth-stage capital

Expand access to market-based venture and growth capital to support scaling companies, including later-stage funding rounds and mechanisms to retain high-growth firms in Ohio.

2.7 Encourage corporate-led innovation and industry adoption

Encourage corporate-led innovation by incentivizing partnerships between large enterprises and startups, including pilot programs, procurement opportunities, and co-development initiatives.

2.8 Establish regulatory sandboxes and phased compliance pathways

Enable startups to operate under reduced regulatory burden during early stages, improving survival rates and encouraging experimentation and growth.

Recommendation 3: Leverage Data Centers as Innovation Anchors and Catalysts for AI-Driven Manufacturing

3.1 Align data center growth with workforce and cluster strategies

Integrate data center development into broader economic, workforce, and infrastructure strategies to ensure alignment with regional cluster development and long-term growth priorities—while addressing policy uncertainty, including recent legislative proposals (e.g., HB 646) and local development moratoriums, that may delay or constrain investment. Establishing clear, consistent statewide frameworks can help balance community concerns with the need to remain competitive in attracting large-scale digital infrastructure investments.

3.2 Use data centers to accelerate AI adoption in manufacturing

Leverage data center presence to accelerate AI adoption in manufacturing by creating shared access to compute resources, fostering partnerships, and supporting applied use cases across industries.

3.3 Build regional innovation hubs around data and digital infrastructure

Develop innovation districts and industry clusters around data and digital infrastructure to attract complementary businesses, research institutions, and talent.

3.4 Maximize economic spillover from investments

Maximize economic spillovers by strengthening local supply chains, workforce pipelines, and energy and infrastructure planning tied to investments.

Recommendation 4: Enact Balanced and Comprehensive Data Privacy Legislation

4.1 Examine comprehensive data privacy legislation to:

4.1.1 Equip Ohioans with consumer rights and recourse related to their personal data

4.1.2 Promote a business environment that incentivizes implementation of cybersecurity protections of sensitive information



LEVER 5: BUSINESS FRIENDLINESS





Lever 5

Business Friendliness



Business Friendliness Competitiveness Rankings³⁴

Indicator	Measure	Overall Rank
Regulatory Landscape	CNBC Top States for Business Ranking	5 th
	Union Members as a Share of Employment	15 th
Economy and GSP Growth / Modelling	Gross Domestic Product by State in Current Dollars	7 th
	Annual Average Investment Per Employee in Manufacturing	18 th

Establishing a More Efficient and Predictable Business Environment

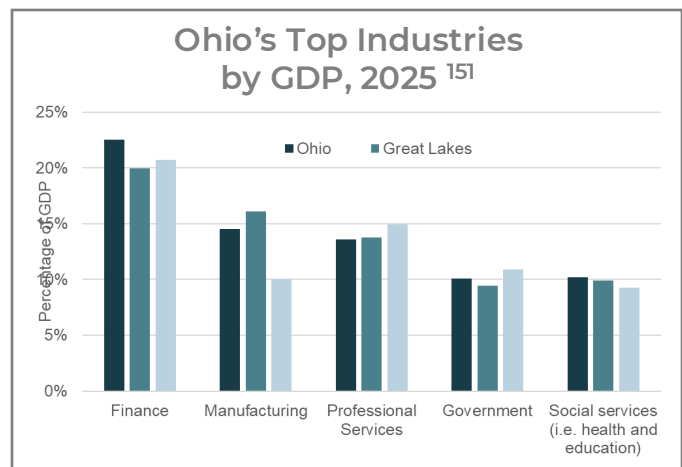
Ohio’s Business Friendliness reflects how effectively firms can start, operate, and grow within the state’s economic and regulatory environment. Across national rankings, Ohio performs competitively overall, supported by a diverse industry base, strong financial infrastructure, and recent progress in regulatory reform.

At the same time, structural challenges continue to shape the day-to-day experience of businesses. Fragmented regulatory processes, permitting delays, and administrative complexity are barriers that can slow business formation and expansion. These challenges are particularly pronounced for firms operating across multiple jurisdictions or navigating state and local requirements simultaneously.

Access to capital remains a relative strength for Ohio, ranking 7th nationally in CNBC’s Access to Capital category.¹ While larger firms and established industries generally benefit from Ohio’s financial infrastructure, small and early-stage businesses, which make up 99.6% of Ohio firms, continue to face persistent gaps in accessing growth and startup financing.¹⁵² Lending to smaller firms has declined over time, and new business formation remains below national benchmarks, highlighting structural challenges in early-stage capital access and ecosystem connectivity.

Ohio’s broader economic performance further reinforces the importance of these dynamics. While the state maintains a stable economic foundation, growth has moderated relative to peer states, placing greater emphasis on productivity, innovation, and the ability to scale high-impact industries.¹⁵¹

Together, these factors highlight a clear opportunity: improving coordination, increasing regulatory predictability, and modernizing how businesses interact with state and local governments can enhance Ohio’s competitiveness and better position the state to attract, retain, and grow businesses over the long term. Improving these dynamics will be critical for Ohio to achieve sustained economic growth in line with national benchmarks of ~3% annually.





Regulatory and Licensing Landscape: Friction, Mobility, and Modernization

Ohio’s regulatory and licensing environment plays a central role in shaping the cost, speed, and complexity of doing business. While regulations are essential for protecting public health and safety, stakeholders consistently highlight fragmentation across agencies, overlapping requirements, and administrative burden as key challenges, particularly for small and mid-sized businesses.

Recent reforms have improved transparency and reduced some duplicative requirements, but navigating state and local processes can still be time-consuming and unpredictable. These dynamics not only affect business formation and expansion but also influence workforce mobility and the ability of firms to scale efficiently.

Ohio has taken steps to modernize its regulatory framework and reduce unnecessary burden:

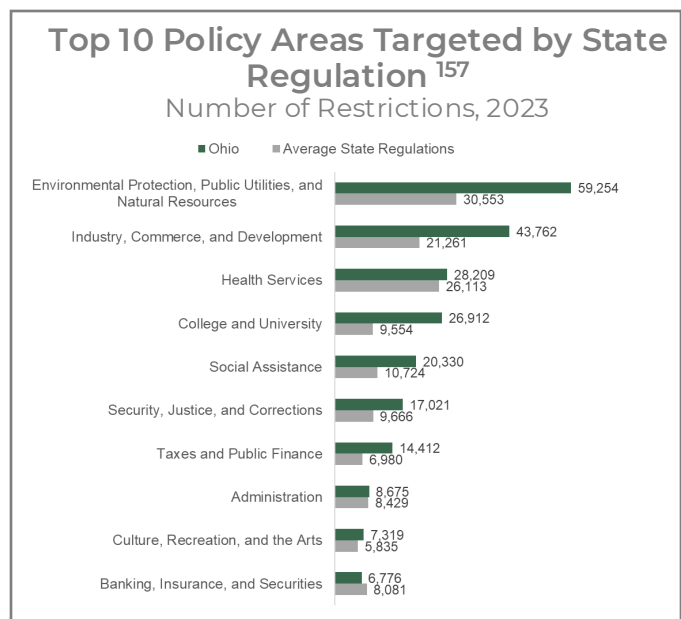
- Regulatory Reduction Requirements¹⁵³: State agencies are required to reduce regulatory restrictions and adopt new rules only after eliminating outdated ones
- Common Sense Initiative (CSI) : Reviews business-impacting regulations to improve clarity, transparency, and consistency¹⁵⁴
- Cut Red Tape Ohio: Provides an online mechanism for businesses and residents to identify and report burdensome or outdated regulations¹⁵⁵
- Innovate the Code (DeWine–Husted Initiative): Aims to reduce the Ohio Administrative Code by one-third through removal of obsolete provisions and a mandate for state agencies to cut 30% of regulatory restrictions by June 30, 2025 (incorporated into the FY24–FY25 state operating budget)¹⁵⁶

Regulatory Complexity Remains Elevated Relative to Peer States

Ohio ranks among the more highly regulated states based on total regulatory restrictions, reflecting the volume and complexity of rules across multiple policy areas. These restrictions often include prescriptive language that can limit flexibility and increase compliance burden.

While Ohio has made progress in recent years through targeted regulatory reduction efforts, its relative standing has improved only modestly, moving from 47th in the 2022 report to 43rd more recently in the Mercatus Center’s rankings.¹⁵⁷ This suggests that while reforms are having some impact, they have not yet materially shifted Ohio’s position compared to peer states.

- Ohio ranks among the top states in total regulatory restrictions
- Regulatory language frequently includes binding terms such as “shall,” “must,” and “required,” contributing to rigidity in implementation



These conditions reinforce the importance of continued modernization, particularly efforts that improve coordination across agencies, streamline permitting, and expand pathways for workforce mobility through licensing reform.



Ohio Maintains Strong Access to Capital Across the Business Lifecycle

Ohio benefits from a well-established financial ecosystem that supports business investment across industries. A strong banking presence, active SBA lending, and a range of state-supported financing tools contribute to Ohio's consistently high ranking for access to capital.

This access enables firms to finance operations, expansion, and modernization, particularly in capital-intensive sectors such as manufacturing and logistics. However, stakeholders note that capital availability alone does not ensure business formation or scaling, pointing to broader ecosystem and regulatory factors that influence how effectively capital is deployed.

State-supported programs further strengthen Ohio's capital landscape. JobsOhio administers a suite of grants, loans, and incentives designed to support job creation, capital investment, and business expansion. These tools play a critical role in attracting and retaining large-scale projects, while also helping existing firms grow and modernize.

CNBC Ranking: Access to Capital, 2025¹

State	2025 Ranking
California	1
Texas	2
Florida	3
New York	4
Illinois	5
Massachusetts	6
Ohio	7
North Carolina	8

Performance-Based Tax Incentives

- Job Creation Tax Credit (JCTC): Refundable tax credit tied to new payroll in Ohio; typically awarded for 5–15 years based on job and wage commitments
- Job Retention Tax Credit (JRTC): Supports companies retaining significant at-risk operations; credit is based on retained payroll

Capital Investment Support

- JobsOhio Grants: Direct grants supporting projects with significant capital investment and job creation ¹⁶⁶
- 166 Direct Loan Program: Provides capital for expansion projects unable to secure full financing from private sources; typical loans range from \$500K to \$1.5M ¹⁶⁷
- Revitalization Program: Supports brownfield redevelopment and environmental remediation to unlock complex or distressed sites for investment ¹⁶⁸

Workforce & Talent Incentives

TechCred Program: Reimburses employers up to \$2,000 per credential for industry-recognized certifications; over 120,000 credentials awarded to date. ¹⁶⁹

State Treasurer Linked Deposit Programs

Ohio offers linked deposit programs that provide below-market interest rate loans to support business growth and sector-specific investment:

- Buckeye Business Advantage: Reduces interest rates on loans for small business expansion and capital investment ¹⁷⁰
- ReEnergize Ohio: Finances energy efficiency and conservation projects to lower operating costs ¹⁷¹
- Ag-LINK Program: Provides reduced-rate loans to farmers and agribusinesses for operations and equipment ¹⁷²

While Ohio offers a robust set of financing tools, these programs are more effectively utilized by larger and established firms. Smaller businesses, particularly in rural and early-stage contexts, often face challenges navigating and accessing these resources.





Access to Capital is Uneven for Small and Mid-sized Businesses

Despite strong access to capital, Ohio lags national benchmarks in new business formation. The state records fewer new business applications per capita than the U.S. average, indicating that factors beyond capital availability, such as regulatory complexity, ecosystem connectivity, and talent dynamics, play a significant role in shaping entrepreneurial activity.

This gap highlights a key dynamic: while Ohio is well-positioned to support established businesses and large-scale investment, it is less effective at consistently generating new firm creation at scale.

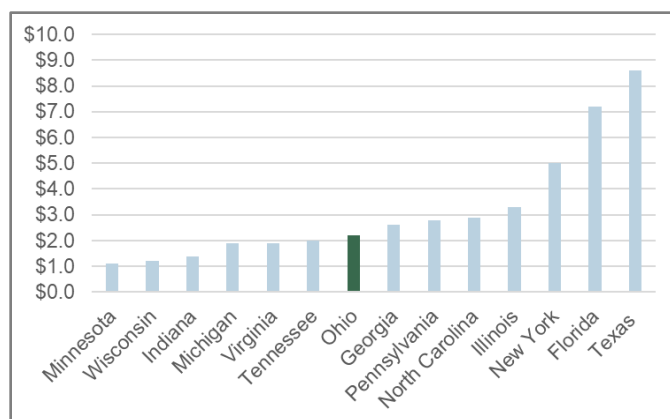
While Ohio's capital infrastructure is broad, access is not uniform across all firms:

- Smaller and younger businesses are less likely to receive full financing, reflecting tighter credit conditions and higher perceived risk
- Federal and state lending programs help address these gaps, with SBA programs delivering over \$2 billion annually in Ohio
- Ohio's extensive network of commercial banks supports working capital and expansion, particularly for established firms

Small businesses (fewer than 500 employees) represent 99.6% of Ohio firms and employ over 40% of the workforce.¹⁵² Despite their importance, the number of small businesses has remained largely flat over the past two decades, and lending to firms with less than \$1 million in annual revenue has declined since the early 2000s.¹⁵² These trends highlight persistent challenges in access to capital, particularly for small and rural businesses.

- Small businesses represent 99.6% of Ohio firms and employ over 40% of the workforce¹⁵²
- Growth in the number of small businesses has been limited over the past two decades¹⁵²
- A large share of small business employment is concentrated in firms with less than \$1 million in annual revenue¹⁷³

Total Lending to Small Businesses ¹⁵² 2023 \$Billions



Access to Capital Remains Uneven for Small Businesses ¹⁵²

- Lending to smaller businesses (under \$1M in revenue) has declined over time and remains below peak levels
- Ohio lags higher-performing states like Texas and Florida in small business lending activity
- Lending levels in Ohio are moderate relative to peer states, suggesting room to strengthen competitiveness nationally

Note: 2023 represents the most recent year with fully comparable state-level small business lending data from SBA Advocacy

Structural Gaps in Access to Capital for Small Businesses

- Venture capital remains highly concentrated in a small number of major metro areas, with rural regions receiving only ~1% of total investment¹⁴⁷
- Fewer than 0.2% of small businesses receive government subsidies, compared to over 30% of large firms¹⁷⁴
- These dynamics reinforce a capital ecosystem that disproportionately favors established companies over early stage and small business growth



Bridging the Gap: Expanding Access to Early-Stage Capital

Addressing gaps in small business financing will require more than expanding traditional lending. Leading models combine access to capital with hands-on support, ecosystem connectivity, and targeted investment in underserved regions. Closing the capital gap requires not just more funding, but better delivery models.

Expanding Early-Stage Capital Access (Howdy Partners) ¹⁷⁵

Howdy Partners is a Colorado-based early-stage venture capital firm that invests in founders building companies in rural and overlooked communities outside traditional startup hubs. The firm combines first-check capital with hands-on operational support, mentorship, and ecosystem connectivity to help entrepreneurs scale businesses without relocating to major metro markets.

The model is designed to address common barriers faced by founders in smaller and rural regions, including limited access to risk-tolerant capital, fragmented support systems, and weaker investor networks. By pairing capital with technical assistance and founder support, the approach demonstrates how regional ecosystems can expand entrepreneurship beyond major innovation centers.

Why it matters: Integrated models that pair capital with hands-on support can significantly improve business formation and scaling, particularly in regions where traditional financing pathways are limited, and entrepreneurs lack access to integrated support networks

Implications for Ohio

- Expand access to early-stage and risk-tolerant capital, particularly outside major metro areas
- Simplify navigation and coordination across fragmented support programs
- Invest in regional and rural innovation ecosystems, not just large-scale projects
- Pair funding with technical assistance, mentorship, and commercialization support
- Shift toward models that actively build companies, not just finance them



These models align with opportunities to expand Ohio's existing capital tools and better connect small businesses to financing pathways.



Navigating Regulatory and Support Systems Remains Complex for Small Businesses

Small businesses often face disproportionate challenges navigating regulatory requirements and accessing support resources. While Ohio offers a wide range of programs, including Small Business Development Centers (SBDCs) and state-supported initiatives, fragmentation across agencies and programs can make these resources difficult to access and utilize effectively.

Improving coordination, visibility, and ease of access to these services represents a key opportunity to better support small business formation and growth.

Ohio's Small Business Development Centers (SBDCs)¹⁷⁶ provide technical assistance, advising, and training to entrepreneurs and small businesses across the state. Services include:

- Business planning and financial analysis
- Access to capital support and loan packaging
- Market research and growth strategy
- One-on-one advising and training programs
- SBDCs supported thousands of businesses annually, helping drive job creation and business expansion

Streamlining how businesses access support services may reduce administrative friction and improve the effectiveness of Ohio's existing small business development infrastructure





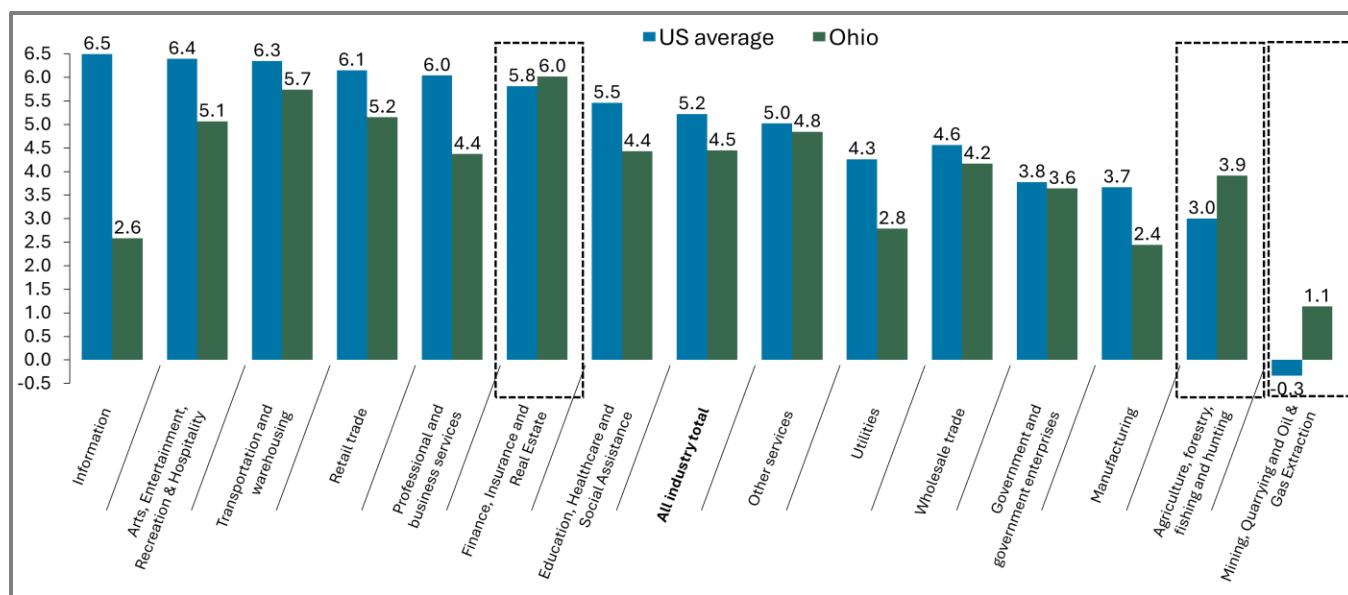
Ohio's Industry Growth Reflects Strength in Key Sectors, but Uneven Performance Persists

Ohio's economic performance is supported by strong growth in several key industries, including finance, manufacturing, and professional services. These sectors have helped sustain overall economic momentum and reinforce the state's position as a diversified economy.

However, growth has been uneven across sectors. Some industries have underperformed relative to national benchmarks, while others face structural headwinds tied to productivity, workforce constraints, and broader economic shifts. This variation underscores the importance of industry composition and sector-level performance in shaping Ohio's overall growth trajectory.

Ohio's long-term growth will depend on how quickly industries adopt technology, improve productivity, and overcome structural headwinds

Industry Growth Rates for Ohio and the US ^{25,151}
10-year nominal CAGR %, 2014-2024

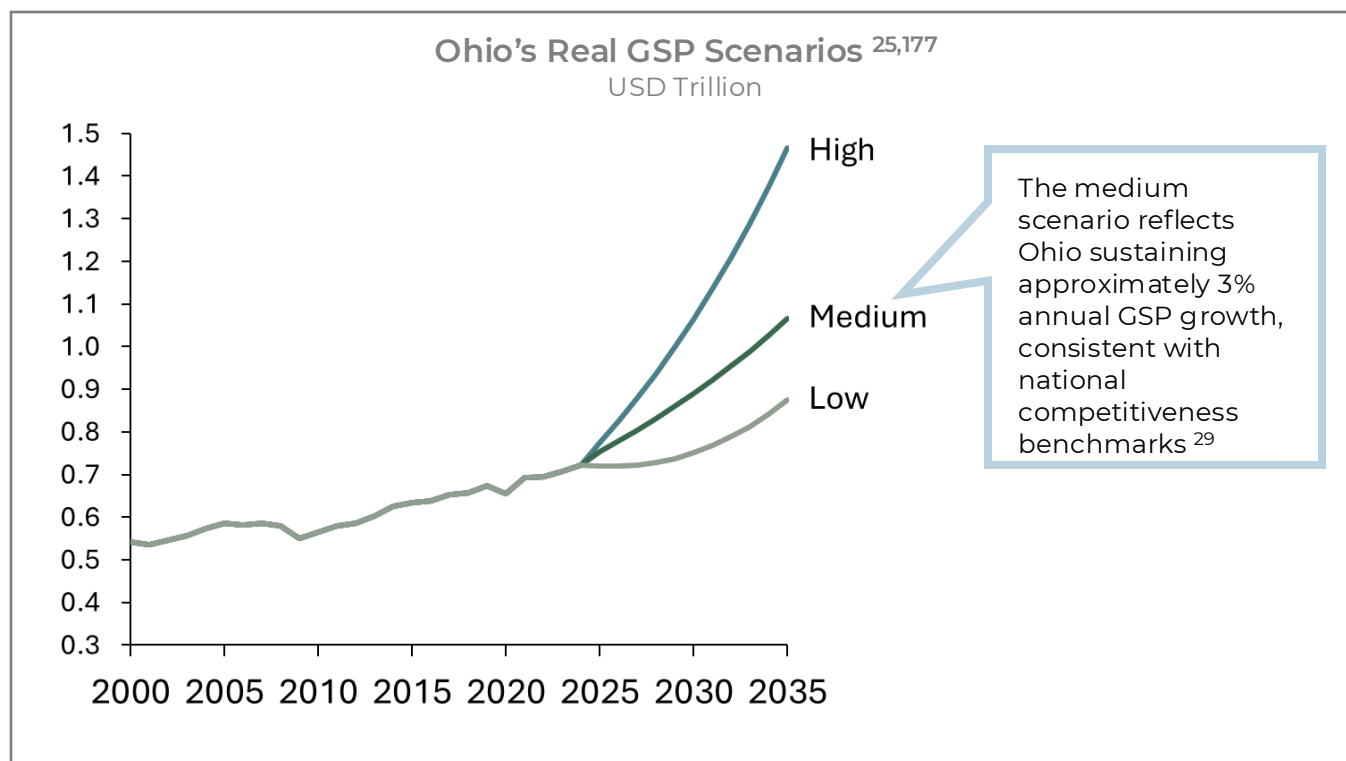
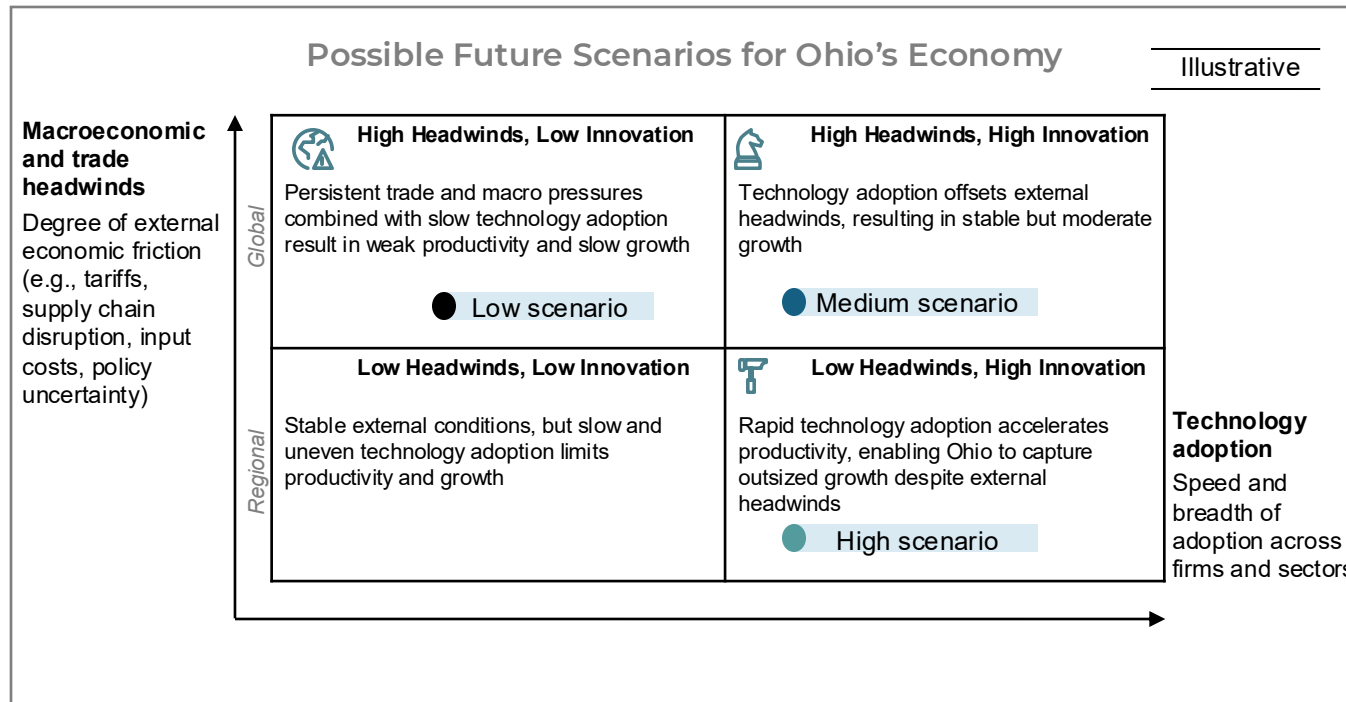


These trends highlight a key dynamic: Ohio's future economic performance will depend not only on maintaining strength in leading industries, but also on accelerating productivity and modernization across lagging sectors—a central theme explored in the scenario analysis that follows.



Future Scenarios for Ohio's Economy

Ohio's economic trajectory will depend on how key uncertainties evolve, particularly the pace of technology adoption and the degree of macroeconomic and policy headwinds. To assess Ohio's long-term growth potential, we developed three illustrative scenarios based on these two critical uncertainties. These scenarios are not forecasts, they illustrate a range of possible outcomes and strategic implications.





Future Scenarios for Ohio's Economy

Across all scenarios, Ohio's growth trajectory is shaped by the strength of its workforce, cost competitiveness, business climate, quality of place, infrastructure investment, and innovation ecosystem. In the high-growth scenario, coordinated progress across these areas supports stronger talent attraction, investment, productivity, and commercialization. The medium scenario reflects incremental but uneven improvement, sustaining moderate growth. In the low-growth scenario, widening workforce gaps, rising costs, infrastructure constraints, and weaker innovation diffusion limit investment and reduce long-term competitiveness.

Illustrative Assumptions Underlying each Economic Growth Scenario¹⁷⁷

Assumption	High : Tech Acceleration, Managed Headwinds	Medium: Offsetting Forces for Growth	Low: Headwinds Dominate, Tech Under-Diffuses
Overall Growth Path	Strong, above-trend GSP growth (~5-6% annually)	Moderate, stable GSP growth (sustained ~3% annually)	Weak, below-trend GSP growth (~1-2% annually)
Technology	Rapid tech adoption & spillovers	Incremental, uneven adoption	Slow tech adoption
Economic Structure	Manufacturing upgrades; services expand	Manufacturing stabilizes; moderate service growth	Manufacturing stagnates; weak services
Tariffs & Macroeconomic Outcome	Macroeconomic tailwinds help growth	Minimal macroeconomic headwinds	Macroeconomic headwinds weigh on growth
Population	Increasing population with net inflow migration	Steady population	Declining population with net outflow migration



Future Scenarios for Ohio's Economy

1) High scenario: Innovation Upswing¹⁷⁷

Technology adoption accelerates, driving strong productivity and growth despite external headwinds

<p>GSP growth, % Baseline: 3.6%</p>	<p>Advanced technology adoption, % Baseline: 20%</p>	<p>Net domestic migration, people Baseline: -1,000</p>	<p>Macro/trade multiplier exposure, % Baseline: 5%</p>
<p>Productivity growth (output per hour), % annual Baseline: 1.3%</p>	<p>Private fixed investment, % Baseline: 6.2%</p>	<p>Labor force participation rate, % Baseline: 62.4%</p>	<p>Patent applications per million residents Baseline: 5,600</p>

Ohio emerges as a leading advanced manufacturing and innovation hub

In this scenario, Ohio experiences strong economic growth as rapid adoption of advanced technologies (AI, machine learning, advanced computing, etc.) drives broad-based productivity gains across manufacturing, services, and logistics.

Firms successfully adapt to ongoing trade frictions through supply chain restructuring and efficiency improvements, enabling continued expansion despite external pressures.

In this scenario, Ohio successfully converts technological disruption into a sustained productivity advantage, while avoiding the most damaging impacts of global trade fragmentation, enabling Ohio to exceed national growth benchmarks and capture outsized economic gains.

Advanced technologies diffuse beyond frontier firms into mid-sized manufacturers, logistics providers, healthcare systems, and public services. Rather than displacing labor at scale, technology augments existing jobs, raising output per worker and supporting wage growth. Ohio's legacy strengths in manufacturing, engineering, and applied R&D allow firms to adopt AI faster than national peers, particularly in advanced manufacturing, supply chain optimization, and energy management. Manufacturing shifts toward higher-value, tech-enabled production, while services expand in engineering, analytics, and innovation.

At the same time, while tariffs and trade frictions persist globally, they remain selective rather than systemic. Ohio firms adapt by regionalizing supply chains, increasing domestic sourcing, and capturing new demand from reshoring and nearshoring trends. Federal industrial policy and private capital reinforce this transition, crowding investment into semiconductors, automotive electrification, and industrial automation. Improved economic conditions attract domestic and international talent, stabilizing population trends. The result is a virtuous cycle: rising productivity offsets demographic constraints, investment accelerates, and Ohio's GSP growth outpaces baseline expectations.

6.6%

Avg Annual GSP Growth

By 2035, Ohio reaches a record-breaking GSP of \$1.5 trillion¹⁷⁷



Future Scenarios for Ohio's Economy

2) Medium scenario: Steady Offset¹⁷⁷

Technology adoption progresses unevenly, offsetting but not overcoming external headwinds

<p>GSP growth, % Baseline: 3.6%</p>	<p>Advanced technology adoption, % Baseline: 20%</p>	<p>Net domestic migration, people Baseline: -1,000</p>	<p>Macro/trade multiplier exposure, % Baseline: 5%</p>
<p>Productivity growth (output per hour), % annual Baseline: 1.3%</p>	<p>Private fixed investment, % Baseline: 6.2%</p>	<p>Labor force participation rate, % Baseline: 62.4%</p>	<p>Patent applications per million residents Baseline: 5,600</p>

Ohio remains competitive but does not significantly improve its national position

In this scenario, Ohio's economy grows steadily as incremental productivity gains from technology adoption partially offset ongoing macroeconomic headwinds. Tech adoption remains uneven, with larger firms advancing more quickly than small and mid-sized businesses, limiting the breadth of economic impact.

In this middle path, Ohio grows at approximately 3% annually, an acceleration from the pace of growth in previous years and aligning with national benchmarks for sustained economic competitiveness, though remaining below full potential.

AI adoption advances, but unevenly. Large firms and globally connected manufacturers deploy advanced tools at scale, while smaller businesses face capital and implementation constraints. Productivity gains emerge but remain concentrated rather than economy-wide. Manufacturing stabilizes and modernizes selectively, while services grow moderately alongside legacy sectors.

Macroeconomic and trade pressures persist. Input costs remain elevated, export markets are less predictable, and compliance requirements increase. Ohio's manufacturing base remains competitive, but margins tighten and investment decisions become more cautious.

Labor markets adjust gradually. Some workers benefit from higher-skilled opportunities, while others face transition challenges. Demographic constraints continue to limit labor force growth. Population growth remains limited, with gains concentrated in select regions.

Overall, Ohio's economy grows steadily but below its full potential, with productivity gains offsetting, but not overcoming, external constraints.


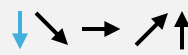

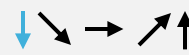




3.6%
Avg Annual GSP Growth
By 2035, Ohio reaches its goal GSP of \$1.1 trillion¹⁷⁷



Future Scenarios for Ohio's Economy

3) Low scenario: Dragged Transition¹⁷⁷

Technology adoption lags while external headwinds intensify, constraining growth

 GSP growth, % Baseline: 3.6%	 Advanced technology adoption, % Baseline: 20%	 Net domestic migration, people Baseline: -1,000	 Macro/trade multiplier exposure, % Baseline: 5%
 Productivity growth (output per hour), % annual Baseline: 1.3%	 Private fixed investment, % Baseline: 6.2%	 Labor force participation rate, % Baseline: 62.4%	 Patent applications per million residents Baseline: 5,600

Ohio falls behind faster-growing states, with widening economic gaps

In this scenario, Ohio's economic growth slows as limited technology adoption and persistent external headwinds constrain productivity gains, particularly in manufacturing and trade-exposed sectors. Innovation remains fragmented, with technology primarily used for cost containment rather than expansion.

In this downside scenario, Ohio falls short of national competitiveness benchmarks for sustained economic growth as external shocks and internal constraints reinforce one another, producing a prolonged slowdown.

Technology adoption remains slow and uneven. While some large firms achieve productivity gains, most of the economy lags. Without broad diffusion, innovation does not translate into meaningful growth. Legacy sectors dominate as manufacturing struggles to upgrade and services growth remains constrained.

Trade and macroeconomic pressures intensify. Tariffs, supply chain disruptions, and input cost volatility create sustained challenges for manufacturers and logistics providers. Investment slows and shifts toward lower-risk regions.

Labor market pressures increase. Automation displaces some roles without sufficient reskilling pathways, while workforce shortages persist in key sectors. Participation remains constrained by demographic trends. Population decline accelerates, further constraining workforce availability.

As a result, Ohio's economy underperforms relative to peers, with growth concentrated in fewer sectors and limited spillover benefits across regions.

1.8%
 Avg Annual GSP Growth
 By 2035, Ohio reaches a GSP of \$0.9 trillion¹⁷⁷





Advanced Manufacturing Anchors Ohio’s Economy and Drives Future Competitiveness

Manufacturing remains a cornerstone of Ohio’s economy and a key driver of its competitive advantage. The state’s extensive network of production facilities, skilled workforce, and integrated supply chains supports strong output and employment across regions.

Increasingly, Ohio’s manufacturing base is becoming more technology-enabled, incorporating automation, robotics, and advanced production systems. This shift is strengthening productivity, enabling higher-value output, and reinforcing Ohio’s role in North American supply chains.

This evolution positions Ohio to lead in advanced manufacturing while capturing greater value from innovation and supply chain integration.

Ohio Manufacturing Industry

Economic output	\$105 billion ²⁵
Total Employment	602,900 ⁵⁶

Manufacturing contributes 14.5% to Ohio’s GSP (vs. 10.1% for the US)^{25,151}

Major investments include: ¹⁷⁸

- **Anduril Industries (Pickaway County):** Large-scale advanced manufacturing and defense production facility, representing one of the state’s largest recent private investments
- **SoftBank / Energy Infrastructure (Pike County):** Announced natural gas-powered energy development to support large-scale industrial and data center growth
- **Intel (Licking County):** \$28B+ semiconductor investment anchoring a new advanced manufacturing ecosystem
- **Honda, GM, and other OEMs:** Continued investment in EV, battery, and next-generation automotive production
- **Aerospace & defense expansion:** Firms such as Sierra Nevada Corporation scaling operations in Dayton
- **Life sciences & biotech growth:** Companies like Medpace, Sarepta, and Amgen expanding R&D and clinical operations across the state
- **Energy infrastructure investments:** Power purchase agreements (e.g., Meta–Vistra nuclear) and emerging generation (e.g., Oklo) are expanding capacity to support large-scale industrial and data center growth

Advanced manufacturing demands skills that are increasingly technical and interdisciplinary. Facilities now require mechatronics technicians, robotics and automation specialists, semiconductor process engineers, industrial maintenance professionals, and data-enabled quality systems operators. The transition toward Industry 4.0 has elevated the importance of stackable credentials, apprenticeship pathways, and short-cycle technical training programs. Ohio’s ability to modernize its credential ecosystem will be critical to translating capital investment into sustained productivity gains.



















Ohio's Priority Super Sectors for Long-Term Competitiveness and Future Growth

Building on Ohio's strong manufacturing base, the state is prioritizing a set of high-impact sectors that will drive future investment, innovation, and job creation. These super sectors align with JobsOhio's strategy and emerging statewide economic development priorities.¹⁷⁸

Key Growth Areas Driving Future Competitiveness¹⁷⁹

Super Sectors	Economic Impact	Select players in Ohio
Advanced Aerospace and Defense	<ul style="list-style-type: none"> \$55B+ in total economic output, \$3T+ market opportunity Supports ~418,000 jobs 350+ suppliers statewide in 47 counties 	  
Artificial Intelligence and Digital Technologies	<ul style="list-style-type: none"> Projected to create \$15T+ in global impact by 2030 Ohio positioning as a "Deployment Capital" 	   
Semiconductors and Microelectronics	<ul style="list-style-type: none"> Global market is expected to reach \$1T+ by 2030 Anchored by Intel's investment in Ohio 350+ Intel suppliers statewide in 47 counties 	 
Life Sciences and Biotech	<ul style="list-style-type: none"> Strong clinical research and healthcare ecosystem (e.g., Cleveland Clinic, Cincinnati Children's) Growing pharmaceutical, diagnostics, and contract research presence (e.g., Medpace) Opportunity to scale commercialization and manufacturing of biotech innovations 	  
Energy and Advanced Energy Technologies	<ul style="list-style-type: none"> Increasing demand for reliable, scalable energy to support manufacturing and data centers Investments in nuclear (e.g., Vistra partnerships, Oklo), natural gas, and grid modernization Positioned to lead in next-generation energy solutions supporting industrial growth 	 

These sectors are increasingly interconnected, requiring coordinated investment in talent, infrastructure (especially energy), and innovation ecosystems to fully realize Ohio's growth potential



Data Centers are Emerging as a Key Driver of Ohio’s Digital Economy

Data centers are one of the fastest-growing segments of Ohio’s economy, positioning the state as an emerging hub for digital infrastructure.³¹ Growth is driven by demand for cloud computing, artificial intelligence, and high-performance data processing.

Ohio’s competitive advantages including affordable power, available land, and strong fiber connectivity have enabled significant investment and rapid capacity expansion.

Data centers are evolving from a niche asset class into a core economic driver, generating direct employment and broader multiplier effects across construction, utilities, and professional services.

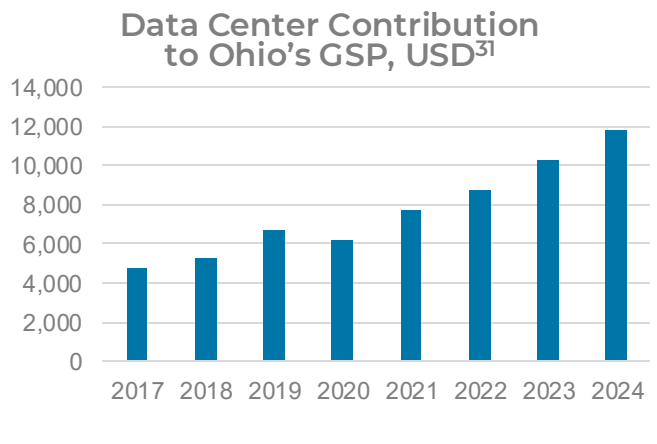
Data Center’s Contribution³¹

Economic output	\$26 billion
Total Employment	96,216

Data centers contribute 1.7% to Ohio’s GDP vs. 4.0% in the U.S.³¹

Data Center Industry Continues to Expand

- Ohio now ranks #4 worldwide in operational capacity, #2 in the U.S. for hyperscale-owned facilities, and #6 globally on Cushman & Wakefield’s (2025) composite “established market” score¹⁸⁰
- Ohio has attracted more than \$40 billion in private investment³¹ since 2010



Economic and Fiscal Impact of Data Centers in Ohio³¹

- Data centers generate over \$1 billion in annual state and local tax revenues
- High multiplier effects across construction, utilities, and professional services
- Long-term, stable infrastructure investment supporting broader economic growth

Ohio’s sales and use tax exemption for data centers has been a key driver of large-scale investment, enabling the state to compete nationally for hyperscale facilities. While the exemption represents an estimated ~\$125 million in foregone state revenue, it has catalyzed tens of billions in private capital investment and generates over \$1 billion annually in state and local tax revenues, delivering a strong return on investment. Eligibility requirements including minimum capital investment thresholds and at least \$1.5 million in annual payroll within three years ensure that incentives are tied to meaningful, long-term economic contributions.^{31,133}

Ohio’s data center growth reflects accelerating demand for digital infrastructure and the impact of a competitive policy environment. Sustaining this momentum will require continued investment in energy capacity, infrastructure, and workforce, while maintaining policies that attract large-scale, long-term capital investment.





Healthcare and Life Sciences Drive Innovation and Economic Diversification

Healthcare and life sciences represent a major and growing sector in Ohio, spanning healthcare delivery, pharmaceutical and medical device manufacturing, research institutions, and health innovation enterprises.

The sector combines strong clinical infrastructure with expanding research and commercialization capabilities, positioning Ohio as a scalable location for healthcare services and life sciences investment.

Continued growth in life sciences and healthcare innovation creates opportunities for high-value job creation, capital investment, and long-term economic diversification.

Ohio Healthcare Industry

Economic output	\$72 billion ²⁵
Total Employment	375,000 ⁵⁶

Healthcare and social assistance contributes 8.7% to Ohio's GSP vs. 7.5% in the US ^{25,151}

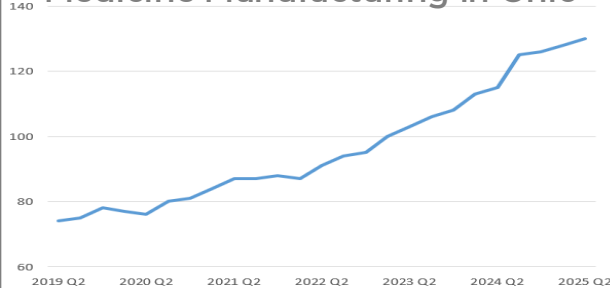
GE Healthcare is a Major Employer in the State ^{181,182}

- Supports 4,000+ jobs (direct, supply chain, household spending)
- Includes \$374 million in labor compensation
- Contributed \$471 million in value-added GSP to the state in 2024

Healthcare workforce demand spans clinical and technical roles, including registered nurses, allied health professionals, laboratory technicians, healthcare IT specialists, and pharmaceutical manufacturing workers. As healthcare delivery becomes more technology-driven, skills in digital systems, analytics, and advanced equipment maintenance are increasingly essential. Workforce shortages in nursing and specialty care reinforce the need for stronger training pipelines and workforce alignment.

At the same time, Ohio's life sciences sector is a high-value driver of economic growth, supporting innovation across biotechnology, diagnostics, and advanced manufacturing. The state benefits from strong R&D activity at major research universities, expanding pharmaceutical investment (including companies like Amgen in New Albany), and emerging leadership in gene and cell therapies. Together, these strengths position Ohio at the forefront of healthcare innovation, research, and commercialization.

Number of Private Business Establishments in Pharmaceutical and Medicine Manufacturing in Ohio ¹⁸³



Ohio Life Science Industry ¹⁷⁹

Economic output	\$66 billion
Total Employment	63,800
VC Funding	\$3.5B (2019-23)

Ohio at the Forefront of Gene Therapy Innovation:

Sarepta Therapeutics,¹⁸⁴ based in Columbus, is a leader in gene therapy, developing treatments that address rare diseases such as Duchenne muscular dystrophy. This work highlights Ohio's growing role in next-generation biopharmaceutical innovation and its potential to lead in advanced therapeutic development.





Aerospace and Defense Strengthen Ohio's Position in Advanced Engineering

Aerospace and defense is a strategic and high-value sector in Ohio's economy, combining advanced manufacturing, research, military operations, and engineering services. Anchored by Wright-Patterson Air Force Base, the state has developed a nationally recognized ecosystem supporting propulsion systems, avionics, unmanned systems, and defense logistics.

This sector supports high-skill employment, attracts federal investment, and reinforces Ohio's role in national security and advanced engineering.

Ohio Aerospace and Defense Industry ¹⁸⁵	
Economic output	\$38 billion
Total Employment	67,859

Aerospace and defense industry contributes 1.97% to Ohio's GSP (vs. 1.7% in the US)^{25,151}

Aerospace production requires high precision and advanced engineering capabilities, driving adoption of automation, digital production systems, and advanced materials. These capabilities extend beyond the sector, supporting innovation across automotive, electronics, and materials science.

Looking ahead, the sector is expected to remain a stable and growing component of Ohio's economy. Continued competitiveness will depend on workforce pipeline development, sustained federal investment, and stronger collaboration between industry, research institutions, and training providers.

Major investments include:¹⁷⁸

- **Anduril Industries (Pickaway County):** Advanced defense manufacturing facility supporting next-generation autonomous systems and national security capabilities
- **Sierra Nevada Corporation (Dayton region):** Expansion of aerospace and defense production, reinforcing Ohio's role in advanced aircraft systems and military programs

Wright-Patterson AFB as a Demand Engine¹⁸⁶

- Wright-Patterson Air Force Base (WPAFB) supports ~38,000+ military and civilian jobs, making it one of the largest employment centers in Ohio and a major regional economic anchor
- WPAFB hosts key operational units including Air Force Materiel Command (AFMC), which oversees acquisition, logistics, and lifecycle management of Air Force systems, creating sustained procurement demand
- The base, home to the Air Force Research Laboratory (the U.S. Air Force's primary research organization), manages billions in annual R&D funding across aerospace, materials, propulsion, and defense systems
- The concentration of federal agencies and research institutions creates a steady pipeline of defense contracts, supporting prime contractors, suppliers, and small businesses across Ohio





Business Friendliness Recommendations

Recommendation 1: Improve Regulatory Certainty, Transparency, and Predictability

1.1 Revisit current cleanup efforts through Cut Red Tape Ohio and the Common Sense Initiative in order to maximize impact

Strengthen coordination across state agencies and deepen ongoing engagement with the business community to ensure regulatory reforms are consistently implemented and responsive to evolving industry needs. Continue advancing the Cut Red Tape Ohio and Common Sense Initiative efforts to proactively identify outdated or duplicative regulations, streamline requirements, and reduce unnecessary compliance burdens.

1.2 Review and reduce occupational licensing restrictions where applicable

1.2.1 Pursue interstate licensure compacts and reciprocity agreements to expand workforce mobility, reduce administrative barriers, and help employers fill critical roles more efficiently.

1.2.2 Continue regular cost/benefit analyses of licensing laws:

- Focus licensing requirements on legitimate public safety needs by eliminating unnecessary education, training, or experience mandates
- Ensure licensing frameworks enable—rather than restrict—qualified individuals from entering and advancing in the workforce
- Simplify and standardize application processes by reducing fees, paperwork, and processing times

1.3 Improve transparency in the application process, with links to direct contact information, timelines for completions at each stage, costs and the number of procedural steps related to each application

Develop a fully integrated, user-friendly digital permitting system that consolidates requirements across agencies, improves transparency into timelines and costs, and reduces friction for businesses navigating approvals.

1.4 Expand the use of regulatory sandboxes and pilot-friendly approaches

Scale regulatory sandbox and pilot programs to allow businesses to test innovative products and services in a controlled environment, enabling Ohio to lead in emerging industries while maintaining appropriate oversight.

1.5 Explore the use of advanced technology to improve regulatory efficiency

Accelerate adoption of digital tools, automation, and AI to modernize regulatory processes, improve turnaround times, and enhance data-driven decision-making across agencies.

1.6 Strengthen Ohio's legal and tort environment

Promote a stable and predictable legal environment by advancing policies that improve liability clarity and reduce excessive or unpredictable litigation, supporting lower insurance costs and greater investment confidence.

Recommendation 2: Streamline Business Formation, Licensing, and Site Readiness

2.1 Examine the coordination of all licenses and permits across governmental layers to determine where duplicative efforts create burden and identify opportunities for standardization

Create a centralized, interoperable permitting and licensing system that unifies processes across state and local entities, reduces duplication, and provides businesses with a single, transparent point of entry.

2.2 Reduce licensing or permitting barriers to entry for those opening or relocating a business to Ohio

Regularly review and modernize regulatory requirements to ensure they reflect current economic conditions, protect public health and safety, and do not unnecessarily hinder business formation or expansion.





Business Friendliness Recommendations

2.3 Expand brownfield and site redevelopment efforts

Expand brownfield redevelopment and site readiness programs to accelerate project timelines, unlock underutilized land, and position Ohio to compete for large-scale and capital-intensive investments.

2.4 Advance government effectiveness through efficiency efforts

Drive continuous improvement in government service delivery through standardization, performance measurement, and process optimization to ensure faster, more predictable, and business-friendly interactions.

2.5 Enhance support for small and mid-sized businesses

Enhance targeted support for small and mid-sized businesses by simplifying regulatory pathways, improving navigation of state programs, expanding access to early-stage and flexible capital, and providing technical assistance to improve long-term growth and resilience. These actions are critical to improving business formation and scaling, supporting Ohio's ability to achieve sustained ~3% annual economic growth.

2.6 Expand access to capital through targeted financing tools for small businesses and startups

Support the expansion of Ohio's linked deposit programs, including passage of the Defense Supplier Linked Deposit Program (136 GA), to provide reduced-rate financing to small and mid-sized businesses, particularly those in strategic sectors such as defense, manufacturing, and supply chains. Explore the re-establishment of an Angel Investor Tax Credit or similar incentive to encourage early-stage investment in Ohio startups and improve access to growth capital for emerging companies.

Expanding Rural Innovation Through Capital (Colorado)¹⁸⁷

Colorado has developed targeted venture funds and regional incubators to support rural technology startups, including in sectors such as ag tech and space technology. These initiatives combine access to early-stage capital with localized support systems, helping entrepreneurs in non-metro regions launch and scale businesses.

Why it matters:

Access to capital is most effective when paired with strong commercialization and business support systems. Regional incubators, accelerators, and innovation hubs can help entrepreneurs access funding, technical assistance, mentorship, and market connections, improving startup formation and growth in both urban and rural communities.



Business Friendliness Recommendations

Recommendation 3: Proactively Enable the Growth and Scaling of High-Impact Industries

3.1 Reduce expansion friction for high-growth employers

Reduce regulatory and infrastructure bottlenecks to enable faster project execution, recognizing that speed and certainty are critical factors in business location and expansion decisions.

3.2 Tailor business-facing processes to priority industries

Apply a sector-specific approach to removing barriers in high-growth industries, ensuring regulatory frameworks, infrastructure, and workforce strategies are aligned to support rapid scaling.

3.3 Improve certainty for capital-intensive and long-horizon investments

Align permitting, incentives, and infrastructure investments with the unique needs of capital-intensive and long-horizon industries to improve project feasibility, reduce delays, and strengthen Ohio's competitive position. Enabling faster scaling of high-impact industries will be essential for Ohio to meet or exceed national growth benchmarks.

Ohio's Regulatory Reform and Common Sense Initiative¹⁵⁴

Ohio's Common Sense Initiative (CSI) requires state agencies to assess the business impact of proposed regulations and incorporate stakeholder feedback before implementation. By formalizing regulatory review and transparency, Ohio has created a more predictable environment for employers navigating compliance requirements.

Why it matters: Regulatory clarity and predictability reduce compliance costs and uncertainty, two key factors businesses weigh when deciding where to expand or locate.



LEVER 6: INFRASTRUCTURE



Lever 6 Infrastructure



Infrastructure Competitiveness Rankings³⁴

Indicator	Measure	Overall Rank
Energy / Utilities / Water	Generation of Energy Resources (Coal / Gas / Nuclear)	14 th / 8 th / 24 th
Transportation	Roughest Roads & Infrastructure Spending by State	19 th

Capacity, Reliability, and Investment Pace Will Determine Future Competitiveness

Ohio’s infrastructure system is a core competitive advantage, enabling efficient movement of goods, reliable utility service, and access to national and global markets. Strong performance across transportation and utilities has supported growth in advanced manufacturing, logistics, and emerging digital industries. The state ranks 1st nationally for Infrastructure in CNBC’s Top States for Business,¹ reflecting strengths in transportation, energy availability, logistics connectivity, and utility systems.

However, infrastructure, particularly energy capacity, is now a defining constraint in parts of Ohio. Rapid demand growth from data centers, electrification, and industrial expansion is outpacing current generation, transmission, and siting timelines, creating a near-term gap that could limit the state’s ability to capture new investment.

At the same time, aging infrastructure and long development timelines are creating reliability risks and limiting the state’s ability to respond quickly to large-scale investment opportunities.

Sustaining Ohio’s competitive position will require proactive investment, system coordination, and faster delivery timelines across both:

- Energy, Utilities & Water systems (capacity, reliability, resource availability)
- Transportation networks (freight efficiency, connectivity, and modernization)

Energy, Utilities & Water	Transportation	Broadband and Digital Infrastructure
Reliable and scalable energy and water systems are essential to supporting industrial growth and emerging high-load users. Capacity expansion, grid modernization, and long-term resource planning will be critical to maintaining competitiveness.	Ohio’s transportation network is a national strength, but continued investment in freight corridors, highway modernization, and emerging mobility technologies will be necessary to support long-term economic growth and supply chain efficiency.	High-speed, reliable broadband is foundational to modern economic activity, enabling digital industries, remote work, and advanced manufacturing. Expanding access, improving last-mile connectivity, and strengthening network resilience will be critical to ensuring all regions can participate in Ohio’s economic growth.



Energy Reliability is Declining as Infrastructure Ages and Demand Increases

Ohio’s energy infrastructure has historically delivered reliable service, but performance is beginning to deteriorate under increasing system stress. Aging transmission assets, more frequent severe weather events, and rising demand from large industrial users are contributing to longer and more frequent outages.

78%

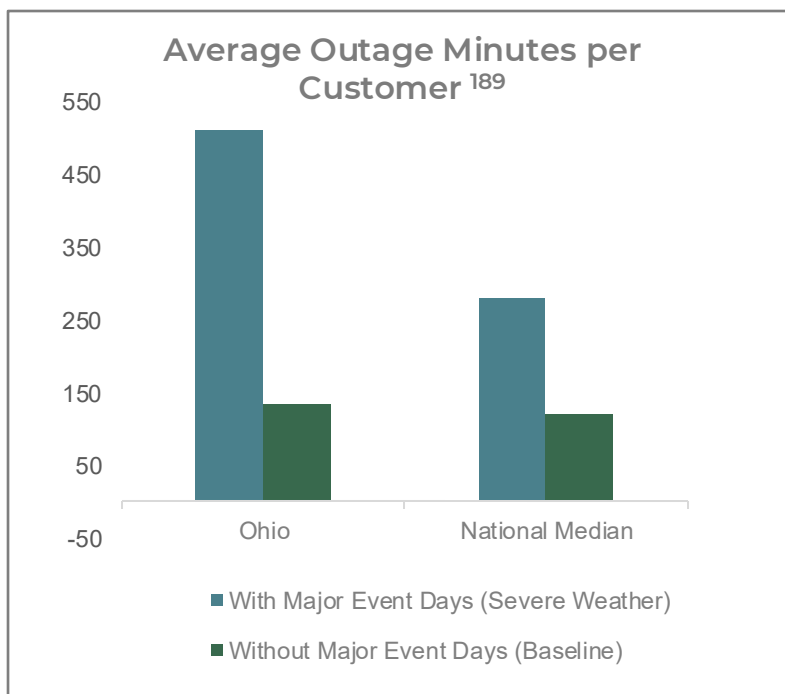
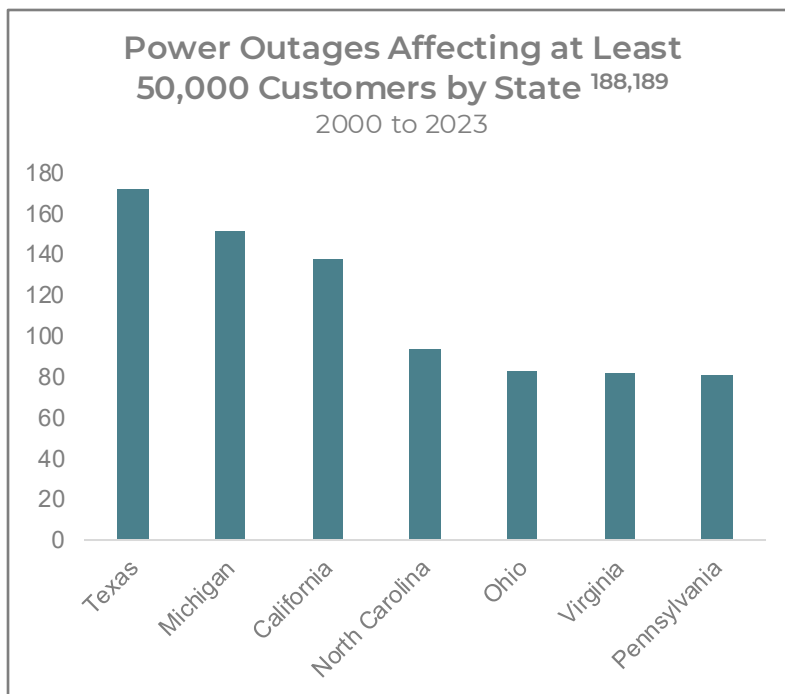
increase in US weather-related outages vs. prior decade¹⁸⁸

11,000

miles of AEP transmission lines, many 70+ years old in the next decade, require upgrades¹⁹⁰

16th

Ohio’s rank in national outage duration (2024)¹⁹¹



Outage-related costs are rising averaging ~\$1.3B annually for Ohio businesses (2019–2023)¹⁹²



Ohio is a Net Power Importer, and Demand is Rising Faster Than Capacity

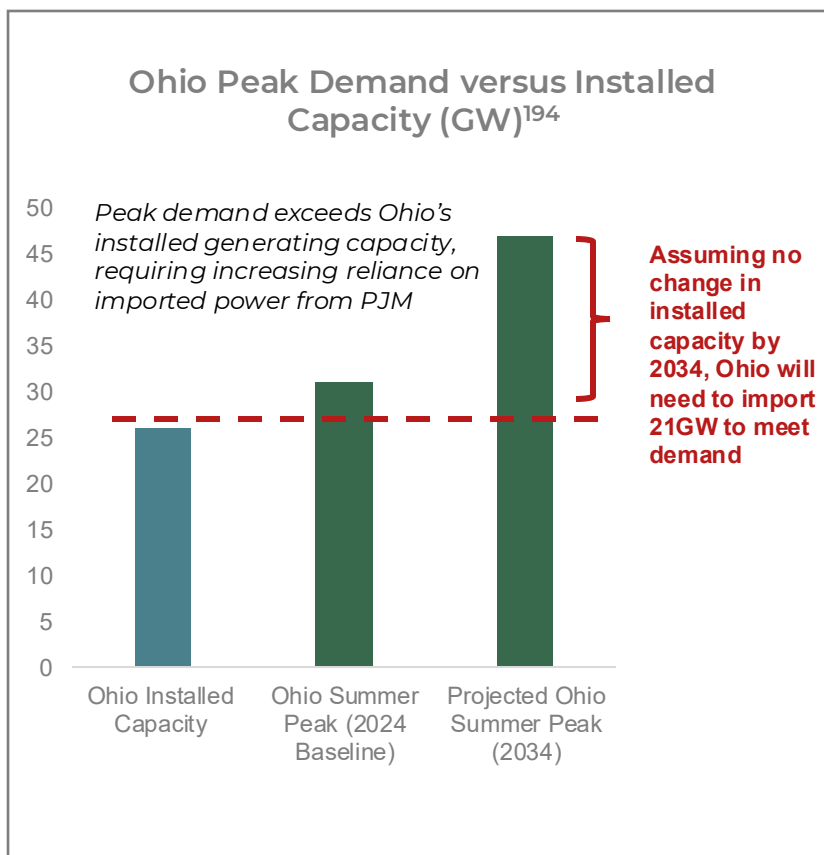
Ohio is a top-10 electricity-producing state, but in-state generation has not kept pace with rising demand. As a result, the state increasingly depends on imported power, exposing it to pricing volatility and regional capacity constraints.¹⁹²

Without significant investment in new generation, transmission, and faster interconnection timelines, growing demand particularly from large energy users will place increasing pressure on reliability, affordability, and economic competitiveness.

Annual Net Electricity Generation (2024)¹⁹³
142,746.7
 million MWh

Annual Retail Electricity Sales (2024)¹⁹³
153,707.4
 million MWh

- Ohio generates less electricity than it consumes, relying on imports from PJM*¹⁹³
- Peak demand is projected to increase ~50% by 2034, driven by data centers and advanced manufacturing¹⁹²
- Installed capacity may fall short of ~47 GW projected peak demand by 2034¹⁹²



Ohio is a top-10 power producer but remains a net importer facing rapid demand growth from emerging industries that are imperative for the state's continued growth¹⁹²

*PJM Interconnection is the largest Regional Transmission Organization (RTO) in North America, directing the flow of wholesale electricity and balancing supply and demand in real time. It manages the power grid for 67 million people across 13 states, including Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia, and Washington, D.C.

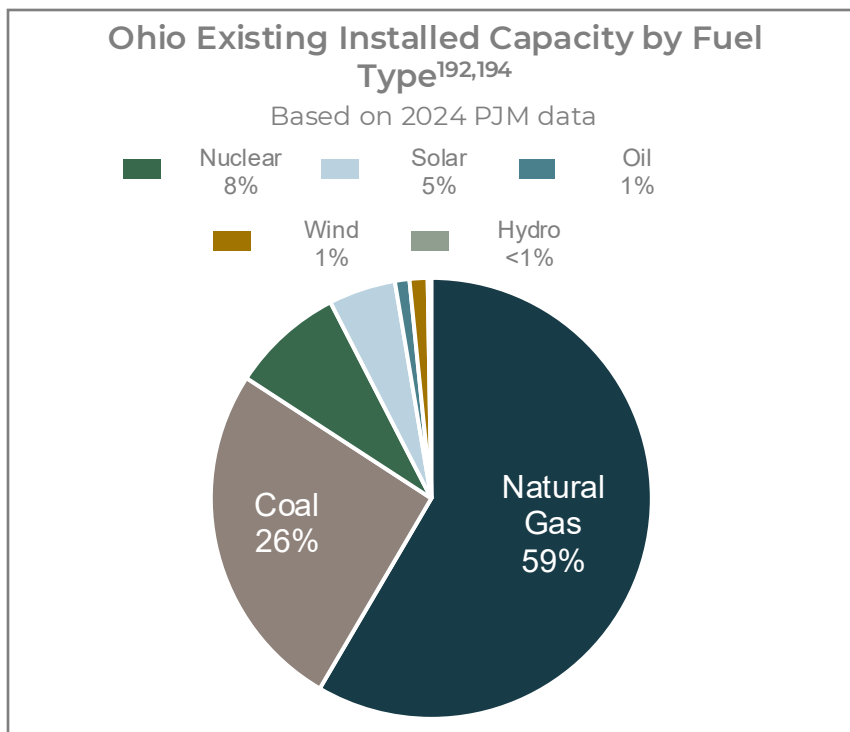


Ohio's Energy Mix Supports Reliability but a Gas-Heavy Mix Increases Exposure to Risk

Ohio's energy system is anchored by dispatchable resources, particularly natural gas, which supports reliability and industrial load growth.¹⁹² However, this concentration increases exposure to fuel price volatility and regional supply constraints.

At the same time, reserve margins across the PJM region are tightening, and planned capacity additions may not come online fast enough to meet projected demand. While renewable capacity is expanding, it currently represents a smaller share of firm, dispatchable supply.

Maintaining reliability and competitiveness will require diversified generation, expanded transmission, and faster project delivery timelines, particularly as Ohio's emerging industries requiring large energy capacity begin operations. These large energy users will require 24/7 reliable power, fast interconnection timelines, long-term price certainty, and access to diversified and low-emission energy.



Sustaining growth will require new generation, expanded transmission, diversified supply, and targeted resilience investments.¹⁹²

Case Study: Waste to Energy¹⁹⁵

W2E Americas utilizes the latest technology to redirect waste from landfills, producing sustainable, affordable, and secure electricity. This reliable and secure power source fuels commercial development, defense installations, and communities, either behind the meter or directly to the grid.



Project Delays and Interconnection Bottlenecks Are Slowing New Supply

Ohio has a substantial pipeline of planned energy generation, but delays in permitting, interconnection, and project delivery are limiting how quickly new capacity can come online. While thousands of megawatts are in development across Ohio and the broader PJM region, a significant share of projects that have cleared initial approvals are not yet operational.¹⁹²

The primary challenge is no longer planning new capacity but delivering it at the pace required to meet rising demand. Projects face delays due to siting and permitting complexity, supply chain and equipment constraints, and the need for transmission upgrades. Interconnection queue backlogs and lengthy approval timelines further slow progress.

As demand accelerates, particularly from large industrial users and data centers, the gap between planned and operational capacity is widening. Without faster project execution, improved interconnection processes, and coordinated transmission investment, these delays will increasingly constrain reliability, increase costs, and limit Ohio's ability to capture economic growth.

80%

of project delays are driven by execution, not lack of planned capacity¹⁹⁶

Key Bottlenecks Include:¹⁹⁶

- Permitting and siting delays (29%)
- Project execution challenges (28%)
 - Land ownership and acquisition
 - Engineering, procurement, and construction (EPC) delays
 - Equipment availability and construction timelines
- Supply chain constraints (23%)



The Guernsey Power Station, image courtesy of Talen Energy



Accelerating Energy Deployment and Expanding Direct Power Solutions

Permitting speed and regulatory certainty are becoming critical differentiators in attracting energy-intensive industries. Ohio is increasingly focused on accelerating infrastructure deployment timelines to keep pace with rising demand.

Recent policy changes, including House Bill 15 (136th General Assembly),²³ introduce faster siting and approval timelines, streamlined project review processes, and expanded flexibility for how generation is developed and connected. These changes enable more rapid deployment of both generation and transmission infrastructure.

At the same time, Ohio is enabling new delivery models, including behind-the-meter generation and Priority Investment Areas (PIAs), to support large-load users and reduce reliance on traditional interconnection timelines.^{23,197,198}

Together, these approaches position Ohio to bring capacity online more quickly supporting economic growth while responding to accelerating demand.

Direct Power Solutions: Behind-the-Meter Growth^{197,198}

- ~2,000+ MW of dispatchable behind-the-meter capacity approved (2025)
- Expanding use of natural gas and other firm resources
- Reduces reliance on interconnection timelines and grid constraints
- Enables faster delivery for large-load users (e.g., data centers)

Ohio is reducing deployment timelines and enabling alternative power delivery models to support rapid load growth

Case Study: Honda's Electrification and Grid Readiness¹⁹⁹

Honda's long-term electrification and carbon neutrality goals require modernized energy infrastructure, expanded renewable access, and grid capacity upgrades to support EV and hybrid production. Stakeholders emphasized the importance of coordinated government-industry planning around charging infrastructure, grid reliability, and transmission upgrades.

Why it matters: Advanced manufacturing competitiveness increasingly depends on energy reliability, carbon strategy alignment, and grid modernization. States that proactively coordinate infrastructure planning with industry gain an advantage in attracting and retaining next-generation investment.



Balancing Large Load Growth with Ratepayer Protection

Rapid growth in data centers and other large-load users is increasing demand for energy infrastructure and raising concerns about who bears the cost of that expansion.

Ohio is beginning to shift toward a “cost causation” approach,²⁰⁰ requiring large energy users to fund a greater share of the infrastructure needed to serve them. Policies such as the federal Large Load Ratepayer Protection Pledge¹⁹⁷ reflect a broader movement to ensure that infrastructure costs are aligned with new and forecasted demand rather than existing customers.

At the federal level, major technology firms, including Amazon, Google, Meta, Microsoft, OpenAI, Oracle, and XAI, have committed to funding new generation resources and covering the cost of required transmission and distribution upgrades for their data centers, helping ensure these investments are not borne by residents.

This approach is already taking shape in Ohio. Meta has entered into power purchase agreements supporting the state’s existing nuclear fleet while also advancing next-generation nuclear development. Recent large-scale energy investments, such as the planned SoftBank-backed project in Pike County, signal growing private-sector willingness to co-invest in generation capacity that supports both data center growth and broader economic development.

Regulators are also developing tariff structures and approval frameworks requiring large users to fund dedicated infrastructure investments. These approaches aim to improve system planning and reduce speculative demand by aligning infrastructure expansion with actual load growth. Emerging policy proposals include expansion of net metering for behind-the-meter generation, further enabling large users to deploy on-site resources and supporting system flexibility while reducing pressure on shared infrastructure.

Leading states are implementing policies requiring large users to fund the infrastructure they demand. The challenge will be balancing competitiveness for energy-intensive industries with affordability and fairness for Ohioans.

Case Study: Aligning Large Load Growth with Cost Responsibility

Virginia: Data Center Rate Class and Cost Allocation²⁰¹

- Rapid data center growth is driving significant system load increases
- Dedicated rate structures require large users to bear a greater share of infrastructure and capacity costs
- Emerging approaches encourage direct investment in generation and grid upgrades to support load growth
- Designed to protect existing ratepayers from cost increases while maintaining competitiveness

Texas: Large Load Reforms²⁰²

- Applies to large users (~75 MW+) connecting to the grid
- Requires financial commitments for interconnection, system upgrades, and curtailment participation
- Reduces speculative demand and aligns infrastructure buildout with actual load
- Encourages co-investment in generation and infrastructure to support reliability and cost discipline



Water Infrastructure Planning Will Be Critical to Supporting Future Growth

Water infrastructure is becoming a critical factor for growth, particularly with the introduction of emerging industries. Ohio has sufficient water resources to support long-term demand, but continued growth will require timely investments in water and wastewater infrastructure. In many areas, planning, permitting, treatment capacity, and distribution systems will need to expand alongside population and economic growth. In addition, water demand is linked to electricity generation required to support large-scale users, reinforcing the need for coordinated energy and water planning.

Much of Ohio's water and wastewater infrastructure is aging, with many systems operating beyond their original design life. At the same time, emerging industries such as hyperscale data centers are increasingly deploying water-efficient cooling technologies, including closed-loop systems, air cooling, liquid cooling, and hybrid approaches, which can significantly reduce direct water demand compared to earlier facility designs. As a result, long-term readiness is increasingly driven by infrastructure capacity, planning, and coordination rather than water availability alone.

While past investments have improved system performance, future growth will require sustained, long-term capital investment and stronger regional coordination to ensure capacity keeps pace with demand. Stormwater management is emerging as a key localized challenge, as large-scale developments increase impervious surfaces and strain drainage systems, requiring more advanced site design and watershed-level planning.

Across Ohio, abundant water resources provide a competitive advantage, but continued growth will require proactive infrastructure planning, investment, and coordination

Drinking Water

\$16 billion needed in drinking water infrastructure improvements over the next two decades^{203,204}

Wastewater

\$16 billion needed in wastewater improvements to meet Clean Water Act goals^{203,204}

Stormwater

Ohio needs up to \$900M in additional annual funding to meet future stormwater needs^{203,204}

Contributing factors to water infrastructure constraints:²⁰⁴

Aging infrastructure operating beyond intended lifespan	Infrastructure delivery timelines not keeping pace with growth	Increasing demand from industrial users and population growth	Power generation needs increasing total water demand	More frequent extreme weather stressing stormwater systems
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Case Study: Central Ohio Regional Water Study²⁰³ (15-County Region | 2030–2050 Horizon)

Central Ohio is one of the state's most populous and fastest-growing regions, with major data center and industrial expansion projected over the next decade. Water volumes across the 15-county region currently meet drinking water demands but continued residential and economic growth may require additional water and wastewater infrastructure or expanded water recycling. Several watersheds, such as Raccoon Creek, South Fork Licking River, Deer Creek, Big Darby Creek, and the Lower Scioto River, are especially vulnerable to development pressures. Continued growth in Central Ohio will be supported by coordinated infrastructure planning, strategic investments, and collaboration among utilities, regulators, local governments, and developers.



Ohio's Transportation System Is a Competitive Strength but Requires Sustained Investment

Ohio's transportation network is one of the largest in the country and serves as a critical connector for people, goods, and regional economies.²⁰⁵ The state's extensive highway system supports advanced manufacturing, logistics, and national supply chains.

Ohio has invested in data-driven planning and asset management through tools like the Transportation Information Mapping System (TIMS),²⁰⁶ improving transparency and prioritization of infrastructure investments.

However, maintaining system performance requires ongoing investment in preservation, modernization, and capacity expansion, particularly as infrastructure ages and demand increases.

1st

in the nation
for highway
performance²⁰⁵

5th

largest
interstate
system²⁰⁵

3rd

largest bridge
inventory²⁰⁵

6th

highest
vehicle miles
traveled²⁰⁵



Image courtesy of Ohio Department of Transportation

Ohio is centrally located within a day's drive of more than 60% of the U.S. and Canadian populations, a strong benefit for freight and passenger needs²⁰⁵





Transportation: A Strong Freight Backbone Facing Growing Corridor-Level Constraints

Ohio's transportation network is one of the largest in the country and serves as a critical connector for people, goods, and regional economies. The state's extensive highway system supports more than \$1 trillion in annual freight movement and plays a central role in advanced manufacturing, logistics, and national supply chains.²⁰⁷ While overall system performance remains strong, freight activity and economic growth are increasingly concentrated along key corridors, creating targeted capacity, congestion, and infrastructure investment needs.

Freight Strength²⁰⁷

- Ohio moves ~\$1T in goods annually, supporting national supply chains
- Freight activity is concentrated in the Columbus–Cincinnati–Cleveland corridor
- Top metros along these corridors generate ~80% of state GDP
- #3 highest freight volume nationally

System Performance^{205,207}

- Core interstate corridors are generally performing well today
- ODOT invested \$3.2B across 955 projects (FY2025)
- However, 21 priority corridors remain unfunded, requiring targeted investment

Emerging Pressures^{205,207}

- High-volume freight corridors (US-23, US-33, US-20, SR-4) are experiencing rising congestion and safety risks
- Truck volumes projected to grow ~50% by 2055, increasing strain on key routes
- Growth is concentrated along major job and logistics corridors, amplifying bottlenecks

Future Mobility

- Advanced Air Mobility (AAM),²⁰⁸ Electric Vehicles (EV),²⁰⁹ and Autonomous Vehicles (AV)²⁰⁹ are reshaping transportation systems
- Autonomous passenger and freight vehicles are already operating in U.S. markets such as Texas, New Mexico and Arizona, with expansion expected in nearby Midwest metros throughout 2026
- EV charging infrastructure is expanding, with a strong EV-to-charger ratio²⁰⁹
- Policy and infrastructure updates are needed to enable safe, large-scale deployment

Without targeted corridor investment, congestion and freight inefficiencies will increasingly constrain economic growth



Image courtesy of Ohio Department of Transportation





Gaps in Workforce Mobility Are Limiting Access to Jobs Across Regions

Workers' access to jobs is becoming increasingly uneven across Ohio. Growth is concentrated in major metros, while many regions are losing access to employment opportunities due to transportation limitations. Although most Ohio households have access to a vehicle, approximately 3.25% do not, making reliable transportation options particularly important for connecting residents to jobs and training opportunities.^{64,210}

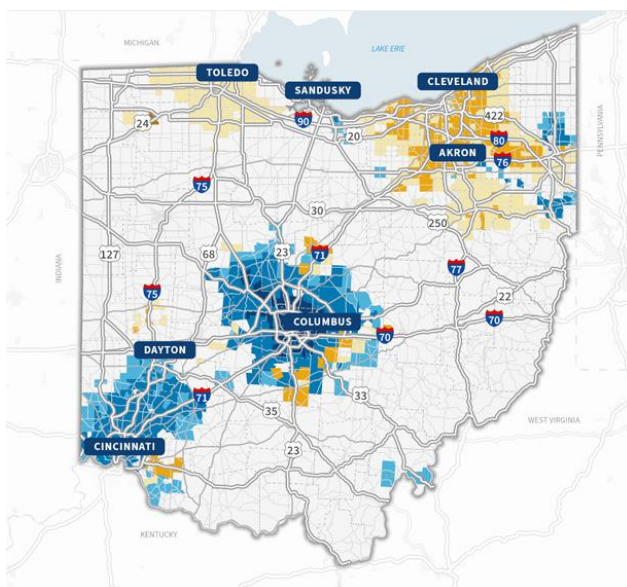
C-
Ohio ranks low in transit accessibility²⁰⁴

78%
of Ohio workers commute by driving alone²¹⁰

OHIO COMMUTES²⁰⁷

Projected Change in Workers' Ability to Access Jobs within 40 Minutes, 2025-2055

Number of jobs within a 40-minute commute that residents are projected to gain (or lose) access to between 2025 and 2055:



- Decrease (More than 50,000)
- Decrease (10,001 to 50,000)
- Decrease (5,000 to 10,000)
- Minimal Change
- Increase (5,000 to 10,000)
- Increase (10,001 to 50,000)
- Increase (More than 50,000)

Access to employment opportunities is projected to improve in Columbus and Cincinnati but decline across parts of northern and eastern Ohio, reinforcing the importance of transportation connectivity and workforce mobility

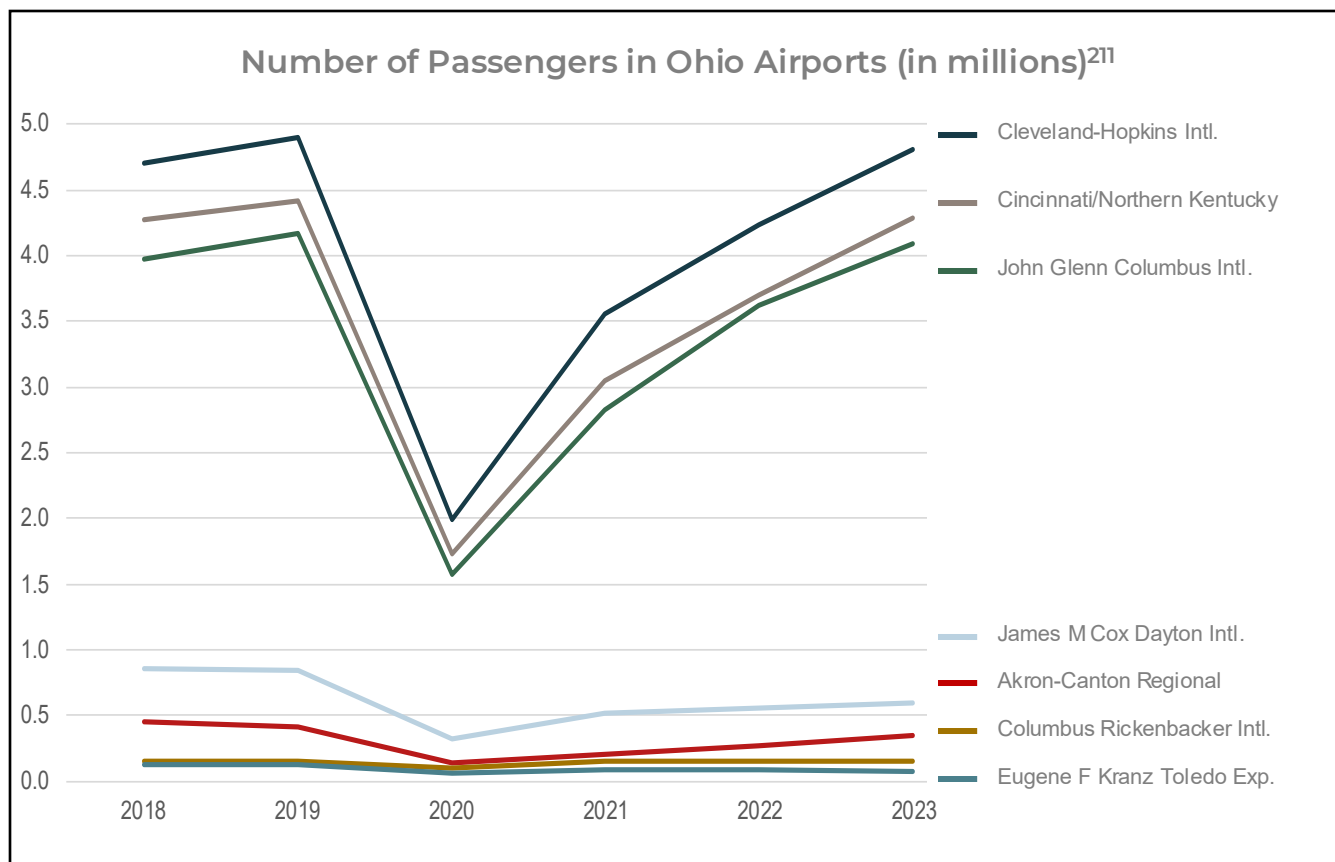




Airport Capacity and Connectivity Will Be Critical to Supporting Growth

Air connectivity is a key driver of economic growth, talent attraction, and business investment. While Ohio's airport capacity has remained relatively stable, future population and economic growth will require expanded capacity, improved connectivity, and increased direct flights.

<p>Only 3% of total U.S. air passengers travel by Ohio's airports²¹¹</p>	<p>~50-60 nonstop international departures/week during peak²¹²</p>
<p>7 international cities across 5 countries are served by Ohio's international airports²¹²</p>	<p>~40% nonstop international departures are year-round services²¹²</p>





Digital Infrastructure: Expanding Access While Closing Last-Mile Gaps

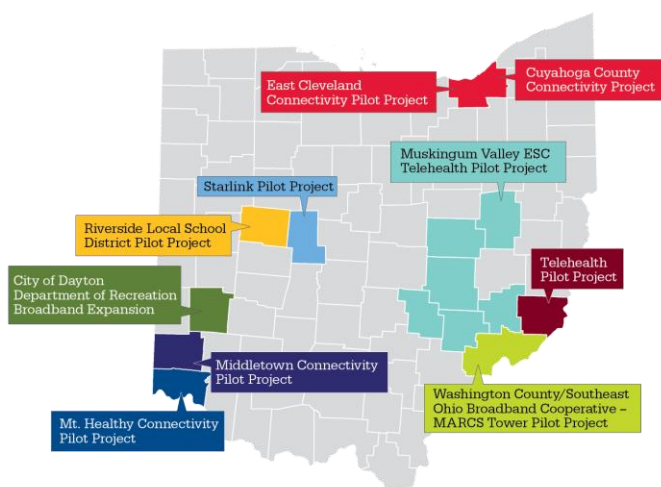
Ohio has made significant progress expanding broadband access, with targeted investments and public-private partnerships accelerating deployment across the state. These efforts have substantially reduced the number of unserved households and improved baseline connectivity.

However, achieving universal, reliable access remains incomplete. Gaps persist in last-mile connectivity, affordability, and service quality particularly in rural and underserved areas.²¹³ As digital infrastructure becomes increasingly critical to economic participation, closing these gaps will be essential to supporting workforce access, business growth, and long-term competitiveness.

Ohio has reduced unserved households by ~80% since 2020 from ~300K to ~60K²¹⁴

DIGITAL PROJECTS

On-Going Digital Projects in Ohio²¹⁵



Ohio's current broadband expansion strategy includes:²¹⁴

- \$1.1B+ invested in broadband expansion since 2020, including federal Broadband Equity, Access, and Deployment (BEAD) funding
- BEAD funding will connect ~84,000 locations to high-speed internet
- Ohio Residential Broadband Expansion Grant Program expanding access to 78,000+ households²¹⁶
- Deployment includes fiber, fixed wireless, and satellite solutions

Remaining Challenges Include:



Last Mile Connectivity in Rural Areas



Affordability and Adoption Gaps



Network Reliability and Redundancy



Workforce and Infrastructure Deployment Capacity



Infrastructure Recommendations

Recommendation 1: Establish Coordinated Statewide Energy Leadership to Support Growth and Competitiveness

1.1 Harden the grid and enable faster project delivery in the face of weather and peak demand

Modernize grid planning and emergency response protocols to improve system resilience, reduce outage duration, and ensure rapid recovery during extreme weather and peak demand events. Establish expedited interconnection pathways for large-scale projects, including the development of pre-certified interconnection sites to reduce study timelines and accelerate deployment in high-demand regions.

1.2 Continue to improve access to natural gas in constrained urban and rural areas to meet current needs and demand for future growth

Streamline siting, permitting, and interconnection processes to accelerate energy infrastructure deployment in high-growth and supply-constrained regions, particularly around major economic development corridors.

1.3 Increase and diversify electric generation in Ohio to support consumption needs

Promote a balanced, diversified energy portfolio—including renewables, natural gas, nuclear, and emerging technologies to ensure reliability, affordability, and long-term capacity adequacy.

1.4 Position Ohio as an energy net exporter

Position Ohio as a net energy exporter by leveraging its geographic location, transmission access, and generation capacity to support regional demand and attract energy-intensive industries.

1.5 Create a statewide energy leadership role

Create a more competitive and predictable regulatory environment by aligning policies across state agencies, reducing uncertainty, and enabling timely infrastructure investment.

1.6 Enable distributed and behind-the-meter generation

Encourage adoption of distributed energy resources (DERs), including rooftop solar, microgrids, and behind-the-meter solutions, to enhance grid flexibility and local reliability.

1.7 Strengthen transmission planning, oversight, and cost control

Strengthen statewide transmission planning and cost allocation frameworks to ensure strategic investments keep pace with demand growth while maintaining affordability for consumers.

1.8 Restore Ohio's data center equipment sales and use tax exemption, modify it with accountability provisions, and eliminate any doubt about whether Ohio wishes to compete for this industry

The Ohio Chamber, in unity with other statewide business and labor associations, believes in crafting a responsible modernization proposal that would preserve the exemption while adding meaningful new requirements, including: power supply commitments or large load tariff participation; best-practice water conservation and annual Water Usage Effectiveness (WUE) reporting; stronger local control and site assessment authority; incentives for brownfield construction; and enhanced disclosure.



Infrastructure Recommendations

Recommendation 2: Launch a Coordinated Statewide Water and Sewer Infrastructure Growth Strategy

2.1 Target water and sewer investments near mega-projects and growth corridors

Develop a prioritized pipeline of catalytic water and wastewater infrastructure projects aligned with economic development zones and population growth areas.

2.2 Close funding gaps across water, wastewater, and stormwater systems

Address funding gaps by expanding access to state and federal financing tools, leveraging public-private partnerships, and creating flexible funding mechanisms for local jurisdictions.

2.3 Improve long-term water planning and regional coordination

Integrate water and energy system planning, incorporating corridor-level demand forecasting for large users like data centers, and enabling proactive infrastructure buildout ahead of demand.

2.4 Strengthen infrastructure resilience and reliability

Invest in system modernization and resilience to mitigate risks from aging infrastructure, climate impacts, and regulatory requirements, ensuring long-term reliability and service continuity.

2.5 Coordinate water, wastewater, energy, and site readiness for large-scale users

Support large-scale users by aligning system capacity, accounting for power-related water demand, and prioritize development in infrastructure-ready locations.

Recommendation 3: Protect and Enhance Ohio's Logistics Advantage Through Targeted Transportation Investment

3.1 Explore innovative, cost-effective ways to better connect rural and suburban residents to economic centers

Expand multimodal transportation options including transit, last-mile solutions, and rural connectivity to improve access to jobs and economic opportunity across all regions of the state.

3.2 Expand employer mobility programs to improve workforce access and labor force participation

Support employer-led transportation solutions such as vanpools, microtransit partnerships, commuter benefits, and shared mobility programs that help workers access employment opportunities, particularly in areas with limited transit options.

3.3 Ensure sustainable road funding in a changing revenue environment

Identify and implement sustainable, long-term transportation funding solutions that ensure system maintenance, expansion, and competitiveness without over-reliance on declining revenue sources.

3.4 Expand use of public-private partnerships and innovative financing

Leverage innovative financing models and public-private partnerships to accelerate project delivery, reduce costs, and unlock large-scale infrastructure investments.

3.5 Support advanced and autonomous transportation technologies

Position Ohio as a leader in next-generation mobility by supporting the deployment and integration of autonomous and connected vehicle technologies, and advanced air mobility.

3.6 Prioritize long-haul freight and multimodal connectivity

Strengthen Ohio's role as a national logistics hub by investing in freight corridors, intermodal facilities, and critical connections between road, rail, air, and inland waterways. Expand direct passenger and cargo flight connectivity to improve access to global markets and support business growth.



Infrastructure Recommendations

Recommendation 4: Accelerate Next-Generation Broadband Infrastructure and Digital Capacity

4.1 Identify funding opportunities to improve/update broadband infrastructure

Expand access to high-speed broadband in underserved and rural communities by reducing deployment barriers, improving mapping accuracy, and targeting investments where gaps persist.

4.2 Advance a comprehensive strategy to expand, modernize, and future-proof Ohio's broadband ecosystem, ensuring reliable, high-speed connectivity for residents, businesses, and emerging industries

Develop a comprehensive statewide digital infrastructure strategy that integrates broadband expansion with emerging needs such as data centers, AI, smart infrastructure, and advanced manufacturing.

4.3 Improve local permitting processes to allow for new market entrants and upgrades and expansion of legacy broadband infrastructure

Modernize and streamline local permitting, review, and approval processes to reduce deployment delays, encourage competition among providers, and accelerate both network upgrades and broadband expansion in underserved communities.

Case Study: Internet Exchanges (IX)²¹⁷

Ohio is leading peer states in Internet Exchanges (IX). An IX is where multiple networks connect to exchange traffic directly, rather than routing through third parties. This reduces costs, improves performance, and lowers latency for end users. Without a nearby IX, data between two networks in the same city may travel hundreds of miles to a distant peering point and back. Low latency is increasingly critical for technology-dependent workloads, where model training, inference, and distributed computing all depend on fast data exchange between facilities.

Number of IXs Across Peer States:

Ohio:	6
Pennsylvania:	5
Indiana:	4
Kentucky:	3
Michigan:	3
West Virginia:	1



CONCLUSION



Conclusion

Ohio enters the next decade with significant competitive advantages: a strong manufacturing base, growing innovation sectors, strategic infrastructure assets, and a lower-cost operating environment than many peer states. But sustaining long-term growth will require more than preserving existing strengths. The state's future competitiveness will depend on its ability to execute with greater speed, coordination, and scale across talent development, infrastructure capacity, innovation, affordability, and business climate modernization.

The opportunities outlined throughout this Blueprint are interconnected, and progress in one area will increasingly depend on alignment across all six levers. If Ohio can successfully modernize its systems, expand workforce participation, accelerate technology adoption, and proactively invest in the foundations of growth, the state is well positioned not only to remain competitive, but to emerge as a national leader in advanced industry, innovation, and economic resilience over the coming decade.

The mandate for the next phase is not to rethink strategy — it is to execute it more cohesively. Ohio has the resources, the institutional strength, and the policy momentum to lead. With the support of Ohio's business community, policymakers, and civic leaders working in concert across all six levers, the state is positioned not only to remain competitive, but to set the standard for advanced industry, inclusive growth, and economic resilience in the decade ahead.



With your support, we will improve our business climate and grow our economy for the benefit of all Ohioans





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