

**Governor Bob Taft**  
**2004 State of the State Address**  
**“The Jobs Agenda”**

Speaker Householder, President White, Minority Leaders DiDonato and Redfern, Lieutenant Governor Bradley, members of the Supreme Court, Statewide Elected Officials, and my fellow Ohioans . . .

I am honored to be with you today, and I am blessed to have with me my partner of 37 years, a wonderful mother for our daughter, Anna, and someone who has given her very best to the people of this state, helping kids stay Smart and Sober, building Habitat houses, and leading volunteers on Make a Difference Day – First Lady Hope Taft.

Today I pay special tribute to the men and women in our armed forces protecting our nation.

Many of you have family members that have answered that call. Rep. John Bocchieri, on active duty with the Air Force Reserve, will soon be deployed to Iraq.

Please join me in saluting all of our troops and their families for their sacrifice in defending freedom around the world.

Let's also thank the members of the finest cabinet anywhere in America. They're doing a terrific job in tough circumstances – please stand and be recognized!

From prescription drugs to the budget to the do-not-call bill, we've accomplished much together in the last year. I give full credit to the Speaker of the House, Larry Householder; the President of the Senate, Doug White; and, to all of you.

Mr. Speaker and Mr. President, thank you for your vision and your leadership. You have been called to lead in turbulent times. You have risen to the challenge, and your efforts have made Ohio a better place.

Our Golden Buckeye Prescription Drug Program offers discounts averaging 24 percent and has already saved seniors \$3 million. And thanks to you in the General Assembly, Best Rx will do even more. Ohioans have asked for our help, and together, we're getting the job done!

In fact, we've passed a lot of important bills. And I won't report on them all because we just don't have the time. Instead, we need to focus all our energies on Ohio's economic future.

My New Year's resolution is to spend every day doing all I can to help create jobs for Ohioans.

Everything depends on a good job – strong families, strong communities, the pursuit of the American dream, and a tax base to support schools for our kids and services for our seniors.

Yet in this global economy, no jobs are safe. High-speed Internet connections and low-cost, skilled labor overseas are an explosive combination. By one estimate, 4,000 engineering, programming, and accounting jobs will leave the United States every week.

We are battling for our economic survival.

We must focus on what we do well. We must focus on growing sectors of the economy. We must focus on jobs that pay a good wage. And we must do so every day of this new year.

We have a good foundation for a strong economy. Our work ethic and our workforce are second to none. We have the best location to supply North America. That's why more than 970 foreign-owned companies have invested in Ohio.

With your support, we're doing more than ever to build new schools and better highways through programs that are creating 9,000 construction jobs throughout the state.

The Clean Ohio Fund is revitalizing abandoned sites in our cities, expanding outdoor recreation for families, and improving our environment.

And you in the General Assembly have given us the economic tools we need to compete.

In fact, we've been competing every day, aggressively, project by project, and we've had success.

Last year, we completed projects with more than 130 firms locating or expanding in Ohio, creating jobs and investing more than \$800 million in Ohio's economy.

We scored a major victory when USEC announced it will invest \$1 billion to create 500 new jobs in Southern Ohio.

Also this month, SUMCO, a leader in making silicon wafers for computers, announced it will spend \$50 million and create 260 good-paying jobs in our state.

And *Site Selection Magazine* now ranks Ohio as the fourth best business climate in the nation.

All of this is good news, but it's not good enough. We must face the facts. Even as the nation's economy has started to rebound, Ohio employment has not.

Our challenge is clear. Turn job losses into job gains. Sell our state as never before. Go from number four to number one and become the best place in America to grow a business and create new jobs.

With every decision we make, every bill we pass, every budget we approve, we must ask ourselves – how are we improving Ohio's climate for jobs?

Soon, I will send you a Jobs Bill to make Ohio more competitive. That bill will give us new economic development tools, and increase our investment in training and job placement.

Today, I will appoint a Jobs Cabinet to keep us on target. Chaired by Development Director Bruce Johnson, it will focus on helping those who have lost jobs, enabling our companies to find the skilled workers they need to succeed, and cutting red tape through regulatory reform.

And in the capital budget I present later this year, I will give highest priority to those community projects that create jobs and grow our economy.

The Ohio economy has so many strengths. We must build on them all. Through our Third Frontier Project we are investing to create high-paying jobs. We've joined world-class teams from universities and business to accelerate groundbreaking research that will create new products and services.

We're advancing the fields of jet propulsion, information technology, fuel cells, and biomedical research to treat Parkinson's disease, lung cancer and childhood diseases.

Simply put, we're staking our claim to the good jobs of the knowledge economy – not just for scientists, engineers and physicians, but jobs for lab technicians, data managers and nurses as well.

In biomedicine, we're funding new business-research teams at Children's Hospital in Cincinnati, the University of Cincinnati, and The Ohio State University. In Northeast Ohio we're forging exciting new partnerships among Case Western Reserve University, the Cleveland Clinic, and University Hospitals. Together, they've attracted over \$1 billion in R & D funding. They're creating new companies

and helping existing ones develop new ideas and products. Together, they provide 57,000 good jobs, with a combined payroll of \$2.7 billion.

And they're helping to keep our best and brightest here in the state. Dr. Stanley Hazen, from the Cleveland Clinic, is here with us today. The Third Frontier Project is supporting his work in developing blood tests to identify patients at risk of having a heart attack. Dr. Hazen was born and raised in Cincinnati. Stan, thank you for joining us, and thank you for staying in our state.

Let's enable more talented Ohioans like Dr. Hazen to put their skills to work for us here in Ohio.

Let's continue to support the Third Frontier Project through the tobacco and capital budgets this year. And given the loss on Issue One last year, I will ask you to redirect additional dollars to protect capital investments already made.

Advanced manufacturing is one of our Third Frontier priorities. Despite recent job losses, Ohio remains a manufacturing powerhouse, and we must act now to ensure its long-term vitality.

Our workers are productive and manufacturing provides 850,000 good-paying jobs in Ohio. Yet manufacturing faces enormous pressures, including competition from overseas, and rising costs often beyond control.

Ohio must remain the best place to make products, and we can take three steps right away to achieve that goal.

First, let's improve Workers' Compensation.

Together, we've transformed our system from a liability to an asset. We're promoting safer workplaces and caring for injured workers. Premiums on average are lower today than when I took office.

But we cannot stand still – our costs are higher than some of our neighboring states.

Let's act now to pass an intentional tort bill, and also enact House Bill 223 to reduce the number of workplace injuries caused by alcohol and drug impairment.

Second, I am asking you to extend the maximum term of our successful Enterprise Zone Program from 10 to 15 years.

Michigan and Indiana already have zones that extend beyond our limit. Large projects have longer paybacks and our local communities need all the help they can get to compete for new jobs.

Finally, frivolous lawsuits are driving up the cost of doing business in Ohio. Some companies have gone into bankruptcy.

While Ohio has been slow to respond, other states have acted. Thirty states have limits on punitive damages – Michigan did away with them altogether. Texas amended its constitution to curb lawsuit abuse. And litigation costs for our competitors overseas are minimal.

There's no question we can compensate injured parties fully and fairly and still protect businesses from frivolous lawsuits.

Let's enact comprehensive lawsuit reform and enact it now!

Our strong economy wasn't built by manufacturing alone.

Agriculture represents the best traditions of our past and is a key to our future. Through innovative technology and hard work, our farmers are the most productive anywhere.

We're exporting crops and livestock all over the world – popcorn to Africa, hogs to Mexico, hardwood to China, and ice cream to South Korea.

Our farmers support more than 1,000 food product companies operating in our state.

And *Fortune Magazine* has just named one of them the best company to work for in America. The J.M. Smucker Company of Orrville believes in listening to workers, training workers, and appreciating workers. They're under family management, they distribute to more than 45 countries, and their products are delicious. CEO Tim Smucker is with us today. Tim, with a name like Smucker, you've got to be good!

Farming not only puts food on our tables, it also fuels our future. We've already passed ethanol incentives and we're pulling out all the stops to break ground on an ethanol plant this year.

And let's work with our delegation in Congress, one of the strongest on Capitol Hill, to end the ethanol penalty that costs us \$150 million a year. It's high time the federal government stops penalizing Ohio for consuming a cleaner-burning, renewable fuel!

Corn isn't the only good thing we've got growing in Ohio.

Family farms are part of a growing small business sector that's also one of Ohio's great strengths. In fact, small business is big business in Ohio, employing half of our workforce and growing 80 percent of our new jobs. Small companies account for one third of our exports. In short, small business is crucial to Ohio's economy.

That's why I formed our Small Business Advisory Council, and appointed Lieutenant Governor Bradley as our point person for the small-business community.

And last year we started an ombudsman program to expedite permits and resolve small-company issues with state agencies.

Through the Ohio Business Gateway, a nationally-recognized one-stop website, 47,000 businesses are now filing returns and making payments in paperless transactions. And the municipal income tax reforms we enacted will make filing easier for small companies.

These steps are helpful but the number-one problem for small business right now is the high cost of health insurance. Premiums are skyrocketing and companies are cutting benefits.

To help small companies, I ask for a moratorium on new health insurance mandates during this legislative session.

In the current climate, new mandates, however well-intentioned, could push more small companies to reduce or eliminate benefits. In the meantime, Insurance Director Ann Womer Benjamin will recommend steps we can take to help small-business workers get the health benefits they need.

Another strength is our growing financial services sector. The insurance industry alone employs more than 100,000 Ohioans at an average salary of over \$50,000. Insurance is an export product bringing dollars back to our state. Our strategy must target insurance and I ask you to enact legislation to make insurance companies, like other Ohio businesses, eligible for the Job Creation Tax Credit.

While it is important to focus on our strengths: the knowledge economy, manufacturing, agribusiness, small business and financial services, we must also protect what we have.

Our economy faces a new kind of threat. Congress has ordered a base closure process for 2005 and we must stand ready. More than 38,000 jobs are at risk at federal military bases in Cleveland, Columbus, Dayton, Lima, Springfield and Youngstown. These bases have an economic impact of nearly \$4 billion a year. I

thank the General Assembly for already providing \$1.5 million to help these communities protect their bases.

But we must do even more. Today, I'm announcing the formation of the All-Ohio Task Force to Save Defense Jobs to support local campaigns. And with your help we'll provide an additional \$1 million to fully meet community requests. The men and women on these bases dedicate their lives to protecting us. We owe it to them to fight for their jobs.

There's something else we must do to improve Ohio's economy – reform our tax code!

Last year, after months of debate, you made a courageous decision to stabilize our budget, protect our bond rating, hold spending under control, all while making critical investments in education, economic development and programs to support our children and seniors. And I commend you for it.

But we haven't solved our long-term problem.

Last year I proposed a sweeping plan to lower rates, broaden the base and treat taxpayers fairly. Others in this chamber brought forth creative ideas.

We know that tax reform is hard to do – hard in a budget year and hard in an election year. But it must be done. We're all on record in supporting tax reform. Let's roll up our sleeves and get it done this year.

As you've heard today, there are many things we must do to improve our business climate. But in the quest for prosperity, what matters most is our people. From truck drivers to teachers, from steelworkers to autoworkers, from managers to researchers, I put Ohio workers up against any in the world. But that world is changing. We must continually strive to train a workforce that is state-of-the-art, flexible, innovative – in short, world-class.

Being world-class means high academic standards that enable students to graduate from high school prepared for their futures. In this area, with your leadership, and the support of thousands of educators around the state, we're making real progress.

Ohio just received an "A" rating for our standards and accountability, and a "B" for our efforts to improve teacher quality. In reading and math, our students are near the top in national comparisons. To build on this progress, our task force on school funding is hard at work and I look forward to its recommendations. And I urge you to enact Senate Bill 2 to give teachers the support they need to be the best.

A world-class workforce also requires more students graduating from college. The tuition tax deduction you enacted is saving students and their families more than \$14 million a year. Our College Access Network now serves half of Ohio's school districts, reaching out to students and families to explain that a college education is both essential and attainable. We'll grow this network to help students achieve their dreams in every community in the state.

College enrollment is at an all-time high, but our prosperity depends on educating far more people to higher levels of knowledge. The Commission on Higher Education and the Economy is developing steps to achieve that goal. Let's work with the business and higher education communities to find ways to beat the national average and increase enrollment by 25 percent over the next decade.

We must also do more to help businesses upgrade the skills of their current workers and help those without jobs to find and keep one.

As the economy transitions, on-the-job training must become a more central part of our strategy. Therefore, we should double our commitment to job-training programs that match company training initiatives. Two years from now I want to report that we have trained 200,000 more people in the skills of tomorrow.

In addition, my Jobs Bill will create the Ohio Workforce Guarantee as a new incentive to attract business investment. If you're a company creating 100 good jobs and need workers, we'll recruit, screen and train them so that you can put them to work immediately.

And I'm pleased to report that 31 full-service one-stop workforce centers will be operating throughout the state by the end of the year. A number of model programs are already making a difference. One is the Montgomery County Job Center in Dayton.

Another is The Employment Source in Canton, a powerful economic development tool for the region, recruiting, screening, and training workers for companies seeking a good location to invest or grow. Recently, The Employment Source's commitment to supply 300 workers was a major factor in the decision of the Alliance Castings Company to expand in Ohio. With us today is Sharon Parry, the Executive Director of The Employment Source. Sharon, thanks for being such a great example and showing the rest of the state how it can be done!

My friends, with companies like Smuckers, places like the Cleveland Clinic, programs like The Employment Source, world-class research, talented workers and a strong pro-jobs agenda, we have a great story to tell the world about Ohio.



As Jim Rhodes used to say, “we have more things in Ohio by accident than other states have on purpose.”

Yet, we need to tell our story better.

I’ll promote Ohio in Japan and Taiwan later this year. And I know each of you promote Ohio in your own districts. But selling Ohio’s economy must happen every month, every week and every day.

So this year, we’ll create a non-profit corporation to promote and market our tremendous economic assets. We’ll partner with foundations, businesses and local economic development groups, and in future budgets we’ll seek your help to tell our story.

Let’s make sure that the rest of the world knows what you and I already know, that Ohio is the best place in America to live, to work and raise a family.

The Ohio story is all about our people – inventive and industrious men and women.

We start our cars and light our homes, all because Ohioans dared to dream.

Because of Ohioans, we are earthbound no more. One hundred years ago, the Wright Brothers took to the skies. Then Ohioans leaped beyond the atmosphere when John Glenn circled the globe and Neil Armstrong touched the moon.

It’s no wonder then, as we reach out to a planet 124 million miles away, Ohioans once again are leading the way. Entrepreneurs at CMC Electronics Cincinnati, scientists at Ohio State, and engineers at NASA Glenn and Wright-Patterson all played pivotal roles in the mission to Mars.

Ohioans are truly an innovative, creative, and resourceful people.

We can tackle and solve daunting problems.

We know the risks are worth taking, the defeats worth suffering.

We know that success will be won and victories enjoyed.

And we know, as we work together to create the conditions for our future prosperity, that our children will achieve beyond even the dreams of today.

May God bless you, and may God bless Ohio.

###