

# **AKRON BEACON JOURNAL**

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## **Yes on Issue 1**

### **The Third Frontier has been an Ohio success story. Now voters must continue the investment in new technology and jobs**

Ohio must create jobs, good jobs. The state must do so knowing that its economic troubles didn't begin with the nasty recession. The difficulties date back years, even decades, certainly to 2001, the state failing to recover from the previous downturn.

Look at job growth, Ohio trailing the national average for the past 14 years. Or median household income. Once far above, the state has spent the past 30 years in relative decline, its household income now below the national median. What can be done?

Any successful economic strategy has multiple parts. The state has improved the way it taxes businesses. It has begun to invest more effectively in higher education. It has advanced its primary and secondary schools. Now Ohio voters have an opportunity to sustain a success story, the Third Frontier project, a collaborative effort between the public and private sectors to accelerate development in high-technology and create jobs.

We strongly recommend voting "yes" on state Issue 1, a proposal to extend the Third Frontier beyond its 2012 expiration date by issuing \$700 million in bonds that would keep the program running through 2016.

Note that this bond issue does not include an accompanying tax increase as would be the case in a school-building project.

What is the Third Frontier?

Bob Taft launched the project during his tenure as governor. He noted that the first frontier was agriculture, and the second was industry. He viewed the new program as helping in the role of catalyst, pushing Ohio to make the transition to a new economy, one driven by knowledge, technology and innovation. The Third Frontier project isn't a cure-all, a single answer. It has been successful, and thus deserving the support of Ohio voters — if they are interested in the state prospering as it once did.

How successful? A study by SRI International found that the Third Frontier created or retained 48,000 jobs through June 2009. The state has awarded \$681 million in grants since 2003. That sum has generated \$6.6 billion in economic activity and \$2.4 billion in employee wages and benefits. In other words, Ohio has realized a return of nearly \$10 on each dollar it has invested.

The Ohio Business Roundtable looked at the program and delivered similarly rave reviews. So did the Greater Ohio Policy Center and the Brookings Institution, in their recent report, "Restoring Prosperity: Transforming Ohio's Communities for the Next Economy," urging Ohioans to continue support for the program. They stressed the experience of other states and regions, including the Research Triangle in North Carolina and Silicon Valley in the Bay area of California, the achievement of critical mass requiring 20 years to 30 years of sustained investment.

The indispensable ingredient of that critical mass is an entrepreneurial spirit, so common that venture capitalists flock to the scene. Ohio once exemplified such a culture, with the likes of Edison, Firestone, Kettering and the Wrights. Those glory days have faded, one analysis ranking Ohio 49th out of 50 states in the number of business startups today.

That is something the Third Frontier has begun to remedy. How? The program adds public investment to accelerate the research and development of new technologies — with the essential goal of moving from idea to product, from the laboratory to the marketplace, resulting in sales, profits and jobs.

Consider EchoGen in Akron, the recipient of a \$4.3 million grant to help in the development of a power generation system that recycles waste heat from industrial processes into energy. The company has a staff of roughly 20, and expects to add 100 positions to 150 positions the next three years.

AlphaMicron of Kent has been using liquid-crystal technology developed at Kent State University in goggles for skiers, visors for motorcyclists and the military, plus in auto-dimming mirrors in cars. Third Frontier grants of \$5.35 million have aided the advance in applying the technology to curved surfaces, AlphaMicron now with a payroll of 40 people.

The University of Akron has been leading the way in applying an \$8 million grant to bring high-performance polymers into the marketplace via parts for jet engines, the next generation of television sets, high altitude airships and personal electronic devices.

All told, the Third Frontier has been part of 571 startups (through June 2009). This hasn't been a matter of the government somehow picking winners and losers in the market. The grants are driven by merit, proposals competing for the money, a panel of independent experts making choices as any sound business would in weighing its next move forward. The strength of the process has been affirmed by the growth in venture capital, Ohio outpacing the country in recent years by almost 2.5 times.

The Third Frontier has been a winner. Now Ohio voters must say yes to its extension — to the promise of innovation, prosperity and jobs.