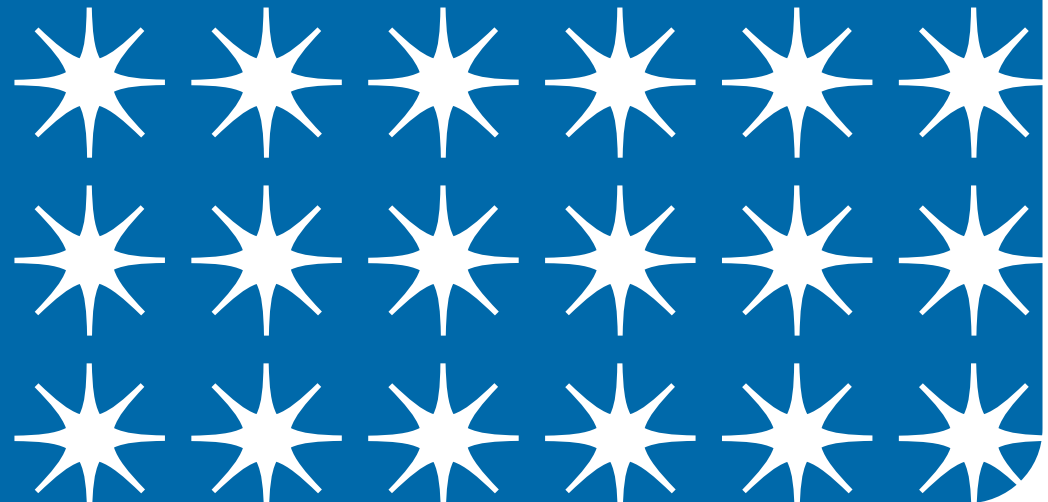


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ONE VOICE



## A MESSAGE TO OUR ELECTED OFFICIALS AND PUBLIC SECTOR LEADERS

Northeast Ohio has made great strides. For one, our region is becoming a hotspot for entrepreneurship and innovation, attracting hundreds of millions of dollars in the State of Ohio Third Frontier grants, private equity in investment and venture capital. Other evidence of our success can be seen in the billions of dollars in commercial, residential, retail and infrastructure construction projects that are taking place throughout Cleveland – in downtown, in the neighborhoods and in University Circle.

Since its creation in 2004, the Greater Cleveland Partnership (GCP) has helped shape an efficient and focused economic development system in Greater Cleveland with a mission of creating jobs and economic vitality for this region at a much higher scale of impact than in the past. This system has helped position the region for economic recovery and future competitiveness.

The GCP, as the one voice for business in Greater Cleveland, historically has worked closely with public officials to ensure that the region's challenges are addressed through public-private partnerships. With major changes in our public leadership at both the state and federal levels, we now see many new faces among our elected officials. This makes it all the more important and timely that the GCP double its efforts to clarify and amplify the concerns and priorities of the business community in order to maintain momentum.

Thanks to partnerships between the business community and public sector, we've accomplished public policy breakthroughs on the local, state and federal levels that contribute to improving the economy and business competitiveness across the region.

- The GCP led the campaign that not only saved the 1,000 jobs at Cleveland's Defense and Finance Accounting Service center, but added up to 500 more jobs.
- We also advocated on behalf of NASA Glenn Research Center, helping it succeed in securing critical work on NASA's crew exploration vehicle, setting the stage for even more work in the future.
- GCP joined with the Ohio Business Roundtable and successfully advocated for state tax reform, which is helping to reduce the tax burden on Ohio businesses and is leveraging more investment in the state.
- GCP's advocacy efforts and collaboration with NorTech helped place state Issue 2: Jobs for Ohio – which includes the Third Frontier grant program – on the ballot for voters to consider and ultimately approve, resulting in more than \$128 million in grants in Northeast Ohio since its passage.

This 2007-2008 Public Policy Agenda provides our recommendations for public policies and legislation that will help us create jobs, develop our infrastructure, prepare our workforce, and encourage innovation and entrepreneurship. We know this agenda is ambitious, but our past successes have shown us that we are most likely to advance this region only if we stretch our capabilities.



Frederick R. Nance  
Chairman, Board of Directors

## WHO WE ARE

### Greater Cleveland Partnership

The Greater Cleveland Partnership mobilizes private-sector leadership, expertise and resources to create jobs and improve the economic vitality of Northeast Ohio by serving as a catalyst for changing the region's economy through a streamlined economic development system. The Greater Cleveland Partnership was created in 2004 through the merger of Cleveland Tomorrow, the Greater Cleveland Growth Association and the Greater Cleveland Roundtable. This merger enabled the private sector to better allocate two of its most precious resources – dollars and committed leadership – toward creating a more vibrant economy in Northeast Ohio – as well as speak with one voice on behalf of job- and wealth-creation priorities locally, in Columbus and in Washington, D.C. Along with the Council of Smaller Enterprises (COSE), the small-business affiliate of the organization, the Greater Cleveland Partnership is one of the largest metropolitan chambers of commerce in the United States, and it is the biggest economic development organization in Ohio, with more than 17,700 small-, medium- and large-business members.

### Council of Smaller Enterprises (COSE)

COSE provides cost-effective group purchasing programs, advocacy on legislative and regulatory issues, and networking and educational resources to help Northeast Ohio's small businesses grow. COSE members invest both financial and human resources in every major Greater Cleveland Partnership initiative and have dedicated representation on both the Greater Cleveland Partnership Board of Directors and Executive Committee.

### Cleveland Development Advisors

Cleveland Development Advisors, Inc. (CDA) is a Greater Cleveland Partnership affiliate that manages private-sector investment capital raised to advance economic and community development in the City of Cleveland. Since its creation in 1989, CDA has invested more than \$95 million and leveraged more than \$1.4 billion in new investments, providing vital gap financing to real estate projects that provide economic impact. Its core mission is “to invest in and support targeted catalytic real estate projects designed to become anchors that attract further development of comparable quality, which will improve the character and vitality of the region.” CDA staff have become recognized as some of the most innovative private-public sector financing agents in the United States.

### BioEnterprise Corporation

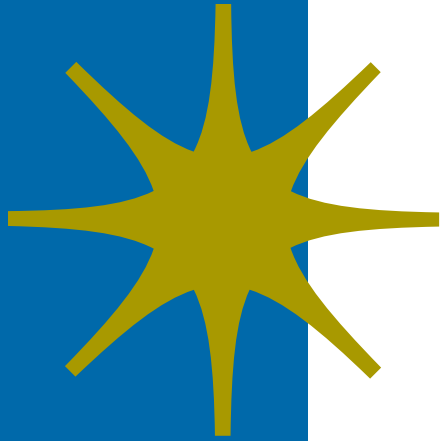
BioEnterprise Corporation is a business formation, recruitment and acceleration company committed to being a leader in supporting the growth of bioscience companies. BioEnterprise clients include emerging medical device, biopharmaceutical and healthcare services companies.

### Build-Up Greater Cleveland (BUGC)

Since its inception in 1983, the Build-Up Greater Cleveland (BUGC) organization has played a critical role in intelligently leveraging and managing the resources of the region in order to maintain and upgrade our vital infrastructure. Cleveland's infrastructure is often an “invisible asset” that quietly helps make Greater Cleveland productive, efficient, safe and environmentally secure. The Greater Cleveland Partnership plays a central role in managing BUGC so that Northeast Ohio's spending on infrastructure is efficient and effective.

**The Greater Cleveland Partnership is helping to build a job creation and economic development system that consists of an evolving network of partners. In tandem with its small-business affiliate, COSE, the Greater Cleveland Partnership provides funding, management and structural relationships to small economic development organizations, which each have a specific focus, but play an important role in the overall system.**





### **NorTech (Northeast Ohio Technology Coalition)**

NorTech's technology and business leaders are the strategic drivers of the region's technology-based economic development agenda. NorTech promotes innovation, commercialization and technology industry growth throughout the region. NorTech also works to promote and advocate for Northeast Ohio's NASA Glenn Research Center by working with the center, businesses and academia to develop priorities that strengthen NASA Glenn, encourage technology transfer and stimulate the region's economy.

### **JumpStart**

JumpStart is Northeast Ohio's venture development organization. It accelerates the growth of early-stage businesses and ideas into venture-ready companies by delivering vital, focused resources to entrepreneurs in Northeast Ohio. JumpStart identifies and invests in early-stage companies that have strong potential in the marketplace, solid prospects for high growth, and are likely to qualify for later-stage funding. Beyond investing, the JumpStart team provides a continuum of business development services to its client and portfolio companies to help ensure their success.

### **Cleveland Leadership Center**

The Cleveland Leadership Center brings together four existing networking, leadership development, civic education and civic engagement organizations (Leadership Cleveland, Cleveland Bridge Builders, (i)Cleveland and Look Up To Cleveland) into one, comprehensive unified collaboration that allows the individual programs to continue their missions while gaining the benefits available by operating under one, focused umbrella organization. The Cleveland Leadership Center will create a culture and landscape of leadership that is more inclusive, intergenerational, collaborative, and connected than ever before and will serve as a model of civic leadership development and engagement.

### **Greater Cleveland Marketing Alliance**

The Greater Cleveland Marketing Alliance is a permanent structure that will coordinate, communicate and leverage regional marketing efforts of key partners and other entities. The Alliance is a joint initiative of the Greater Cleveland Partnership, the Convention and Visitors Bureau of Greater Cleveland, and Team NEO.

### **Team NEO**

Team NEO markets Northeast Ohio to attract business investment in targeted industry clusters. It is a joint venture of the largest metro chambers, representing four million people in 13 counties. Team NEO serves as a central resource, informing and serving those considering investment in Northeast Ohio.

### **Manufacturing Advocacy and Growth Network (MAGNET)**

Formerly known as CAMP Inc., MAGNET serves as a voice for manufacturing in Northeast Ohio and provides one-stop access to resources that improve the productivity, innovative capabilities, access to global markets, and access to talent for the region's manufacturing companies. MAGNET also provides manufacturers with access to business consulting and product development projects, as well as access to its business incubation program. MAGNET has partnered with the World Trade Center Cleveland to offer assistance and information to Northeast Ohio manufacturers competing in the global marketplace.

### **Commission on Economic Inclusion**

The Commission on Economic Inclusion is a broad-based group of business and community leaders who have joined forces to make Greater Cleveland's diversity a source of economic strength. Through its focus on "Jobs & Opportunities, Wealth & Titles" for minority individuals and minority-owned businesses, it works to ensure that economic inclusion is integrated into all aspects of the business community's economic development agenda. The Commission's membership currently is comprised of more than 90 Northeast Ohio employers, who annually measure their own progress in these areas.

## 2007-2008 PUBLIC POLICY AGENDA

Starting with the creation of the Greater Cleveland Partnership in 2004, leaders in Cleveland have refined the economic development system so that it is more streamlined and productive than it ever has been, and it is operating regionally to address common challenges. This new economic development landscape is being funded both directly by the Greater Cleveland Partnership and through cost-saving efficiencies achieved by the formation of the Greater Cleveland Partnership, innovative funding solutions created by the Fund for Our Economic Future, State of Ohio Third Frontier grants, and state and federal funding.

While the scope remains regional, the Greater Cleveland Partnership has a focus on an expanded set of urban issues. Hospitals, housing, taxes, schools and infrastructure in the urban core – the City of Cleveland – deserve particular attention. The Greater Cleveland Partnership is working with economic development organizations and chambers of commerce in Ohio's other urban centers to develop and implement a plan for reinvigorating cities. Key partners in Ohio's urban centers recognize that cities are anchors, and in order for each region to thrive, the overall health of the cities must improve.

The Greater Cleveland Partnership, as the advocate for Greater Cleveland's economic development system, is the voice of business in Northeast Ohio. The Greater Cleveland Partnership's advocacy agenda includes issues of importance to the Council of Smaller Enterprises (COSE), BioEnterprise, JumpStart, NorTech, the Manufacturing and Advocacy Growth Network (MAGNET), World Trade Center Cleveland, Team NEO, the Commission on Economic Inclusion, Cleveland Development Advisors, and public sector partners through Build-Up Greater Cleveland (BUGC).

Creating, fostering and using public-private partnerships are some of the Greater Cleveland Partnership's greatest strengths. Greater Cleveland Partnership advocacy is focused on:

- Building a regional job and economic vitality creation system
- Catalyzing physical development projects that improve the quality of life and climate for investment
- Enhancing the region's competitiveness and growth
- Ensuring that minorities fully participate in the economy
- Enhancing the ability to educate the workforce

As the Greater Cleveland Partnership looks at the scope of what lies ahead for the region, the challenges fall into four general categories:

- Business retention, expansion and attraction
- Innovation, technology and high-growth business
- Workforce development and education
- Connected physical development

Economic inclusion – ensuring that minorities fully participate in the economy and in the economic recovery – cuts across all four of these issues areas. This document provides an overview of, and articulates goals for, each category. It also includes an agenda for small business, as identified by COSE volunteer leadership on behalf of the more than 17,200 members of COSE.

A unified and aligned Northeast Ohio business sector serves as a catalyst for improving the region's economy by leading, driving, supporting and assisting others with advancing the goals articulated in the following pages. The Greater Cleveland Partnership stands ready to work hand-in-hand with public leadership to build on this region's considerable assets – educated, trained professionals; high-caliber colleges and universities; world-class healthcare and research institutions; reasonable cost of living; convenient transportation network; population diversity; best-in-class cultural attractions; and unparalleled natural resources – to foster an environment that attracts and supports the creation of jobs and wealth.

This Public Policy Agenda is intended to serve two purposes. First, it provides lawmakers with background information and specific goals regarding public policy. Second, it serves as an internal guide for members of the Greater Cleveland Partnership, providing focus for ongoing efforts.



**Ensure continued implementation of the Ohio Commercial Activity Tax.**

**Support changes to state law that would make it easier for localities to share tax revenue.**

## BUSINESS RETENTION, ATTRACTION AND EXPANSION

The Greater Cleveland Partnership takes a regional approach to maintaining, attracting and growing businesses. The goal is to ensure that political boundaries do not become obstacles to business competitiveness and economic growth. Creating a business climate that is attractive to employers and the labor force will help secure Northeast Ohio's long-term economic recovery. The cost of doing business in the region remains a concern, as it is a disincentive to growth for potential and current employers. While the overhaul of the state's tax code is a significant step forward, tax structures at the city and county level continue to make the region less attractive to business investment.

State tax reform, advocated by the Greater Cleveland Partnership, as well as by COSE, and passed by the Ohio General Assembly, will take a few more years to be fully implemented. In the meantime, it is of paramount importance that the region continues to work together to make the traditionally strong manufacturing sector competitive in the global economy, that the region is hospitable to new and emerging industries, and that the economic recovery is inclusive of all Northeast Ohio residents.

### Tax Environment

For too long, Ohio's economy suffered in part because its tax policy made the state inhospitable to employers who could make investments that would create jobs and wealth for Ohioans. In 2004, the Greater Cleveland Partnership joined with the Ohio Business Roundtable to advocate for reform of Ohio's tax code, including the creation of the Commercial Activity Tax (CAT), the most sweeping tax reform Ohio has seen in 75 years. The reforms updated Ohio's business tax code to help make Ohio competitive in the 21st century economy. By encouraging businesses and Ohio's economy to grow, the State of Ohio must avoid knee-jerk reactions to the short term impact of reduced tax receipts and allow the long-term gains of comprehensive tax reform to be realized.

The reforms are being phased in over five years. However, tax liabilities are already being reduced and new jobs are being created. "By 2010, the tax package will reduce Ohio's total state and local taxes by \$3.3 billion annually," according to an analysis by the Ohio Business Roundtable. In that time, Ohio's business tax burden will go from being one of the highest among 12 comparable states to one of the lowest.

The Greater Cleveland Partnership will continue working with the Ohio Business Roundtable to ensure that the CAT continues to do what it was intended to do – stimulate Ohio's economy and put Ohio at a competitive advantage for job growth, employer attraction and wealth creation. Ohio's tax code is now balanced and provides stability for existing businesses and supports growth in Ohio's economy.

Another encouraging sign is that the City of Cleveland and surrounding suburbs have recently started working out agreements to share tax revenue in order to avoid situations where one city steals the tax revenue of another city by enticing employers to move locations. Tax sharing helps cities in the region use their resources more efficiently.

## Competitive Environment

Northeast Ohio competes with other parts of Ohio, as well as with other regions across the country, for businesses and employees. The region needs to continue improving its business climate to ensure it can compete.

Living wage laws, also called fair employment laws, inflate the minimum wage in a municipality in order to help low-income families rise above poverty levels. The City of Cleveland enacted a fair employment law in 2001, requiring businesses that conduct business with or receive subsidies from the city pay their employees a minimum wage established by the city. The Greater Cleveland Partnership has found that this type of mandate is a significant disincentive to employers, both large and small, in deciding where to locate new businesses.

The effects of out-of-control litigation upon businesses are profound and serve as another deterrent to business growth. Small businesses, in particular, suffer when faced with court and attorney fees associated with frivolous lawsuits.

Progress has been made on tort reform; new federal and state laws are addressing lawsuit abuse. In 2004, the Greater Cleveland Partnership and COSE advocated for, and the Ohio General Assembly approved, tort reform legislation that placed reasonable limits on the amount of money that can be awarded in state lawsuits. And in 2005, federal class action lawsuit reform was signed into law by President Bush. The Greater

Cleveland Partnership joined a statewide coalition of business groups to stop a recent trend in Ohio that saw out-of-state personal injury lawyers recruiting local municipalities to sue lead paint manufacturers in Ohio on a public nuisance theory of liability. The Greater Cleveland Partnership recognizes that companies look for fairness and predictability in the civil justice system when making decisions about where to expand existing operations or locate new facilities. More meaningful reform is still needed.

With union membership numbers dwindling nationwide, Congress is considering legislation to make it easier for unions to organize in the workplace. The Employee Free Choice Act of 2007 would allow workers to unionize by simply presenting a check-off petition alleging that a majority of the workforce wishes to enter into collective bargaining. This would effectively end the practice of using federally supervised secret ballots as a method of voting to unionize workers. The Greater Cleveland Partnership and COSE are concerned with this initiative because it would strip employees of their democratic right to vote in secret on whether to have a union come into their workplace to represent them. It is imperative that the State of Ohio continue to work with each region of the state through the Ohio Business Development Coalition (OBDC) to promote the major improvements in Ohio's business climate that have been achieved through reforms, including changes to the business tax code. With support from OBDC, effective marketing programs, such as the Greater Cleveland Marketing Alliance, can help attract more investment, jobs and talent to Ohio.



**Oppose attempts by any municipality to enact so-called living wage laws in the region.**

**Secure meaningful tort reform, including asbestos tort reform at the federal level, and stem the misuse of nuisance laws in Ohio.**

**Oppose the Employee Free Choice Act.**

**Advocate for continued state support for the Ohio Business Development Coalition.**



**Support the creation of a mechanism within the State Bond Guarantee Fund to help MBEs secure bonding.**

**Support the replacement of the multi-tiered MBE certification system with a seamless system for MBE certification, for example, a Web portal operated by the state that can serve as a one-stop certification process.**



**Explore separating Medicaid from the Ohio Department of Job and Family Services, as recommended by the Ohio Commission to Reform Medicaid.**

**Urge the governor and General Assembly to improve Medicaid management and policy development by focusing on necessary systemic reforms.**

**Support local healthcare systems and the Secretary of Health and Human Services in their efforts to provide healthcare consumers information about costs and services.**

**Support urban hospitals in their efforts to increase the number of residents for which academic medical centers can be reimbursed by Medicare.**

### **Minority Business Enterprises**

Businesses owned by minorities increase wealth in minority communities often helping to create jobs in the neighborhoods that need jobs the most. Fostering the creation and growth of minority businesses in Northeast Ohio will help ensure that all residents participate in the region's economic recovery. Minority business enterprises (MBEs) face challenges that make it difficult for them to compete for contracts. Access to bonding continues to be a concern for MBEs, preventing them from pre-qualifying to bid on contracting jobs in sectors such as construction. MBEs also continue to have a difficult time accessing working capital. The funds should be available to MBEs at a reasonable cost, without lowering the standard requirements for collateral and credit scores.

The MBE certification process is time-consuming, burdensome and redundant. Separate systems for certifying minority-owned businesses require MBEs to pursue multiple certifications in order to compete for work with local, state or federal governments. A streamlined certification process would help ensure that minority-owned businesses spend less time completing paperwork, and more time growing their businesses.

### **Healthcare & Medicaid**

Healthcare is one of Northeast Ohio's most important industries. In addition to excellent patient care and a national reputation for excellence in research, the region's hospitals are major employers. The commercialization of research makes the hospitals' potential economic impact even greater. Changes in healthcare regulation and legislation potentially impact the region's economy. Innovative solutions that will increase the competitiveness of healthcare systems in Northeast Ohio must be considered. For instance, the Greater Cleveland Partnership, as well as COSE and leading healthcare systems in the region, have pledged their support to key principles for change in the healthcare system championed by the Secretary of Health and Human Services to support work that will create more transparency for healthcare quality, outcomes and costs.

Medicaid is the largest single element of the state budget, representing about 40 percent of the state's financial responsibilities. Because of its size and growth, it impacts not just the healthcare industry, but every sector of the region's economy. Many jobs in Northeast Ohio are funded by Medicaid payments to hospitals, physicians and nursing homes. Healthcare is a growing and important sector in the regional economy; therefore, it is important that Medicaid spending is efficient and not arbitrarily cut. Changes in the payment structure could result in more efficiency and cost savings without diminishing patient care. Finding innovative methods of containing costs and better managing Medicaid is essential to the sustainability of the program. An important starting point for a broad analysis should be a review of the 2005 report and recommendations of the Ohio Commission to Reform Medicaid.

Young doctors are trained in a specialty through residency and fellowship programs at teaching hospitals. Medicare pays these hospitals for a portion of the direct and indirect costs incurred during the young doctors' training, including salary and benefits for the resident, and increased overhead associated with longer-than-average-patient stays and more tests performed. Long-established urban teaching hospitals (meaning they received GME payments before 1996) cannot increase the number of residents in their programs – except to allow for maternity and disability leave and this can only be up to three residents. Not only is the training of young doctors important to the continuity of the healthcare system, resident doctors also provide invaluable service to hospitals. Urban hospitals, which are sometimes underserved by medical professionals despite their high patient volume, rely on resident doctors to provide patient care.

## **INNOVATION, TECHNOLOGY AND HIGH-GROWTH BUSINESS**

Indeed, a long-term commitment, a vision, and constant investment are needed to foster innovation and entrepreneurship in Northeast Ohio. Investments made 20 years ago in the region's technology infrastructure are starting to pay off. New indicators are showing that the region is becoming a hotspot for innovation and entrepreneurship. Hundreds of millions of dollars in venture capital, private equity investments, and State of Ohio Third Frontier grants have flowed into the region over the last four years. And the region's healthcare systems continue to dominate not only in their care of patients, but also in the groundbreaking research and commercialization of bioscience technology. But more needs to be done to make the region nationally and globally competitive.

Northeast Ohio is fortunate to have NorTech, which focuses on initiatives designed to accelerate the creation of high-wage jobs in high-growth, knowledge-based industries in the region. The Greater Cleveland Partnership relies on NorTech to implement the innovation, technology and high-growth pillar of the Greater Cleveland Partnership's economic agenda.

### **The Third Frontier**

In 2005, Ohio voters sent a message of support for the importance of technology in Ohio's economy by approving a \$500 million bond issue for technology research and development. Institutions in Northeast Ohio have secured more than \$300 million in grants since the inception of the program. NorTech plays a key role in aligning and leveraging the public and private technology assets in the region, thus positioning the region for continued success in securing research dollars from funding sources, including Third Frontier. Another aspect of Third Frontier is its internship program for Ohio students, placing more than 2,500 interns in Ohio's high-tech industry and research institutions. The internships prepare students for Ohio's emerging industries, and it is important that the internship program includes students from all demographic groups to ensure that all Ohioans participate in the new economy.

The Greater Cleveland Partnership will continue to work with NorTech, along with its partners JumpStart and BioEnterprise, to transform Northeast Ohio's economy from one historically reliant on heavy industry to one based on advanced technology.



**Support continued state funding for Third Frontier grants that support the efforts of NorTech, BioEnterprise and JumpStart to increase the region's technology development and commercialization, technology infrastructure and entrepreneurial activities.**

**Support merit-based Third Frontier grant selection process that is non-biased and conducted by a third party, with no consideration for geography.**



**Secure work for NASA Glenn related to NASA's human space flight mission.**

**Secure state and federal funding for a runway at NASA Glenn's Plum Brook Station in Sandusky, Ohio.**

**Secure funding for aeronautics and space exploration that supports the work done at NASA Glenn.**

**Encourage commercialization and business park opportunities for NASA Glenn.**

**Secure federal funding for Glenn Alliance for Technology Exchange (GATE).**



**Secure state and federal funding for BioEnterprise and JumpStart to further their ability to make pre-seed and early seed investments in innovation and entrepreneurship throughout Northeast Ohio.**

### **NASA Glenn Research Center**

NASA Glenn Research Center has played an essential role in the nation's history of space exploration and aeronautics research. While priorities over time have evolved, NASA Glenn's contributions remain strong, and the center is now positioned to help carry out the nation's new emphasis on space exploration – a return to the moon and a mission to Mars. Aeronautics research continues to be important for Glenn and the nation. There can be no question as to NASA Glenn's strength in this field, and the Greater Cleveland Partnership will continue to support this important area of research. But it is vitally important to bring focus to NASA Glenn's strengths with respect to space exploration. During this time of reduced federal budgets and national attention on space exploration, transformative strategies are needed and are underway.

In 2006, NASA Glenn achieved a milestone by securing a leadership role in the nation's space exploration program – the development and oversight of the Orion service module. Orion is the next-generation crew exploration vehicle and will replace the space shuttle. The service module is that portion of Orion that provides power, propulsion, communications and other services for the crew exploration vehicle. These are all areas in which NASA Glenn has outstanding capabilities. Securing this important work will position NASA Glenn as a leader in space exploration and will have a major impact on the region's economy.

NASA Glenn has preeminent technical capabilities and outstanding facilities, including those at its Plum Brook Station in Sandusky, Ohio. Plum Brook Station was built in 1941 and has been used sporadically over time as a key testing facility for the nation's space program. With new work on the horizon, Plum Brook is positioned to become an integral part of NASA's overall testing

regimen. The addition of a runway at Plum Brook Station will increase its accessibility and cost effectiveness. Such a runway could also be part of the solution to the region's need to invest in a new airport to service Erie County. Investment in these facilities to ready them for current and future opportunities is essential and should be a joint priority for federal and state government.

Another essential area of focus for the Greater Cleveland Partnership is that of commercialization and technology transfer. In recent years, NASA funding for such activities has been eliminated. Yet, this is a particular strength of NASA Glenn and the region's vast research capabilities in the university and nonprofit community. The Glenn Alliance for Technology Exchange (GATE) is the region's best bet for filling the void left by federal budget cuts. GATE is a partnership among NASA Glenn, the Ohio Aerospace Institute (OAI), and the Great Lakes Industrial Technology Center (GLITec). Since its inception, GATE has experienced great success; funding to ensure its future success is a priority for the Greater Cleveland Partnership.

### **Entrepreneurship**

Entrepreneurial activity and innovation in existing companies, which are critical to job growth and regional advancement, require well-funded initiatives such as Third Frontier and targeted intermediary support groups such as JumpStart and BioEnterprise. The Greater Cleveland Partnership looks to assist these organizations in their efforts to grow the region's business community by investing millions of dollars in them and by seeking state and federal funds to support entrepreneurial activity.

## Biosciences & Healthcare

The region's bioscience and healthcare assets are well known, but in order to remain competitive, investment must continue in these areas. Continued support for BioEnterprise is critical for the success of biomedical start-up companies in the region. The Greater Cleveland Partnership continues to support areas where the region is recognized as a national and international center of excellence.

Because of the presence of strong research institutions, Northeast Ohio benefits significantly from National Institutes of Health (NIH) funding. While funding has increased slightly in real dollars, NIH has lost almost 13 percent in purchasing power since 2003. This comes at a time when other sources of funding are not munificent – foundations are becoming more directive in their awards, and clinical income is problematic. This puts pressure on important research at a time when real progress is being made.

## Energy & Environment

The Greater Cleveland Partnership supports energy policies at the state and federal levels that move the United States toward energy independence and result in cleaner air and water, as well as create and protect jobs for Northeast Ohioans. New, more stringent air quality standards for ozone and fine particulate matter established by the United States Environmental Protection Agency (U.S. EPA) may threaten Northeast Ohio's ability to attract and retain businesses and certainly require serious attention.

**Air Quality:** The ability of the region to attract and compete for new businesses or plant expansions is already made more difficult because the U.S. EPA considers Northeast Ohio as not meeting air quality standards. U.S. EPA regulatory requirements limit the ability to locate new or expand existing businesses that generate air pollution in Northeast Ohio. These restrictions will make it more difficult for the area to compete with other areas in Ohio and the nation that already meet these air quality standards for related businesses, such as manufacturing. Additionally, failure to achieve compliance on air quality standards could threaten the future availability of federal funding for transportation projects. In areas not meeting federal air quality standards, the U.S. EPA requires new or expanding businesses to offset new emissions of air pollutants prior to initiating their projects. Creation of an emissions trading program would help track pollution credits as they are created and then facilitate the trading of the credits. Development of a trading bank that has strong private sector involvement is critical to allowing the region to experience economic growth in its manufacturing and industrial sectors.

The sources most responsible for Northeast Ohio's failure to meet federal air quality standards are motor vehicles and other transportation vehicles. The problem is not just local, as pollution is generated in other parts of Ohio, as well as in other states. Significant progress in meeting federal air quality standards can be achieved by aggressively targeting these sources for reduction both at the local level and throughout the Midwest. The current contract for the E-Check program expires in the summer of 2007 and state funds are required for the program to continue.



**Secure and increase National Institutes of Health (NIH) funding nationally and, in particular, to Northeast Ohio institutions.**



**Support programs that will improve air quality without unreasonably increasing compliance costs for existing businesses.**

**Explore state and federal grant funding for programs that could assist the region in meeting the standards and thereby reduce costs to businesses and limit the negative impact on the local economy.**

**Encourage the Ohio EPA and other offices to develop a trading bank that maximizes the ability to easily trade pollution credits among businesses.**

**Explore support for the continuation of the E-Check program.**

**Identify projects that could significantly reduce diesel emission and advocate for increased federal and state funding for these projects in Northeast Ohio and in the Midwest.**



**Secure a comprehensive state energy policy that encourages the continued development of advanced energy and clean coal technology and positions Ohio as an economically competitive market.**

**Encourage the development of new businesses related to alternative energy production and research.**

**Monitor federal initiatives to reduce greenhouse gases, such as performance standards and cap and trade systems.**

**Explore policies that encourage the development of alternative energy, including clean coal technologies.**

Diesel engines are a major source of both particulate and ozone pollution. U.S. EPA has enacted new standards for cleaner diesel engines. However, the average life of a diesel engine is 25 years. Therefore, it will be many years before the significant air quality benefits of these new engine regulations will be felt.

Technology exists to retrofit in-service diesel engines that will reduce pollution between 20-90 percent and other technologies can reduce pollution and save fuel costs by eliminating the need for idling. This includes anti-idling policies, electrification of truck stops, or specific vehicle improvements that increase gas mileage. However, there are no federal or state mandates that require implementation of these technologies, making these policies and technologies voluntary. The Greater Cleveland Partnership, joining industry, state and local governments, has taken a leadership role in the U.S. EPA's Midwest Diesel Initiative, which is acting as a catalyst for voluntary reductions in diesel emissions.

**Energy:** Northeast Ohio has the ability to emerge as a leader in the research and development of advanced energy as a means of reducing greenhouse gases and reducing dependence on foreign oil. No single technology can address these challenges; therefore, a range of options, including wind power, fuel cell technology, ethanol and biodiesel fuels, warrant further exploration in Northeast Ohio and the state. Northeast Ohio stands at a crossroads – it can move forward and be a leader in energy conservation and development of alternative energy, or it can react to new policies and mandates as they are developed. The Greater Cleveland Partnership relies on NorTech's leadership and counsel in exploring advanced energy options.

Buildings and homes are the largest consumers of energy, representing more than 70 percent of consumption. Until state and federal governments provide incentives to encourage developers and owners of buildings and homes to reduce consumption, it will be difficult to reduce the country's dependence on oil. Incentives that encourage energy-efficient new construction and retrofitting homes and buildings to reduce the state's carbon footprint are important to the state's energy future.

Several promising advanced energy alternatives exist, such as solar power, fuel cells, cellulosic ethanol, biobutanol and derivatives from waste products. Research and production of such alternative fuels should be encouraged. Such incentives can be coupled with offset incentives for utilities that rely on coal, such as incentives that reward the production of clean coal and invest in clean coal technology. Many emerging and existing industries and companies, including FirstEnergy, are actively pursuing these and other technologies and are committed to finding multiple approaches to address climate change solutions that reduce greenhouse gases, diversify energy sources and reduce consumption.

## EDUCATION AND WORKFORCE DEVELOPMENT

The Greater Cleveland Partnership works to align the region's workforce with the needs of employers. Changes and uncertainty in the education and workforce systems at the local, state and federal level require careful examination and consideration. The Ohio General Assembly is awaiting the governor's elementary and secondary education plan and his higher education plan. The Greater Cleveland Partnership is carefully studying the issues and will develop an expanded agenda for education and workforce issues. In the meantime, some issues require the Greater Cleveland Partnership's immediate attention.

### Elementary & Secondary Education

Ohio's school funding model continues to hinder students' ability to be prepared for the 21st century workforce. While funding issues remain for Ohio's schools, significant progress has been made since Ohio's school funding system was declared unconstitutional. Since 1991, state funding for K-12 education increased by \$4 billion. Spending per pupil has grown by 78 percent since 1991, three times the rate of inflation. Since 1997, \$6.9 billion has been appropriated for school construction and renovation. Currently, about \$2 million is being spent every day in Ohio to build or renovate school buildings – arguably the most aggressive program in the nation. Ohio has virtually eliminated the funding gap between rich and poor school districts.

A coalition of 12 education groups outlined a proposed constitutional amendment that would, according to them, fix school funding in the State of Ohio. The coalition announced its intent to place the measure on the November 2007 ballot. The coalition claims its amendment is intended to guarantee that students in Ohio receive a high-quality education. The group claims the proposal shifts the tax burden for schools from local property owners to the state – but it does not specify where the state would get the money to fund this tax burden. Other proposals are likely to emerge and the Greater Cleveland Partnership would like to see a focus on student performance and academic outcomes.

### Northeastern Ohio Universities Collaboration and Innovation Study Commission

The Northeastern Ohio Universities Collaboration and Innovation Study Commission was created to examine various possibilities for collaboration among public universities in Northeast Ohio – University of Akron, Kent State University, Youngstown State University, Cleveland State University and Northeast Ohio Universities College of Medicine. The higher education institutions in Northeast Ohio compete for the same students primarily from Northeast Ohio. This is occurring while state resources for higher education are shrinking. The combination of these and other dynamics have caused increased fiscal pressure on these universities and seriously inhibited public higher education in Northeast Ohio. In the face of skyrocketing higher education costs for Ohio residents, the Greater Cleveland Partnership would like to see the region's higher education assets share resources, reduce redundancies and achieve efficiencies.



**Ensure efforts to address funding issues are connected to measures to achieve better results such as standards, accessibility and teacher performance.**



**Support the Northeastern Ohio Universities Collaboration and Innovation Study Commission as it seeks to improve quality and access to higher education in the region and achieve more effective linkages with the workforce and talent needs of businesses.**



**Support the continuation of City of Cleveland property tax abatements.**

**Maximize use of state historic tax credits in Northeast Ohio through collaboration with the Ohio Department of Development and the Ohio Department of Taxation.**



**Protect eminent domain as a tool for economic development.**

**Oppose efforts to empower the state to make eminent domain decisions for local communities, including the definition of “blight,” that would diminish and/or eliminate home rule powers.**

## **CONNECTED PHYSICAL DEVELOPMENT**

Construction in Cleveland’s downtown and neighborhoods, as well as the roads, highways, bridges, public transit and waterways that connect them to the region, is an indication of Northeast Ohio’s economic health. Cranes along the skyline are visual reminders of the billions of dollars in real estate and infrastructure construction and upgrades that are underway for the region. In addition to supporting new projects, the Greater Cleveland Partnership will continue supporting projects begun in previous years, including the Innerbelt, Shoreway, Opportunity Corridor and lakefront redevelopment through the pursuit of state and federal funding allocations.

### **Cleveland Housing Development**

The City of Cleveland uses property tax abatements as an incentive to developers and homeowners to build and renovate homes in Cleveland. Property tax abatements range between 10 years for major rehabilitation of major structures and 15 years for new construction. Tax abatements have played a key role in attracting middle- and upper-class residents into all of Cleveland’s neighborhoods. The city’s property tax abatement program has yielded more than 6,400 residential development projects for new homes, and rehabilitation of existing properties have been developed in every Cleveland neighborhood – including Tremont, Hough, Glenville, Fairfax, Detroit Shoreway and Ohio City – due in large part to the property tax abatement incentive. The Greater Cleveland Partnership supports the continued use of property tax abatements because they are critical to maintaining Cleveland’s housing momentum in all of its neighborhoods, including downtown.

A new project beginning construction that will create a true urban village in Cleveland’s downtown is the Flats East Bank Neighborhood. The project, which has received support from the Greater Cleveland Partnership throughout its development, will inject critical density and additional population to the downtown district. The \$230 million development project will transform downtown Cleveland, will reinvigorate what was once a flagship entertainment district and will mark the first step toward reclamation of the lakefront. Also along the lakefront will be the Chicago-style townhouses of Battery Park. The \$100 million project in the Detroit-Shoreway neighborhood will provide affordable lakefront housing on Cleveland’s West Side.

### **Eminent Domain**

The use of eminent domain for economic development purposes is important to urban centers and older suburban communities, such as Cleveland and its inner-ring suburbs. Without the use of eminent domain as a last-resort tool, cities are seriously handicapped in efforts to rebuild and redevelop. The Greater Cleveland Partnership supports due process and reasonable compensation for properties, and it opposes attempts to diminish “home rule” authority.

### **New Market Tax Credits**

With the advent of New Market Tax Credits (NMTC) in 2001, new life was breathed into the attempt to transform business and economic development in distressed areas. The credit provides significant incentives for lenders and developers alike, and encourages profitable partnerships between them. Lenders can reduce their tax burden and gain entrée to new business markets while strengthening the communities in which they operate. Developers can take advantage of the tax credits as a tool to raise equity investment and attract other private investment to the neighborhood that is being redeveloped. The NMTC essentially fills the gap left by the investors who are reluctant to commit capital in low-income communities. Cleveland Development Advisors has used NMTC on 10 projects in Cleveland, including Arbor Park Plaza, the Charter One Global Enterprise Center, House of Blues and Corner Alley in the East 4th Street entertainment district, and the Nottingham Spirk Innovation Center.

Since its inception, the impact and potential of the NMTC continues to evolve and be realized as lenders and developers alike cultivate new ways of leveraging the credit within urban centers. However, the program is set to expire at the end of 2008 and its reauthorization will be a priority for the Greater Cleveland Partnership.

### **Community Development Block Grant**

The Community Development Block Grants (CDBG) are another tool used and leveraged to transform the region's urban core. Funding for this program has been reduced in recent federal budgets. Support for this program needs to be raised, and the restoration and increase of funding levels should take place.

### **Infrastructure & Physical Development Projects**

The Greater Cleveland Partnership works with Build Up Greater Cleveland (BUGC) and other partners to advance major development and infrastructure projects that catalyze economic development of regional impact. Projects that have the potential for major economic impact include the City of Cleveland's lakefront redevelopment, reconfiguration of the Innerbelt to improve transportation efficiency and safety, and the proposed Opportunity Corridor between downtown and University Circle. Each of these projects are at a different stage of development, but all warrant strong support from the Greater Cleveland Partnership.

A robust conversation is needed in Cleveland about the merits of building a new convention center. Lingering issues, including active pursuit of a medical mart, has put the convention center discussion on hold. The Greater Cleveland Partnership supports its partners, including the Cuyahoga County Commissioners, downtown Convention and Facilities Authority and the Convention and Visitors Bureau, in their effort to secure the medical mart and to determine the financing, community education and advocacy strategies for a new convention center/medical mart complex and secure enabling legislation as needed.



**Secure allocation of federal New Market Tax Credits for real estate projects.**

**Secure reauthorization of the federal New Market Tax Credit program.**



**Advocate for restored and increased federal funding of the CDBG program.**

**Support completion of the West Shoreway, preserve funding for the Innerbelt and accelerate development of the Opportunity Corridor.**



**Advocate for healthcare reform in Ohio that would address access, affordability and quality by requiring all individuals to have health insurance coverage.**

**Support efforts at the federal level to drive value-driven healthcare change, including electronic medical records, transparency of cost, quality and outcome information and consumer-driven products.**

**Create tax parity in incentives for purchasing healthcare for sole proprietors who bear additional state or federal tax burden for healthcare due to their self-employed status.**

**Support efforts for further experimentation at the state level for healthcare reform.**



**Reduce the complexity of the tax system for small business at both the state and federal level.**

**Resist tactics currently being planned and implemented by the IRS to increase auditing and compliance penalties for small business.**

## SMALL BUSINESS

With nearly 17,200 members, the Council of Smaller Enterprises (COSE) is a driving force in advocating for the priorities of Northeast Ohio's small businesses. COSE has a long history of fighting for the rights of all small business owners, whether it's through group purchasing programs in healthcare, workers' compensation and energy, or advocating for specific changes in legislation or regulation. As COSE enters its 36th year, it is positioned more than ever to take charge and fight for small business rights throughout the state and the country. In 2006, through a member-driven process, COSE set an agenda for change that will support the ability of our small business members to achieve success.

### Healthcare

COSE has advocated for healthcare policy and provided healthcare options for small business for more than 30 years. COSE aggressively works to manage a program that provides its members stable, affordable access to health insurance options. And, COSE fights for small business healthcare legislative and regulatory change at the state and federal levels.

Employers are the primary mechanism for providing access to health insurance in the United States, covering 120 million people. The cost of health insurance has increased dramatically over the past decade, causing the percentage of employers offering health insurance benefits to employees to decline – especially among small business where less than half of those employers now offer that benefit. Beyond inflationary pressures, small businesses have access to less information and power in the system and bear all of the costs of healthcare mandates enacted in our state.

Until individuals are required to participate in providing for their own healthcare coverage, there will be no incentive for them to make better decisions to care for themselves. By reforming the health insurance system to require all individuals in the state – healthy, sick and voluntarily not participating – be covered, the cost of healthcare can be spread throughout the entire population. Broad reform is required at both the federal and state level to sustain the system. As recent efforts in Massachusetts and California illustrate, states can play a role in the process and, as such, we support efforts to improve the ability of states to experiment with models that can work.

### Taxes

Building on the need to reduce the burden on small businesses, COSE believes that the complexity of the tax system at both the state and federal level is yet another barrier to their success. COSE believes that both the state and federal governments should streamline the process to report taxes. Further, new efforts by the Internal Revenue Service to broadly target small business to create revenues lost due to fraud by a few (the "Tax Gap") underline the need for education and improved ease of compliance.

### **Economic Development**

The success of small business depends on access to the human and financial resources that are necessary for growth. Ohio has struggled to educate all children in the state. Small business owners must be able to access highly qualified young people ready to contribute to the community upon graduation. In addition, small businesses are often not included in the types of financial support and incentives for economic development available to mid-size and large companies.

### **Workers' Compensation**

COSE has been a leader in group-rated workers' compensation since the early 1990s and is one of Ohio's largest group sponsoring organizations. COSE believes the state's group-rating program is a valuable resource to employers. However, rules for participation, discount structures provided and enforcement of group standards are all areas where change must be made to ensure a viable, credible system in the long term.

While COSE believes a number of changes should be implemented, three major areas of focus are recommended for the credibility and stability of the system:

- Implement a longer binding period of commitment (up to three years) by group sponsors and third-party administrators to participating members that will improve the incentives to better manage claims and promote safety practices.

- Create and enforce standards for sponsoring groups to provide their group members a program of substance to support the group-rating program's intention of bringing better practices and risk management to small companies.
- Create a truly employer-driven advisory council tasked with a decision-making role to facilitate greater input into decision making.

### **Regulatory Reform**

Small businesses are often burdened by the lack of oversight that lawmakers use when developing and passing new laws and regulations. Typically, small businesses are burdened with duplicative, unnecessary and overly complicated regulations. And, small business often cannot practically comply with these new regulations. Lawmakers must better recognize the burden of well-intentioned legislation on small business and consider that burden as they make change.



**Prioritize the educational needs of Ohio's children and involve small businesses more directly in the work of readying students to support the needs of employers.**

**Assess the range of the current economic development incentive programs in the state for small business, and make recommendations for future incentive programs to support and encourage small-business growth in Ohio.**



**Advocate for change to Ohio's workers' compensation system that will allow for a more stable and efficient resource for employers and a safer workplace for employees.**



**Obtain legislation within Ohio that mirrors federal regulatory flexibility legislation that requires a "cost-benefit" analysis for any newly introduced bills or regulation that impacts small business.**



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