



Ohio Department of Commerce

John R. Kasich, Governor

Jacqueline T. Williams, Director

Testimony
Before the Senate Finance Subcommittee on Workforce
Presented by Jacqueline T. Williams
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May 5, 2015

Introduction

Good morning Chairman Beagle, Ranking Member Williams, and members of the Senate Finance Subcommittee on Workforce, my name is Jackie Williams. I am the Director of the Ohio Department of Commerce. Thank you for inviting me to speak with you today to talk about the Commerce provisions of the Governor's Biennial Budget for a new Ohio.

Agency Overview

The Ohio Department of Commerce is the state's leading regulatory agency. Our biennium budget request seeks modest increases of 2% and .8% respectively for fiscal year '16 and '17. We receive no funding from the General Revenue Fund; rather our operations are funded through fees, fines and assessments. Commerce is composed of seven operating divisions which provide oversight for a broad range of businesses and industries.

Our financial focus falls under four Divisions:

- Financial Institutions
- Real Estate & Professional Licensing
- Securities
- Unclaimed Funds

Our safety focus falls under three Divisions:

- Industrial Compliance

- Liquor Control
- State Fire Marshal

At the Department of Commerce, our mission is to safeguard Ohio citizens and visitors, and their property and resources while ensuring reliable marketplaces and business growth. This mission has been re-invigorated through a Commerce-wide strategic planning process.

Last year, the Ohio Department of Commerce issued nearly 700,000 licenses. That is 700,000 opportunities to interact with Ohioans and make a difference in their lives. That number is an increase over the previous year, which I believe corresponds with the increase in economic activity in Ohio as our state continues its upward climb towards greater prosperity for all.

Ohioans have created over 300,000 new private sector jobs since Governor Kasich came into office in January of 2011. Ohio continues to be one of the top ten job creating states in the nation. Currently, there are 4.6 million Ohioans with private sector jobs. That's the most since June of 2008 and just 1.4 percent below our peak pre-recession private sector employment.

During the same time, Ohio's unemployment rate has improved from 9.1 percent to 4.8 percent today. That is the lowest Ohio's unemployment rate has been since 2001. Under Governor Kasich, January of 2015 represented the 40th month that Ohio's unemployment rate has beaten the national average.

It's important to remember the people behind those numbers. A job means dignity. Whether it's a mom or a dad being able to put food on the table for their family or being able to buy school clothes, a birthday gift or just take the family somewhere special. Strengthening Ohio businesses enables that.

Many of the businesses benefitting from Ohio's turnaround are small and minority owned. Ohio is strongest when as many people as possible have an opportunity to contribute to the state's growing economic strength. The Minority Business Enterprise (MBE) program was designed to expand the options for state purchasing by encouraging minority-owned businesses and leveraging their job creation potential.

I am pleased to report to you today the success of the Department of Commerce regarding the State's Minority Business Enterprise initiative. We consider ourselves leaders in this effort, and have been recognized as such. Since Fiscal Year 2012, when we achieved a 16 percent set aside for minority-owned businesses, we have nearly doubled that amount to 31 percent in Fiscal Year 2015. One example involves utilizing minority-owned companies such as Feasability, CRW and GPI to work through responsible party searches at the Bureau of Underground Storage Tanks Regulation. This is a new, nationally recognized program that ensures that the right entity is located and held responsible for site remediation.

We have also achieved unprecedented success in the Division of Unclaimed Funds. During Fiscal Year 2014, the Division reunited Ohioans with a record \$74,478,325, compared to \$69.2 million in Fiscal Year 2013, an increase of 7.6 percent. This was accomplished by constantly seeking out new means of outreach and thinking outside of the box. So far in Fiscal Year 2015, the Division has returned \$61 million to Ohioans, and we typically see more claims submitted in May and June. The State of Ohio had more searches in Fiscal Year 2013 (9.2 million) than any other state in the country. And in April of 2014, the Division reached the \$1 billion mark for money returned to Ohio citizens since the Division was created in 1968. Some of the success can be attributed to the fact that the Division recently changed the notary requirement for claims. Notarization is now required only for those claims over \$1,000 (it used to be \$100), saving time and money for Ohioans trying to reclaim their lost money.

Another division that has seen remarkable success is the Division of State Fire Marshal. Some of those include:

- A major renovation of the Ohio Fire Academy's (OFA) training grounds and classrooms. The fire service is constantly evolving, and the Academy recognizes the need for superior services and educational opportunities. These renovations have allowed us to stay on the cutting edge of this field, and proactively respond to the changing needs of our customers. For example, as we see an increase in activity with the oil and gas industry, we have added training props to simulate possible scenarios that emergency personnel could face.
- The addition of the Academy Close to Home program, which seeks to provide low- or no-cost training that can be delivered directly to first responders and in their own communities.

- The State Fire Marshal’s Forensic Lab, one of only three of its kind in the country that deals with both fire and explosive analysis, was accredited through the American Society of Crime Laboratory.

Like the Governor, at the Department of Commerce we believe that small business is the engine that drives Ohio’s economy. I see it as a unique opportunity as the Director of Commerce to promote small business growth in every industry regulated by the Department. In last year’s Mid-Biennium Review, we saw the creation of our signature initiative, the Ohio Business Compliance Incentive (OBCI), a new model developed in tandem with key stakeholders that provides a transformative approach to regulation. We intend to leverage this program wherever possible to further our mission.

A stronger economy has had, and will continue to have, a large impact on Ohio tourism. Spending on tourism in Ohio has increased by 27 percent over the last five years, leading to an increase in demand for hotels and motels regulated by the Department. The Ohio Business Compliance Incentive, specifically the Safe Stay designation bestowed upon the top tier of compliant hotels and motels, should allow Ohio to continue to see an increase in safety for both Ohioans and visitors to our great state.



Another highlight of the OBCI is the Compliant Contractor program. Commercial construction represents a growing area of the economy. As the number of construction projects grows, so too does the need for people to work on them. By incentivizing contractors, we help to ensure that the most proficient talent available is filling those needs.

In the coming years, I expect to see a direct link to economic activity as a result of the increase in compliance for the hotel and commercial contracting industries, as we seek a regulatory environment more conducive to business growth.

With all of this in mind, I think it is important for us to look for ways that we can contribute to Ohio's progress while never losing sight of our focus to safeguard Ohioans and provide a regulatory environment where businesses can grow.

Customer service is vitally important to me, and because of that we have developed an overarching customer service initiative revolving around best practices, opportunities for growth, and an excitement for reinventing the Commerce culture. Employees on the front line of providing customer service from each division of Commerce formed teams to develop strategies designed to enrich the experience for both internal and external customers. Common themes in employee feedback identified a need for consistent high quality customer service that we provide across divisions. As a result, those teams developed a model for excellence in customer service standards. Commerce's new model highlights our ability to work effectively as a team and introduces a revamped approach to the public sector customer experience. The standards emphasize a consistency and cohesiveness that supports a 'One Commerce' culture.

To ensure further success, customer service surveys will be developed and customized for each division. We will develop benchmarks and track performance over time. The customer responses will reflect divisional customer experience and service trends, which will be collected and analyzed annually, emphasizing areas of opportunity and highlighting departmental achievements. With this leading initiative, Commerce will create a culture that supports excellent customer service.

As a client-facing agency, I'm proud of the successes we've had as a department, and I will challenge my team to look for innovative ways we can better serve Ohioans. The policy driven initiatives outlined in House Bill 64 provide a blueprint for doing just that. Specifically, strengthening the first responder community, eliminating duplicative regulations and supporting our veterans. It is towards those initiatives that I now turn my focus.

Budget Initiatives

Strengthening the First Responder Community

Our State Fire Marshal Larry Flowers travels regularly and conducts “listening tours” in every corner of our state. He has met with first responders in nearly all 88 counties in Ohio. When meeting with small and mostly volunteer fire departments, he hears about their interest in safety first and foremost, and in many of these communities safety comes in the form of enhanced training and more modern equipment.

In response to those concerns, in Fiscal Year 2014, the Division of State Fire Marshal supplied first responders and the local governments they serve with nearly \$5.2 million in grant funding.

A new program offering \$500,000 in grant funding to fire training schools and charters throughout the state began last year. The inaugural rollout of this program resulted in nearly 500 first responders receiving training to a Firefighter I level, resulting in safer communities at no cost to local municipalities. Since then, almost 500 more have received the same training thanks to funding through the most recent Mid-Biennium Review.

Additionally, \$3 million in Multi-Agency Radio Communication System (MARCS) grants allowed departments to purchase equipment and pay user fees for the radio system, which has improved communications between departments and other emergency personnel. This enhanced level of communication could make the difference between life and death in emergency situations. The Division received \$16 million in grant requests, demonstrating a need far surpassing available funds.

This budget would continue to provide the same level of funding as the FY 14-15 budget from the State Fire Marshal’s Training and Equipment Grant fund to eligible entities to purchase fire department communication systems, equipment, services and training that are integrated through the MARCS and other programs.

Eliminate Duplicative Regulations

The Department of Commerce is always searching for better ways to assist licensees operate in the tangled web of regulations at the state and federal level. It came to our attention that the Division of Securities requires dealers selling securities to Institutional Investors, such as OPERS, to register with the Division as well as the Securities and Exchange Commission. It turns out that only two states, including Ohio, have this double registration requirement. You can imagine how confusing this must be for dealers when we are one of only two states with this duplicative requirement.

There are currently over 4,000 brokers in the United States, of which approximately 2,000 approved dealers are licensed in Ohio. We received a call from one firm that wished to offer its services to Ohio companies but the duplicative requirement has held them back.

This is an unnecessary and burdensome requirement which obviously adds a roadblock to the flow of commerce in Ohio. This potentially impacts thousands of dealers and eliminating this requirement would align us with the majority of other states.

Supporting the Military

Supporting our veterans and active service men and women is a priority for the Governor and the Department of Commerce. As you know, the life of a member of the military affects not only the person enlisted, but any spouse or family member as well, if they hold a professional license. In response to House Bill 98 in the 130th General Assembly, the Division of Real Estate & Professional Licensing will now place a licensee in a “dormant” status while the licensee is on active duty.

This change will allow the individual to return from active duty to the same license status they were in when they became active, sparing them the time and expense of re-applying. In addition, this will provide time to meet any outstanding continuing education requirements for license renewal.

Conclusion

Thank you Mr. Chairman and members of the committee for allowing me to testify. The proposals laid out in this budget will allow the Department of Commerce to further our mission of safeguarding Ohio's citizens while ensuring reliable marketplaces. I believe this will continue to support and encourage development in this state, enhancing the economic well-being of our businesses and our citizens. I would be happy to answer any questions.