



**Director Lydia L. Mihalik  
Ohio Department of Development  
Ohio House Development Committee  
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Chairman Hoops, Vice Chair Lorenz, Ranking Member Abdullahi, and members of the House Development Committee, thank you for the opportunity to offer testimony on House Bill 96, the state operating budget. My name is Lydia Mihalik, and I am the director of the Ohio Department of Development.

Our mission at Development is to empower communities to succeed, which we are working to fulfill by investing our resources in all 88 counties in ways that maximize the return on those investments for our state's people, businesses, and communities. Under the leadership of Governor Mike DeWine and in partnership with the Ohio General Assembly, we've delivered some big wins as a result and showcased why Ohio is the best place to live, learn, work, and visit.

The past few years have been nothing short of transformative for Ohio. From the shores of Lake Erie to the rolling hills of Appalachia, from bustling cities to historic small towns, communities all across this great state are experiencing growth. No matter where you go, you can see the results of strategic investments, strong partnerships, and our shared commitment to building a stronger, more prosperous Ohio.

The General Assembly has entrusted us with significant resources to invest in Ohio's residents, businesses, and communities. As we enter this Administration's final two years, we are focused on ensuring the projects we have awarded are completed and deliver lasting impact. This budget builds on that momentum by continuing funding for several proven programs, while also introducing select, strategic initiatives designed to drive growth and address emerging needs. At the same time, it reflects a return to more typical funding levels as federal dollars scale back to pre-pandemic numbers.

**INVESTING IN OHIO'S BUSINESS COMMUNITY**

Ohio's economic momentum is undeniable, and companies aren't just taking notice—they're choosing to invest here. Time and again, industry leaders are recognizing why Ohio is the best state in which to do business.

We have worked closely with JobsOhio and its regional partners to support job creation throughout the state. We are continuing our streak of securing some of the biggest economic development projects in Ohio's history—like Anduril Industries, the largest single job creation and new payroll project in Ohio's history.

Anduril is investing in a five-million-square-foot advanced manufacturing facility, Arsenal-1, in Pickaway County. This project is expected to create more than 4,000 direct jobs and an additional 4,500 indirect jobs, injecting nearly \$1 billion into Ohio's economy. Anduril will deliver critical technology for our national defense using Ohio's skilled, hardworking workforce. It reinforces Ohio's position as a leader in advanced manufacturing and our state's ability to attract cutting-edge industries. The Ohio Tax Credit Authority (TCA) approved a 2.594 percent, 30-year Job Creation Tax Credit (JCTC) to support the historic project.

Intel's commitment to the State of Ohio to build a semiconductor manufacturing campus in Licking County is the largest private-sector investment in Ohio's history. As a result, suppliers, workforce training programs, and infrastructure projects are taking shape, creating new opportunities in communities far beyond Licking County. According to an annual report submitted in March 2024, workers from 75 of Ohio's 88 counties have been hired to work on the project and Intel's Ohio supplier footprint has also grown to more than 350 current suppliers across 47 counties. Intel has spent approximately \$1.5 billion through Dec. 31, 2023. With an additional \$3 billion contractually committed, this brings the total committed investment by Intel in Ohio to \$4.5 billion. The company is required to provide its next annual report in March.

Since the start of the current biennium, the Ohio Tax Credit Authority approved Job Creation Tax Credits for 95 projects in 39 counties. The projects are set to create 17,379 jobs, result in \$1.5 billion in new payroll and spur more than \$6 billion in investments across Ohio. Our team at Development works hard to ensure all companies receiving these incentives deliver on the commitments they make.

These investments demonstrate the confidence companies have in our state. They are a direct result of the strategic efforts this Administration, in partnership with legislators like you, is making to drive growth and opportunity across the state.

## **EMPOWERING OHIO'S SMALL BUSINESSES**

As we continue to land major economic development deals, we have never lost sight of our responsibility to support existing Ohio businesses. Small businesses are the heart of our economy, employing more than two million Ohioans. We're making it easier for entrepreneurs to thrive across all 88 counties.

Take Primary Tool, LLC, for example, which received a loan of more than \$513,000 earlier this year to build a new facility in Holland (Lucas County), which will create four new jobs and retain 35 more. Success stories like this one are playing out in cities and towns all across the state, fueling local growth and creating brighter futures for more families.

This biennium, Development awarded \$78.8 million through 600 low-interest loans to support under-resourced businesses looking to expand their operations and create additional jobs in the state.

That support extends to veteran entrepreneurs, ensuring those who served our country have the resources they need to succeed in business. With help from his local Minority Business Assistance Center (MBAC), entrepreneur Michael Miller received business training, financial advising, and key certifications, allowing him to expand his laundromat into new locations in Akron and Youngstown.

We're also seeing businesses take full advantage of other resources available to help them grow and succeed. This biennium was the busiest in the history of Ohio's Small Business Development Centers. Our SBDCs helped more than 12,000 business owners statewide secure funding, grow sales, and achieve their dreams. This has created more than 3,800 jobs and resulted in \$129 million in increased sales. Our proposed budget will provide \$2 million in state funding for Ohio's SBDC network to leverage approximately \$5 million in federal funding per fiscal year.

Development is committed to helping businesses grow by providing access to capital that may not be available through private lenders. The Regional 166 Direct Loan program focuses on projects related to industry, commerce and distribution, or research activities, providing low-interest loans to help them expand and create/retain jobs. Since the start of the Administration, Development has provided more than \$53 million in loans to 95 projects in 34 counties.

This budget also reflects our commitment to fueling the next generation of entrepreneurs, ensuring that bold ideas have the support they need to grow into thriving businesses.

Through Development's Third Frontier initiative, programs like the Technology Validation and Start-up Fund and the Ohio Venture Fund provide critical support to startup companies and Ohio research institutions that commercialize technologies and early-stage technology companies in underserved communities and populations across the state.

Whether an Ohioan runs a diner, a factory, or a tech startup, we are working to ensure they have the support needed to succeed.

## **WORKFORCE**

As we continue attracting new investments and expanding industries, we know workforce development remains a top priority for businesses of all sizes in your districts.

The DeWine Administration recently reached a significant milestone on this front: awarding more than 125,000 credentials through the TechCred program. TechCred equips Ohioans with in-demand skills, while also helping businesses grow stronger through workforce training. Over 3,500 unique Ohio employers have been awarded opportunities to upskill or reskill their workforce. Programs like this are paving the way for a more competitive labor force and keeping talent here in Ohio.

Through TechCred, we're equipping Ohioans with the skills they need to succeed in today's workforce. But as we look ahead, we're also investing in the industries that will define tomorrow's economy — creating new opportunities for innovation, collaboration, and high-paying jobs.

When we talk about efforts to strengthen Ohio's workforce, we have to acknowledge the success of Ohio's Innovation Hubs. This \$125 million initiative is fueling research, strengthening industry partnerships, and creating high-paying jobs in emerging fields across the state. Since launching the Innovation Hubs initiative, the program has established three hubs: the Northwest Ohio Glass Innovation Hub in Toledo, advancing glass and solar manufacturing; the onMain Innovation Hub in Dayton, driving digital transformation and national defense research; and the Greater Akron Polymer Innovation Hub, leveraging the region's expertise in polymer science. These hubs are transforming industries, fueling Ohio's continued economic upswing, and ensuring we remain a leader in cutting-edge technologies. Together, they are expected to create several thousand jobs. And we're not stopping here — we expect to announce an additional Innovation Hub award in the very near future. When it is all said and done, these hubs will have a collective economic impact of more than \$1 billion.

We've also supported Industry Sector Partnerships, which help local communities build local solutions to their unique workforce issues. We've also implemented the Individualized Microcredential Assistance Program (IMAP), which allows unemployed and underemployed people to earn career-enhancing credentials at no cost to them.

Our proposed budget reflects our continued commitment to these successful programs that are preparing Ohioans for quality, higher-paying careers and helping companies fill in-demand jobs.

## **SUPPORTING OHIO'S COMMUNITIES**

We know Ohioans care about their communities – about revitalized neighborhoods, affordable housing, and safer streets. So, whether it's repairing waterlines, lowering energy bills, or improving housing conditions, we are empowering our communities to rewrite their stories and make real, meaningful changes to the places we call home.

With the support of the Ohio General Assembly, for example, we've supported initiatives focused on upgrading critical local infrastructure. Since the programs were created in 2021, we have awarded \$657.5 million for brownfield remediation and cleanup, more than \$303 million for demolition and site revitalization, and more than \$620 million to provide our communities with safer drinking water and more reliable sewer systems.

Through these programs and so many others, Development has provided hundreds of millions of dollars in support of projects aimed at meeting the needs of Ohioans and paving the way for communities across all 88 counties to experience even more growth and opportunity. Going forward, our priority is working with our local partners to help get these projects across the finish line. Our proposed budget is a reflection of that commitment, and we are grateful for your continued support.

But we're not just focused on tearing things down. Our state is full of so many beautiful, historic buildings that give our neighborhoods the character that makes them unique. Through our highly competitive Historic Preservation Tax Credit programs, we're helping revitalize historic buildings,

transform vacant properties to unlock their potential, and create new spaces for retail, offices, housing, and recreation.

In fact, in just this last calendar year, Development has awarded \$130 million in Historic Preservation Tax Credit program funding to 77 projects in 20 communities across the state. In total, the projects are expected to yield more than \$1.3 billion in investments, rehabilitate 92 historic buildings, and create more than 2,900 new housing units.

The success of this program has been profound and undeniable, and this budget proposes building on that momentum by doubling the total annual amount of Historic Preservation tax credits from \$60 million per year to \$120 million. This increase will create powerful opportunities for even more developers to restore some of the state's oldest and most beautiful structures.

Ohio's history isn't just found in grand commercial buildings — it's woven into the neighborhoods and homes that have stood for generations. Across the state, historic homes line our streets, each with a story to tell and a future waiting to be written. Investing in these neighborhoods isn't just about preserving Ohio's architectural legacy — it's about strengthening communities, increasing property values, and giving families the chance to put down roots in homes filled with history and character.

Home ownership is one of the most meaningful ways individuals and families can build stability and generational wealth. We know owning a home is hard, and buying one can be even harder. And, for many Ohioans, building new isn't always a viable option. We propose \$10 million to provide Historic Preservation Tax Credits to support the renovation of historic residential properties. By bringing this proven program into residential neighborhoods, we're making it possible for more families to reclaim and revitalize homes with deep roots, ensuring these architectural treasures remain a part of Ohio's future — not just its past.

For many, the dream of buying a new home often feels out of reach. That's why we're committed to creating additional pathways to homeownership by building the homes of tomorrow. Through three rounds of the Welcome Home Ohio program – announced in May, August, and October 2024 – Development has invested \$60 million to support the creation of 440 houses across 24 counties. At the same time, the Ohio Housing Trust Fund continues to be a lifeline for low-income Ohioans and families, providing more affordable housing opportunities and emergency shelter assistance to those who need it most.

As we work to expand homeownership opportunities, we're also taking a big-picture approach to Ohio's housing challenges — finding innovative ways so our communities have the infrastructure they need to grow. In this budget, we're proposing the Ohio Housing Investment Opportunity Program, a \$100 million initiative that will support infrastructure development in border and rural counties. Economic opportunities are happening across the state—not just in our largest cities—and this program will support the growth of these communities.

As we work to ensure Ohioans have access to safe housing, we must also recognize the broader challenges of growing communities. Governments and critical infrastructure are increasingly targeted by sophisticated cyberattacks, threatening essential public services and sensitive data. A growing Ohio needs modern protections—especially as technology advances and new threats emerge. To help local governments stay ahead of cyber threats, our budget includes \$7 million in new funding to strengthen cybersecurity defenses. This funding will support risk assessments and the implementation of critical safeguards, ensuring Ohio's communities can better protect their most vulnerable infrastructure from cyber threats. As technology evolves, so must our efforts to defend it — this investment will provide the tools and resources needed to keep Ohio secure.

## **CLOSING THE DIGITAL DIVIDE**

Because broadband access is critical to economic development and overall quality of life for Ohioans, we have spent the past five years partnering with the Ohio General Assembly, local community leaders, and internet service providers to improve Ohio's digital ecosystem and bring community-based broadband solutions to life.

Our efforts to close the digital divide have been a game changer for communities all across the state. In August 2024, for example, we announced a game-changing investment of \$50 million to expand broadband access to 13,000 households (more than 30,000 previously unserved Ohioans) in Adams, Brown, and Clermont counties. One year earlier, in August 2023, we allocated \$500,000 in grant funding to boost internet coverage for more than 90 percent of Darke County residents – improving internet service for roughly 50,000 residents.

That translates to more kids completing their homework without interruption, more businesses connecting to new customers, and more families accessing high-quality medical care from the comfort of their own home.

Our second round of Ohio Residential Broadband Expansion Grants, totaling \$94.5 million, aims to provide affordable internet access to more than 35,000 households. We are committed to working with our federal partners to ensure that every Ohio home has broadband internet access.

By the end of the year, BroadbandOhio will have a plan to provide broadband internet access to the remaining unserved households with at least one provider. Once started, we anticipate the work will take 2-4 years to complete.

## **TRANSFORMING OHIO'S APPALACHIAN REGION**

In alignment with the vision of the DeWine Administration, and thanks to the support of the legislature, the Governor's Office of Appalachia (GOA) facilitated a long-overdue, comprehensive, and unprecedented investment in Ohio's great Appalachian region — built on a promise to enhance quality of life, help rebuild local economies and revitalize communities.

Through the Appalachian Community Grant Program, this Administration has invested \$500 million in Ohio's 32-county Appalachia region. Projects awarded include \$64 million for the Appalachian Children's Health Initiative, \$154 million for the Appalachian Downtowns and Destinations Initiative, \$204 million for the Wonderful Waterways Initiative, as well as \$50 million in development grants to launch four transformational projects impacting communities in Athens, Carroll, Columbiana, Coshocton, Gallia, Hocking, Jefferson, Mahoning, Meigs, and Perry counties.

We are already seeing great success in the program. For example, I am happy to share through the Appalachian Children's Health Initiative, we have four school districts with operating healthcare centers. Since the start of the school year, these clinics have served nearly 1,000 patients, with more than half of all visits serving pediatric behavioral health and pediatric acute care. We expect 15 more health clinics to be operating by the end of the calendar year.

The first clinic to open is serving the Maysville Local School District (Muskingum County), where a former classroom has now been turned into a fully operational clinic staffed by a team of nurses. In a district where 94% of students are economically disadvantaged, this clinic is breaking down barriers to care, reducing chronic absenteeism, and providing families with critical health services. Since opening, the clinic has served 259 unique patients across 632 visits, with the majority focused on behavioral health needs.

As part of the Appalachian Downtowns and Destinations Initiative, Ross County was awarded more than \$45 million to improve infrastructure at parks, trails, and museums; support enhancements to historical native landmarks; renovate downtown spaces and main streets; and create new hubs for education, economic development, healthcare, and community engagement in areas where these opportunities have not previously existed. This includes investments that will leverage the recent UNESCO World Heritage designation for the Hopewell Ceremonial Earthworks.

Development is actively working with grantees to ensure that every project funded through the Appalachian Community Grant Program is completed by the end of this Administration. This includes providing ongoing technical assistance, conducting regular progress check-ins, and working closely with local leaders to keep projects on track and maximize their impact.

This effort builds on the many other GOA programs designed to address the unique needs of Ohio's Appalachian communities. We are grateful for the collaboration of our four Local Development Districts and the many regional partners who help drive this important work forward.

## **SHOWCASING OHIO**

Ohio's tourism industry continues to thrive, setting new records in both visitation and spending. In 2023, Ohio welcomed 238 million visitors — 5 million more than the previous year — leading to an unprecedented \$56 billion in total visitor spending. This economic activity generated \$4.6 billion in state and local tax revenue.

TourismOhio's marketing efforts are a key driver of this success. Research from Longwoods International found that 70% of travelers in our target markets recalled seeing our ads, with each dollar spent on marketing returning \$66 in visitor spending and \$5 in state tax revenue.

By shifting more of our advertising dollars to out-of-state markets — where we see a significantly higher return — we are maximizing our impact and drawing even more visitors to the state. In 2023, every \$1 invested in Ohio's out-of-state advertising campaign generated \$137 in direct visitor spending and delivered \$10 in tax ROI. A \$1.2 million ad investment in out-of-state markets brought \$163.2 million in incremental visitor spending, 475,000 incremental trips, and \$11.9 million in incremental visitor-generated taxes - revenue that wouldn't exist without strategic marketing. This is why TourismOhio is preparing to launch a new spring advertising campaign aimed at attracting even more visitors—and even potential new residents—to experience all Ohio has to offer.

But tourism doesn't just bring people to Ohio — it supports more than 436,000 jobs, making it one of the state's largest employment sectors. From small businesses and restaurants to entertainment venues and hotels, the tourism industry fuels local economies, creates opportunities, and helps communities across Ohio thrive. With strong visitor satisfaction ratings and a growing national reputation, Ohio is well-positioned to continue this momentum in the years ahead.

## **IMPROVING CUSTOMER SERVICE**

Serving Ohioans is at the heart of everything we do. This budget reflects our commitment to improving the overall experience for those who rely on our programs by focusing on their needs first. Too often, we can get too focused on making our programs work for us more than they work for the people who actually benefit from them. By better-aligning assistance programs, we are making it easier for individuals and families to access the help they need.

We are proposing to transfer the Home Energy Assistance Program (HEAP), the Percentage of Income Payment Plan (PIPP), the Home Weatherization Assistance Program (HWAP), the Electric Partnership Plan (EPP), and the Community Services Block Grant (CSBG) program to our partners at the Ohio Department of Job and Family Services (ODJFS). These programs have a direct and meaningful impact. Over the course of the biennium, we served a little more than 160,000 households through the Ohio Home Energy Assistance Program (HEAP) and improved weatherization in more than 3,910 homes.

While we have historically operated HEAP, PIPP, HWAP, EPP, and CSBG through our Community Services Division, it has become clear that ODJFS is the right home for these programs as they can be more closely integrated with other services that directly support Ohioans who need them most. This move will greatly improve the overall experience for the people who rely on this assistance—making it easier for them to get the help they need when they need it.



## **THANK YOU TO OUR PARTNERS**

When I served as the mayor of Findlay, I learned early on that partnerships were the key to success. Now, as the director of Development, I take the same approach in working to deliver on Governor DeWine's vision for Ohio.

Ohio families are at the heart of everything we do, and we know they are best served when we bring local perspectives to the table. That's why we couldn't accomplish all we're doing without the trust, support, and collaboration of our state and local partners—including the General Assembly. Your partnership has been instrumental in making these investments possible, and we appreciate the confidence you have in us. We take that responsibility seriously and we are proud to be good stewards of the resources you have entrusted us with.

We also know Ohioans are better served when we, as public servants, are at our best together. That is why I am proud to say that, since October 6, 2023, Department of Development employees have been reporting to the office full-time, five days a week.

At Development, we take pride in our role as a trusted partner to our business and community leaders, and we aim to be bold, diverse, responsive, and solution focused. Our proposed budget reflects our commitment to these core values and advances the DeWine Administration's objectives to accelerate economic growth and ensure economic vitality.

We're confident prioritizing these focus areas will deliver a solid return on investment for Ohio taxpayers.

Thank you for your time today. I am happy to answer any questions you have regarding our budget proposals.