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State touts progress of high-tech initiative

Says Third Frontier has created, saved jobs

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Ohio's Third Frontier Project has pumped more than \$400 million into research institutions, corporations and start-ups that are creating new, cutting-edge technologies, according to a newly released progress report on the 7-year-old initiative.

Lt. Gov. Lee Fisher presented the report at a Dayton technology summit Tuesday evening. It emphasized that

the public investment has also prompted private investors to put \$3.5 billion into the projects.

The \$1.6 billion Third Frontier initiative is aimed at creating new industries, and ultimately jobs, in high-tech areas like alternative energy and biomedicine. However, most of the investments are being made at the very early stages of technology development. That means it often takes years before products, such as drugs or new types of fuels, get to market.

"As people look at the Third Frontier, they concentrate on the job-creation numbers" said Ned Hill, an economist and dean of the Levin College of Urban Affairs at Cleveland State University. "But Third Frontier is designed to be a technology program that moves an idea along to become a product; that revitalizes industries and starts new ones. Only after that happens will employment start up."

Still, the state says its Third Frontier grants have already directly contributed to creating or retaining 7,757 jobs in Ohio. And John Griffin, director of the technology and innovation division at the Ohio Department of Development, said it's more like 17,000 jobs if you take into account the number created at companies that supply those that have received state funding.

The Third Frontier program has several prongs and provides grants to universities and other research organizations as well as existing corporations developing new, innovative products. It also provides start-up funding and commercialization grants to new businesses in up-and-coming industries. The recent state report said that Third Frontier has created, attracted or capitalized more than 500 companies in the state, which pay their staffs an average of \$65,000 per year.

But David Zannotti, president of the Ohio Roundtable and a longtime critic of Third Frontier, isn't impressed.

"I would like to see the proof" of the program's accomplishments, he said. "This is a report by people who get paid to make the program look good."

His organization ran a campaign against a ballot initiative in 2005 that added \$500 million in Third Frontier funding through government bonds.

"We're not questioning the idea that high-tech is smart," Zannotti said. But he says the state should encourage private investment through tax incentives, rather than becoming an investor itself.

"If you give away free money there will be results," he said. "The question is who decides who gets the free money? It goes back to government picking winners and losers, taking money from everybody and giving it to a few."

But Griffin says the state is making high-risk investments

that private-sector investors may not be willing to take a chance on.

"We have extreme confidence that the process we run is objective, fair and transparent," he said, noting that awards are made by a commission that debates the merits of each potential grant recipient in a public forum.

To date, Third Frontier has awarded about 300 grants totaling \$892 million. Of that, \$490 million has yet to be distributed.

The program is funded through 2012. Gov. Ted Strickland has said he would like to continue Third Frontier beyond that date, but where the funding will come from has not yet been determined.

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