THE BUCKEYE INSTITUTE

Making Ohio the Silicon Heartland

Testimony
Ohio House Technology and Innovation Committee

Greg R. Lawson, Research Fellow
The Buckeye Institute

March 29, 2023

As Prepared for Delivery

Thank you, Chair Hall, Vice Chair Claggett, Ranking Member Abdullahi, and members of the Committee for the opportunity to testify regarding ways to adapt Ohio policy to meet the demands of a high-tech economy.

My name is Greg R. Lawson, I am a research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

My colleague, Logan Kolas, is traveling today or he would be here himself to explain how the General Assembly can help make Ohio more attractive to high-tech innovators and technology companies. His **work** in this area outlines how Ohio can grow from its industrial, 20th century "Rust Belt" roots into a technological, 21st century **Silicon Heartland**. I will do my best to present his findings and relay his policy suggestions in his absence.

Ohio continues to struggle with regional and national deindustrialization and the global transition to a more digital economy. Labor and manufacturing markets have been changing for decades, spurred recently by China's economic and geopolitical rise, and Ohio public policy has largely failed to keep pace. Battered by automation, shifting technologies, and foreign labor markets, once-dynamic, industrial Ohio cities have suffered even more than many other Rust Belt cities as old-economy employers pulled up stakes and new-economy industries declined to replace them. To reverse the trend and return Ohio to economic prosperity and leadership, public policy must adapt. Ohio's persistent failure to adjust policy to changing market conditions has left the state unprepared to thrive or even compete in a global, 21st century economy.

Although many Ohio officials, including those in the DeWine Administration, have championed recent programs like **TechCred** and the **Individual Microcredential Assistance Program** (IMAP) along with noble reforms to computer science education in high schools, Ohio has failed to adequately train, educate, upskill, and reskill workers over the last few decades. This has deterred new companies and emerging sectors from opening operations in Ohio. That same failure has broadened a skills gap between the skills employers need and the skills employees offer. The upskill and reskill failure has also created a skills gap between old-economy and new-economy workers, one that has been exacerbated by the prolonged response to Covid-19. The 2020 pandemic accelerated the rising digital economy, with online commerce and remote telework arrangements gaining momentum, and this acceleration threatens to leave Ohio's economy and workforce **even further behind**. Policy adjustments are needed in order to regain Ohio's economic footing and achieve long-term economic success.

Those adjustments should focus on five key policy areas: worker training and education, regulatory "sandboxes," drone technology, data protection, and state-based immigration.

First, Ohio should reform education policy to better prepare young workers for the new economy and upskill and reskill its existing labor force to meet the needs and expectations of employers. Unfortunately, many state and federal job retraining programs have been notorious failures—either serving as cloaked corporate welfare or simply ineffectively equipping workers with the skills needed to re-enter the labor market. Ohio should expand available high school skills training

and coursework to include **more** computer science and adopt model computer science curriculum standards statewide.

Ohio currently **ranks** in the bottom half of the country in nearly every relevant computer science metric. That abysmal showing must change—and quickly—to prepare today's kids for the job opportunities of tomorrow. Fortunately, the State Committee on Computer Science released **10 recommendations** for improving Ohio's computer skills training and education. Among other proposals, the Committee suggests requiring high school students to complete at least one computer science course before graduating, changing occupational licensing laws for computer science teachers, and directing education funds to support more computer classes.

Those specific recommendations are commendable. And if adopted, these recommended steps would improve upon the status quo and further improve on Ohio's revised **model curriculum** for computer science—which was recently updated to help students apply the skills learned in the classroom to jobs in the workforce. Mandating computer science coursework for high school graduation would incentivize districts to hire the talent needed for them to accomplish this requirement while equipping students with in-demand job skills. Unfortunately, the State Committee on Computer Science stopped short of proposing the one change that might improve Ohio's K-12 computer programs the most: attracting more computer science teachers statewide by allowing schools to pay them more.

Additionally, post-high school education funding should reflect outcome-driven metrics such as loan repayment rates, debt-to-earnings ratios, degree completion, and post-graduation employment so student skill attainment is more in line with the demands of Ohio's rapidly changing job market. Ohio should explore shifting funding toward worker retraining grants to empower prospective students to spend higher education funding how they see fit. And micro-credentials and other alternatives to traditional four-year degrees should be made more affordable and available.

Second, Ohio policymakers should pursue regulatory reforms that will entice investment and manufacturing firms to revitalize and repurpose Ohio factories and warehouses into new technology centers of the future. Ohio should build on last session's **Senate Bill 249** creating a regulatory sandbox for financial technology. More than ever, emerging tech and new business models collide with laws tailored for last century's industries. Regulatory sandboxes can help solve this problem. They provide a venue in which innovators can educate regulators about technological disruption. Likewise, they give regulators a way to maintain flexibility and an entrepreneurial mindset in reforming outdated laws and providing guidance when legal uncertainty arises. To help firms successfully exit their sandboxes, regulators should consider creating partnerships with other programs—such as Ohio's three innovation districts—and with nonprofits that support entrepreneurs. At a minimum, Ohio should build a sandbox for autonomous and electric vehicles and emerging drone technology, but an even better approach would extend such regulatory relief to all businesses and industries.

Third, while Ohio has rapidly ascended the independent rankings in drone readiness—rising from **30th** to **19th**—more work remains. Military drones, of course, have already revolutionized 21st

century combat, and commercial drones may soon do the same for travel, agriculture, and package and medical delivery. With drone companies already partnering with Ohio's own Kroger to transform grocery shopping, Ohio needs to find more ways to lead on drone innovation. Ohio should resist the temptation to impose new rules that will discourage drone innovators and development. Instead, the state should tailor existing regulations to satisfy the demands of industry while safeguarding the public. Ohio already has "Peeping Tom" rules, for example, to protect residential privacy. And existing airspace lease regulations can and should be modified so that drones can travel safely fly over local roads and other properties.

Fourth, Ohio should protect consumer data without killing the golden goose of innovation. Legislation that imposes too many costs on higher-tech companies risks leaving Ohio behind and America less able to maintain its innovation edge against the Chinese Communist Party. Legislation co-sponsored last session by Chair Hall went a long way towards accomplishing this. As The Buckeye Institute **explained**, the **Ohio Personal Privacy Act** (House Bill 376) would have filled the void left by Washington better than most data privacy rules thus far. Its scope is narrowly tailored and designed to reduce foreseeable costs on businesses and consumers while prudently balancing the privacy and economic interests of Ohio.

Lawmakers should keep that narrow framework in mind as they consider legislation that gives parents more control over their kids' social media use. As currently written in this year's budget, the overly broad language and would cover most online activity, including loyalty programs, Substack newsletters, email listservs, loyalty programs, to name only a few. That scope should be more focused and mindful of nontraditional forms of social media that could be inadvertently impacted. Asking parents to approve every social media website individually will burden parents and social media businesses. Instead, Ohio should explore a clearinghouse approach that allows parents to opt-out of specific websites while granting their kids flexibility to use other forms of appropriate social media. That approach may not be perfect, but it would avoid inundating families with repetitive, burdensome verification requests.

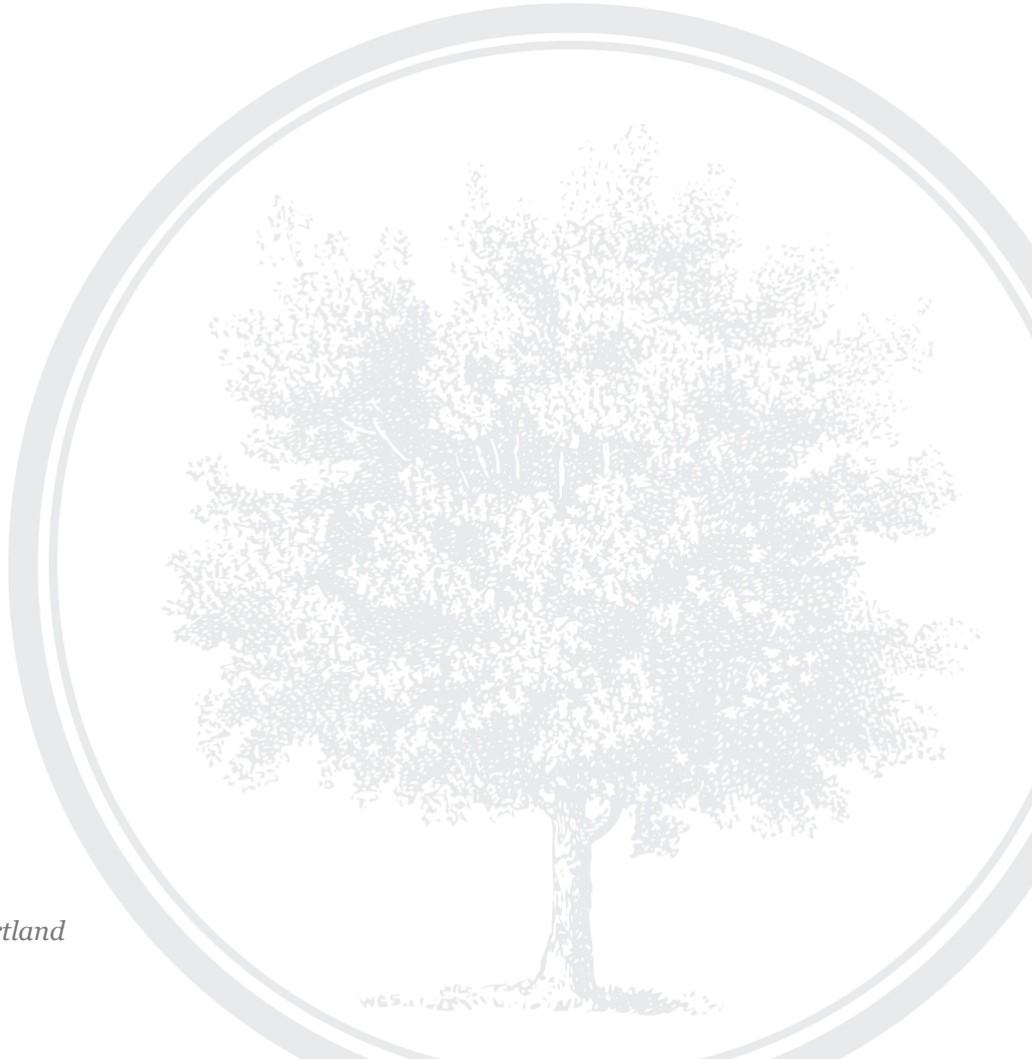
But the proposed legislation does get some things right. Cure periods that let businesses remedy violations before legal enforcement, for example, will help stay the heavy hand of government. And by wisely vesting enforcement power in the attorney general, the bill prevents messy and frivolous private rights of action. That enforcement power, however, should be narrowly tailored lest Ohio risk a California-style unintended **expansion** of power.

Finally, as Ohio upskills and reskills its labor force, state policymakers should work with federal agencies to bring high-skilled immigrants to Ohio. Skilled immigrant labor will help spur Ohio's **declining** population, spark long-term growth in technology, and provide short-term relief for businesses battling labor shortages. Ohio policy should adapt to build a larger, more skilled, flexible, and innovative workforce that will prove attractive to new economy employers—and a sensible, state-based immigration policy can help.

These recommendations merely scratch the surface of what Ohio can and should be doing to become the Silicon Heartland. But they suggest key ways for Ohio policy to adapt to the global,

21st century economy and high-tech industry in order to keep pace with a rapidly changing economy and achieve that goal.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.



About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

The Buckeye Institute is a non-partisan, non-profit, and tax-exempt organization, as defined by section 501(c)(3) of the Internal Revenue code. As such, it relies on support from individuals, corporations, and foundations that share a commitment to individual liberty, free enterprise, personal responsibility, and limited government. The Buckeye Institute does not seek or accept government funding.