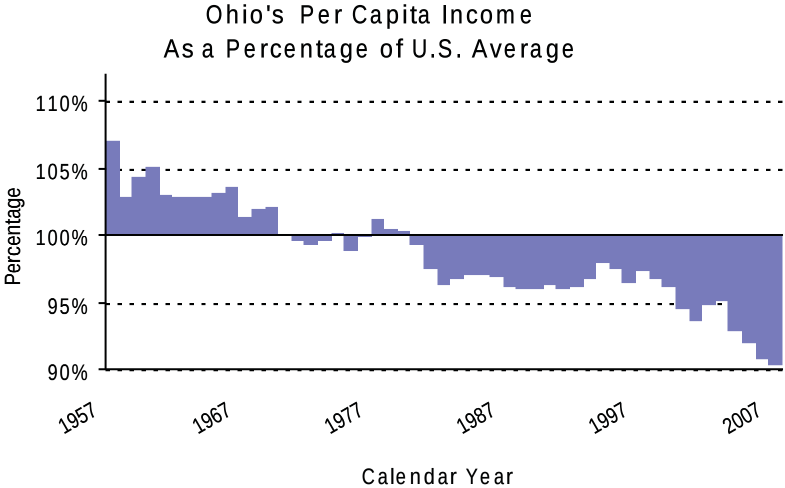
Ohio's Economy Ranks Seventh Largest among States

2007 Gross Domestic Product by State				
	Total GDP ($ in billions)		Per Capita GDP	
State	Amount	Rank	Amount	Rank
Ohio	**$466.3**	**7**	**$40,666**	**31**
Neighboring States				
Indiana	$246.4	18	$38,838	38
Kentucky	$154.2	27	$36,351	43
Michigan	$382.0	12	$37,924	41
Pennsylvania	$531.1	6	$42,718	25
West Virginia	$57.7	40	$31,848	49
Top Ranked State	$1,813.0	California	$69,519	Delaware
U.S.	$13,743.0	--	$45,564	--

Source: U.S. Bureau of Economic Analysis

- Ohio's gross domestic product (GDP), the broadest measure of economic production, totaled $466.3 billion in 2007, which was the 7th largest in the U.S., between Pennsylvania (6th) and New Jersey (8th). Among its neighboring states, Ohio's economy was 2nd largest, behind Pennsylvania.
- If Ohio's economy were compared with the U.S. and other nations, it would rank 24th largest in the world in 2007, according to a World Bank measure that takes into account exchange rate conversions based on purchasing power parity. Ohio's ranking would be between Thailand (23rd) and South Africa (25th).
- On a per capita basis, Ohio's GDP of $40,666 ranked 31st largest among states in 2007. Pennsylvania was the only neighboring state to rank higher than Ohio, with per capita GDP of $42,718 (25th).
- In 2007 Ohio's total GDP accounted for 3.4% of U.S. GDP, compared with 4.0% in 1997. Ohio's share of the U.S. economy has declined steadily since 1997 as Ohio's economy has grown more slowly than the U.S. as a whole. In nominal terms, Ohio's GDP grew by an average rate of 3.5% per year during this 10-year period, while GDP for the U.S. grew by 5.3% per year.
- A similar pattern holds for Ohio's neighboring states. Over the last decade, the average annual economic growth in each of those states was slower than the U.S. average. Pennsylvania experienced the fastest growth in GDP for the period, averaging 4.5% per year. Michigan was the only neighboring state that experienced slower GDP growth than Ohio, averaging 2.5% per year.

Ohio's Per Capita Income Remains Below U.S. Average



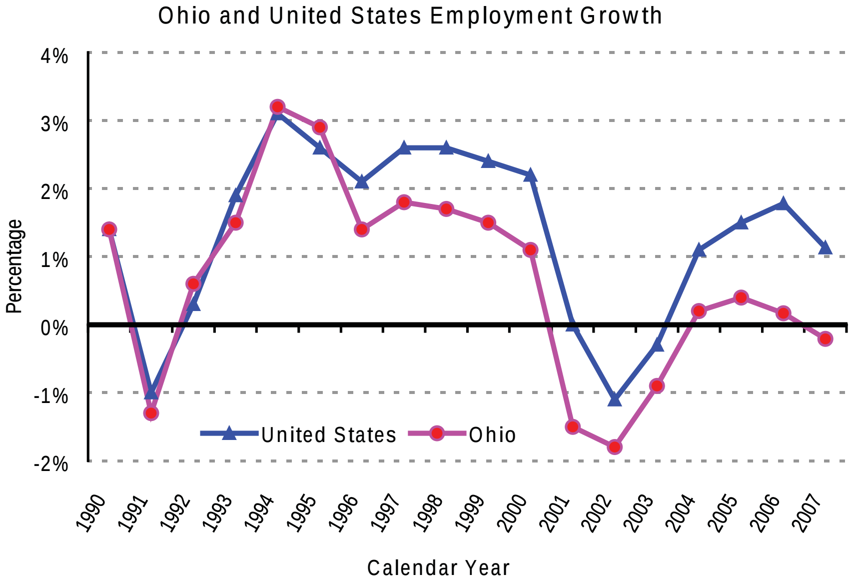
Source: U.S. Bureau of Economic Analysis

- Ohio's per capita income exceeded the U.S. average through the 1960s but since 1980 Ohio has remained below the national average. The gap between Ohio's per capita income and the U.S. average has widened over the years, increasing from less than 1 percentage point below the U.S. average in 1980 to almost 10 percentage points below in 2007.
- In 2007, Ohio's per capita personal income of $34,874 ranked 28th in the nation. Connecticut's personal income per capita was the highest at $54,117. The lowest, Mississippi, was $28,845. The table below shows the rank and per capita incomes for the U.S. and Ohio's neighboring states. Ohio's ranking was higher than three of the five neighboring states.

Per Capita Income for the U.S. and Neighboring States, 2007

State	National Rank	Per Capita Income
U.S.	--	$38,611
Pennsylvania	19	$38,788
Michigan	26	$35,086
Indiana	37	$33,616
Kentucky	46	$31,111
West Virginia	49	$29,537

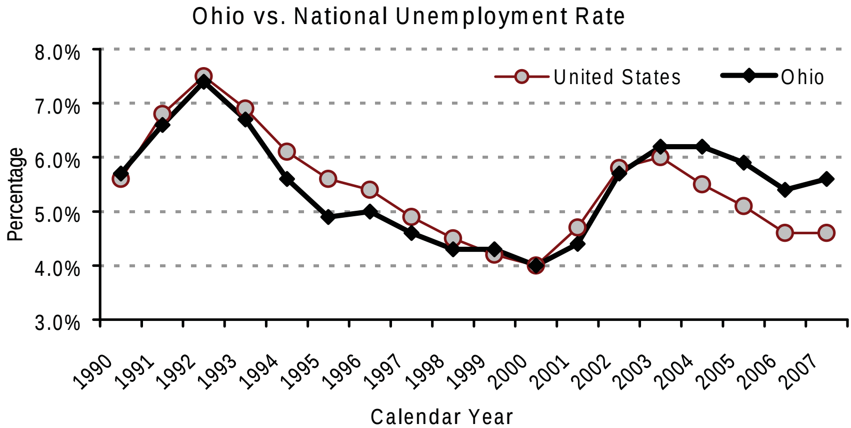
Ohio Employment Growth Lags National Pace since 1996



Source: U.S. Bureau of Labor Statistics

- Between 1990 and 1995, Ohio employment growth generally mirrored the U.S. average. Since then Ohio employment growth had remained below the U.S. average, averaging 0.32% per year compared to the U.S. average of 1.33% per year. Ohio's slower growth is related to Ohio's slower population growth and to the industry structure of Ohio's economy.
- Total nonfarm payroll employment in Ohio peaked in 2000 at 5.62 million, and then fell to 5.40 million in 2003. For 2007, payroll employment was 5.42 million, about 200,000 (3.6%) below its 2000 peak but about 26,000 (0.5%) higher than its 2003 low point.
- U.S. nonfarm payroll employment of 137.62 million in 2007 was 4.4% above its 2000 level, and also 5.9% above its 2003 level.
- Ohio's strongest job growth over the last decade was in educational and health services (2.1% annual average growth), transportation and utilities (1.7%), and professional and business services (1.3%).
- The greatest employment loss occurred in manufacturing which lost jobs at an average annual rate of 2.8%. After declining following the 1990 recession, manufacturing employment rose to a peak of about 1.04 million in 1995. From then through 2007, Ohio lost approximately 264,100 manufacturing jobs.

Ohio's Unemployment Rate Exceeds National Average since 2003



Sources: U.S. Bureau of Labor Statistics; Ohio Labor Market Information

- Ohio's unemployment rate has grown increasingly higher than the national average every year since 2003. In 2003, Ohio's unemployment rate was 0.2 percentage point higher than the national average. By 2007, the gap widened to 1.0 percentage point.
- During the 1990s, Ohio's unemployment rate exceeded the national average in only two years, 1990 and 1999.
- Ohio's unemployment rate reached a peak of 7.4% in 1992 and a trough of 4.0% in 2000. In 2007 it was 5.6%. The U.S. unemployment rate was 7.5% in 1992 and 4.6% in 2007.
- Between 1990 and 2007, the number of people unemployed in Ohio varied from a peak monthly average of 402,500 in 1992 to a low of 233,900 in 2000. From 2006 to 2007, the number increased from 322,100 to 336,400.
- Among the neighboring states, Ohio's unemployment rate for 2007 was the second highest next to Michigan's (7.2%). Other neighboring states had lower unemployment rates compared to Ohio: Kentucky (5.5%), West Virginia (4.6%), Indiana (4.5%), and Pennsylvania (4.4%).
- Within Ohio, unemployment rates vary greatly among the counties. In 2007, 52 counties had unemployment rates that exceeded the statewide average and 36 counties had rates at or below the statewide average. The highest rate was 9.6% (Pike) and the lowest rate was 3.8% (Mercer).
- Among Ohio workers receiving unemployment compensation, the average duration of unemployment during the 12 months ending in December 2007 was 15.2 weeks, the same as that for all U.S. workers receiving unemployment compensation.

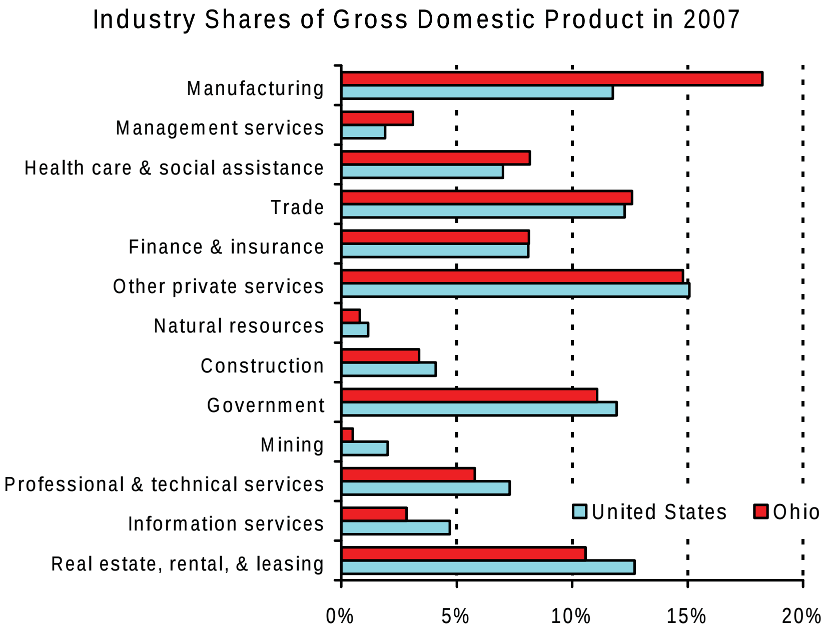
Ohio Employment Continues Shifting toward Services

Ohio Employment by Sector (in thousands)			
Sector	Calendar Year		Average Annual Growth
	1997	2007	1997-2007
Goods-Producing			
Mining/Natural Resources	13.7	11.7	-1.6%
Construction	224.5	224.9	0.0%
Manufacturing	1,027.2	772.8	-2.8%
Subtotal	***1,265.4***	***1,009.4***	***-2.2%***
Private Service-Providing			
Trade	889.6	840.2	-0.6%
Transportation & Utilities	177.9	210.3	1.7%
Information	101.6	87.7	-1.5%
Financial Activities	287.8	301.1	0.5%
Professional & Business Services	587.4	665.9	1.3%
Educational & Health Services	642.4	790.2	2.1%
Leisure, Hospitality, and Other Services	682.5	721.9	0.6%
Subtotal	***3,369.2***	***3,617.3***	***0.7%***
Government	***757.8***	***797.6***	***0.5%***
Total	**5,392.4**	**5,424.4**	**0.1%**

Source: U.S. Bureau of Economic Analysis

- Between 1997 and 2007, Ohio employment in the private service-providing sector grew by 0.7% per year and government employment grew by 0.5% per year. In contrast, employment in the goods-producing sector fell by 2.2% annually during the same period.
- Due to the different growth rates, the goods-producing sector share of total employment decreased from 23.5% in 1997 to 18.6% in 2007 while the private service-providing sector share increased from 62.5% to 66.7%. The government sector share increased slightly from 14.1% to 14.7%.
- Between 1997 and 2007, the share of Ohio employment in the combined categories of professional and business services and educational and health services increased from 22.8% to 26.8%, compared with a national increase from 23.1% to 26.4%.
- During the same period, the manufacturing employment share in Ohio fell from 19.0% to 14.2%, compared with a national decrease from 14.2% to 10.1%.
- Employment growth in the government sector was almost entirely attributable to growth in local government employment, which increased from 67.2% of total government employment in 1997 to 69.2% in 2007.

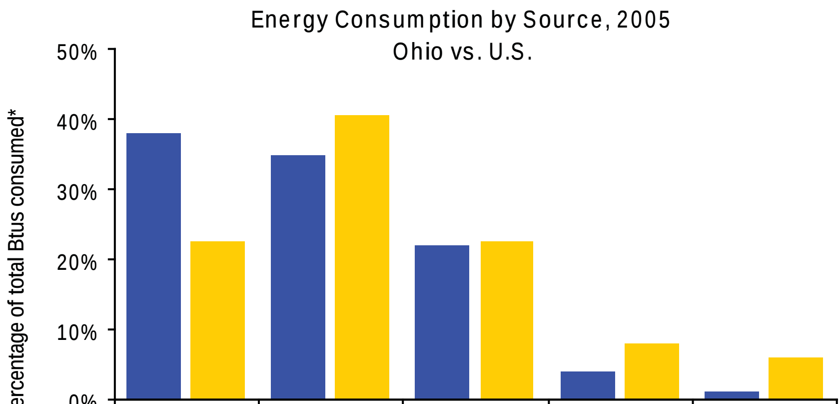
Manufacturing Comprises Larger Share of Ohio Economy than That of the Nation



Source: U.S. Bureau of Economic Analysis

- Ohio's economy remains more concentrated in manufacturing than the nation's economy. Output of the state's factories accounted for 18% of Ohio's gross domestic product (GDP) in 2007. Nationwide, manufacturing's share was 12%. Other industry groups that are more concentrated in Ohio than nationwide include management services, health care and social assistance, and trade.
- Manufacturing's larger share of Ohio's GDP reflects the state's specialization in production of motor vehicles and parts, primary metals, fabricated metal products, electrical equipment and appliances, and plastics and rubber products. Ohio's relative concentration in manufacturing has persisted for decades.
- Seven states derived a higher share of GDP from manufacturing in 2007 than Ohio, led by Indiana with 25%, followed by Louisiana, Wisconsin, Iowa, Oregon, Kentucky, and North Carolina.
- Production of goods – in construction, natural resource industries, mining, and manufacturing – accounted for 23% of Ohio's GDP in 2007, higher than the comparable figure for the nation (19%) because of the relatively large share of manufacturing in Ohio. The rest of the value of economic activity is in the service sector, for Ohio (77%) and the nation (81%).

Ohio Relies More on Coal for Energy Needs than National Average



	Coal	Petroleum	Natural gas	Nuclear	Other
Ohio	37.9%	34.9%	22.1%	3.9%	1.2%
U.S.	22.7%	40.6%	22.6%	8.1%	6.0%

* Btu is a heat unit with which energy consumption is measured. One Btu will raise the temperature of one pound of water by one degree Fahrenheit.

Source: United States Energy Information Administration

- Coal provided the largest source of energy consumed in Ohio in 2005 (37.9%). Petroleum was a close second (34.9%). Nationally, petroleum was the largest source of energy consumed (40.6%), followed by coal (22.7%). Greater use of coal in Ohio reflects the state's legacy as a leading coal-producing state.
- Natural gas was the third largest source of energy consumed both in Ohio and the U.S. as a whole, providing just over one-fifth of the total.
- Other sources, including nuclear, hydroelectricity, biomass, and other renewable sources, made up the remaining 5.1% of energy consumed in Ohio. Nationally, these sources made up 14.1%.
- Ohio was the sixth largest energy user among the 50 states in 2005, due primarily to Ohio's relatively large population. On a per capita basis, Ohio ranked 22nd in the nation.
- Ohio's industrial base requires significant energy resources. In terms of usage by industrial customers, Ohio ranked fourth largest among states in 2005 in overall energy usage and second largest (to Texas) in electricity usage.

Ohio Ranks 8th Nationally in the Value of Exports

Top Ten States in Exports

2007 Rank	States	2006 (in billions)	2007 (in billions)	% Change 2006-2007
	U.S.	**$1,036.6**	**$1,162.7**	**12.2%**
1	Texas	$150,9	$168.2	11.4%
2	California	$127.8	$134.2	5.0%
3	New York	$59.1	$69.3	17.3%
4	Washington	$53.1	$66.3	24.9%
5	Illinois	$42.1	$48.7	15.7%
6	Florida	$38.6	$44.8	16.3%
7	Michigan	$40.5	$44.4	9.6%
8	**Ohio**	**$38.2**	**$42.4**	**11.1%**
9	New Jersey	$27.2	$30.5	11.9%
10	Louisiana	$23.5	$30.4	29.4%

Source: U.S. Census Bureau

- In 2007, the value of Ohio's exports to foreign countries ranked 8th highest among the 50 states. Ohio's export value of $42.4 billion accounted for 3.6% of total U.S. exports in 2007.
- From 2006 to 2007, the value of Ohio's exports increased 11.1%, compared to an overall U.S. increase of 12.2%. Among the top ten exporting states, California (5.0%) and Michigan (9.6%) were the only two that had lower growth rates than Ohio.
- Ohio's exports were 9.1% of the state's GDP in 2007, higher than the U.S. average of 8.5%.
- On a per capita basis, Ohio's export ranked 15th highest in 2007. Ohio's per capita export value of $3,700 was lower than the U.S. average of $3,850 in 2007.
- In 2007, Ohio had seven export markets where sales exceeded $1 billion each: Canada, Mexico, Japan, the United Kingdom, Germany, China, and Brazil. Canada was the largest market, purchasing $19.6 billion, or 46.3% of Ohio's exports. Mexico was Ohio's second largest export market at $3.0 billion, or 7.1%. Ohio's largest overseas market was Japan, accounting for $1.5 billion, or 3.6%.
- Seven of Ohio's production sectors exported over $1 billion each in 2007. They were: machinery ($11.3 billion), vehicles/not railway ($9.4 billion), electrical machinery ($2.7 billion), plastics ($1.9 billion), optical/medical instruments ($1.6 billion), iron and steel ($1.2 billion), and iron/steel products ($1.1 billion). Together these seven sectors accounted for 69.2% of Ohio's exports.

Ohio Ranks in the Top 25 Nationally in Receipts from 9 of Its 10 Leading Agricultural Commodities

Ohio's Cash Receipts and Rankings of 10 Leading Commodities, 2006				
Commodity	**Value of Receipts (in 000s)**	**% of Ohio Total Receipts**	**% of U.S. Total Receipts**	**National Rank**
Soybeans	$1,164,360	*21.2%*	*6.9%*	6
Corn	$986,681	*18.0%*	*4.5%*	6
Dairy Products	$666,540	*12.2%*	*2.8%*	11
Greenhouse/Nursery	$604,438	*11.0%*	*3.6%*	7
Cattle & Calves	$401,739	*7.3%*	*0.8%*	28
Hogs	$394,650	*7.2%*	*2.8%*	10
Chicken Eggs	$287,198	*5.2%*	*6.6%*	4
Wheat	$202,714	*3.7%*	*2.8%*	10
Tomatoes	$125,681	*2.3%*	*5.5%*	3
Broilers	$94,263	*1.7%*	*0.5%*	20
Top 10 subtotal	**$4,928,264**	***89.8%***	***2.8%***	**--**
All Commodities	**$5,479,712**	***100.0%***	***2.3%***	**17**

Sources: U.S. Department of Agriculture; The Ohio State University

- In 2006, cash receipts of Ohio's 10 leading agricultural commodities each ranked in the top 25 in the nation with the exception of cattle and calves (28th). The highest ranking was for tomatoes (3rd). Cash receipts of these 10 leading commodities accounted for 89.8% of the total commodity receipts in Ohio.
- Overall cash receipts of Ohio commodities ($5.5 billion) ranked 17th in the United States in 2006 and accounted for 2.3% of the country's total commodity cash receipts.
- From 2000 to 2006, Ohio's overall cash receipts from commodities increased by 24.4%, slightly below the national average of 24.6%. Of the eight states in the Midwest Farm Production Region, Ohio's growth rate was lower than Iowa (40.2%), Michigan (33.7%), Minnesota (32.5%), Indiana (31.8%) and Wisconsin (26.5%), but higher than Illinois (22.9%) and Missouri (23.2%).
- Mercer, Darke, Wayne, Putnam, and Licking were the top five Ohio counties in terms of cash receipts from commodities in 2006.
- Ohio farm acreage declined from 14.8 million acres in 2000 to 14.3 million in 2006, a decrease of 3.2%. This rate of decrease exceeded the average rate of loss for the Midwest (1.7%) and for the nation (1.3%).
- Between 2000 and 2006, the number of farms in Ohio fell from 79,000 to 76,200, a decline of 3.5%. This decline was slightly less than the average decrease for the Midwest (3.8%) and for the nation (3.6%).

Research and Development Incentive Programs Comprise Largest Share of Economic Development Assistance

Ten Most Utilized Economic Development Assistance Programs, FY 2008	
Program	**Disbursements (in millions)**
Research and Development Related Programs	
Thomas Edison Program	$51.6
Third Frontier Action Fund	$45.3
Research & Development Investment Fund Loans	$43.9
Third Frontier Taxable Bond Projects	$29.2
Innovation Ohio Loans	$26.0
Third Frontier Research and Development Fund	$24.9
Research and Development Subtotal	***$220.9***
Other Incentive Programs	
Facilities Establishment Fund Loans	$101.6
Ohio Investment in Training Program	$42.4
Roadwork Development Grants	$38.7
Rapid Outreach Grants	$22.1
Other Programs Subtotal	***$204.8***
Total of the Ten Most Utilized Programs	**$425.7**
Economic Development Assistance Total	**$461.6**

Source: Ohio Department of Development

- The Department of Development's ten largest economic development assistance programs disbursed $425.7 million in loans and grants during FY 2008. Of this total, $220.9 million (51.9%) was disbursed under six programs related to research and development, commercialization, and technical assistance in advanced technology fields, including $99.4 million for the three Third Frontier research and development programs.

- The Facilities Establishment Fund was the single largest source of economic development assistance in FY 2008, at $101.6 million. Companies may use these loans for land acquisition, construction, and equipment purchases. The Ohio Investment in Training Program issued the highest number of grants (219) to companies during FY 2008. These grants are for assistance with worker training.

- Companies receiving aid for projects with start dates during FY 2008 estimated that the assistance would create 32,933 jobs, retain 43,584 jobs, and train 17,483 new and 12,138 existing employees. Companies have three years from the time of receiving their assistance to fulfill these commitments.

- Although not among the top ten economic development assistance programs, advanced energy assistance constitutes the fastest growing portion of such incentives. Awards from the Advanced Energy Revolving Loan Fund grew from $250,000 in FY 2002 to $11.5 million in FY 2008, with 110 loan awards.

Ohio's Median Home Prices Remain Below National and Regional Levels

Median Sales Price of Existing Single-Family Homes in Ohio Metropolitan Areas			
Metropolitan Statistical Area (MSA)	**2005**	**2007**	**Change**
Akron	$120,500	$119,300	-1.0%
Canton-Massillon	$102,200	$110,300	7.9%
Cincinnati-Middletown	$145,900	$140,800	-3.5%
Cleveland-Elyria-Mentor	$138,900	$130,000	-6.4%
Columbus	$152,000	$147,400	-3.0%
Dayton	$119,700	$115,600	-3.4%
Toledo	$117,300	$106,600	-9.1%
Youngstown-Warren-Boardman	$85,600	$78,900	-7.8%
Midwest	**$168,300**	**$161,400**	**-4.1%**
United States	**$219,000**	**$217,900**	**-0.5%**

Source: National Association of Realtors

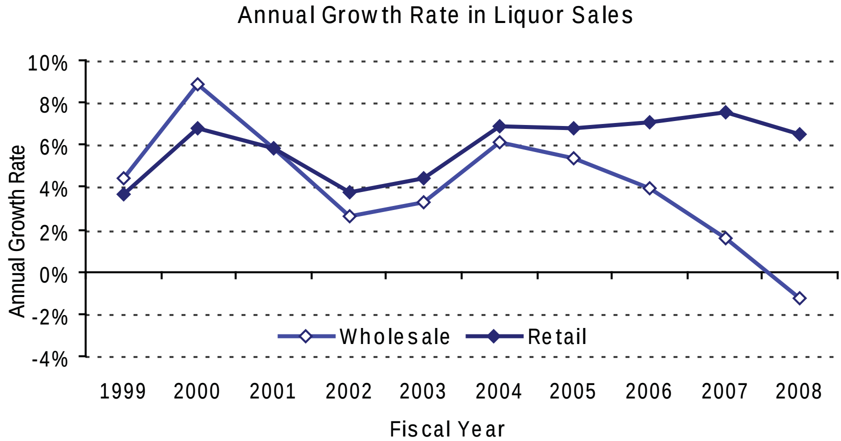
- The median sales prices of existing single-family homes in the eight largest metropolitan statistical areas (MSAs) in Ohio are below the medians of both the United States and the Midwest region. In 2007, the Columbus MSA had the highest median sales price in Ohio, at $147,400, while the Youngstown-Warren-Boardman MSA had the lowest, at $78,900.

- Between 2005 and 2007, Ohio and the Midwest's existing home sales prices declined at a faster rate than the U.S. The Ohio MSA with the highest rate of decline was Toledo (9.1%), while the slowest rate of decline was in the Akron MSA (1.0%). Canton-Massillon was the only Ohio MSA that gained value (7.9%) during this period.

- The number of existing homes sold in Ohio decreased by 12.5%, from 286,900 in 2005 to 250,800 in 2007. This compares favorably to both the declining rates for the U.S. (20.1%) and the Midwest region (16.4%).

- Three out of the five states that border Ohio experienced a greater decline in total existing home sales from 2005 to 2007: Pennsylvania (16.1%), Michigan (17.4%), and West Virginia (24.9%). Existing home sales in Kentucky showed a smaller decrease during the same period (4.6%), while sales of existing homes in Indiana increased by 7.2%.

Liquor Sales Decrease at Wholesale but Continue to Rise at Retail

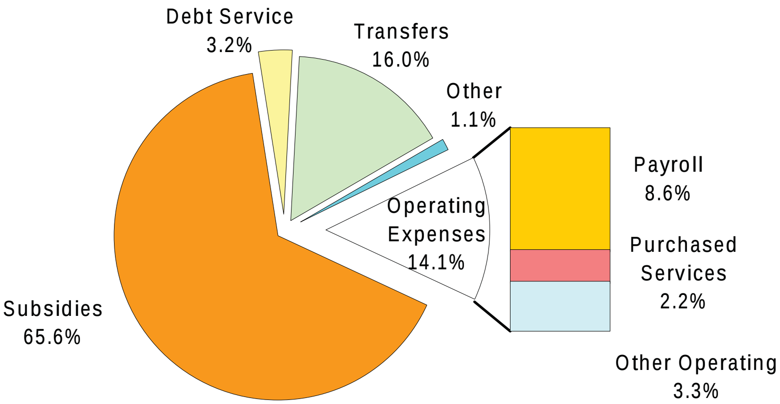


Source: Ohio Department of Commerce

- In FY 2008, wholesale liquor dollar sales – those sales made by contract liquor agencies to retailers, such as restaurants and bars – registered the first annual decrease in over ten years, declining 1.3%, or $3.1 million, from FY 2007. Although it has remained positive until FY 2008, the annual growth rate in wholesale dollar sales has been declining steadily since FY 2004.
- Retail dollar sales – those sales made by state liquor stores directly to consumers – continue to grow. In FY 2008, retail sales increased by 6.5%, or $28.0 million, over FY 2007. Retail dollar sales have increased every year from FY 1999 to FY 2008 with an average annual growth rate of 5.9%.
- Compared to store sales, liquor sales at restaurants and bars are more sensitive to the overall condition of the economy. The weak economy, statewide ban on indoor smoking, and high gasoline prices have combined to turn the growth rate in liquor sales at restaurants and bars negative in FY 2008.
- Due to the growth in retail sales, total liquor sales increased to $697.7 million in FY 2008, an increase of 3.7%, or $25.0 million, over FY 2007. On average, retail and wholesale sales account for 60% and 40%, respectively, of total liquor sales.
- The proceeds of liquor sales are used to pay for operating expenses of the Division of Liquor Control of the Department of Commerce, retire certain economic development and Clean Ohio revitalization bonds, and fund state liquor law enforcement and alcoholism treatment. After these expenses have been paid, the profits are transferred to the GRF. In FY 2008, transfers to GRF from the Liquor Control Fund (Fund 7043) amounted to $167 million.

State Payroll Comprises 8.6% of Total State Operating Budget in FY 2008

State Operating Budget by Category, FY 2008



Sources: Ohio Administrative Knowledge System; Ohio Department of Administrative Services

- In FY 2008 state payroll totaled $4.40 billion in all funds, representing 8.6% of the total state operating budget. Of the $4.40 billion in payroll, $2.03 billion (46.1%) came from the GRF and the other $2.37 billion (53.9%) came from various non-GRF funds.
- In addition to payroll, the state spent $1.11 billion for purchased services and $1.67 billion for "other operating" (supplies, maintenance, and equipment) items. Together, these three categories are commonly referred to as state government operating expenses, which totaled $7.17 billion in all funds, representing 14.1% of the total state operating budget in FY 2008.
- Earned wages, the largest share of payroll costs, totaled $2.73 billion in FY 2008. This category includes wages for work performed and excludes paid vacation and sick leave time.
- Employee benefits – such as retirement contributions, health, vision, dental, and life insurance – represent the second largest portion of payroll costs, amounting to $1.08 billion in FY 2008.
- As of June 2008, there were approximately 62,000 state employees. Approximately 42,000 of these were bargaining unit employees.
- The state operating budget for FY 2008 was $51.32 billion in all funds, of which $33.71 billion (65.6%) was distributed as subsidies and $8.23 billion (16.0%) was for "transfers," including items such as tax refunds, federal pass-through funds, and distributions of local taxes collected by the state. The combined share of these two categories accounted for 81.6% of the total budget in FY 2008.