Recovery in Energy and the Environment:

Use and distribution of Recovery Act awards in Ohio

Executive Summary

The billion dollars in Recovery Act clean energy and environmental funds awarded as of June 30, 2010 to companies, organizations, governmental entities and individuals in Ohio were aggressively pursued and quickly spent. The state ranked 7th in use of award funding in the Department of Energy's cumulative summary dated September 24, 2010. Distribution of these federally funded allocations and awards has favored counties with severe economic distress. The emphasis on clean energy investment in the federal stimulus has promoted the momentum of our own Bipartisan Jobs Stimulus of 2008: By early spring, it was announced that Ohio led the states in number of clean energy and environmental jobs created with Recovery Act funding.

The American Recovery and Reinvestment Act of 2009 was needed in Ohio. In August over 600,000 Ohioans were looking for work in an economy where the unemployment rate had been over ten percent for going on two years. Recovery Act funding for clean energy and conservation offers an economic jumpstart in key domestic and international growth sectors. Moreover, clean energy sectors have multiple spin-offs, like lowering household and factory costs and reducing the carbon emissions that drive unpredictable weather like the winds of Hurricane Ike in Columbus and the devastating floods around Toledo.

In this paper, we look at the national commitment to energy and the environment under the Recovery Act and examine the use of those funds across the state. We examine estimated funding by county to see if places hit hardest by the recession are seeing relief from the important infrastructure and job creation programs in these categories. We focus on the largest clean energy programs, describing awards and use of funds.

We find that in Ohio, the highest per-capita funding occurred in the most economically distressed counties. Significant funding through water and sanitary infrastructure programs administered by the EPA supported construction jobs and improved infrastructure. Rural counties showed particular benefit on a per-capita basis. The economic distress of rural counties is high: Ohio ranks third among the states in number of rural jobs lost in this recession. At the same time, per-capita investment in urban counties lags the state average.

In many clean energy programs, Ohio is a leader. Ohio leads the nation in home weatherization; we are among the top in Midwestern and adjacent states in use of the energy efficiency programming; and our state has been described as one of the top ten 'driving' states in application of Smart Grid funds. Ohio manufacturing facilities ranked fourth in the nation in use of the Advanced Manufacturing Tax Credit ("48C" tax credits), their $125 million in tax credit allocation absorbing 7.6 percent of

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the total national allocation. The U.S. Treasury's "1603 tax credit" (a grants-in-lieu-of tax credit program for clean energy generation) will subsidize 29 new clean energy generation projects in Ohio, although the projects are smaller, on average, than those in neighboring states. New incentives for clean energy generation signed into law at the end of September are expected to boost activity in this program by year's end. Overall, we found Recovery Act investment in energy and the environment has been well utilized across Ohio.

At the same time, our exploration of the extensive data and reporting on the Recovery Act left us both overwhelmed with quantity and underwhelmed with organization and specificity. There is no shortage of financial reports and lists of awards. Dates vary and there is subjectivity in categories and lists, but these are minor issues. There are, however, some problems. Job numbers are not cumulative. Recipient reporting on jobs has not been rigorously enforced at the federal level, although improved standards and guidance has been issued. The federal government does not require information on race, gender or residence of job recipients, which makes it hard to tell who is getting helped in neighborhoods and communities. Policy recommendations include:

1. **We need neighborhood-level data on gender and race of people who get jobs or businesses that get loans, grants or contracts under the Recovery Act** to help understand impact and to permit benchmarking and evaluation**.** The federal government should review award protocol and mechanisms to ensure Recovery funds are reaching neighborhoods with the highest economic distress in the measure that they are needed.
2. **Ohio should keep an eye on the 1603 tax credit grant program has been low.** We expect to see increased awards in Ohio. To maximize benefit to the state, the federal government needs to extend this important program beyond December 2010.
3. **We need national climate and energy legislation.** Market demand and financing opportunities need national clarification, unification, organization and boundaries. Our trade competitors have national clean energy and manufacturing policies and we need the same. Lack of interest in some clean energy financing programs may be due to the patchwork quilt of state policies and procedures.
4. **The federal government must continue to invest in clean energy markets.** By 2020, clean energy will be one of the world's biggest industries, totaling as much as $2.3 trillion. In the wake of the Great Recession, we cannot afford to let this job engine develop offshore.
5. **A national price must be levied on emissions.** The U.S. Congress must pass emissions legislation that charges for pollution of companies and utilities, and reinvest the capital in a new, efficient, clean energy industrial base that will generate jobs as well as clean energy.