



JOHN R. KASICH
GOVERNOR
STATE OF OHIO

2011: The Year that Ohio Started Getting Back on Track

When Governor John R. Kasich and Lieutenant Governor Mary Taylor took office one year ago, Ohio faced historic challenges. Over 400,000 jobs were lost in the previous four years, unemployment peaked and remained at 10.6 percent between August 2009 and February 2010, and the state faced an \$8 billion budget shortfall going into Fiscal Year 2012. For Gov. Kasich, job creation has been priority number one from day one. With his vision, Ohio has begun making the necessary government reforms to cultivate a jobs-friendly environment so Ohioans can get back to work, and our state can start moving in the right direction.

PUTTING OHIO'S FISCAL HOUSE IN ORDER

- **Commonsense Budgeting**: The centerpiece of Gov. Kasich's agenda has been the state's FY2012-13 budget. Based on the twin priorities of fiscal stability and job creation, the budget helped get Ohio's fiscal health in order and achieved major, needed policy changes, including:
 - Closing an \$8 billion shortfall without raising taxes while preserving the \$400 million annual income tax cut and cutting taxes \$300 million by eliminating the Estate Tax;
 - Reforming Ohio's Medicaid program—the largest expense in the state budget;
 - Accomplishing one of the most comprehensive education reform agendas in the country;
 - Providing training vouchers for incumbent workers to help prevent them from becoming unemployed;
 - Providing important new tools for schools and local governments to share services and reduce costs;
 - Reforming construction rules and the prevailing wage law;
 - Providing for the sale of up to five prisons (one was ultimately sold for \$72 million, two were converted to private management, and one privately-managed prison was converted to state management);
 - Creating InvestOhio to help Ohio's small businesses to retain and create jobs, and;
 - Creating a process for studying ways to possibly use Ohio's Turnpike to help meet future highway funding needs.
- **Restoring the Rainy Day Fund**: When Gov. Kasich took office in January, Ohio's Rainy Day Fund – Ohio's savings account for tough times – had dwindled to just 89 cents. Even with the need to close an \$8 billion dollar gap, Gov. Kasich and the General Assembly were able to deposit nearly \$250 million in the fund for the next rainy day.
- **Upgrading Ohio's Credit Outlook**: In July, Standard & Poor's upgraded Ohio's AA-plus credit-rating outlook from "negative" to "stable."

CREATING A JOBS-FRIENDLY ENVIRONMENT TO GET OHIOANS BACK TO WORK

- A New Way of Doing Business: Gov. Kasich made job creation his top priority when he came into office. By establishing JobsOhio, the Common Sense Initiative, cutting taxes, and other reforms that made state government more efficient and business friendly, he is helping to create a better environment for job growth.
- Producing Results: In 2011, the Kasich Administration and JobsOhio worked with businesses of all sizes to secure 251 new investments, expansions, and relocations to create 21,099 new jobs and keep 61,686 existing ones. Overall, that means nearly \$4.8 billion in new or saved payroll for Ohio. According to the U.S. Bureau of Labor Statistics, Ohio is 8th in the nation in job creation and tops in the Midwest [Jan. – Oct. 2011].
- A Return on Investment in Economic Growth Incentives: For the first time, Ohio is measuring the return on investment (ROI) for each and every jobs project that receives taxpayer-based incentives. This year, approximately 91 percent of state-approved projects began earning a return on taxpayers' funds in just the first or second year.
- Encouraging Entrepreneurs: Historically, small businesses have created two out of every three new jobs, so Ohio created a program that would spur economic development by directly helping these entrepreneurs. InvestOhio is designed to encourage risk taking by making investments of up to \$10 million eligible for an income tax credit worth 10 percent of the total investment. In just two weeks, InvestOhio has received 1,119 applications committing more than \$246 million in investments.

BRINGING COMMON SENSE TO GOVERNMENT

- Common Sense Initiative (CSI): Ohio has too many duplicative and overly burdensome regulations. On his first day in office, Gov. Kasich signed his first Executive Order creating the "Common Sense Initiative" (CSI) and putting Lt. Gov. Mary Taylor in charge of leading the effort to bring common sense to Ohio's regulations and reduce burdens on business.
- Eliminating Barriers to Efficiency—Highlights:
 - The Ohio Department of Public Safety's Bureau of Motor Vehicles (BMV) and representatives from the auto dealers associations worked together to improve the auto dealers licensing procedure. As a result, the Dealers Licensing section of the BMV will reduce the processing time to obtain a first time dealer's license by as much as 83 percent. Since dealers are ready to begin operations when they apply for a license, this will result in their ability to begin selling cars sooner and therefore increase their bottom line.
 - The Ohio Department of Agriculture recently completed a consolidation project which reduced the number of private license categories for pesticide and fertilizer applicators from 13 to seven. This will cut down the number of exams required of the applicators, saving small businesses time and money while maintaining the same standards for certification.
 - Ohio Environmental Protection Agency (EPA) is emphasizing the need to create innovative common sense permitting solutions that streamline the process while protecting Ohio's natural resources. Since many business operations are similar, Ohio EPA's general permit provides consistent standards and a "speed-of-business" approach to permitting. Business should be able to get this permit in as little as two weeks.
- Reducing Violence in Prisons: Since 2010, a violent incident involving four or more inmates occurred every seven days in Ohio's prisons; a 400 percent increase since 2007. To address this disturbing trend, the Department of Rehabilitation and Corrections has implemented a multi-layered violence reduction strategy, and since June, inmate-on-inmate assaults are down by 54 percent and inmate-on-staff assaults are down by 52 percent.

- Construction Reform: For over 100 years, Ohio law required public institutions to adhere to antiquated policies that led to increased construction costs for government projects. Included in the FY2012-13 budget were reforms to give public authorities more flexibility and cost savings.
- Prevailing Wage Reform: Over the years, prevailing wage rules have driven up taxpayers' costs without guaranteeing a better product, and have made it difficult for small contractors to win government bids. The FY2012-13 budget increased the threshold of public projects impacted by prevailing wage, saving school districts money by prohibiting prevailing wage requirements from applying to them, and ensuring that taxpayers are getting their money's worth by increasing competition in the bid process. Importantly, prevailing wage rules are eliminated for many new private-sector construction projects supported by state economic development programs, thus making Ohio more job friendly to businesses seeking to expand or relocate to the state.
- Shared Services: The FY2012-13 budget tears down barriers which have prevented local governments from working together and creates initiatives aimed at reducing costs and expediting the implementation of shared services. It is now easier for schools or governments to share staff, equipment or facilities through simple agreements, as well as work together to purchase supplies without unnecessary hurdles.
- Harmonizing Ohio's Gaming Policies: In the past, Ohio's approach to gaming had been disjointed and driven by political expediency. Gov. Kasich initiated a comprehensive review of all gaming in Ohio to ensure that the state's laws for horse racing, the Ohio Lottery and casino gaming are consistent and uniform, and provide the maximum benefit to Ohioans. The result is an agreement between the Office of the Governor, Rock Ohio Caesars, LLC (ROC), and Penn National Gaming that will provide \$220 million in additional funds for Ohioans, and increased certainty for the industry.

IMPROVING CARE FOR OHIO'S MOST VULNERABLE

- Re-Tooling the Medicaid System: In Ohio, four percent of Medicaid patients account for 51 percent of the cost of the program. In the budget, Gov. Kasich introduced proposals to re-tool the Medicaid system by prioritizing the types of services that people prefer, requiring the system to better coordinate the care it provides to individuals and paying for quality rather than volume. These changes put the needs of taxpayers and Medicaid beneficiaries first and will challenge providers and administrators to make more efficient use of valuable resources. Medicaid modernization proposals included in the budget will save the state \$1.5 billion and lead to better health, better care and cost savings through improvement.
- Treating the Whole Person by Integrating Physical and Behavioral Health Services: Adults with serious mental illness represent about 10 percent of Ohio's Medicaid population, yet they account for 26 percent of total Ohio Medicaid expenditures. The lack of coordination between service providers often fails these individuals. New reforms place an emphasis on treating the whole person.
- Empowering Seniors and People with Disabilities, Increasing Value for Taxpayers: An additional 12,890 Ohioans will receive Medicaid home- and community-based services instead of having to go into an institution. The budget makes a significant investment in home- and community-based services for seniors and people with physical disabilities (PASSPORT/Choices, Assisted Living, Home Care and Aging Transitions waivers) and people with a developmental disability (Level One, Individual Options, DD Transitions and the new SELF waivers). The FY2012-13 budget provides \$532 million more for waivers for home- and community-based services over the biennium (above SFY 2011 levels), including \$55.6 million more for PASSPORT.

FIGHTING DRUG ADDICTION AND DRIVING PREVENTION

- **Shutting Down “Pill Mills”:** In 2010, 9.7 million doses of prescription painkillers were dispensed in Scioto County Ohio alone. This equates to 123 doses for every man, woman and child in a county with a population of 79,000. To address this scourge, Gov. Kasich created a new Cabinet-level Opiate Task Force and signed legislation to strengthen the state’s ability to shut down “pill mill” operations led by corrupt doctors who dispense lethal doses of pain medications to anyone with a few hundred dollars. Gov. Kasich also signed an Executive Order authorizing the State Medical Board of Ohio to establish standards and procedures for pain management clinics in Ohio in order to help fight prescription drug abuse by preventing clinics from operating as “pill mills.” On December 14, 2011, Ohio achieved a key victory when the State Medical Board permanently revoked the license of Dr. James Lundeen, a pill mill doctor who was known to treat 90 patients in one day, on average. In addition, joint efforts by various state agencies and the Ohio Attorney General resulted in the closing of 12 illicit pain clinics, and overall drug seizures are up 500 percent from 2010 levels.
- **Improving Treatment for Injured Workers:** In September, the Bureau of Workers’ Compensation (BWC) established its first-ever formulary of medications for the treatment of injured workers. This will improve the efficiency and effectiveness of treatment, limit the inappropriate use of medications, and lower BWC’s prescription costs by an estimated \$15 million in its first 18 months. Additionally, BWC will only cover drugs related to the specific injury and now prohibits decertified providers from prescribing drugs for injured workers.

EDUCATION AND JOB TRAINING: A COMPREHENSIVE STRATEGY TO PREPARE OHIOANS

- **Giving Parents a Choice:** When it comes to their child’s education, parents deserve a choice. By incorporating increased competition into the system, schools are incentivized to enhance the quality of education in order to attract students. To help make this a reality, EdChoice scholarships have been quadrupled, the cap on community schools has been removed, and Ohio has implemented enhanced community school access to facilities.
- **Ranking Schools, Informing Parents:** Since 2003, Ohio schools have received a Performance Index (PI) score. The index, validated by school districts across the state since its inception, places a priority on student achievement. For the first time, PI scores are being compared statewide and shared publicly to better inform parents of where their school stands relative to the rest of the state. By providing increased transparency, Ohio is giving parents the information they need as they prepare their child for success.
- **A Fair and Functional Teacher Evaluation Process:** Thanks in part to the input of over 1,400 teachers, the Ohio Department of Education approved a new teacher evaluation system that provides the flexibility and accountability our teachers and students deserve. The implementation of this system will help create the climate, conditions and incentives that promote alignment toward a common goal – improving student achievement.
- **Improving College Graduation Rates at a Lower Cost:** Ohio’s universities are taking too long to graduate students, if they graduate at all. By encouraging the development of three-year baccalaureate degrees at Ohio’s public universities, students will have the opportunity to save money and enter Ohio’s workforce ahead of schedule.
- **Creating a Demand-Driven Workforce Development Model:** Ohio currently has 77 workforce development programs scattered across 13 different agencies, many of which operate largely independent from one another. Making matters worse, the current model is supply driven and trains workers for jobs that may not exist. In September, Gov. Kasich assigned a member of his staff to focus completely on workforce development, and Ohio is now working to implement significant reforms that will ensure our workforce development programs are working in concert with one another and are training workers based on the jobs that need filled by employers in our state.

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2011 Public Events

In 2011, Gov. Kasich made face-to-face meetings with business and civic leaders a priority. Whenever possible, travel to cities across Ohio, both large and small, was incorporated into the schedule. As a result, over the course of just 12 months, Gov. Kasich held 132 public events around the state. Below is a breakdown of these events by region.

Location	Number of open press events
Columbus Metro	50
Cleveland Metro	18
Cincinnati Metro	18
Akron-Canton Metro	12
Toledo Metro	11
Southeast Ohio	9
Dayton Metro	8
Youngstown Metro	6