



JOHN R. KASICH
GOVERNOR
STATE OF OHIO

2012 in Review

For Ohio, a year of reform, renewal and results

Ohio looks much different today compared to when Governor John R. Kasich and Lieutenant Governor Mary Taylor took office two years ago. By making job creation Ohio's number one priority, our state is now in a much better fiscal position thanks to a new, jobs-friendly economic environment that is getting Ohioans back to work. In fact, over the past two years Ohio has gone from being almost dead-last in job creation to becoming one of America's top job creators, our unemployment rate has decreased 50 percent faster than the nation's, and responsible fiscal management has earned Ohio a "stable" credit outlook from all three rating agencies. At the same time, state government is working aggressively to find cost-saving efficiencies and improve services for Ohio citizens and those who do business here. In addition to these fiscal priorities, Gov. Kasich and his Cabinet have advanced initiatives that help and protect the most vulnerable Ohioans. The accomplishments of 2012 have been achieved through strong partnerships between the Kasich Administration and members of the General Assembly on both sides of the aisle, educators, local officials, business leaders, and others, allowing our state to build upon the positive momentum initially gained in 2011.

BUILDING ON MOMENTUM THAT STRENGTHENS OHIO FOR JOB GROWTH

- **Directing an Historic Mid-Biennium Budget Review – with Results:** To continue building a jobs-friendly climate and improving the state's fiscal management, Gov. Kasich initiated a sweeping, precedent-setting review of state government's budget, operations and policies at the mid-point of Ohio's two-year budget cycle. This comprehensive Mid-Biennium Review (MBR) produced a 3,400-page package of far-reaching reforms and initiatives to create a jobs-friendly climate in Ohio by, among other things, boosting education and workforce training programs, streamlining and improving management of government agencies and establishing a first-of-its-kind state energy policy.
- **Getting Ohio Out of the Red:** The Kasich Administration closed its first full fiscal year on June 30, 2012, with the state budget not only in balance, but also with a significant surplus. As a result, more than \$235 million was added to the Budget Stabilization ("Rainy Day") Fund to supplement the administration's \$246.9 million deposit in 2011. Over two very challenging years for Ohio's economy, and after resolving a \$7.7 billion structural deficit, the state budget remains in balance without raising taxes and leaving a surplus to rebuild what had been a nearly penniless state savings account.
- **Reducing the Size of Government:** Under Gov. Kasich's directive to identify efficiencies and streamline state agencies, the size of government has continued to shrink over the past year. Between 2011 and 2012, non-Medicaid spending from the General Revenue Fund (GRF) has been reduced 5.8 percent, and state operating and administrative expenditures have decreased by 2.4 percent (All Funds). Additionally, state agencies have seen staff levels reduce by 7.6 percent without hindering the delivery of services to Ohioans. (*Examples of agency cost savings [available here.](#)*)
- **Ohio's Unemployment Falling Faster than U.S.:** At the start of the Kasich Administration in January 2011, the US and Ohio unemployment rates were relatively the same – 9.1 and 9.0 respectively. Since that time, however, Ohio's unemployment rate has dropped more sharply than the nationwide rate, falling 2.1 points under Gov. Kasich's

leadership compared to just 1.2 points nationally. Notably, after passage of Gov. Kasich's Jobs Budget, unemployment quickly began dropping – from 8.9 percent in July 2011 to its current rate of 6.9 percent. The U.S. rate still hovers at 7.7 percent.

- Leading the Midwest in Job Creation: Since January 2011, Ohioans have created 127,300 jobs, making our state 5th in the country in job creation and 1st in the Midwest.
- Spurring Job Growth: JobsOhio finalized 267 projects in 2012, resulting in 19,993 new job commitments and 50,258 retained jobs for a total of \$2.3 billion in annual payroll. Additionally, new and existing companies made \$4.5 billion in total capital investment. JobsOhio completed 9.4 percent more projects in 2012 than in 2011, accounting for a 36 percent increase in new capital investment. (**These JobsOhio preliminary numbers are subject to change as end-of-the-year data continues to be processed.*)
- Holding Companies Accountable to Taxpayers: In 2012, the Ohio Development Services Agency (ODSA) initiated remedial action against 57 tax credit projects, 30 loan recipients and 38 grant recipients, demonstrating the Administration's commitment to hold companies accountable for the job creation, retention, training, and wages they promise in return for state incentives. In two years, ODSA has certified 42 projects to the Attorney General for clawback actions amounting to \$13.6 million. Under the previous administration, just 41 projects were certified to the Attorney General for collection over a four-year period.
- Leading the Nation with a Comprehensive Energy Strategy: A comprehensive energy policy, a product of the MBR, supports a diverse mix of reliable, low-cost energy sources that meet Ohio's continuing job-creation needs. Important regulatory changes foster job growth while protecting Ohio's environment.
- Leveraging the Ohio Turnpike to Accelerate Roadway Construction: Gov. Kasich championed a comprehensive review of the Ohio Turnpike and has recommended that the Turnpike issue bonds backed by future toll revenue to generate \$1.5 billion for investment in major transportation projects in northern Ohio. This will allow the state to accelerate other important and sorely needed transportation projects across the state.
- Addressing a Vital Southwest Ohio Resource: The long-outmoded Brent Spence Bridge in Cincinnati is a vital artery for the Ohio River Valley, but the bridge has been deemed "functionally obsolete." The governors of Ohio and Kentucky are now working on a collaborative solution that will be crucial to the economic vitality of Cincinnati and the entire region.
- Advancing Research and Job Growth through Connectivity: A state investment of nearly \$13 million to spur a ten-fold increase in the speed of Ohio's broadband bandwidth to a nation-leading 100 Gigabits per second will advance research and job growth in medical research, higher education, manufacturing, engineering and technology.
- Reforming Outdated Banking and Finance System: Gov. Kasich's leadership and support produced major reform of Ohio's outdated banking and finance tax system, reducing taxes for the vast majority of the state's community banks while closing a significant loophole exploited by a few large banks to avoid millions of dollars in state tax. The new Financial Institutions Tax broadens the tax base, stabilizes the tax revenues paid by financial institutions and is, in total, revenue neutral.
- Investing in Job Growth, Not Workers Compensation Costs: Ohio continues to reduce workers' compensation costs so Ohio businesses can invest more in growth. Average rate reductions over the past two years have saved Ohio

businesses an estimated \$130 million and public employers an estimated \$40 million. Progress can be seen in a recent national study showing that Ohio dropped from 17th to 28th in terms of premium costs since 2010.

REFORMING EDUCATION AT EVERY LEVEL

- **Third Grade Reading Guarantee:** To help ensure that Ohio's younger students have the reading skills they need to succeed later in school – and in life – the Kasich Administration developed a stronger Third Grade Reading Guarantee to ensure better reading intervention and monitoring plans. Social promotion of third graders who can't read will end and new intervention and support efforts in K-3 will identify and assist students who need additional help in order to progress.
- **Giving Parents a More Honest Assessment of their Children's Schools:** Ohio's new system to measure school performance will assign grades A-F to all public schools and school districts, providing a better understanding for parents of how their child's school is performing and where it can improve. New, more challenging standards will ensure the grade a school receives more accurately reflects student success.
- **Tackling Education Reform in Cleveland:** With 31,000 children in its failing schools, the City of Cleveland is working to effect major change that will provide Cleveland students with the education they deserve. At the request of Mayor Frank Jackson, Gov. Kasich asked the General Assembly to adopt a school reform plan for Cleveland's schools that was developed by the mayor, the city's school leadership and business community. Embraced by the Kasich Administration, the Jackson Plan will enable Cleveland's schools to improve standards, reward, retain and recruit high-quality educators, and increase school autonomy and accountability.
- **Bringing Higher Education Leaders Together to Solve Problems:** Early in 2012, Gov. Kasich called on the state's 37 public college and university presidents to put aside their previous process for dividing up the state's capital construction budget and to collaborate on a single list of recommendations for funding needed improvements on Ohio's campuses. The result has been unprecedented and widely applauded cooperation on a once-divisive process. Building on that success, Gov. Kasich has now charged these presidents to recreate the collaborative process and develop a single, unified recommendation for funding the operations of Ohio's public two- and four-year institutions. The result: a funding formula based on course completion and graduation and not just on enrollment – incentivizing institutions to graduate more students, strengthening Ohio's workforce.

PREPARING OHIOANS FOR THE WORKFORCE

- **Re-aligning Workforce Development:** Ohio's workforce training programs had long been a web of bureaucratic inefficiency. Introducing a more effective and efficient system, the Governor's Executive Workforce Board is now able to develop a unified budget and performance metrics for the workforce development system. The goal is to better align training efforts with the hiring needs of job creators, helping Ohio workers to more easily get meaningful employment.
- **Career Connections—Refocusing on Career Paths:** Now more than ever, students need to be exposed to careers available in Ohio, with an appreciation for the value of education and the links between their school lessons and the real world. By starting this process earlier, Ohio students will be better prepared to select the courses and higher education they need that align with their career paths. With newly developed model curricula for students in all K-12 schools, teachers and administrators will have improved tools to include career awareness and development in their lessons.

- Battlefront to Homefront: This initiative connects returning Ohio National Guard members to employment counseling and referrals, with follow-ups throughout the new veteran's re-integration process. Multi-agency efforts aimed at employing all eligible veterans – a process that's placed nearly 2,400 veterans in jobs in the past 11 months.

HELPING THE MOST VULNERABLE OHIOANS

- Increased Employment Opportunities for People with Developmental Disabilities: In March, Ohio launched the Employment First Initiative to increase meaningful employment outcomes for individuals with developmental disabilities. As part of this initiative, Gov. Kasich created the Employment First Task Force to review and make recommendations for increasing community employment opportunities. The Governor also championed legislation to align state policies and educational programs to support community employment for working-age adults with developmental disabilities.
- Ohio DisAbility Jobs Summit: With the Employment First initiative, the Ohio Rehabilitation Services Commission (RSC) held a jobs summit to help well-qualified, skilled individuals who happen to have a disability find the needed training and skill building necessary for them to seek quality employment. Approximately 700 individuals representing businesses, consumers, and providers attended the summit.
- Helping People Access Services Faster: Since 2009, RSC had amassed a lengthy list of individuals waiting to receive services. Gov. Kasich demanded that this wait list be eliminated and because of this focus, the number of individuals on the wait list for services continues to drop each and every month. Using efficiencies and lean processing to improve performance, RSC has been able to release more than 8,500 people from the wait list, making them eligible to receive services to assist them obtain employment.
- Summer Backpack Program: The Governor's Office of Faith-Based and Community Initiatives (GOFBCI) worked with partners across Ohio to ensure that children in low-income areas continued to receive nutritious meals over summer break. The partnership purchased, packed, and delivered approximately 100,000 Summer Weekend meal packages containing 600,000 meals to 10,000 Ohio children during their summer break from school.
- Preventing Infant Mortality: The 43201 area of Weiland Park in Columbus has the highest infant mortality in the state. Low birth weight, lack of nutrition and education are some of the factors contributing to this problem, so Dr. Pat Temple Gabbe started the Mom2B program to address high infant mortality rates and provide expectant mothers with basic services and material needs, from nutrition to mental health. GOFBCI is funding two family advocates to fill needs of the program, which has now served 131 moms and 60 newborns.
- Expanding the After School All-Stars Program: Gov. Kasich expanded this program to help keep low-income, at-risk children in positive environments where they continue to learn, grow, and stay active.

IMPROVING CARE FOR OHIOANS

- Slowing Growth in Medicaid: Gov. Kasich's Jobs Budget included significant new tools to reset Medicaid payment rules to reward value rather than volume, improve the quality of care for Ohio's most vulnerable citizens and save a projected \$1.5 billion over the biennium. In 2012, the Administration used these tools to drive Medicaid program improvements and deliver savings that were more than \$500 million above previously projected savings levels in the first year of the biennium.
- Integrating Medicare and Medicaid Benefits: In December, Ohio became just the third state to get federal approval to implement a program to improve care coordination for individuals who are eligible for Medicare and Medicaid. Ohio will

launch its Integrated Care Delivery System in September 2013, leading to better care for 114,000 Ohio seniors and people with disabilities and reducing costs in both programs.

IMPROVING OHIO'S CRIMINAL JUSTICE SYSTEM

- **Collateral Consequences**: Gov. Kasich signed cutting-edge legislation to reduce crime in Ohio, decrease offender recidivism, increase public safety, strengthen families, and expand job opportunities for the estimated two million Ohioans with a non-violent felony or misdemeanor conviction. This effort addresses collateral consequences that have long existed beyond the direct sentence resulting from a crime, an important step toward increasing job opportunities for Ohioans who have paid their debt to society and want to change their lives. Ohio now leads the nation in taking a common sense approach to restoring Ohio citizens who have made a mistake in their past and are eager to live their lives as hard-working, contributing members of the community.
- **Addressing Human Trafficking**: Human trafficking – the illegal trade of human beings for commercial sexual exploitation and forced labor – is one of the fastest growing criminal enterprises worldwide and is on pace to surpass the drug trade in less than five years. Ohio is not immune to this plague. Each year, more than a thousand Ohio children are estimated to become victims of human trafficking and three times that many may be at risk. In March 2012, Gov. Kasich signed an Executive Order to establish the Ohio Human Trafficking Task Force, and in June 2012 signed House Bill 262, legislation aimed at fighting back against this problem. The legislation raises penalties against human traffickers, creates programs for victims, and raises awareness of the problem. The Task Force will work in concert with the legislation by pulling the resources of the state to coordinate efforts to identify and rescue victims, to create a coordinated law enforcement system to investigate these crimes, and to provide the services and treatment necessary for victims to regain control of their lives.
- **Reducing Drug Trafficking**: To assist the law enforcement in combating drug trafficking in Ohio, Gov. Kasich signed legislation in June 2012 to prohibit altering a vehicle to create or add a hidden compartment to conceal or transport controlled substances. The legislation imposes new and higher penalties on drug traffickers who go to extraordinary lengths to conceal their contraband.
- **Continuing the Fight Against Opiate Abuse**: The Professional Education Workgroup of the Governor's Cabinet Opiate Action Team, which is co-chaired by the Ohio Department of Health and the Ohio Department of Alcohol and Drug Addiction Services, adopted statewide prescribing guidelines for emergency departments and created a website to provide promotional materials, including a pocket-size card, background documents and a guideline FAQ. The new guidelines and outreach materials will save lives and help reduce the scourge of opiate abuse.
- **Reducing Repeat Offenses**: Today, Ohio's offender recidivism rate is at a modern-day low, with only 31 percent of inmates returning to prison after release. This rate is significantly below the national average.
- **Reducing Prison Violence**: Ohio implemented a three-tier prison system that emphasizes reducing recidivism and violence. Violence reduction efforts have resulted in a decrease of 7.3 percent in violent conduct reports and a five percent decrease in disturbances for the first ten months of 2012 as compared to the same time period in 2011.

IMPROVING GOVERNMENT

- **Common Sense Initiative**: The Kasich Administration continues its work to reduce unneeded burdens on business and reduce state-imposed paperwork, allowing commerce in Ohio to truly run at the speed of business. Led by Lt. Governor Mary Taylor, the Common Sense Initiative (CSI) has increased speed of service and reduced red tape for licensees and

registrants. In addition, the state's Division of Securities is well on its way to creating an all-electronic filing options. Inspectors with the state's Division of Industrial Compliance now use geocoding and tablet computers to provide faster inspections and certification to get contractors back to work much more quickly.

- Improving Efficiencies in State Government: Lean Ohio has been working to make government services simpler, faster, better and less costly. The results have saved millions of dollars and cut waiting times for customers by more than 50 percent for dozens of state agencies in FY 2012, with a 40-to-1 return on investment.
- Encouraging Cost Savings through Shared Services: A comprehensive strategic action plan, "Beyond Boundaries," provides tools and real-life examples to help local governments and school districts benefit from the cost-saving efficiencies of shared services and cross-jurisdictional collaboration.
- Restructure Health and Human Services Operations: In 2012, Gov. Kasich took steps to create a health and human services governance structure that maximizes efficiency and productivity. The departments of Mental Health and Alcohol & Drug Addiction Services are being combined into a single, more efficient state agency. These moves improve the level of services that the agencies provide to their customers – and to all Ohio taxpayers.
- Helping Injured Workers: Ohio has partnered with business to help achieve better outcomes for injured workers and lower premiums for employers – saving businesses up to \$41 million annually by rewarding them for creating safer work places and programs to transition injured workers back onto the job.

STRENGTHENING CRIME PROTECTION AND SAFETY FOR OHIOANS

- Protecting the Public From Dangerous Wild Animals: Following horrific events last fall in Zanesville, Gov. Kasich sped up work to pass Ohio's first law prohibiting casual ownership of dangerous wild animals and snakes. Working with veterinarians from the state's accredited zoos, the administration developed responsible rules for animal owners that will keep the public safe and ensure that animals receive proper care.
- Highway Crime Reporting: Gov. Kasich pushed for a 24-hour hotline for motorists to call and report drug trafficking and other crimes on Ohio's roadways. This service now attracts 5,000 calls a month to the Highway Patrol, yielding major arrests and serving as a key component of the state's efforts to make our communities safer.
- Criminal Patrol: Drug seizures in Ohio have significantly increased in 2012, surpassing even the record-setting achievements of 2011. Through October 2012, Highway Patrol troopers seized 151 percent more marijuana and 295 percent more heroin than in 2011.
- Improved Fire Protection: For the first time, the State Fire Marshal is offering assistance to the state's volunteer firefighters through no-cost volunteer firefighter training classes. With volunteers accounting for 70 percent of Ohio's fire crews, this effort has significantly helped train volunteers over less time and at reduced costs.
- Emergency Response: In response to severe storms that knocked out power across more than half of the state this summer, Ohio National Guard service members went door-to-door to check on the well-being of Ohioans in affected areas.
- Ensuring Safety for Ohio: The Ohio National Guard opened four state-of-the-art facilities in 2012, including the Joint Operations Center, Springfield Armed Forces Reserve Center, Mansfield Armed Forces Reserve Center, and United State Property and Fiscal Office Warehouse. These new facilities are helping the National Guard to more efficiently protect Ohio in the event of disaster.