

John Kasich unveils budget plan

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COLUMBUS, Ohio — Local governments in Ohio would face deep cuts to their funding and five state prisons would be sold under a sweeping two-year budget plan that Gov. John Kasich unveiled Tuesday as the state faces of an estimated \$8.6 billion budget shortfall.

It was not immediately clear exactly how Kasich's budget team filled the shortfall that has loomed for months and was a central theme of his 2010 race against then-Gov. Ted Strickland.

According to administration figures, general revenue funding would grow from \$50.8 billion to \$55.5 billion over the two-year budget cycle. Spending in all funds would fall from \$120.3 billion in Strickland's last budget to \$119.5 billion.

Among the hardest hit in Kasich's budget plan was the local government fund, which is in line for a 33 percent cut in general revenue – from \$1.3 billion to \$865 million – in Kasich's plan.

"Folks, first year of the budget's the toughest," Kasich told an audience of about 820 state lawmakers, Cabinet officers and other members of the public at a Tuesday evening town hall meeting on his spending plan. "The second year it gets a little bit better."

His budget would expand school choice vouchers and give parents, students and teachers ways to take over failing schools. It would funnel Medicaid recipients into a more coordinated style of health care.

"This budget is loaded with one reform after another," Kasich said at an earlier media briefing. "It is, I would guess, the most reform-oriented budget in modern Ohio history."

For that reason, the new Republican governor and his Cabinet resisted direct comparisons to the current state budget. Their proposal is based on new assumptions about how business-like flexibility could help in areas ranging from public education and economic development to government health care to crime reduction.

Among cost-cutting measures in the governor's plan is a proposal to sell five prisons to private operators to avoid mass closures and raise \$200 million that was covered in the last state budget with federal stimulus dollars.

Two of the five prisons already are privately run, although the state owns the buildings. Under Ohio law, private operators have to deliver a 5 percent savings over similar, public facilities – which the state estimates will mean \$9.3 million over the two-year budget cycle.

The prison facilities the governor has targeted are North Coast Correctional Treatment Facility and Grafton Correctional Institution, both in Grafton; North Central Correctional Institution in Marion; Lake Erie Correctional Institution in Conneaut; and a juvenile prison in Marion that closed in 2009.

Prisons director Gary Mohr said no employee who wants to stay in corrections will lack for a job under the plan.

Six-month early retirement will be offered to about 100 eligible employees at Grafton and North Central, and unions will be able to collectively bargain for how other positions will be filled. Those with seniority will be able to bump less experienced guards at other state facilities, and jobs will be available at private facilities for those bumped from the public sector – most likely those not vested in the state pension system.

Kasich emphasized that his proposal would free cities and counties from cumbersome regulations and that if collective bargaining changes are successful in the Legislature, city and county leaders would have even more flexibility with their budgets.

"This entire state has to learn to do business differently," Kasich said.

As private operations, the prisons that are sold will generate between \$400,000 to more than \$1 million a year in new tax revenues for municipalities, and casinos being built in four cities will soon begin paying local taxes, Kasich said.

Opponents called Kasich's proposed cuts to local governments a back-door tax increase and "a wicked shell game."

"Under his proposal, local governments will have no other options but to cut services and lay off workers or raise taxes to keep fire stations, hospitals, and libraries open," AFL-CIO President Tim Burga said in a statement. "And his privatization schemes will saddle future generations of Ohioans with budget shortfalls and increased costs for services with lower quality. "

Budget director Tim Keen said the goal of the new budget is to position Ohio for competition with other states and countries. He said the administration used not just the traditional state bank account – called the general fund – to make its calculations, but from all funds Ohio gets from state and federal dollars, fees and other sources.

The method was seen particularly in education funding. A look at general fund spending showed increases in both state aid to K-12 schools (up \$212 million over the biennium) and state aid to public colleges and universities (up \$91 million over the biennium). However, when all funds are considered, K-12 schools would see cuts of 6.1 percent in the budget's first year and 4.7 percent in its second year.

Innovation Ohio, a liberal policy group, said those cuts would jeopardize 7,000 teachers' jobs.

"By failing to make the necessary investments in education and training, the Kasich budget would make it very hard for Ohio to compete in the 21st century, or to create the kind of long-term, high-paying jobs Ohioans deserve," said spokesman Dale Butland.

Kasich said his team of policy advisers has managed to actually increase state aid to education, to maintain Medicaid coverage for most Ohio residents while achieving \$4.3 billion in savings over two years and to keep an \$800 million cut in the personal income tax that went into effect in January.

"We were able to do a number of things because we set very high priorities for the operation of this government," Kasich said. "Our Cabinet directors were all asked to go inside of their budgets and find either a 10- or a 15-percent cut in the operation of their budget without damaging their clients."

Kasich also supports a cap of 3.5 percent on tuition increases, creating three-year bachelor's degree programs, and increasing teaching loads for faculty by one new course every two years.

The plans were met with praise from some university presidents.

University of Cincinnati President Gregory H. Williams said the school is "very appreciative that Gov. Kasich's proposed budget has done as much as possible to support higher education and suggests some first steps toward much-needed construction reform."

Original Article:

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