

## **Gov. John Kasich focuses on Medicaid, job creation, tax reforms in State of the State address**



By [Robert Higgs, The Plain Dealer](#)

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LIMA, Ohio - Gov. John Kasich used his State of the State address Tuesday to tout proposals in his budget plan he says will drive Ohio forward, saying now is not the time to ease up on the gas.

"Keep your eyes on the mountaintop," the first-term Republican governor implored the audience at the Veterans Memorial Civic & Convention Center.

The plan, billed as Ohio's Jobs Budget 2.0, includes a bold overhaul of the state's taxing system intended to bolster revenue from the sales tax while trimming income taxes, particularly for small businesses. It would also tap revenue from the Ohio Turnpike to raise money for much-needed road and bridge projects, revamp the state's school funding formula and expand health care coverage for the poor.

Both Democrats and Kasich's fellow Republicans have found things to like and dislike in his budget, and Kasich used his hourlong speech to push back against the criticism, making an especially impassioned case for the Medicaid expansion, which conservatives have scorned.

Kasich argued it is the right thing to do, both fiscally and morally.

It will guarantee that Ohio tax dollars return to Ohio to pay for the program, he said. And it will allow those who are impoverished to have access to health care with a primary doctor, rather than high-cost visits to an emergency room that many use now. And it will expand care to those who have mental illnesses.

"We need to get them primary care. Basic coverage," Kasich told the joint session of the House and the Senate.

"My personal faith and the lessons I learned from the Good Book, they're important to me," he said. With that in mind, he said he is unwilling to turn his back on "those who live in the shadows of life ... "those who live with the least among us."

He addressed the concern among conservative lawmakers directly: "I respect the decision you're all going to make. I know it's controversial. Please examine your conscience."

And he urged them to put themselves in the shoes of a poor family who can't afford health care or parents dealing with a mentally ill child.

"Put it in your family," he said. "Put it on your doorstep."

Afterward, at a news conference with GOP leaders, House Speaker William G. Batchelder of Medina and Senate President Keith Faber of Celina were noncommittal when asked if Kasich's plea for Medicaid expansion had won them over. Both said more study is necessary.

"No, I don't know that we're any closer to a decision on that," Faber said.

Democrats applauded Kasich's support of the Medicaid expansion but overall were critical of the governor's remarks.

House Democratic Leader Armond Budish of Beachwood said many of the poor people who would be helped by the Medicaid expansion "now will pay higher taxes when they go to a movie, get a haircut or go through a divorce." Budish was referring to Kasich's plan to expand the sales tax to a broad array of services, although the 5.5 percent rate would be lowered to 5 percent.

Democrats also chided Kasich's proposals on the income tax, saying they will not create jobs, as the governor predicts. Meanwhile, local governments and schools are suffering from funding cuts in his last budget, they said.

Budish, in a news conference after the speech, said Democrats are willing to work with the governor on tax reforms, but that some of the benefits proposed for the wealthy should be rolled back. That revenue, he said, could be used to help communities and schools.

The tax changes, though, were a key part of the governor's pitch to aid businesses across the state.

"We punish businesses with too high taxes in our state," he said.

He has proposed that the state income tax be cut 20 percent over three years, with reductions to all tax brackets. He also proposed a 50 percent deduction for small businesses on their first \$750,000 of income.

"Remember something, these are the people who create over 50 percent of the jobs," he told lawmakers.

Kasich, who is up for re-election in 2014, also has proposed increasing the severance tax on oil and gas revenues reaped from horizontal drilling, particularly in the Utica Shale formation in eastern Ohio, "so that all Ohioans can benefit from the gas and oil discoveries in our state."

That increase in the severance tax is one way the governor's budget plan makes up for revenue lost to the income tax reductions.

And Kasich defended his school plan as one that will get revenue to those districts that most need it. Ohio's poorest and urban districts will get more than the wealthiest districts, he said. Poorer districts will get about \$7,500 per pupil in state aid, while some of the wealthiest will get less than \$100 per pupil.

"This is driven by the needs of students," he said, "not by the needs of adults."

That drew a rebuke from Sen. Nina Turner, a Cleveland Democrat, who said the proposal for school funding does not go nearly far enough.

In a news conference after the speech, she described it as "a slap in the face to the citizens of Cleveland and the students in the Cleveland school district" that his proposal would include no more money than last year in state aid.

"What are the students, the children, all 1.8 million of them (in Ohio) guaranteed in the budget?" she asked. "As far as I'm concerned, not enough."

Tuesday's appearance in Lima was the second time Kasich has delivered the State of the State address outside Columbus. And he continued a tradition he began last year in Steubenville by pausing during the speech to present his "courage" awards.

The staff of Chardon High School was honored with one of the awards for its response to last year's fatal shooting at the school.

"When I pray for the staff and the students and the people of Chardon, I pray that they're going to heal. And they are going to heal," he said. "What courage they showed that day and what courage they've shown ever since."

Their efforts, he said, have helped to "bring peace and understanding to the people of Chardon."

Other award winners were the late astronaut Neil Armstrong, whose award was accepted by his two sons, and autism activist Sondra Williams.

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