

Governor defends plans to expand Medicaid, promotes change in State of the State address

BY JIM PROVANCE

BLADE COLUMBUS BUREAU CHIEF

Printed Friday, February 22, 2013



Gov. John Kasich says he will continue resisting calls to spend the surplus Ohio has built up. He wants to cut taxes for individuals and businesses by a total \$1.4 billion.

LIMA, Ohio — Ohio may have a few bucks in the bank, but now isn't the time to get comfortable and let up on the pace of "big ideas," Gov. John Kasich said Tuesday during his second transplanted State of the State address.

"Should we rest on our laurels?" he asked. "Should we put the state on cruise control? I got another one for you: Why don't we just spend the surplus? Things are good. Just go ahead and take your foot off the gas. Well, we're going to keep our foot on the gas in this administration..."

"The only thing that can stop us, ladies and gentlemen, is fear of change, the fear of big ideas," Mr. Kasich said. "Let's not go there. We're starting to hit on all cylinders."

Mr. Kasich took his biggest speech of the year on the road to Lima and turned it into a marketing tool for his budget, his vision, and his own story. Unlike last year, Mr. Kasich worked from a prepared speech this time, although he winged it many times. Although just over an hour, the speech was more concise and targeted this year.

The governor has proposed a broad expansion of the sales tax base to include many untaxed services and an increase in taxes paid by a burgeoning shale oil and natural gas industry. That would help to underwrite a 20 percent income tax cut for individuals over three years and a 50 percent cut for small businesses. The Republican governor also would lower the state share of the sales-tax half a penny to 5 cents on the dollar.

“First and foremost, Ohio’s taxes are too high, and they are particularly punishing to our small businesses...,” Mr. Kasich said. “And let me be clear. This is a comprehensive program to cut taxes by \$1.4 billion.”



State Treasurer Josh Mandel, center, who lost his election bid to the U.S. Senate in November, listens to Gov. John Kasich's State of the State address at the Veteran's Memorial Civic & Convention Center in Lima.

Democrats, doctors, hospitals, and some business groups have embraced Mr. Kasich's decision to work with the federal government in expanding Medicaid to add more than 400,000 uninsured Ohioans over the long term. The move has him operating within the sphere of President Obama's health-care law, much to the chagrin of conservatives.

By making the move, Mr. Kasich will take advantage of 100 percent reimbursement from the federal government for the first three years of the expansion. That level would gradually drop off to 90 percent.

“I am not a supporter of Obamacare,” Mr. Kasich said. “I do not believe in the individual mandate. ... But in this case, extending Medicaid benefits will help us on many levels, including the positive impact this decision can have on the mentally ill and the addicted.”

He urged critics to picture having someone who is mentally ill in their own families or on their doorsteps.

“I know it's controversial,” the governor told lawmakers. “Please examine your own conscience. Keep an open mind.”

Mr. Kasich chose Lima for his speech because he felt its economic turnaround story mirrors that of the state. Ohio’s unemployment rate has dropped to 6.7 percent, more than a full point below the national average. The governor said more than 120,000 jobs have been added to the rolls since he took office.

He noted that the state has gone from a budget shortfall in the billions to a potential year-end balance in the rainy day fund of \$1.9 billion.

The governor defended his K-12 education funding formula, arguing that it drives more aid to poorer districts. Many superintendents, however, were shocked when they recently saw the printouts showing that 60 percent of the districts in the state will see no additional funding next year.

He also urged lawmakers to act quickly in enacting his proposal to borrow against Ohio Turnpike tolls to raise \$3 billion for highway and bridge construction across the state.

“I think the governor claimed credit for every single job that's been created in Ohio,” said House Minority Leader Armond Budish (D-Beachwood). “He talked about the importance of protecting Lake Erie, and yet he signed one of the most harmful bills we've had in Ohio allowing businesses to take virtually unlimited water out of the rivers pouring into the lake.”



Ohio Gov. John Kasich waves goodbye after giving his State of the State address in Lima.

And he said Mr. Kasich's “flowery” predictions about tax cuts leading to job creation reminded him of 2005 when the Republicans pushed through a 21-percent income tax cut.

“And yet when that tax cut was fully implemented, we were actually in a loss of jobs in the state of Ohio,” he said. “What does bring jobs to Ohio is good communities, good schools, and the governor has slashed the funding for both.”

Toledo Mayor Mike Bell, an independent who sided with Mr. Kasich in the 2011 battle over the Senate Bill 5 collective-bargaining fight, agreed that now is not the time to relax..

“It's sort of like a boxer,” he said. “When you've got somebody on the ropes, you gotta knock 'em out....”

Lucas County Republican Party Chairman Jon Stainbrook said Mr. Kasich has made his case for re-election in 2014.

“This governor has restored confidence in the state of Ohio, and he's also changed the perception so that businesses want to relocate here...,” Mr. Stainbrook said. “This is something you want to tout. You don't want to take your foot off the gas.”

Contact Jim Provance at jprovance@theblade.com, or 614-221-0496.

Copyright 2013 The Blade.

<http://www.toledoblade.com/State/2013/02/20/Governor-defends-plans-to-expand-Medicaid-promotes-change-in-State-of-the-State-address.html>