



JOHN R. KASICH
GOVERNOR
STATE OF OHIO

Advancing the Climate for Sustained Job Creation and Prosperity

2014 Accomplishments

Consistent with their previous three years, Governor John R. Kasich and Lieutenant Governor Mary Taylor continued to tackle reforms that would improve Ohio's business climate and set the stage for long-lasting economic growth. Since 2011, approximately 260,000 private-sector jobs have been created and the state's unemployment rate is below the national average. Accomplishments of the past year 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 improve upon the positive momentum that's been built over the past four years.

KEEPING OHIO'S FISCAL HOUSE IN ORDER TO SHOW JOB CREATORS OHIO IS SAFE

- Directing Another Mid-Biennium Budget Review – with Results: To continue building a jobs-friendly climate and improving the state's fiscal management, Gov. Kasich initiated his second 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 1,600-page package of far-reaching reforms and initiatives to create a jobs-friendly climate in Ohio by, among other things, lowering taxes through budget savings, boosting education and workforce training programs.
- Staying Out of the Red: The Kasich Administration closed its fiscal year on June 30, 2014 achieving its fourth year with a budget surplus. Since the Budget Stabilization ("Rainy Day") Fund is at its maximum level, the surplus was used for the creation of a \$300 million Medicaid Reserve Fund and tax cuts.
- Reducing the Size of Government: Under Gov. Kasich's directive to identify efficiencies and streamline state agencies, the size of government is at its lowest level in 30 years as state agencies have seen staff levels reduce by 10 percent without hindering the delivery of services to Ohioans.

CREATING AN ECONOMIC CLIMATE FOR JOB CREATION

Since taking office four years ago, Gov. Kasich has worked with the General Assembly to cut Ohioans' taxes more than \$3 billion by reducing personal income taxes by 10 percent, creating a new Earned Income Tax Credit, cutting small business taxes in half and eliminating the death tax. The governor's Mid-Biennium Review resulted in \$402 million in tax cuts thanks to stronger-than-expected revenues from Ohio's growing economy and efficient management of state government.

- Cutting Taxes for Ohioans: Ohio doubled its new Earned Income Tax Credit (EITC) established in 2013 for low-income Ohioans by increasing its benefit from 5 to 10 percent of the federal credit. Ohio also increased the state income tax personal exemption from \$1,700 to \$2,200 for families earning less than \$40,000 a year and raised the exemption from \$1,700 to \$1,950 for families with incomes between \$40,000 and \$80,000. The 10 percent income tax reduction approved in 2013 was also phased in early and made retroactive to January 1, 2014.

- Helping Ohio Small Businesses Grow: Building on the 50 percent small business tax deduction enacted last year [50 percent deduction on the first \$250,000 in small business income], the personal income tax deduction on small business income will be temporarily increased to 75 percent for tax year 2014. This enables Ohio's private sector job creators to further invest in growing their businesses, expanding Ohio's economy and creating jobs.
- Worker's Compensation Rebate: Thanks to larger-than-expected fund balances at the Ohio Bureau of Workers' Compensation, generated by strong investment management, Gov. Kasich charged the bureau with returning \$1 billion in rebates to all 210,000 of its public- and private-employer customers. This was the second consecutive year that the bureau returned \$1 billion to its customers. In addition, the agency increased investment in worker safety research and training.
- It's the Taxpayer's Money: Gov. Kasich signed taxpayer fairness reforms into law, enabling the Ohio Department of Taxation to more quickly resolve business tax overpayments and effectively ending a long-standing practice that placed unfair burdens on Ohio businesses.
- Streamlining Ohio's Business Regulations: Under the Common Sense Initiative (CSI) led by Lt. Gov. Taylor, all state agency rules that impact businesses must go through an analysis to ensure regulations are justified. As of December 2014, 5,300 rules have been reviewed by CSI leading to regulations that have more stakeholder input, reduced business impact, and are more focused on public protection.
- Incentivizing Businesses Who Have Been Most Compliant: The Ohio Business Compliance Incentive (OBCI) program will publically recognize businesses that interact with the Ohio Department of Commerce and demonstrate a long, consistent pattern of compliance with state laws and regulations and reward those businesses by reducing some of their costs associated with compliance or reduce the amount of regular inspections. By recognizing and rewarding compliant businesses, this achieves the goal of getting government out of the way of successful and responsible businesses and allowing a shift of state resources to focus on the fringe actors who are not compliant.
- Ohio Sets Record for Buying from Minority-Owned Businesses: In FY 2014, a record \$165 million of state purchases was awarded to minority-owned businesses.

PROVIDING FISCALLY RESPONSIBLE INVESTMENTS TO MEET OHIO'S INFRASTRUCTURE NEEDS

Ohio's renewed fiscal health, strengthening economy, careful budget management and stronger credit outlook made it possible to make key investments in Ohio's key infrastructure needs and support further job creation and an improved quality of life for Ohioans.

- Capital Budget Construction Plan: A \$2.4 billion capital improvements budget was advanced by the Kasich Administration and General Assembly providing fiscally responsible appropriations to maintain and improve the state's educational and public-service infrastructure, focusing on the most pressing maintenance and construction needs of state government, schools and higher education. The governor asked local leaders in major metropolitan areas to work with the economic development community, arts community and others to provide advice about local needs. The end result was a collaborative process that thoughtfully identified important projects, while balancing the state's need for fiscal restraint.
- Reauthorizing Public Works Grants and Loans to Ohio Communities: Knowing the critical – and growing – need to upgrade and repair local infrastructure throughout the state, Gov. John Kasich called on the General Assembly to renew bonding authority for the Public Works Commission program and to significantly expand the level of funding to \$1.875 billion over 10 years. Ohio voters approved a ballot issue in May to renew and expand the program that

issues tax-exempt bonds help local communities maintain their vital public infrastructure – local roads, bridges, water-supply systems, storm sewers and wastewater systems.

- Getting Back on Track with Highway Construction: After years of stalled highway construction progress due to poor fiscal health, the Ohio Department of Transportation embarked on a record \$2.5 billion construction season – the largest ever – fueled by millions of dollars generated by the Ohio Jobs and Transportation Plan.
- Making Progress to Replace Cincinnati's Brent Spence Bridge: At Gov. Kasich's urging, Ohio lawmakers passed bipartisan legislation to help expedite the efforts to replace the aging Brent Spence Bridge over the Ohio River on I-71/75 in Cincinnati. The Brent Spence Bridge is a vital part of Ohio's economy and a new bridge would reduce delays by approximately 80 percent.

KEEPING OHIOANS IN SCHOOL AND DEVELOPING PATHWAYS FOR THOSE WITHOUT A DIPLOMA

Gov. Kasich continues to make education reform a key priority as the success of preparing students for the future plays a key role in Ohio's long-term economic success. At a time when a record amount of state support is going to our schools, the governor continues to champion initiatives to strengthen education in Ohio and prepare youth for life

- Dropout Prevention—Helping Keep Ohio Students in Schools: To help more of the nearly 24,000 Ohio students who drop out of school every year stay in school and get their high school diplomas, the governor's initiative is providing new ways to identify these at-risk students earlier in their school careers and then devise alternative strategies that better engage them. The Ohio Department of Education and local school districts now are working together on new strategies for more effectively identifying students at risk of dropping out, connecting them with tailored career counseling, and creating new, alternative pathways to diplomas.
- Dropout Recovery—Helping Ohio Adults Without Diplomas Get Back on Track: As many as one million Ohio adults lack a high school diploma. After the age of 22, adults are no longer eligible for traditional high school diplomas, but now thanks to MBR reforms, community colleges and career centers can create new initiatives to help adults earn credits toward a high school diploma while pursuing job training coupled with credential efforts.
- Encouraging Mentorship and Community Involvement with Kids: Ohio will direct \$10 million to provide 3-to-1 matching grants in support of cooperative mentoring efforts by community groups, their local business partners and the schools. Quality mentoring programs have proven to be effective at helping motivate and inspire students, as well as help them develop skills that lead to success in school and the workplace.
- Expanding Access to Career Technical Education: Through his Mid-Biennium Review, Gov. Kasich has made Ohio's high-quality network of technical and vocational education available to students beginning in the 7th grade, giving more Ohio students a jumpstart on career education.
- Eliminating Double Testing and Providing Flexibility for Students: To ensure that Ohio students are better prepared for success in college or the workplace – and provide schools with new pathways to achieve their graduation requirements, Ohio updated the requirements necessary to earn a high school diploma, starting with the class of 2018 who will be freshmen this fall. Instead of the Ohio Graduation Test (OGT), students entering high school in the fall of 2014 will take Ohio's course requirements and seven end-of-course exams over four years of high school – English I and II, geometry, algebra I, physical science, American history and American government. Ohio will provide a college readiness exam free to all juniors beginning in 2015, so that teachers and families can make sure that students are taking the right courses to be ready for bright futures.

- Making Certain That Ohio’s New Learning Standards Work: Ohio schools have worked hard towards implementing more challenging learning expectations as part of Ohio’s New Learning Standards, which were adopted in 2010. Through his Mid-Biennium Review, Gov. Kasich took steps to preserve local control, protect student privacy, and delay certain consequences until the new standards and assessments can be better understood.

STRENGTHENING HIGHER EDUCATION

To further advance his goal of improving higher education in Ohio, Gov. Kasich moved forward to further strengthen pathways to college and enhance college learning opportunities. These initiatives are aimed at improving college readiness, lowering the out-of-pocket costs required to obtain a college degree, and improving graduation rates at our state-supported campuses.

- A Jump-Start on College— College Credit Plus: An improved system to help high schools encourage more students to earn college credit while completing their high school courses is giving students a jump on their college careers and helping reduce college costs for them and their families. In 2013, 30,000 public high school students participated in the dual-credit program, but due to the program’s complexity, that’s a small fraction of the more than 500,000 who are eligible. Because participation in the past had been held back by the unfocused structure and lack of transparency in the way dual credit was funded, the governor’s MBR reforms now provide more students with access to this proven, effective and efficient accelerated pathway toward degree completion
- Incentivizing Colleges to Graduate Students, Not Just Enroll Them: Ohio locked into place the final piece of policy that moves Ohio’s higher education system to a new funding formula that ties state higher education funds to performance to help increase the number of Ohioans with degrees. This included a new funding model for Ohio community colleges – developed by its presidents – that bases all of their state funding on successful course, degree, and certificate completions, rather than course enrollments.
- Keeping Tuition Affordable for Ohio Families: Gov. Kasich successfully sought to limit in-state undergraduate tuition and general fee increases to no more than 2 percent at our four-year universities and \$100 at our two-year community colleges – which led to several schools freezing tuition. Ohio’s community colleges now have the option of giving their students a guaranteed tuition rate that would apply to their time on campus, similar to the guarantee provided to all of Ohio’s four-year public universities as part of Gov. Kasich’s last state budget.
- Studying How to Increase Quality and Value at Ohio’s Colleges: With a new results-based funding formula in place, Gov. Kasich feels strongly that issues of quality and value are among the greatest challenges facing universities across Ohio and the nation as students and their families struggle with rising tuition and fees, and increasing levels of debt. Gov. Kasich called upon Dr. E. Gordon Gee to develop ways for universities to balance cost, quality and access and the Administration will soon be reviewing these recommendations.
- Taking Advantage of Technology and Distance Learning: Rapid changes in technology have created a wealth of learning opportunities for adult learners and teachers, including various modes of “distance learning” that take place outside the traditional classroom. To take full advantage of this emerging technology, Gov. Kasich successfully sought new reforms to expand distance learning education and create more opportunities for Ohio residents to take college courses to expand their knowledge and skill sets.

- Keeping Ohio's International Students in Ohio after Graduation: The number of international students attending Ohio's colleges and universities is at an all-time high, and the state's future workforce needs – especially related to engineering and sciences – will rely on their contribution to a well-trained workforce. To ensure that Ohio job creators can meet their workforce needs, Ohio will create a globalization liaison to increase recruitment and enrollment of international students and to encourage them to remain in the state after graduation.

STRENGTHENING OHIO'S WORKFORCE PROGRAMS AND SUPPORTING OUR MILITARY VETERANS

Though his 2014 Mid-Biennium Review, Gov. Kasich initiated reforms to better align Ohio's workforce development system with the needs of our state's businesses and workers.

- Creating a Unified, More Effective Workforce Development System for Ohio: The state's fragmented workforce training system has been criticized in the past for being complicated, duplicative and misaligned. The result is that Ohio workers do not always receive the training that best prepares them for Ohio's in-demand jobs and Ohio's job creators do not always get the workers they need to compete and succeed. To resolve these problems, Ohio is working on a number of levels to align state programs with the three main federal workforce programs—Adult Basic Literacy Education (ABLE), Carl D. Perkins Career and Technical Education Act (Perkins) and the Workforce Investment Act (WIA). This has been achieved through the development of a single, integrated plan instead of past reliance on three disconnected and thus less effective efforts.
- Prioritizing Veterans as a Ready Workforce: Veterans often have advanced training in many of the skills that Ohio job creators are seeking. Reforms in 2014 make it easier for veterans to transfer their skills to receive academic and licensure credit so they can quickly begin applying their skills in good-paying jobs that support their families, job creators and their communities.
- Creating an Online Career Center: Ohio launched a new, expanded OhioMeansJobs.com website that provides a central front door for individuals and businesses interested in employment programs. The website is a full-fledged online career center, providing a menu of career services for all Ohioans, including: high school and college students, out-of-work Ohioans, veterans, and employers.
- Providing Property-Tax Relief to Disabled Veterans: Ohio doubled the homestead exemption for veterans with full service-related disabilities.
- Helping Ohio Fraternal Organizations Continue to Raise Money for Charity: Ohio Lottery launched the new Multi-Purpose Next Generation program exclusively for veteran's posts and fraternal lodges across the state. The device is a legal gaming solution that allows these groups to provide an attractive interactive gaming product for their patrons and continue to raise money for the organization's charitable causes and organizational needs.

PROTECTING OHIOANS

- Fighting Human Trafficking: Building on the groundbreaking work of Ohio's 2012 Safe Harbor law, Gov. Kasich signed legislation making it easier to prosecute traffickers who prey on our most vulnerable children and youth. It is now easier for our justice system to protect minors who are victims of commercial sexual exploitation, and increases the penalty from purchasing sex from a minor to a felony offense from a misdemeanor offense. Also this year, Ohio launched a new statewide public awareness on human trafficking to educate the public on how to recognize and report suspicious activity and help victims gain access to services and treatment.
- Effectively Managing Ohio's Ebola Incident: Ohio took an aggressive response to keep our citizens safe and prevented prevent Ebola's spread in the state. After months of planning for a possible Ebola incident, Ohio put its plan in action after learning on October 15 that a Dallas nurse –who had tested positive for Ebola – visited

Northeast Ohio. Learning from the experience in Dallas, Governor Kasich directed state public health officials to take an aggressive approach to protect Ohioans by going beyond the recommended precautions.

- Keeping Ohio Students Safe: The Kasich Administration continues to take steps to further enhance the safety of our students – and give greater peace of mind to their parents. His Mid-Biennium Review included \$17 million in additional funding for school security upgrades through the Ohio School Facilities Construction Commission. In addition, the state will help schools build stronger safety plans.
- Judicial Symposium Attracts Nearly Every Ohio County: To assure that Ohio judges understand the dynamics of addiction and how to most effectively intervene, a Judicial Symposium on Opiate Addiction was held. This was part of Ohio's effort to better align criminal justice and addiction treatment systems.
- Decreasing Prison Offender Recidivism: Ohio is a national leader in taking a common-sense approach to restoring its citizens who have made mistakes in their past and are eager to live their lives as hard-working, contributing members of the community. This dramatic improvement in Ohio's approach to community corrections has helped our state reach a record-low rate of recidivism – released offenders who return to the prison system – sending that rate from 31.2 percent in 2011 to a record low of 27.1 percent today. If Ohio's rate mirrored the national rate of nearly 50 percent, approximately 4,400 inmates would have returned to Ohio prisons.

PRESERVING OHIO'S ENVIRONMENT AND NATURAL RESOURCES

Ohio's renewed fiscal health, strengthening economy, careful budget management and stronger credit outlook made it possible to make key investments in Ohio's key infrastructure needs and support further job creation and an improved quality of life for Ohioans.

- Making an Unprecedented Investment in Ohio State Parks: Gov. Kasich's capital construction budget included \$88.5 million in improvement funds for Ohio's state park system, which attracts more than two million visitors each year and supports Ohio's tourism industry.
- Working Toward the Elimination of Open Lake Dumping in Lake Erie: The Kasich Administration will invest \$10 million as part of a first-of-its-kind agreement with the U.S. Army Corps of Engineers to begin diverting more Toledo Harbor dredge material to other beneficial uses that are outside of Lake Erie. The state also worked with the U.S. Army Corps of Engineers to ensure that Cuyahoga River dredge material stayed out of the lake.
- Strengthening Our Fight Against Invasive Species: In 2014, Gov. Kasich signed the Council of Great Lakes Governors Mutual Aid Agreement for Combating Aquatic Invasive Species Threats to the Great Lakes & St. Lawrence River Basin. The agreement helps prevent the introduction and spread of aquatic invasive species and empowers states to work together and share staff and expertise in the event of a serious threat from invasive species.
- Developing new regulations on fertilizer application to reduce the nutrient runoff that contributes to algal blooms: In 2014, Gov. John Kasich signed into law Senate Bill 150 to improve water quality. The bill requires fertilizer applicators to undergo education and certification by the state, encourages producers to adopt nutrient management plans and allows Ohio to better track the sales and distribution of fertilizer throughout the state.
- Providing New Resources to Local Water Systems: Ohio is providing more than \$150 million in grants and loans to public water systems to test water quality, improve their facilities and reduce the amount of phosphorus entering our lakes and streams.

CARING FOR OUR MOST VULNERABLE OHIOANS

Governor John R. Kasich has made it a priority to help our state's most vulnerable citizens. Even when Ohio faced an \$8 billion budget deficit in 2011, Gov. Kasich protected funding for efforts for the most needy, the mentally ill and Ohioans with developmental disabilities. Furthermore, since 2011, he has taken prescription drug abuse head-on, helped more families get needed support for children with autism, worked with Ohio's children's hospitals to fund new research for drug-addicted babies, strongly supported foodbanks, and expanded health care coverage to low-income residents.

- New Youth Drug Prevention Campaign: Gov. Kasich and First Lady Karen W. Kasich kicked off "Start Talking!" a new youth drug prevention initiative designed to encourage conversations with youth and reduce the likelihood of youth drug use before it even starts. "Start Talking!" is rooted in research that shows youth are up to 50 percent less likely to use drugs when parents and adults talk with them about substance abuse than youth whose parents do not. Since it was launched, the program has interacted with more than 24,000 students, and engaged more than 700 student ambassadors to stand up and be leaders in their schools.
- Strengthening Support for Ohioans with Mental Illness and Addiction: The governor's Mid-Biennium Review increased access to crisis intervention and safe places for Ohioans with mental illness and addiction. The bill reprioritizes the spending of \$47.5 million in one-time resources to focus on strengthening Ohio's system of behavioral health.
- Increasing Ohio's Fight Against Tobacco: The governor allocated \$26.9 million from the Master Settlement Agreement to the Ohio Department of Health to support a five-year plan for tobacco prevention and cessation programs.
- Expanding Services for Individuals with Autism: Governor Kasich created a free-of-charge online training and certification program for Ohioans interested in getting training on how to work with individuals with autism. This service will improve the quality and safety of the supports available to families of children with autism.
- Preparing People for Life: To begin the process of preparing people for life and the dignity of work by breaking down silos within the state system for those in poverty, a new Human Services Innovation Office has been created within the Department of Job and Family Services.
- Enhancing Access to Childcare: Ohio allocated \$16 million in new early childhood education funding to help struggling families provide an education for their children, provide greater access to high-quality childcare and assure childcare for parents on the first day of a new job. In addition, the state added \$22 million in new funding to expand high-quality preschool opportunities for 3 and 4-year olds from economically disadvantaged families. To help teachers better understand a child's strengths and weaknesses to develop a customized learning plan, Ohio created and launched the new Kindergarten Readiness Assessment.
- Balancing Long-Term Care: In September, Ohio reached its target of directing 50 percent of all long-term care funding to home and community-based settings. By reaching 51 percent funding, Ohio reached its goal one full year ahead of its target date.
- Helping Ohioans Move Home: During the summer, Ohio Medicaid announced that it had successfully transitioned its 5,000th individual out of an institutional setting of care and into a community-based option through the HOME Choice program. HOME Choice was launched with the goal of transitioning a total of 2,000 individuals. Today, it has far surpassed its initial charge and earned national recognition for its success.

- Launching MyCare Ohio: Ohio launched MyCare Ohio, an innovative new program to coordinate care for individuals insured by both Medicare and Medicaid. While 'dual eligible' beneficiaries make up approximately 14 percent of the overall Medicaid population, they collectively account for 34 percent of overall spending.
- Reducing the Impact of Neonatal Abstinence Syndrome: Ohio has invested \$4.2 million to combat Neonatal Abstinence Syndrome, a complex disorder that impacts newborns who have been exposed to addictive drugs, by reducing hospital stays by 30 percent. The hospitalization rate per 10,000 live births for NAS has gone from 14 in 2004 to 125 in 2013. The Maternal Opiate Medical Support (MOMS) program supports the treatment and needs of a minimum of 300 mothers and their babies from prenatal care to one-year post birth in order to give newborns the best possible start in life.
- Eliminating the waiting list: Individuals with significant disabilities now have immediate access to vocational rehabilitation services. For the first time since 1991, Ohio has succeeded in eliminating the waiting list for these individuals to obtain such services that prepare them for employment.

