

**2014 Impact Ohio PEC media coverage**

**Discussion Of State Taxes Foreshadows Next Kasich Budget Plans**

[Gov. John Kasich](http://www.gongwer-oh.com/programming/bio.cfm?nameid=110902&locid=2)'s administration and majority GOP lawmakers on Thursday signaled a continued push to cut personal income taxes in the upcoming biennial budget.

While not surprising, the tax policy discussions at the Impact Ohio Post-Election Conference added some fresh confirmation to the widely-held expectation that the recently reelected Republican would continue pushing for significant tax cuts as he enters his second term next year.

Speaking as part of a panel at the event, Office of Budget Management [Director Tim Keen](http://www.gongwer-oh.com/programming/bio.cfm?nameid=143502&locid=2) indicated that the executive budget, set to be revealed Feb. 2, would once again include plans for restructuring the tax code to accommodate a personal income tax rate cut.

"Whatever proposal the governor puts forward, it will be a net tax reduction, so some of the expected revenue growth from the economy that might otherwise have gone into government spending will be returned to the tax payers," he said, later adding: "We need to continue to move toward eliminating the personal income tax."

While he wouldn't comment on whether the budget would also include proposed changes to commercial Activity or Sales taxes to subsidize a lower personal income tax, Director Keen did hint that revenues could rely, in part, by shifting the taxes businesses pay.

"If you're going to make significant progress on the personal income tax, which of course is paid by many businesses, you're going to have to look to rework some of the other areas of the tax code," he said. "There is going to have to be some balance in how that is done. Does that mean that there is going to be some costs borne by business? Yes it does."

House and Senate Republicans offered support for decreasing the income tax, but suggested that revenue to cover the tax cuts should come from additional sales and property tax revenues.

"I would postulate that our focus should primarily be on what we do with the growth revenue rather than looking for replacement revenue," House Finance Chairman [Rep. Ron Amstutz](http://www.gongwer-oh.com/programming/bio.cfm?nameid=5702&locid=2) (R-Wooster) said.

Expanding on that point, Senate Finance Committee member [Sen. Bob Peterson](http://www.gongwer-oh.com/programming/bio.cfm?nameid=112302&locid=2) (R-Sabina) said putting more money in people's pockets by lowering personal income taxes means they'll likely spend more money, which could eventually come back to the state.

"A great opportunity to cut taxes is through job growth, through economic activity through increases in state sales tax, through increases in property tax," he said. "All those things help our local government and our state government and actually help our national economy and that's how we fund some of those tax cuts through growth."

[Rep. Jack Cera](http://www.gongwer-oh.com/programming/bio.cfm?nameid=146002&locid=2) (D-Bellaire), meanwhile, questioned the necessity of the personal income tax cuts, saying there have been a number of local levies on the ballot in his area.

"My concern is we understand the tax shift from the state to the locals," he said. "To me, that's a shift to the property tax and we have to be concerned about that."

If tax cuts are inevitable, he said they should be targeted toward the middle and lower class, which have likely been more affected by the increase in sales tax that was implemented to compliment income tax decreases in current budget cycle.

"We've heard trickle down for quite a while and just cutting taxes for the wealthy doesn't seem to always just create jobs," Rep. Cera said. "I think if we want to create jobs that are good jobs - and those in my mind are the ones we've lost in the manufacturing sector - I think there are a number of other issues beyond income taxes."

**Commercial Activity Tax:** Chair Amstutz said the CAT should continue to be scrutinized to ensure that it doesn't affect the competitiveness of businesses in certain sectors, such as those that have thin margins and high volume sales.

"The idea of keeping it very broad and the rate very low I think is the guiding principal we need to stay with," he said. "We shouldn't stray from that, but we also need to recognize that here could be some sectors in our state that have issues that need to be dealt with."

Director Keen, however, contended that recent broad-based tax reforms that included the termination of Tangible Personal Property Tax, were "significantly advantageous to the Ohio business community," and reduced concerns that the state's codes are anti-competition.

"High volume sales, low margin folks, everybody in Ohio who is in those businesses pay it and all their competitors pay that tax as well," he said.

Despite agreeing that the CAT should be revisited every budget cycle, Sen. Peterson said he's "skeptical" of making any changes.

Rep. Amstutz said he wouldn't be opposed to CAT changes being worked into the budget to balance other tax updates, but said serious consideration should begin ahead of the budget process to ensure the proposal is thoroughly vetted.

Pointing to recent business tax credits that weren't widely taken advantage of, Rep. Cera reiterated that entrepreneurs and their workers might benefit from alternative savings such as those from reduced energy costs more so than additional tax cuts.

**Severance Tax:** Sen. Peterson said he expects the highly controversial severance tax to become piece of the budget because it's unlikely the Senate will move the pending House-passed proposal in lame duck.

If the issue isn't resolved before the end of session, Rep. Amstutz said he thinks it should be up to the Senate to produce the next severance tax proposal.

He cautioned that the shale industry "is not a goose that's necessarily going to lay golden eggs for us no matter what we do. We need to be careful."

Rep. Cera said he remains supportive of the portion of the governor's original rate proposal, but is opposed to using severance tax revenues to support tax cuts.

Instead, a portion of the funds should be used to revitalize Eastern Ohio communities where the taxes will be generated while the remainder should be set aside.

"I think it's really an opportunity to help us grow as a state and attract new business and I think it also allows us to put money away for the future so the boom and bust cycle comes around," Rep. Cera said.

Director Keen pointed out that the rate, despite the extended debate over it, is less important than the base.

"What are we applying the rate to? As we know with other areas of taxation, that's a critical element of the equation that's not getting appropriate public attention," he said. "I mean, if you have a very narrow base where there is significant opportunity to avoid paying a tax, the rate is irrelevant so focus on the base that will be chosen for the severance tax is critically important as well."

He said no agreement has been reached that lays out the ideal base and rate.

**Rainy Day Fund:** SomeDemocrats have called on the administration during the revenue resurgence to reinvigorate the local government fund, favoring that approach to bolstering the "rainy day" Budget Stabilization Fund, which is currently at the statutory level of 5% of the previous year's budget.

Director Keen said that most local governments have a higher percentage of reserve funds than the state, which would serve as a sign that they are "financially healthier." He also spoke in support of keeping the BSF at its current percentage.

Mr. Keen said a larger reserve fund could be "dangerous" to long-term structural balancing of budgets because it would allow policymakers to postpone tough decisions by using one-time monies. He said 5% is an ideal amount to set aside, because it leaves enough for the state to make mid-year adjustments or respond to unforeseen costs.

Rep. Amstutz agreed that the state should hold on to its rainy day fund, but underscored the role of the state to intervene in some local governments and school districts if they are struggling financially as a result of the elimination of the estate tax and local government funds.

However, he suggested partnering with local entities to find creative solutions to their financial solutions rather than handing them additional money.

"Those two things are what they are. They were the right policy decisions, but there are balancing factors we need to look at very closely and figure out how to help those local entities be successful," Rep. Amstutz said.

**Batchelder, Faber Prioritize Execution Drug Secrecy For Lame Duck Session**

One thing leaders of both chambers said was high on their lame duck agendas is a plan to shield the identity of companies that sell the drugs used for lethal injection in Ohio.

"We have a problem, some of you are aware, in the area of executions. We are looking at language in that area and that may come up before we go home," [Speaker Bill Batchelder](http://www.gongwer-oh.com/programming/bio.cfm?nameid=74502&locid=2) (R-Medina) told the audience during Thursday's Impact Ohio Post-Election Conference.

"That is something that we cannot leave sort of in abeyance. Otherwise we're going to have people who pass away prior to execution," the speaker said.

Earlier this year a federal court imposed a moratorium on executions until Jan. 15, 2015 after criticism of the state's new drug combination, which appeared to cause an inmate to gasp for air and struggle after being used for the first time. (See [Gongwer Ohio Report, August 11, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=831540204))

[Attorney General Mike DeWine](http://www.gongwer-oh.com/programming/bio.cfm?nameid=53502&locid=2) subsequently told Gannett newspaper editors that executions will effectively cease until the legislature passes laws to provide anonymity for "compounding pharmacies" that supply the chemicals used in lethal injections. He also seeks immunity for physicians who assist with the executions.

Senate [President Keith Faber](http://www.gongwer-oh.com/programming/bio.cfm?nameid=29002&locid=2) (R-Celina) said legislative leaders were working with Mr. DeWine and the House on a measure that would ensure continued access to the drugs used in capital punishment.

"The general idea is to let the Department of Corrections acquire those things in private and not have to disclose publicly who they're buying their drugs from. Who they buy their drugs from I don't think is not necessarily welded to what their message is," he told reporters.

"People who don't want the state to execute folks want to figure out ways to stop it. I understand that. But as long as Ohio has a capital punishment law, we need to make sure it's carried out fairly, fully and in consistency with the law," he said.

Speaker Batchelder indicated the House was working on related legislation with the Senate and county prosecutors that would address pending litigation.

"We have a situation at this time we cannot undertake capital punishment because of the situation that we have in terms of federal court reviews," he said.

He declined to elaborate on details of the proposal.

**Seitz Foresees Lame Duck Action On Telecom, OUPS, CNG Vehicle Bills**

The lively Senate Public Utilities Committee chairman said Thursday that a long-stalled plan to further deregulate local telephone service might pass before the 130th General Assembly signs off for the year.

[Sen. Bill Seitz](http://www.gongwer-oh.com/programming/bio.cfm?nameid=18402&locid=2) (R-Cincinnati) told an audience at the Impact Ohio post-election conference that legislation clarifying liability surrounding call-before-you-dig services and incentives for purchasing natural gas-fired vehicles could also move during lame duck session.

"Perhaps as early as lame duck - I don't know, I haven't heard lately - but I think we will finally have telecom reform. In this area Ohio is lagging many other states that have passed this long ago," he said during a session focused on energy and utilities.

[Speaker Bill Batchelder](http://www.gongwer-oh.com/programming/bio.cfm?nameid=74502&locid=2) (R-Medina), who is set to retire at the end of the year due to term limits, also said telecom deregulation might come before the House during lame duck session.

"I think that that issue may well come before us prior to my departure," he said during his speech on the House's year-end priorities. *(See separate story)*

Last session the Senate passed a measure that would free incumbent local exchange companies from the requirement to offer landlines in areas where a competitive option, such as cell phone service, is available (SB271, 129th General Assembly).

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| http://www.gongwer-oh.com/members/billseitz.jpgSen. Seitz |

The measure faltered in the House after [Gov. John Kasich](http://www.gongwer-oh.com/programming/bio.cfm?nameid=110902&locid=2) threatened to veto it. Consumer advocates voiced concerns that it would leave many poor, rural and elderly customers without a viable option. The cable industry also opposed the bill.

Chairman Seitz said at least one of those parties have changed their position since the industry started working on a "new and improved variety" behind the scenes.

"I'm told that here over the summer that the great telephone companies and the great cable companies have smoked the peace pipe - I don't know what was in it - but they have reached agreement I'm told, and I look forward to getting that done," he said. "That is something that may happen in the very near term."

Chairman Seitz said [Sen. Bill Coley](http://www.gongwer-oh.com/programming/bio.cfm?nameid=23402&locid=2) (R-Liberty Twp.) and [Rep. Robert Sprague](http://www.gongwer-oh.com/programming/bio.cfm?nameid=144102&locid=2) (R-Findlay) have hashed out legislation untangling conflicting interests involved with the Ohio Utilities Protection Service.

The sponsors are "very optimistic we have something, we have soup finally after 22 years of contentious subject of allocating responsibility between the utilities that have things in the ground and the contractors that are called upon to dig in and around those things," he said.

Conflict often arises when excavators strike a utility line that was improperly marked, he said.

Chairman Seitz said he hoped to pass a bipartisan bill ([HB 336](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB33602)) designed to encourage Ohioans to start using natural gas-fired vehicles, which cleared the House earlier this year.

Joint co-sponsor Rep. Sean O'Brien (D-Brookfield) said the measure would offer tax incentives for purchasing or converting vehicles to natural gas.

Local governments, school districts and non-profits that wouldn't benefit from tax incentives could be eligible for grant money to convert their fleets to natural gas under the proposal, he said. In addition, the measure would phase-in application of the motor fuel tax to natural gas-fired vehicles.

Sen. Seitz called the proposal "a wonderful bill."

"The only reason I didn't introduce it in the Senate is we got the impression that the administration, after having proposed it to us, kind of changed their mind," he said.

Another subject that Chairman Seitz said might be addressed in coming weeks is the submetering industry - companies that provide and administer utility services to rental properties.

Earlier this year several House members introduced four separate proposals ([HB 422](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB42202), [HB 545](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB54502), [HB 568](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB56802) & [HB 483](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB48302)) to regulate submetering companies after the *Columbus Dispatch* published reports on tenants being gouged for utility service.

Sen. Seitz said he was optimistic that lawmakers could pass a proposal to require greater disclosure of costs to tenants and perhaps limit submetering rates to an amount no greater than the underlying utility's standard service offer.

"I am hopeful that we might be able come up with reasonable approach not ban submetering in its entirety, nor overregulate it," he said.

As for a proposal to authorize charges on utility ratepayers around the state to subsidize construction of a pig iron plant in Scioto County, Sen. Seitz said he decided not to pursue the subject for lame duck session.

Last month the chairman said he was working on legislation ([HB 312](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB31202)) to authorize an economic development rider to help New Steel International secure financing to construct the plant and a cogeneration facility that would sell excess power to utilities. (See [Gongwer Ohio Report, October 2, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=831910202))

After meeting with the various parties, Sen. Seitz said none of Ohio's electric utilities were interested in purchasing power from the company.

"So what's the point of passing a bill, that was going to do a lot of good in my opinion, if all of the incumbent utilities said, 'If you give us the option of a power purchase agreement we wouldn't take it,'" he said.

**Sen. Lehner To Continue Efforts To Fund, Overhaul Early Childhood Programs**

[Sen. Peggy Lehner](http://www.gongwer-oh.com/programming/bio.cfm?nameid=92102&locid=2) (R-Kettering) on Thursday said she wants to find a way to fund more full-day early childhood education slots because parents in poverty are often not able to take advantage of the state's half-day programs.

The comments from the Senate Education Committee chair followed an Impact Ohio Post-Election Conference panel discussion on early childhood education's role in preparing children for academic success, especially for students who grow up in poverty.

The state put additional funds through the last budget bill toward creating more slots in high-quality early childhood programs that are three-star rated or better under the state's Step Up to Quality program.

Ms. Lehner said during her address to the conference that only 25% of at-risk four year olds are in publicly funded preschools, many of which are federally supported. Only 7% are in state-funded programs.

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| http://www.gongwer-oh.com/members/lehner.jpgSen. Lehner |

But even if more funds are put toward preschool programs next budget cycle, access could remain an issue.

"What we created with the $32 million dollars were a number of half-day slots in high-quality programs," Sen. Lehner said in an interview. "Unfortunately most of these people in poverty need a full-day program for their children so they couldn't really take advantage of the half-day slots.

"We're taking a new look at that and seeing how we can layer some of the daycare dollars on top of the early childhood dollars so we create a program that's actually functional for the families."

Ms. Lehner was the chief early childhood advocate in the last budget cycle and her work has not ceased.

"I'm working on what a really high-quality program would look like, what it's going to cost and hope to get that out there for at least discussion purposes," she said. "I don't know exactly what the governor's planning (for the next budget). Hopefully his ideas and my ideas will merge into a real actionable plan, but we have to move forward with this.

"I just become more and more convinced every single day that this is a pathway for many, many people that needs to be created."

Sen. Lehner told the audience the importance of education has increased as the technological revolution has replaced well-paying, blue-collar jobs with high-end jobs requiring an education and low-paying, service-sector jobs.

"The number of good jobs that will go unfilled while growing numbers of people struggle to make ends meet in low-paying, service-sector jobs will depend very much on the public policy decisions we make in the near future," she said.

Renuka Mayadev, executive director of the Children's Defense Fund-Ohio, said the poverty rate among Ohio children is 24% and suburban and rural areas had the largest increases in child poverty over the last 10 years.

Ms. Lehner said the correlations between poverty and low academic performance is "obvious." Poor children battle hunger, exhaustion, stress, and sometimes violence in the home while trying to learn, she said.

A child from a low-income household enters kindergarten with 4,000 words in his or her vocabulary, compared to a student from a middle-income family, whose vocabulary totals around 12,000 words.

"As policymakers it is our responsibility to find ways to overcome these barriers," she said, adding that recent changes in testing and academic standards are meant to close that achievement gap.

"If we can close the achievement gap at this point (in kindergarten) imagine how much time, energy and frustration could be prevented. Providing access to high-quality early childhood education is a proven strategy that permits children from poverty to enter school ready to learn, but it is a policy that we have been far too slow to adopt."

The senator said early childcare programs also help children to learn executive functioning skills, such as how to sit still to listen to a story or knowing when it is appropriate to raise one's hand. She said the behavioral skills are critical to academic success.

Laura Justice, executive director of the Schoenbaum Family Center & Crane Center for Early Childhood Research and Policy at Ohio State University, said schools are not equipped to change a child's developmental course when they arrive at kindergarten academically behind.

The state's former Kindergarten Readiness Assessment - Literacy metric was able to predict whether a student would be reading on grade level by grade 3, she said.

The solution is early childcare programming, funding to support intensive interventions and a quality kindergarten-screening tool, Ms. Justice said. She knocked the state, however, for replacing the KRA-L, saying it will take years before the state knows if the new tool has good "predictive power."

ODE launched the new assessment this fall. It was developed with funds from the federal Race to the Top Early Learning Challenge Grant. (See [Gongwer Ohio Report, March 6, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=830440203))

Ms. Lehner said she has yet to talk to the Department of Education about Ms. Justice's concern.

"It does concern me," she said in an interview. "The idea was the new test was going to be better and was going to look at more than just literacy skills, etc. It was going to look at more social skills.

"I think Laura's concern with it is that until you've had a test for several years, you can't really figure out exactly where the cut score, the measurement should be and that we may have children for a few years that fall between that gap, that we're not really able to predict (outcomes). I want to look into that a little bit further."

**Administration To Push Support For Continued Medicaid Expansion; Lawmakers Press Personal Responsibility**

With the next biennial budget cycle less than three months away, the Kasich Administration plans to beef up its efforts to promote the benefits that have come from Medicaid expansion in the first year of enactment, officials said Thursday.

In an apparent effort to better sell the contentious policy to Republican lawmakers who previously rejected expanding Medicaid coverage up to 138% of the federal poverty level, Office of Health Transformation Director Greg Moody said the administration will begin pushing its positive impacts later this month.

While the administration only has a few months' worth of data on expansion's impacts thus far, Mr. Moody said, the results back the claims state officials made in promoting the policy in the previous biennial budget.

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| http://www.gongwer-oh.com/members/moody.jpgGreg Moody |

"What we saw was some pent up demand for services, but then as soon as kind of a month or two went past, we've seen an increase in primary care and things like vision and dental - which is actually good news because those are our preventive - and we saw a pretty sharp drop in (emergency department) use and in-patient hospitalization," he told reporters.

"So the things that I would want to see less of, we saw less of, and the things that are actually preventive that you want more of, we saw that too."

Director Moody added that total enrollment in Medicaid is running below what the administration predicted in the budget, thus bringing total spending below budget projections.

Instead of his interpretation of the data, the director said, Department of Medicaid Director John McCarthy will "show how that's working" at the Nov. 20 Joint Medicaid Oversight Committee meeting.

Opponents of Medicaid expansion, however, have questioned the health care policy's impacts.

The Buckeye Institute questioned the long-term stability of expansion in Ohio, particularly if changes are made at the federal level to impact reimbursement rates. In a recent blog post the think tank urged state legislators to consider how above-expected newly eligible enrollment and potential federal match rate changes could impact costs. (See [Gongwer Ohio Report, October 27, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=832070208))

Acknowledging these concerns - especially in the wake of Republicans' winning control of both chambers in Congress - Director Moody said the administration, from the onset, has had cautious view of the federal government's role in expansion.

"We always tried to use the strictest test in what could go wrong in making our decisions," he said. "So, for example, we proposed a trigger that if the federal financial deal changed, we would not proceed with expansion."

The director added that it's important to recognize that the federal government has always been involved in states' Medicaid programs and that states do have some flexibility under that partnership.

"That measure of control is what has made us comfortable in extending coverage because we've been able to control overall growth in a way that we think continues to be sustainable," he said. "I'm both agreeing that we need to be always cautious about the federal role, but at the same time there's nothing that's occurred in Ohio that has led me to be concerned about where we are with the program."

The OHT director's comments came following an Impact Ohio-sponsored panel discussion with Director McCarthy, Department of Job & Family Services Director Cynthia Dungey, JMOC Chairman [Sen. Dave Burke](http://www.gongwer-oh.com/programming/bio.cfm?nameid=104102&locid=2) (R-Marysville) and [Rep. Nickie Antonio](http://www.gongwer-oh.com/programming/bio.cfm?nameid=123402&locid=2) (D-Lakewood) on current and likely future healthcare policies. (*See separate stories*)

**Personal Responsibility:** Director Moody, who affirmed plans to once again introduce Medicaid expansion in the budget, said the administration is also looking at several policy changes.

"There will be a lot of reforms though. We're not taking anything for granted," he said. "I'm actually excited that we have John McCarthy, (Department of Mental Health & Addiction Services Director) Tracy Plouck, John Martin - all of our directors have some just really exciting improvements in all their programs and it's going to be a good budget."

While the director would not speak specifically as to what those policies would entail, the panel discussion largely revolved around the concept of "personal responsibility" in relation to Medicaid and other welfare benefits.

Mr. Moody said he equates the idea of personal responsibility to "personal opportunity," saying he'd like to create an environment in which Ohioans can make choices that are best for themselves and their families.

"There are versions of personal responsibility that can seem punitive or seem like an expectation on government or on a person, in those cases you really have to be clear about the policy you're talking about," he said. "And I think this is an area that has been vetted quite a lot in the legislature and people have different viewpoints on it. We try to be clear that our objective is getting people into a position of financial independence."

Rep. Antonio cautioned the administration and lawmakers against taking a "one size fits all" approach to addressing poverty in the state. She added that individuals living in poverty needed to be included in any state-level discussions on the issue.

House Finance Committee Chairman [Rep. Ron Amstutz](http://www.gongwer-oh.com/programming/bio.cfm?nameid=5702&locid=2) (R-Wooster), who has been looking at efforts to address poverty and grow personal responsibility, echoed the OHT director's comments in another Impact Ohio panel discussion.

The Republican stressed that the state lawmakers "need to be focused on helping folks be successful that can be successful; keeping them from dropping down onto Medicaid because they don't have income and they're in poverty, and how can we help those that have fallen on to Medicaid move up."

**Cleveland Plain Dealer**

COLUMBUS, Ohio — Gov. John Kasich's budget proposal next year will ask to continue Medicaid expansion, though it's unclear whether legislative Republicans will overcome their prior opposition and approve funding for it.

"It's going to be interesting to see where they find the votes for it," said Rep. Jack Cera, a Democrat from Bellaire, during a legislative preview panel discussion Thursday.

Last year, legislative Republicans rejected Kasich's budget proposal to accept $2.5 billion in federal money to expand Medicaid eligibility to hundreds of thousands of additional Ohioans.

Kasich ultimately went around the legislature and [got the lawmakers on the Ohio Controlling Board](http://www.cleveland.com/open/index.ssf/2013/10/controlling_board_gives_ok_to.html%22%20%5Ct%20%22_blank) to accept the money for this year. Now, it's up to state lawmakers to decide whether they want Ohio to continue accepting the federal money, made available under the controversial Affordable Care Act.

Office of Management and Budget Director Tim Keen said during the discussion that Kasich's budget plan for the next two years, which will be unveiled next February, will seek to continue funding for Medicaid expansion.

Rep. Ron Amstutz, a Wooster Republican, said the real goal should be to reduce the number of Ohioans dependent on Medicaid.

Education can help, Amstutz said, "But you can have educated barbarians that don't know how to get up in the morning and you know, are on drugs. There's a lot of things that happen to people -- they have mental health problems. These are things that we can come together on."

Amstutz told reporters afterward that he didn't mean to use the term "educated barbarians" as a pejorative. Instead, he said, he was referring to graduates of top universities who are struggling with issues such as alcoholism or mental health problems.

"You've got a lot of smart people who aren't where they should be in their lives," he said

COLUMBUS, Ohio -- Ohio legislative leaders plan to talk this afternoon about their agendas for the rest of 2014 and beyond.

**Cleveland Plain Dealer**

House Speaker William Batchelder and Senate President Keith Faber, both Republicans, plan to discuss their priorities at 2 p.m. at the [Impact Ohio post-election conference](http://www.impactohio.org) here.

The conference, held every two years following the general election, is sponsored by the Success Group, a Columbus lobbying and consulting firm, with the Ohio Republican and Democratic parties.

Lawmakers return to the Statehouse next week to finish the current two-year legislative session. Any legislation left on the table dies and would have to start the legislative process over next year.

Faber is finishing up his first term as the leader of the Senate. Batchelder leaves the House at the end of the year, and House Republicans will soon choose a new speaker.

COLUMBUS, Ohio -- State lawmakers will revise Ohio's lethal injection procedure by the end of the year, Statehouse leaders said during [a legislative preview event here on Thursday](http://www.cleveland.com/open/index.ssf/2014/11/statehouse_leaders_share_plans.html).

House Speaker William Batchelder and Senate President Keith Faber, both Republicans, said concerns about Ohio's two-drug cocktail need to be addressed soon. The two leaders spoke briefly about what they want to accomplish before this legislature ends its work in late December and what might be among the first issues the next General Assembly will tackle in January.

Batchelder and Faber said bills concerning red light and speed cameras, concealed carry training and education will likely be up for votes before the end of the year.

Here are a few other issues expected to be debated in the coming months.

**Death penalty**

Batchelder and Faber both said they plan to pass legislation to address concerns with Ohio's lethal injection method.

"That is something that we cannot leave in abeyance, otherwise we're going to have people who pass away prior to execution," Batchelder said.

Batchelder didn't provide details of the legislation, but he later told reporters it would involve providing anonymity to "compounding pharmacies" that prepare lethal injection drugs and extending immunity to physicians who advise the state on executions.

Attorney General Mike DeWine [has called for the two reforms](http://www.dispatch.com/content/stories/local/2014/09/30/dewine-executions-on-hold-until-legislators-change-law.html), saying Ohio's death penalty is at risk without legislative action.

Ohio, along with many other states, has been struggling to settle on an execution method, as many pharmacy companies have refused to sell drugs used for lethal injection. The state's current two-drug cocktail is being challenged in court by the family of a murderer who [took an unexpectedly long 25 minutes to die in January](http://www.cleveland.com/open/index.ssf/2014/01/state_executes_murderer_dennis.html).

Batchelder also said the bill will incorporate some of the [recommendations of the Ohio Supreme Court's death penalty task force](http://www.cleveland.com/open/index.ssf/2014/05/supreme_court_task_forces_fina.html), though he declined to elaborate.

**One more tax reform**

Both Batchelder and Faber pledged to finish work on reforming Ohio's extensive municipal income tax code.

[House Bill 5](http://www.legislature.state.oh.us/bills.cfm?ID=130_HB_5) aims to streamline municipal taxes levied across the state, but cities and towns are concerned the changes could result in revenue loss. The bill [passed the House last year](http://www.cleveland.com/open/index.ssf/2013/11/ohio_house_passes_municipal_in.html) and has been debated and revised since.

**Algal blooms**

Put this problem in your maybe column, Batchelder told lobbyists.

This [summer's crisis in Toledo](http://www.cleveland.com/outdoors/index.ssf/2014/08/toxic_algal_bloom_shuts_off_wa.html) left more than 400,000 people without drinking water and more wondering what could be done about it. Batchelder said lawmakers are working on a solution with the governor's office, but he's not sure whether something will be done before the end of the year.

**Another Medicaid battle next year?**

Earlier on Thursday, Director of Budget and Management Tim Keen said [funding for Medicaid expansion](http://www.cleveland.com/open/index.ssf/2014/11/medicaid_expansion_will_be_in.html) would be part of Gov. John Kasich's next two-year budget.

Faber said lawmakers would again remove that provision to consider separately.

Last year, lawmakers pulled it from Kasich's budget revision bill and it never passed. Instead, [a little-known legislative panel authorized spending $2.5 billion in federal money](http://www.cleveland.com/open/index.ssf/2013/10/controlling_board_gives_ok_to.html) to make more than 366,000 Ohioans eligible for Medicaid, the state- and federally-funded medical insurance program for poor and disabled Ohioans.

**More education reform**

Faber said lawmakers are committed to trimming college costs for students. He said Ohio's colleges and universities have been asked to find ways to cut costs 5 percent overall.

Also on Faber's education agenda: Loosening state regulations for high-performing schools. Faber said he's heard complaints that lawmakers have cut regulations for business, but not for education.

Faber said lawmakers have done the opposite, instead adopting "the old Soviet style, command-control, top-down, centralized planning type of government" philosophy when it comes to K-12 public education.

"Next year, we're going to be looking at ways to set those high-performing school districts free of unnecessary bureaucratic regulation from Columbus," Faber said.

**Columbus Dispatch**

Gov. John Kasich’s next budget proposal will continue expanded Medicaid coverage for hundreds of thousands of low-income Ohioans, but whether majority Republicans who opposed the plan last year will support it this time remains to be seen.

State Budget Director Tim Keen said yesterday that the two-year executive budget plan, which will be rolled out on Feb. 2, will include Medicaid spending that includes expansion. His comments were made in Columbus at the post-election conference Impact Ohio.

A key GOP leader in the Senate was noncommittal, saying he wants to know whether tax-funded health care is helping to lift the poor from poverty.

“I can’t tell you that I’m necessarily concerned with the expanded population so much as I am concerned about what we are trying to achieve,” said Sen. Dave Burke of Marysville, chairman of the Joint Medicaid Oversight Commission.

“If we’re going to give you health care and control your diabetes or your schizophrenia, or whatever the case may be, and make you well, I do think there is a societal contract that means ‘well’ isn’t just physical health, it’s ... moving you out of poverty.”

Administration officials say the benefits include fewer uninsured Ohioans, “financial stability” for hospitals, and help for those with health issues that prevent them from working.

“I think that changes the nature of the conversation,” said Greg Moody, director of the Governor’s Office of Health Transformation. “When people look at it, there has been some pretty clear benefit for Ohio, and we’ll simply stand by that when we introduce the next budget.”

Kasich has the authority to set Medicaid eligibility criteria, but he needs legislative approval to accept federal aid to pay the costs of expansion.

Senate President Keith Faber, R-Celina, said he doesn’t know where his caucus will stand on Medicaid expansion.

“Medicaid expansion, my guess, probably will not be something that remains part of the budget. It’s probably something that will have discussion and debate outside the budget.”

Last year, GOP legislators rejected Kasich’s plan to expand eligibility to individuals with incomes of up to 138 percent of the federal poverty level — about $16,000 a year. Ultimately, the governor got around the General Assembly by winning approval from the state Controlling Board.

Under the Affordable Care Act, the federal government will pay the entire cost of coverage for the expansion population for several years.

Just over 400,000 newly eligible Ohioans have signed up for Medicaid since Jan. 1, when new eligibility guidelines went into effect, pushing total enrollment to more than 2.8 million. Most of those gaining coverage are adults ages 18 to 64, as Ohio already covers children, parents and the elderly.

Rep. Ron Amstutz, R-Wooster, the House Finance Committee chairman who could be the No. 2 House leader next year, said the expansion will be only a small portion of total Medicaid funding.

The focus, Amstutz said, should not be whether to keep the expansion but rather to figure out how to prevent people from needing Medicaid, or how to get those on Medicaid to move off it.

“We don’t have to fight,” he said. “We should be rolling up our sleeves and working on how to get people on track so Medicaid is just a temporary stopping point.”

**Faber Wants ‘Education Deregulation' Next Year; Batchelder Calls For Credit Union Update**

Legislative agenda-makers disclosed little new information about their year-end priorities this week, but Senate [President Keith Faber](http://www.gongwer-oh.com/programming/bio.cfm?nameid=29002&locid=2) previewed some controversial ideas about his education plans for next session.

While lawmakers have been working for years to streamline regulations on private industry, Sen. Faber (R-Celina) said that state policies toward K-12 education resembled "the old Soviet-style, command-control, top-down centralized planning form of government."

The state has increasingly applied onerous rules designed for struggling urban school systems, like Columbus, to high-performing districts like Upper Arlington and New Albany, he told an audience at the Impact Ohio Post-Election Conference.

"It hasn't worked. We haven't gotten better results. And all we've done is add unnecessary restrictions, regulations and costs," he said.

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| http://www.gongwer-oh.com/members/keithfaber.jpgSenator Faber |

"Next year we're going to be looking at ways to set those high-performing school districts free of unnecessary bureaucratic regulation from Columbus, and it is going to be a challenge. But it is a challenge that I am confident we'll be successful on," Sen. Faber said.

While deregulation might be appropriate for the top third of Ohio's school districts, "we still have to remember the other two-thirds," he said. "And we have ideas there as well," he added.

Sen. Faber also called on the state's higher education institutions to submit ideas for cutting their costs by 5% in the next biennium.

"We're not going to micro-manage you and tell you how to do it. But it's time for you to tell us how we're going to do it because higher education needs to be affordable for Ohio to move forward," he told the state's public universities and colleges.

On other subjects, the Senate president said [Gov. John Kasich](http://www.gongwer-oh.com/programming/bio.cfm?nameid=110902&locid=2)'s plan to maintain this session's Medicaid expansion would likely be removed from the biennial budget.

"It probably will be something that will have debate and discussion outside the budget, but it may not remain part of the budget, although I'm open to that discussion," he said.

As for the remaining weeks of the 130th General Assembly, Sen. Faber confirmed his previous indications that legislation dealing with municipal income taxes ([HB 5](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB502)), traffic enforcement cameras, and concealed carry regulations would likely pass before the end of the year. (See [Gongwer Ohio Report, October 3, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=831920201))

**House Priorities:** [Speaker Bill Batchelder](http://www.gongwer-oh.com/programming/bio.cfm?nameid=74502&locid=2) (R-Medina) offered some surprises during his preview of the lame duck session agenda, anticipating action to shield the identity of execution drug makers (see [Gongwer Ohio Report, November 6, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=832150203)) and a plan to further deregulate the telecommunications industry. (See [Gongwer Ohio Report, November 6, 2014](http://www.gongwer-oh.com/programming/news.cfm?article_id=832150204))

During his speech at the Impact Ohio Post-Election Conference, Mr. Batchelder also discussed new legislation to revise regulations on credit unions.

The speaker said legislation he sponsored 40 years ago has allowed Ohio and other states to maintain state oversight of credit unions, but more recently shakeups in the industry have caused problems for insurers.

"We have had a carload of credit unions that have blown up and the insurance reserves that exist have been inadequate. So we are at a point where Ohio's legislation - as I say passed in 1974 - that legislation has us ensuring credit unions in other states," he said, adding that insurance companies based in Ohio have bailed out a number of credit unions across the country.

The term-limited speaker said he hoped to pass a new credit union bill ([HB 652](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB65202)) he jointly sponsored with Insurance Committee Chairman [Rep. Bob Hackett](http://www.gongwer-oh.com/programming/bio.cfm?nameid=93602&locid=2) (R-Madison) before the end of the year. The bill has been set for a first hearing next week.

The speaker also predicted passage of a proposal ([HB 460](http://www.gongwer-oh.com/programming/legislation_billdetail.cfm?billid=2013HB46002)) to "initiate a community learning process to assist and guide school restructuring," a bipartisan measure aimed at encouraging schools to expand the kinds of services they provide in the building.

**The Columbus Dispatch**

The fate of Ohio executions now appears to be up to what the General Assembly does in a year-end, lame-duck legislative session.

Attorney General Mike DeWine said state prison officials told him they cannot proceed with pending executions, including Ronald Phillips on Feb. 15, unless they can purchase lethal-injection drugs from a new source, “compounding pharmacies.”

And to do that, DeWine said, the pharmacies, which mix drugs to buyer specifications, insist on having a legally binding guarantee that they will remain anonymous from the public and the media. “ Without that protection, the Department of Rehabilitation and Correction tells us it would be unlikely it (an execution) would proceed.”

Senate President Keith Faber, R-Celina, and Speaker William G. Batchelder, R-Medina, say they expect to step up and deal with the issue in the brief legislation session planned in the coming weeks.

“That is something we cannot leave in abeyance, or we’re going to have people pass away prior to execution,” Batchelder said at Thursday’s post-election Impact Ohio conference. “We have a situation in which, at this time, we cannot undertake capital punishment because of the situation with federal court reviews. This is something we ought to get done … before we leave.”

Faber said he has been working with DeWine and Gov. John Kasich’s administration on the issue.

“We are going to continue to take a serious look at that and try to figure out where we need to go on that in lame duck,” Faber said.

The legislation, which already has the support of the Ohio Association of Prosecuting Attorneys before being introduced, would also provide immunity and anonymity for physicians who participate in the execution process.

JoEllen Smith, spokeswoman for the state prison agency, said she could not comment because lethal injection remains tied up in litigation in the federal court. She said if the state changes its protocol, it will notify the court at least 30 days in advance, which would be Jan. 15.

It appears almost certain Ohio will not use the previous two-drug combination in February — or perhaps ever again.

Ohio’s only execution this year occurred Jan. 16 [when Dennis McGuire, 53, struggled, gasped, choked and strained](http://www.dispatch.com/content/stories/local/2014/01/17/lawsuit-filed-over-execution.html%22%20%5Ct%20%22_blank) against his restraints for 20 minutes after being injected with midazolam and hydromorphone, a combination never previously used in any U.S. execution. McGuire was put to death for the 1989 murder of 22-year-old Joy Stewart, newly married and pregnant.

Since that time, actions by U.S. District Judge Gregory Frost and Kasich combined to postpone all Ohio executions until at least 2015.

Ohio and most other states have exhausted their options for purchasing drugs for lethal injections because manufacturers, many of them European, will not sell drugs for executions.

**San Francisco Gate**

**Ohio legislative leaders expect execution proposal**

COLUMBUS, Ohio (AP) — A proposal to shield the origin of Ohio's execution drugs could see legislative action by the end of the year, top lawmakers said Thursday.

The Republican leaders of the Legislature said they've been working with prosecutors and the state's attorney general on a plan, though they offered few details about it.

Senate President [Keith Faber](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22Keith+Faber%22) of Celina said the measure would likely shield the identities of drugmakers that create specialty doses of execution drugs.

"I think the general idea is to the let the [Department of Corrections](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22Department+of+Corrections%22) acquire those things in private and not to have to disclose publicly who they're buying their drugs from," Faber said. "Who they buy their drugs from, I don't think, is necessarily relevant to what their mission is."

Executions are on hold until February because of challenges to the state's two-drug lethal injection method, which has resulted in prolonged executions in Ohio and Arizona.

House Speaker [William Batchelder](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22William+Batchelder%22) of Medina said the bill could be introduced in the House as soon as Monday.

The leaders' comments came after they addressed participants at a postelection conference where lawmakers and administration officials discussed policy issues facing the state.

Faber said he also anticipates Senate action on proposals addressing municipal taxes, red light cameras and guns. Batchelder said the House could take up bills dealing with credit unions and agricultural runoff during the final days that remain of the legislative session.

"Just a little bit about what happens in lame duck — it isn't called lame duck for any particular reason except that you never know what the hell is going to happen next," Batchelder told the conference audience.

Other conference topics included the state's next two-year budget and the future of the expansion of Medicaid, the safety-net program that provides health coverage for the poor and disabled.

State budget director [Tim Keen](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22Tim+Keen%22) said Ohio's financial position is strong and stable, but that does not mean crafting the next two-year budget will be easy. He said there's work to be done to reduce the state's income tax and contain Medicaid costs.

Gov. [John Kasich](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22John+Kasich%22), a Republican, moved forward with extending Medicaid eligibility last fall under President [Barack Obama](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22Barack+Obama%22)'s health care overhaul. He will need legislative approval to continue to pay for it next year.

Keen said Kasich's spending proposal would include recommended funding to support the Medicaid extension.

It's unclear what kind of reception that could get in the GOP-controlled Legislature, which had balked when Kasich sought approval in his 2013 budget plan. The state's [Controlling Board](http://www.sfgate.com/search/?action=search&channel=news&inlineLink=1&searchindex=gsa&query=%22Controlling+Board%22) appropriated the funds, not the full Legislature.

Faber said he didn't know where the Senate would be on Medicaid expansion.

"It probably will be not something that remains part of the budget," he said, anticipating debate outside the spending blueprint.

**More tax cuts expected in upcoming Ohio budget process**

By MARC KOVAC Dix Capital Bureau Published: November 10, 2014 4:00AM

COLUMBUS -- Gov. John Kasich's budget director offered a quick snapshot Thursday of the coming state budget process.

There weren't a whole lot of surprises -- the economy is rebounding, expect more tax cuts, but don't think the administration is going to spend taxpayer money frivolously.

"The fiscal condition of the state is very sound, very strong," said Tim Keen, who heads the state's Office of Budget and Management. "... We've come through some very difficult budget times. We are fiscally stable. We have resources. This led to an expectation that this next budget ought to be easy, there's money to take care of a lot of issues that folks would like to address."

But Keen cautioned against the latter thinking, saying the administration remains committed to making government more efficient and effective. That includes a continued focus on Medicaid and efforts to revamp how the state delivers services to its neediest residents.

"My message is that we should not let our expectations get ahead of the reality that we will face in the next budget," Keen said. "The governor's view is that we need to carefully review the allocation of resources that are provided for in the budget...."

Keen, who was part of a panel discussion at the Impact Ohio 2014 Post Election Conference in Columbus, did reiterate the governor's continued focus on the state's tax rates.

Translated, that means watch for more income tax cuts.

"We are going to continue to work on redressing some of the weaknesses in the Ohio system," he said. "We rely to heavily on the taxation on income."

He added, "We need to continue toward the elimination of the personal income tax."

Income tax cuts could mean increases in other types of taxes, however.

Keen said any reform package offered by the governor would result in a net tax reduction.

"Significant progress on the personal income tax" will require reworking other areas of the tax code, he said.

Rep. Ron Amstutz (R-Wooster), who serves as chairman of the House finance committee, said there likely would be continued discussions on what the state can do to assist schools and local governments hit by funding cuts.

"Although on the average things look good, the smaller entities in particular are facing stress ...," Amstutz said. "The state has a part in that stress continuing for them. ... I think there's undone work yet with our local smaller partners."

He added later, "I think they need to share in our recovery, yeah, absolutely. I think it will be a natural part of the budget process."

On other budget-related issues, Republican lawmakers on Thursday's panel were noncommittal on a proposed increase on taxes paid on oil and gas produced via horizontal hydraulic fracturing.

They also weren't endorsing a continued expansion of Medicaid eligibility, which was accomplished in the current budget cycle via a vote of the state Controlling Board rather than a vote of the full legislature.

"The general assembly has never voted to expand and fill the gap between our previous Medicaid eligibility standards and the standards that were set by the unaffordable care act...," Amstutz said, voicing doubt Medicaid eligibility would be included by lawmakers in the next biennial budget.

But on another tax reform issue, Sen. Bob Peterson (R-Sabina) said he expected the Ohio Senate to act in coming weeks on legislation to simplify the state's municipal income tax filing requirements.

House Bill 5, which passed the Ohio House a year ago, would synchronize filing extensions, penalties, due dates and code definitions for Ohio's various municipalities, replacing an existing system in which tax-filing rules and requirements are different from city to city.

Marc Kovac is the Dix Capital Bureau Chief