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Kasich: School Funding Plan Fully Funded, Constitutional, Non-Political

Gov. John Kasich introduced his long-awaited school funding plan Thursday that he says "strips politics" from the education debate and resolves constitutional mandates in the Ohio Supreme Court *DeRolph* decisions by providing statewide guarantees for low- to high-property-wealth districts and increasing total K-12 funding by \$1.2 billion in FY14-15.

The proposed education budget provides General Revenue Funds (GRF) of \$6.2 billion in FY14 and \$6.4 billion in FY15. With proceeds from the Ohio Lottery and video lottery terminals (VLT), the number goes to \$7.4 billion in the first year and \$7.7 billion in the second year -- an increase of 12 percent over \$6.9 billion in FY13.

"This program is fully funded," the governor proclaimed to a gathering of school administrators and stakeholders in Columbus. "This is not something where we propose something and don't have the money," he said, recalling the 10-year phase-in of former Gov. Strickland's evidence-based model (EBM).

Kasich, joined by Director Dick Ross and Assistant Policy Director Barbara Mattei-Smith of the Governor's Office of 21st Century Education, laid out a four-point plan informed by five core principles: resources for success "everywhere," rewarding good ideas, removing barriers and providing flexibility, creating a high-performance culture, and connecting children to jobs of the future.

The bottom line, said Kasich: "No school district in the state of Ohio will receive fewer dollars than it received last year," an assurance aimed at critics and other observers who had expected education cuts of one kind or another.

The governor pointed to a long list of education policies he and the Republican-controlled Legislature have already enacted in the first two years of his administration -- the Ohio Teacher Evaluation System, Third Grade Reading Guarantee, A-F school/district report card, dollar-based performance rankings, Teach for America, Early Learning Challenge Grant, college/workforce readiness, blended learning, the Cleveland Plan, and expanded private school vouchers for kids in failing classrooms -- and said more is on the way.

The four-point strategy focuses on "Resources to succeed"; "Freedom to achieve"; "Investing in what works"; and a "Straight 'A' Fund" of \$300 million for school innovation.

"Gov. Kasich is taking on Ohio's persistent education disparities to help every student achieve -- regardless of their zip code -- and by prioritizing classroom needs from early childhood to higher education," the administration said.

The funding plan promises to achieve this by guaranteeing every student the same education dollars as if they lived in a district with \$250,000 in property wealth per child, starting with the 20 mill minimum -- a flat 96th percentile for every community in the state, except for the 4 percent exceeding \$250,000.

"If you're poor you're going to get more; if your richer you're going to get less," Kasich said. "If you're wealthier than \$250,000, you're pretty much going to be on your own."

The governor noted the new funding plan considers not only property wealth but also district income wealth per-child, a particular concern to areas with a large presence of farms and elderly residents.

"Some districts might have average or even above average property tax values but also have residents who earn lower incomes and are therefore less likely to approve higher property tax levies," according to the administration. Said Kasich, "You may be property rich and cash poor. Income has become a consideration to make sure we have equalization."

Along with "core" funding at 96 percent of property wealth, Mattei-Smith said the plan provides additional dollars toward the 35 mill mark, as well as more money for disabled students, English language learners, economically disadvantaged children, gifted and talented students, early childhood education, early college credit, community school facility funding, and expanded student vouchers based on area poverty as well as low-performing district schools.

"We're a big believer in choice," the governor said, calling the move something of an experiment. "We'll see what the results are. We're not making any commitment on where we're going on this."

Meanwhile, community schools will receive \$100 per-child toward facility costs. "That will not be deducted from the local district," Mattei-Smith noted.

During a follow-up media call, the administration said early childhood dollars include a second-year expansion in funding for pre-schools and "intensive remediation."

Other priorities include better academic supports for career-technical education. "Career tech prep will provide sound academic base to go onto two- or four- year degrees," he said. "We want the business community to be fully integrated with your academics."

The funding plan will also allow districts to calculate the school year by hours rather than days for greater flexibility.

Kasich was quick to note his funding plan retains what is known as "the guarantee" -- additional dollars to districts, with no clear relationship to property wealth.

"We have 400 districts on quarantees," despite dropping enrollments, he said. "That's politics."

Meanwhile, said the administration, others suffer. "It also caps and denies formula funds to large, growing districts," it said, vowing a future phase-out. "Guarantee funds are unfair and unsustainable."

To those hoping for increases based on inflation alone, Ross noted that state per-child funding rose more than 75 percent between 1999 and 2011, far outstripping the Consumer Price Index (CPI), which increased only 35 percent. During the same period, reading scores on the National Assessment of Educational Progress (NAEP) -- the Nation's Report Card -- remained flat.

"School funding is really not about operating schools. It's about educating boys and girls," he said.

Ross also had some bad news for educational service centers (ESC). "I know I'm not going to make my ESC friends happy here, but money that goes to ESCs should be going to local schools. They should decide how best to spend their money."

With all its advantages, Kasich said the funding plan will force schools and districts to manage their dollars more carefully.

"It's going to require that principals will be better at budgeting. Some of our principals are up to it; some of them are not," he said, suggesting all administrators "get up to speed."

Later Thursday, the governor's office provided a series of comments on the funding plan from district administrators and other education stakeholders:

John Zitzner, president of Friends of Breakthrough Schools, Cleveland: "Any education plan that emphasizes what is best for all children in our state, regardless of their zip code, holds adults accountable for results, and more fairly funds successful and innovative schools, sounds great to me. A lot of those elements appear to be in this plan."

Keith Brown, superintendent of Washington Court House City Schools: "It is clear to me, and many others in education, that we cannot continue to do the things in the same way we have always done them in Ohio. Gov. Kasich's plan is a new beginning and I, for one, welcome that."

Jan Osborn, Putnam County Superintendent: "The first question to ask about any plan for education: Is this good for the student? It's obvious that the governor gets it. This plan puts the student front and center, right where the focus needs to be. Do what's good for the student and make the dollars follow!"

Matthew Petersen, former Ohio principal and fellow at Harvard University: "It is exciting to see the state of Ohio creating space for innovation in its new budget with its 'Straight "A" initiative. There has been a lot of recent rhetoric about the need for reform in education, yet the funding for research and development of new solutions and ideas has been sorely lacking. Educators all over Ohio have innovative ideas to increase student learning and transform their classrooms and schools. This fund will allow them to translate those ideas into practice. It is exciting to see Ohio taking the lead in empowering educators to create the learning opportunities of tomorrow. It will also support educators by taking advantage of more divergent thinking. Currently, there is little to no incentive for those outside our field to enter the education space, and this fund is a step towards more collaborative problem solving with new partners."

David James, superintendent, Akron City Schools: "I definitely want to be a partner in finding more ways to build a world class education system. Whether you are a large, medium, or small district -- the focus must be on the child. Prioritizing funding for their particular needs is the right approach. For those students with special circumstances, whether they are living in poverty, are disabled, or gifted, or are learning to speak English, we must ensure these students get the extra help they need. The governor's proposal seems to include these themes and I look forward to confirming that upon review of the actual language. I also applaud Gov. Kasich for addressing issues around standardizing the fees associated with dual enrollment programs across the state. Helping students obtain college credit while still in high school lowers the overall cost of a post-secondary education and better prepares students for the rigors of college-level work. Helping foster innovation through one-time grants is a great way to assist districts in the transition to more efficient and effective models of schooling. At the same time, there is a realization that some of the rules that schools must operate under, need to be reevaluated in order to foster success. I am looking forward to this review of school operating standards. All of Ohio's children deserve equal opportunities to succeed in school. As school superintendents, boards of education, parents and citizens we must re-imagine our education systems so that our students graduate college and career ready."

Hannah Powell, executive director of KIPP Central Ohio: "The plan appears to be student-centered, encourage innovation, focus on results, and embrace the importance of the power to lead as we ensure Ohio delivers on the promise that all children in our state can and will learn."

Chris Burrows, superintendent, Georgetown City Schools: "I am extremely excited for the boys and girls of Ohio. This budget provides flexibility for local districts to address unique needs of their students without all of the ball and chains that have held us down in the past. It is my hope that the leaders of Ohio embrace this budget and move our educational system in Ohio into the globally competitive grid."

John Marschausen, superintendent, Loveland Schools: "We need to do a better job preparing today's students to be tomorrow's leaders. This budget proposal encourages school leaders to step-up, take risks, and push our education system to the next level. Ohio needs to shift from an industrial aged education model to an information/digital age education model. The governor clearly recognizes the challenges facing educators and the importance of funding the education system. Gov. Kasich's budget plan provides much needed funding to Ohio's school, holds districts accountable for results, and encourages innovation and creativity. It is a fair proposal that provides for equity, quality, creativity and transparency."

Tim Williams, superintendent, Logan Elm Local Schools: "The 'Straight "A" Fund' will provide districts with extra funds to develop innovative and sustainable programs to advance education in the state of Ohio. The governor's funding plan focuses on improving the quality of education for students in the state."

Diana Savage, superintendent, Bryan City Schools: "I am excited to know that the new education funding plan focuses on student needs and sending more money into the classrooms. Districts [that] have higher percentages of specific student populations, such as special education, English language learners, gifted, and students in poverty, will see additional funding directed to those specific areas of need."

Diane Mankins, superintendent, Marysville Exempted Village School District: "It appears that a significant amount of time, research and energy went into designing a funding model that represents the needs of the students in the state of Ohio. Equity has been a long-standing problem and I applaud the efforts of Gov. Kasich to tackle this important issue. The notion of an Innovation Fund is exciting. It provides districts the opportunity to 'dream big' and create unique and challenging opportunities for all students to learn and grow. It really becomes the impetuous for change, creating a focus for innovation and reform. These funds would provide the foundation for districts to be creative around what education should look like to appropriately prepare our students for the demands of the 21st century global workforce in which they will live."

Eric Hanushek, senior fellow at the Hoover Institution at Stanford University: "Gov. Kasich has proposed a significant improvement in the financing of Ohio schools. He has targeted extra funding toward achievement and has set the stage for unleashing local innovation to boost student outcomes. These proposals go far beyond cosmetic changes in schools and push local districts to move forward in the important task of improving results and closing long standing achievement gaps."

Paul Craft, superintendent of the Delaware City Schools: "The parts of the plan that most excite me are the Innovation Fund and the fact that targeted funds for students with special needs, limited English proficiency, or other factors that call for additional resources are directed right to those students."

Greg Harris, StudentsFirst Ohio Director: "StudentsFirst is encouraged that Gov. Kasich's school funding plan aims to improve educational opportunities for all children. It's a step in the right direction and appears to provide additional resources to students who bring unique challenges to the classroom and for districts to support the Third Grade Reading Guarantee. The plan also proposes facilities support for charter schools and expansion of school choice, which will give parents living in poverty more options for their children. The proposed Innovation Fund to seed better use of technology and new classroom practices should further enhance educational opportunity. As details emerge about the changes to mill rates and the 'equal yield formula,' StudentsFirst looks forward to working with Gov. Kasich and the Ohio General Assembly to ensure these changes have their intended effect of helping disadvantaged communities. Gov. Kasich should also be commended for his commitment to improving flexibility by removing state-driven education mandates and empowering those who work closest with children - teachers and principals. StudentsFirst believes this new flexibility for school districts should be tied to improved fiscal accountability and transparency measures that track district spending and its impact on student performance."

Steve Dackin, superintendent of Reynoldsburg City Schools: "I fundamentally believe that every child can be successful in school. The governor's proposal emphasizes results over inputs. That means providing schools with the flexibility they need to meet the needs and interests of their students and their communities, while setting high expectations for results -- and holding schools accountable for getting those results. The 'Straight "A" Fund' is a cost-effective way to accelerate and amplify game-changing initiatives that will help us meet our educational and economic development goals."

Bob Caldwell, superintendent of Wolf Creek Schools: "I am very excited that personal income will now be considered in the state's funding formula. I look forward to working with the Ohio General Assembly to assist in getting this proposal passed."

The governor's factsheet on his school funding proposal plus the Power Point presentation from the day's events are available on the *Hannah* homepage at www.hannah.com.

Kasich Touts Education Funding Plan during Virtual Town Hall

Gov. John Kasich went before 100 people inside a COSI meeting room Thursday evening, with an additional 1,000 people watching online, to present his education funding plan. The Columbus event capped an entire day of stumping for his new funding proposal.

Kasich along with the Governor's Office of 21st Century Education Director Dick Ross and Assistant Policy Director for Education Barbara Mattei-Smith presented the key elements of the plan.

"There's no politics in this. Our main basis here is that the child -- no matter where they live, no matter what the wealth of their district -- has the right to be able to compete with a child in every other district," said Kasich during his presentation.

After discussing the main points of the proposal, the governor and his panel of education leaders answered questions from Twitter and Facebook, posted by people watching online. One question came from the Boys and Girls Club of Columbus, asking what schools could do to help children continue their education through the summer break.

The education panel said that the governor's plan strips mandates and gives school districts more flexibility. That includes the ability to create a schedule that involves instructing in the summer. Schools must educate for 184 days but Kasich's plan would breakdown that requirement by hours instead of days, according to the panel.

Another question accused the administration of not involving teachers and school administrators while drafting the plan. Kasich called on Sarah Dove, the governor's teacher liaison, who explained that she went around the state after the last budget was introduced to gather input from the education world.

Sen. Peggy Lehner (R-Kettering) was at the town hall meeting to lend her support to the plan. The Senate Education Committee chair said that she hopes the General Assembly approaches the proposal with an open mind because it is "very innovative" and includes various opportunities for school districts.

"We've done our best to take resources and distribute them in a way that we think is the fairest way to distribute them and at the end of the day, I think we've got a good plan," Kasich concluded. "Now we go to the Legislature."

Ohio Democratic Party (ODP) Communications Director Jerid Kurtz attended the town hall meeting. He echoed a statement released by ODP Chairman Chris Redfern that the plan does not make up for the cuts made to schools in the last budget.

"The issue here is Gov. Kasich still hasn't reinstated that funding so we can expect -- as we move forward -- to continue to see more and more tax ballot issues in these local communities," said Kurtz who cited a recent independent study that said since May 2011, 194 communities have seen ballot issues to raise taxes.

Kurtz also criticized the plan as being "short on specifics" with such elements as the new vouchers and the district-bydistrict funding breakdowns.

Reactions to Kasich's School Funding Plan

Hannah News received the following statements in response to Gov. John Kasich's school funding plan:

Rep. Armond Budish (D-Beachwood), House Minority Leader

"While I'm anxious to review the details, it appears that Gov. Kasich's much anticipated education-funding plan simply pads the pockets of unaccountable for-profit charters while short changing Ohio's public school children. Unfortunately, the proposed funding in this plan is a mere drop in the bucket compared to the \$1.8 billion Gov. Kasich cut from schools during his last budget.

"I am hopeful there will be room to work together on Gov. Kasich's plan, but this proposal does very little to address the devastating cuts in Gov. Kasich's last budget. As a result, class sizes have ballooned in many schools, teachers have been cut, many programs that help students succeed have been eliminated and taxpayers have been asked to bear more of the responsibility for educating our children.

"The funding proposal and the \$300 million dollar incentive package doesn't come close to making up the nearly \$1.1 billion that schools across the state sought through nearly 200 local tax levies last year. Instead of developing an education package in secret, as Gov. Kasich did, we must work together to find a long-term solution that invests in a 21st century education for our students and addresses the growing pressure on local property taxpayers."

Matt Cox, executive director of School Choice Ohio

"School Choice Ohio, along with parents, children and education advocates all across the state, applaud Gov. Kasich for the proposal that he unveiled today providing education choice to more families. The education community is coming to the realization that every child learns differently and resources and options must be made available to give that child the best chance to succeed.

"Upper income families have the ability to move to better school districts, afford private schools, or augment their child's education with additional programs, therapies or support. Gov. Kasich's proposal will ensure that many of these same opportunities are available to lower income families as well as those in failing school districts."

Sara Donlon, president of the Ohio eSchool Families and Friends Coalition

"We're eager to see the details of how exactly Gov. Kasich's new funding formula will work and specifically how facilities funding will be distributed to public charter schools. We're excited about the expansion of vouchers and appreciate that the governor values public charter schools (including online schools) and school choice in general. Ultimately we're looking forward to more parents being able to take advantage of choice in public education. Parents are in the best position to know what is best for their child's education.

"We urge our legislators to really consider this new school funding formula and not just dismiss it out of hand because of the political side to the school choice issues."

Rep. Chris Redfern, chair of the Ohio Democratic Party

"It's alarming that Gov. Kasich drafted this proposal in secret, without the input of education stakeholders, and chose to make permanent his historic 2011 cuts that slashed nearly \$1.8 billion from students and schools around the state. According to an independent study, John Kasich's decision to dramatically defund Ohio's education programs has already caused taxpayers in over 194 communities to face more than \$1 billion in new tax initiatives at the ballot. Kasich's education plan guarantees that the state will continue to withhold funding, local taxpayers will see even more levies in addition to the \$1 billion they've already faced, and our children's opportunities will be compromised."

Richard A. Stoff, president and CEO of the Ohio Business Roundtable

"Gov. Kasich has issued a call to put children first. We agree. We are encouraged that the governor's plan properly shifts the conversation at the Statehouse and across Ohio from 'How do we get more money for education?' to, 'How do we get more education for our money?' We need better results from our education system, and we need to empower local leaders, school principals, classroom teachers and those closest to children, especially their moms and dads, to achieve those results. We need targeted investments in quality early childhood education to ensure that children, especially those in poverty, are ready to learn upon entering kindergarten. The governor's plan moves us in that direction."

Kasich Begins New Election Cycle with \$2 Million in Campaign Fund

While Gov. John Kasich has not officially launched a re-election bid for 2014, campaign finance reports filed Thursday shows he has \$2.1 million in the bank for such a campaign.

The annual campaign report shows the governor's campaign committee, Kasich Taylor for Ohio, raised \$903,761 in the last reporting period stretching back to last summer. The fundraising period was helped by 26 donors who maxed out with an \$11,543.70 contribution, including members of the Lindner family, which owns the American Financial Group and United Dairy Farmers. A number of others contributed \$11,500.

Among the other statewide officials, Secretary of State Jon Husted had the second largest war chest. He reported having more than \$1 million on hand, after raising \$422,921 during the last reporting period. His three largest contributors donated more than \$11,000, including Lee Schear of Dayton, former Rep. Matt Dolan of Novelty, Albert Ratner of Tipp City, and Randall Gunlock of Springboro.

Attorney General Mike DeWine has about \$675,738 on hand. He reported raising about \$366,710 in the previous reporting period, with his top contribution coming from the Summit County Republican Central Committee, which gave \$115,000. DeWine still owes himself \$400,000 in loans from his 2010 campaign.

Auditor Dave Yost reported having \$349,638 on hand, after raising about \$78,300 in the last reporting period. His largest contributions were \$5,000 each from the JP Morgan Chase & Co. PAC and Emeline Boich of Columbus.

Treasurer Josh Mandel, who ran a federal campaign for U.S. Senate last year, reported only \$218.92 in his state campaign account.

JobsOhio Suits Lead Kasich to Eye Court Changes; ProgressOhio Calls Him 'Bully'

Gov. John Kasich said Thursday he's so frustrated by lawsuits delaying his new economic development model that he might seek changes to how Ohio's courts operate. Kasich also said he views his pending decision on Medicaid expansion as unrelated to the rest of the federal health care, which he opposes.

Speaking at an Associated Press forum, the governor called those suing over the constitutionality of JobsOhio "nihilists" bent on "wrecking" the state economy for political gain, and said they'd have to "answer to a higher power" for their actions.

"I believe these people that keep suing and intervening and trying to put lawsuits in -- which is silly, we've already had two courts rule, independent courts ruled against them -- they're obstructionists. And they use these tactics to try to destroy economic development and get back in power and somehow do more economic damage than they've already done," Kasich said.

"I'm getting very close to the point where I'm going to introduce a loser-pays legal system. The taxpayers ultimately have to pay for these kind of nuisance suits. We see them all the time, and you know, this is really troubling to me," Kasich said.

ProgressOhio, which launched the lawsuit alongside two Democratic lawmakers, responded in a critical statement to what it called Kasich's "outburst."

"Well, there he goes again -- get on my bus or my bus will run you over," said ProgressOhio's Brian Rothenberg.

"No court has yet to rule on whether JobsOhio is constitutional. The governor laments the long delay but it was his own lawyers that strung out the lawsuit over issues of standing and the right to sue rather than simply letting the court rule on the constitutional grounds.

"As for politics, Gov. Kasich is misinformed, as the 1851 Center for Constitutional Law, which rarely is on the same side as ProgressOhio, is in fact working on our case.

"The governor seems to be reverting to his 'bully' mentality once again, even if the facts don't support his statements. He swore to uphold the Ohio Constitution, not just the parts he likes. ProgressOhio and other plaintiffs, right and left, are simply participating in the checks and balances that keep power-hungry politicians from no democratic oversight. It may be inconvenient for John Kasich -- but it is essential to taxpayers," the statement read.

Sen. Mike Skindell (D-Lakewood), one of the plaintiffs, also released a statement: "Gov. Kasich is accountable to a higher power -- it's called the Ohio Constitution. The 1851 Ohio Constitution was designed to prevent government from setting up private corporations that are in turn used to advance secrecy and possible misuse of public dollars. More than a billion of public dollars are being directed to JobsOhio. We need constitutional review of the Kasich corporation. All along Gov. Kasich and JobsOhio have attempted to stop this review. People should ask, what is Gov. Kasich afraid of?"

Critics of JobsOhio question whether it violates the Ohio Constitution's provisions barring state involvement with private enterprise. Lawmakers sought to settle that question quickly in JobsOhio's enabling legislation, HB1, by giving the Ohio Supreme Court original jurisdiction on any cases resulting from the new law and requiring that they be filed in 90 days.

But the Supreme Court balked, ruling the constitution does not grant the power to confer original jurisdiction in such challenges. (See *The Hannah Report*, 8/19/11.)

When challengers then brought their suit to lower courts, the trial judge dismissed it for lack of standing, saying the plaintiffs were outside the 90-day window for filing. An appellate court agreed, and the Supreme Court recently agreed to hear a limited appeal addressing only the issue of standing. (See *The Hannah Report*, 12/2/11, 6/14/12, 1/23/13.)

Democratic legislative leaders criticized Kasich's characterization of the lawsuits during a later panel discussion at the AP forum.

House Minority Leader Armond Budish (D-Beachwood) said that he thinks Kasich has been clear that he doesn't want the public to challenge his "enactments and rulings." He said people should have the right to challenge what the Legislature and governor does, and said no court has ruled on the merits of the lawsuit. Budish also said that when the JobsOhio legislation came to the floor, several of his attorney members pointed out constitutional problems with the bill as well as provisions removing accountability, sunshine and ethics laws from a private organization.

"Those issues have not gone away," Budish said, later adding "I don't believe the ProgressOhio case is a nuisance case."

Senate Minority Leader Eric Kearney (D-Cincinnati) referred to an unwritten Senate rule that you don't speak on the floor about someone's motivation, and said Kasich should use that rule.

"It's pretty absurd to say that as a group of people, Democratic legislators or Democratic citizens don't want to see Ohio's economy improve," he said.

Asked about the possibility of giving Ohio a loser-pays legal system, Attorney General Mike DeWine said, "That's a fairly dramatic change from Ohio law, but I haven't really thought about it."

Kearney said he believes Kasich has misapplied the law. He said his understanding is that it's used frequently in business disputes to avoid lengthy litigation, but said he doesn't think it would apply to a constitutional challenge.

On the possibility of expanding Medicaid -- a move required by the federal Affordable Care Act but rendered optional by the U.S. Supreme Court -- Kasich said agreeing to it would have an outsize impact on Ohio's economy and health care sector.

"If you start covering the childless individuals who are poor, \$14,000 and below, really working poor people, if you were to do it, you would generate about \$14 billion of Ohio money, Ohio taxpayer money, coming back to deal with the challenges we have in this state involving poverty," he said.

"The other consideration of course is what happens to our small medical facilities. Do we create financial chaos? Because at some point the disproportionate share -- in other words people that go to the hospital to get their primary care because they don't have health insurance -- they're not going to be reimbursed for that any more. The hospitals will find themselves in a very difficult situation. So that's a consideration as well," Kasich said.

Kasich described the issue as distinct from the Affordable Care Act insurance market changes.

"Obamacare involving an individual mandate, I don't support. Obamacare that's going to come in and eliminate the ability of having an insurance rating system and come in and dictate that, I don't support at all. But this is a different issue, this is about people who are at the lower economic end, this is about a government that's proposing to pay 100 percent of those costs for three years, and then it drops to 90. But of course the current Medicaid system reimburses us at about 62 percent," Kasich said. "My concern about it all is, can you trust Washington to keep any promise that they make? And is there a way to effectively deal with it if they pull the rug from under you."

Kasich declined to address specifics of the tax-reform proposal expected in his forthcoming budget, but said he'll continue to push for higher severance taxes to fund an income tax cut. He said the increased rates he proposes are not so high as to endanger the possibility to development in Ohio.

"This is such a reasonable proposal that it's ultimately going to happen," he said. "Let me also suggest to you the fact that, in light of the fact that these companies know this is happening, we've seen \$2 billion to \$3 billion worth of investment in Ohio. And you know why? Because there's oil in the ground, and they want it."

SOS, Treasurer, Auditor Discuss Re-Election, Other Priorities

Secretary of State (SOS) Jon Husted, Auditor of State Dave Yost and Treasurer of State Josh Mandel appeared together Thursday at the Ohio Associated Press (AP) Legislative Preview Session.

Asked about plans for re-election in two years, Mandel commented that he will run for re-election but doesn't plan to do anything political in the near term: "I believe the best formula to be re-elected is to do a good job as state treasurer."

Husted noted that "for me, it is always election time," adding that he is "running them, not running for them." However, he indicated that he is not pursuing any office other than secretary of state. He did tick off the elections that are being held this year: Feb. 5, May 7, Aug. 6 and Nov. 5.

Yost commented that he "loves this work and hopes voters keep us on for another four years."

The following summarizes their comments to a variety of questions targeted to each:

Asked to respond to the election reform proposal outlined this week (see *The Hannah Report*, 1/29/13) by Sen. Nina Turner (D-Cleveland), who has also indicated an interest in possibly running for secretary of state in 2014, Husted reiterated what he has said before: for election reform to be successful it is important it be bipartisan, avoid name calling and that an environment is created to accomplish the goals. He went on to cite the areas they have learned need addressing: third party candidates, provisional ballots and voting hours. He also noted he is interested in pursuing online voter registration, saying that it saves money and is more secure.

He stressed, however, that these changes need to be passed further out than "three months before the election."

Asked about revising the procedure for drawing the legislative maps, Husted noted that he has tried to do that since 2005, and the ones who are complaining about them now are the ones who refused to vote for his proposal to change the procedure. He expressed optimism that something will be passed by the Legislature this year. With the "next Apportionment Board election in 2018, it comes fast and nobody knows now who will be in charge.

"This isn't a partisan issue, it's a power issue."

He also mentioned his request that all 88 county boards of election establish a process to investigate claims of disenfranchisement or fraud in the 2012 elections. (See *The Hannah Report,* 1/16/13.) He said for people to have confidence in the election system, it "must be free of those problems" and he can't respond to "myths or chain emails." He has to respond to facts.

Asked what is being considered to preclude campaign finance abuses such as former Rep. Clayton Luckie (D-Dayton) pleaded guilty to, Husted first noted that campaign finance reports are filed by more individuals than state legislators and statewide officeholders. One step that is being mentioned is requiring the filing of copies of bank statements with the campaign finance report. "It is simple and easily complied with"

Mandel was asked about his support for "right-to-work," responding that he believes that with Michigan and Indiana having enacted right-to-work laws, they will "poach Ohio small businesses looking to grow" and who want to do it in a free market.

He was also asked to reflect on his recent U.S. Senate campaign, and said he is "taking it as a learning experience." About his political future, Mandel cited comebacks by George Voinovich and Mike DeWine, who the "Columbus echo chamber" had said were done after they lost U.S. Senate races.

He did say the Republican Party "needs to do a better job with black voters" and communicating the message of why the principles of economic freedom and upward mobility are important for families living in urban areas.

Mandel said he could have done better getting his message out and being accessible to the media, while also acknowledging that U.S. Sen. Sherrod Brown ran an effective campaign.

Yost addressed the "data scrubbing" issue in some school districts that his office is investigating, saying, "We have to have data integrity, and now a portion of the data is garbage." He said the findings will "inform" the coming school funding debate, "not drive it."

Senate Preparing to Introduce 'Noncontroversial' Elections Reform, Redistricting Plan

Senate President Keith Faber (R-Celina) said Wednesday the Senate will be introducing legislation early to address election reform that he said will mostly "be noncontroversial stuff," and that it will also reintroduce a redistricting plan he sponsored with Sen. Nina Turner (D-Cleveland) in the 129th General Assembly.

Faber said the elections reform bill will include items that he said both Democrats and Republicans had agreed on in previous legislation going back to former Secretary of State Jennifer Brunner. The bill, which he identified as SB10, will be carried by Sen. Larry Obhof (R-Medina).

What won't be in that plan is photo identification for voters because it is more controversial and doesn't have agreement, but Faber said the Senate will be willing to look at such a proposal. He noted that Ohio already has a photo identification for voters law, but that law also allows other forms of identification such as a utility bill. He said he would like to look at photo identification bills in other states, as well as whether Ohio's current bill is working.

Faber made the comments during a panel of legislative leaders at the Associated Press' 2013 Legislative Preview session. Both of the Democrats on the panel, Senate Minority Leader Eric Kearney (D-Cincinnati) and House Minority Leader Armond Budish (D-Beachwood) made it clear that they are not in favor of a photo identification bill, with Budish saying he would like to see examples of where people voted using a fake utility bill. Budish added that it would work as a poll tax on poor people who would have to take a day off of work to bring together all the things needed to get such identification.

The Senate president also said he wants to start the conversation on redistricting, and pointed to the plan that passed as part of 129-SJR5 (LaRose-Sawyer).

"The Senate believes we can find a better bipartisan redistricting proposal," Faber said, adding a plan needs to pass when no one knows "who is going to control the pen" or the winners and losers during the next redistricting period.

House Speaker William Batchelder (R-Medina) said it is still his hope to have redistricting reform go through the Ohio Constitutional Modernization Commission, adding that the panel has people "who have a different attitude" about the way things should be done than those who would be affected under the current system. He said he would also like to see hearings around the state.

Kearney and Budish said they both support a reform plan, with Budish saying that in his view, there is nothing more important. He said the Senate plan is better than the current system, and said that while he would like to see additional changes to SJR5, "it starts a base of discussion."

The legislators also touched on issues such a guns, school safety and school funding.

Kearney said guns are an issue that has divided his own caucus, and said Sen. Shirley Smith (D-Cleveland) is taking the lead and meeting with groups including the National Rifle Association to address the issue of gun violence. He said they want to develop legislation that is fair on the issue.

Faber noted that he has created a joint task force involving members of the public safety and education committees to study school safety and violence. He said he has not been a proponent of a "one-size fits all" approach. He also said mental health should be in the discussion. He later said he is looking for "out of the box" ideas on school safety, and rejects that there is a single solution for school safety.

Batchelder called violence in urban areas "a very serious problem," but he said House Republicans have concern that constitutional rights aren't lost in the process and that it doesn't get "over-resolved."

Faber repeated his aversion to "one-size" fits all for school funding. He said he's "really excited about all the opportunities' in Gov. John Kasich's school funding formula.

"This is an opportunity to get this system to work for all Ohioans," he said.

Kearney pointed to a plan introduced by Sen. Tom Sawyer (D-Akron) that he said will try to marry school funding closer to state revenue and not as much on property tax. (See *The Hannah Report,* 1/30/12.) He said he's frustrated when he hears things in Columbus from the various associations and lobbyists but hears something different in his district from teachers and parents. He said he would like to see more input from the public.

Budish complained of "unprecedented" unfunded mandates in the previous two years, pointing to the third-grade reading guarantee. He also indicated a "one-size fits all" plan wasn't best, noting the Cleveland plan passed in the last General Assembly that he said might not fit the needs of other districts.

DeWine Eyes Changes to Collateral Sanctions

Attorney General Mike DeWine is talking with legislators to find a way to correct what he believes to be an unintended consequence of 129-SB337 (Seitz-Smith), the collateral sanctions bill.

DeWine said he has supported the laws from that bill and he continues to support it. However, he said his office has noticed a problem when it comes to revealing the results of background checks. During a forum with the Associated Press, DeWine told a group of reporters that his office receives more than 800,000 requests for background checks a year and 80,000 reveal a criminal history.

The attorney general explained that when his office receives a background check request, they cannot disclose anything on that person's juvenile record unless they were convicted of aggravated murder, murder, or a sexual offense where the judge required that person to register as a sex offender.

As for that individual's adult record, DeWine explained that his office cannot report any charges filed against that person - only final dispositions or convictions.

The attorney general's office has noticed some problems with these rules. DeWine has compiled a list of what he called the "worst of the worst" cases that the Bureau of Criminal Investigation has encountered.

One specific case involved a 19-year-old individual who was applying for a job with children services. DeWine said that person was convicted of rape at the age of 17 but the judge did not require him to register as a sex offender. The attorney general's office was not allowed to disclose that conviction to the potential employer.

"I take some responsibility for it. We did not catch it when it went through the Legislature. I didn't go to any legislator and say 'hey there's going to be a problem.' So we take some responsibility for that. I think there are unintended consequences behind any piece of legislation," DeWine said. "The Legislature never dreamed of these unintended consequences."

The attorney general said that he has already talked to the sponsors of the bill in hopes of making the appropriate changes.

"They want to fix it -- I want to fix it. So we're in good shape," said DeWine.

On other issues, DeWine said that his office plans to do more to crack down on synthetic drugs. He also said that the school safety training program is going well.

As for 2014, DeWine said that he intends to run for re-election.

Community Action Agencies Release Annual Poverty Report

The latest report on state poverty from the Ohio Association of Community Action Agencies (OACAA) shows 1.8 million Ohioans living below the federal standard,

The statewide poverty rate of 16.4 percent exceeds the national average of 15.9 percent, and the prevalence of poverty differs significantly throughout the state by county. The report also notes an increase of almost 70 percent over a decade in the number of people living below the poverty line in suburban counties.

The number of people in poverty increased by 57.7 percent from 1999 to 2011, though population overall increased less than 2 percent, the report states.

Measured by alternative methods other than the federal poverty standard, even more Ohioans are struggling. Thirty-five percent live below what's called the self-sufficiency standard, an estimate of the household income necessary to meet basic needs without public or private assistance. Under the measure of asset poverty, which sets the threshold at whether a household can survive at poverty level for three months if it loses its income, one in four households are below the standard.

The report states a self-sufficient family of four would spend almost \$3,400 monthly to meet basic needs, compared to \$1,900 per month for a similar family living in poverty.

"Basic needs' don't include luxuries like going to the movies, eating out or owning extra vehicles. Nor do they include contributions to the savings accounts that might provide a cushion for any unexpected expenses," the report states.

The report breaks down poverty prevalence based on a number of factors. For example:

- About one in 12 Ohioans in poverty has at least a bachelor's degree
- More than 60,000 Ohio veterans live in poverty
- Almost a quarter of Ohio children live in poverty, and almost a third of children under age 6 live in poverty.

The full report is available at http://www.oacaa.org/wp-content/uploads/2013/01/State_of_Poverty_2012_Final.pdf.

Ohio, Other States Reach \$120M Settlement with Lender Processing Services

Attorney General Mike DeWine's office announced Thursday that he and 45 other attorneys general have reached a \$120 million settlement with Lender Processing Services Inc., resolving allegations that the company "robo-signed" documents and engaged in other improper conduct related to mortgage loan default servicing.

The settlement involves the Jacksonville-based company's subsidiaries LPS Default Solutions and DocX.

"The practice of 'robo-signing' caused significant damage to many Ohioans during the housing crisis when buyers were sold mortgages that they could not sustain payments on," said DeWine in a statement. "This settlement will set up proper safeguards to reduce misuse of 'robo-signing,' so that Ohioans are not set up for failure when they sign a mortgage."

Ohio received the 14th largest share of the settlement with \$2,544,990 to be placed in the Attorney General's Court Order Fund for programs that provide assistance to families and individuals at risk of foreclosure or who have already lost their home.

The relief was divided among the states based on the number of documents generated by LPS and DocX in each state between January 2008 to December 2010.

The settlement will require proper execution of documents, prohibit signature by unauthorized persons or those without first-hand knowledge of facts attested to in the documents, require enhanced oversight of the default services provided, and require a review of all third-party fees to ensure that the fees have been earned and are reasonable and accurate.

The settlement also:

- Prohibits LPS (including DocX) from engaging in the practice of surrogate signing of documents;
- Requires that LPS must obtain proper authority to sign documents on behalf of a servicer, if in fact it is signing documents;
- Requires LPS to accurately identify the authority that the signer has to execute the document and where that signer works;
- Prohibits LPS from notarizing documents outside the presence of a notary and ensures that notarizations will comply with applicable laws;
- Prohibits LPS from improperly interfering with the attorney-client relationship between attorneys and services;
- Prohibits LPS from incentivizing or promoting attorney speed or volume to the detriment of accuracy;
- Requires LPS to ensure that foreclosure and bankruptcy counsel or trustees can communicate directly with the servicer;
- Requires LPS to have enhanced oversight and review of processes over third parties it manages, including those entities that perform property preservation services;
- Prohibits LPS from imposing unreasonable mark-ups or other fees on third party providers' default or foreclosure-related services;
- Requires LPS to establish and maintain a toll-free phone number for consumers concerning document execution and property preservation services (including winterization, inspection, preservation, and maintenance); and
- Requires LPS to modify mortgage documents that require remediation when LPS has legal authority to do so and when reasonably necessary to assist a consumer or when required by state or local laws.

According to the attorney general's office, once the judgment is entered by the courts, LPS will undertake a review of documents executed during the period of January 1, 2008 to December 31, 2010 to determine what documents, if any, need to be re-executed or corrected. If LPS is authorized to make the corrections, it will do so and will make periodic reports to the Attorneys General of the status of its review and/or modification of documents.

The following states joined Ohio in today's settlement: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the District of Columbia.

A copy of the settlement is available at http://www.ohioattorneygeneral.gov/OhioAttorneyGeneral/files/ae/ae095883-1c31-4761-8917-42d9511719c5.pdf.

State Government Roundup

ODJFS Launches New Hotline to Report Child Abuse, Neglect

Ohioans who suspect child abuse or neglect now have one phone number that can put them in contact with child welfare or law enforcement officers in their county. The Ohio Department of Job and Family Services (ODJFS) launched 855-OHCHILD (855-642-4453), where reports can be anonymous.

"It is important that Ohioans be able to report suspected child abuse quickly, easily and anonymously. This one, easy-to-remember number makes that possible," said ODJFS Director Michael Colbert in a statement. "We never want a child to be at risk because an adult did not know where to turn for help."

In September, ODJFS introduced the telephone directory in northwest Ohio. Because of its successful launch, the department decided to expand the service to all 88 counties.

Ohio's 88 county public children services agencies are charged with investigating reports of child abuse. The 855-OHCHILD Automated Child Abuse and Neglect Directory will complement existing county phone numbers by providing one statewide number that automatically redirects callers to the appropriate county.

"If you suspect child abuse or neglect, please speak out," said Colbert. "Call 855-OHCHILD, make a report, and stand up for a child in need."

ODH Published Youth Sport Concussion Regulations

In accordance with 129-HB143, the Ohio Department of Health (ODH) has posted new guidelines dealing with youth sport concussions for volunteers, coaches and referees affiliated with youth sports. This Youth Sport Concussion Prevention legislation, sponsored by Reps. Sean J. O'Brien (D-Brookfield) and Michael Stinziano (D-Columbus), takes effect April 26, 2013.

"I am pleased to see that the Ohio Department of Health has promptly posted information on its website regarding our legislation's guidelines and safety training requirements," O'Brien said in a statement. "This webpage will undoubtedly aid parents, children and youth sport officials as implementation of this bill begins."

The guidelines and safety requirements can be found at http://www.healthyohioprogram.org/concussion.aspx.

"The Ohio Department of Health webpage will serve as a tool and resource for information on the legislation," Stinziano said. "We anticipate this information will give all those associated with youth sports the time and direction to implement the bill at no cost."

129-HB143, signed into law last December, establishes educational guidelines and procedures to remove a youth player from competition or practice if they show symptoms of a traumatic brain injury.

People in the News

Vyzral Joins OACCA

The Ohio Association of Child Caring Agencies (OACCA) announced that Kelly Vyzral has been hired as the associate director for government relations.

For the past 19 years, Vyzral has worked closely with the Ohio General Assembly and executive departments on medical, human service, and Medicaid policy. She served as an aide in the Ohio House of Representatives for seven years before moving on to serve as associate director government relations for the Ohio State Medical Association. For the past 10 years, she has served as the government affairs director of the Ohio Pharmacists Association.

The Ohio Association of Child Caring Agencies (OACCA) is a statewide association of child and family service providers that are united together to develop the best care possible for Ohio's children and families. Founded in 1973, OACCA advocates on public policy that affect children and families and the providers that serve them.

Ohio Digest

OFU Takes Position on Severance Tax/Turnpike/Fracking

The Ohio Farmers Union (OFU) announced Thursday its position on several pressing policies that the Legislature will face in the coming General Assembly including the severance tax rate, plans for the Ohio Turnpike and hydraulic fracturing, also known as fracking.

The OFU, a 5,000-member family farm and consumer advocacy group, discussed the issues during January's annual convention. Last year, the union called on a moratorium on fracking in Ohio until the U.S. Environmental Protection Agency (EPA) issued a report on its effects on the environment.

"We've removed our moratorium request due to the fact that the EPA report is still not complete. We have members in shale counties who stand to benefit from responsible well-drilling, but we also have members greatly concerned about what we don't know about what fracking will do to water supplies," said Roger Wise, OFU president.

"We will continue to urge lawmakers to protect farmers and rural landowners and our air and water first. Our new policy position requests that the USEPA include water quality in its ongoing study," he added.

The OFU decided to support Gov. John Kasich's Ohio Turnpike plan but with two conditions. The first being that northern Ohio be defined as territory north of U.S. 224 and second that the General Assembly codify administration pledges to keep 90 percent or more of turnpike bond and other revenue in northern Ohio.

OFU is also supportive of raising severance taxes in the state, but differs with Kasich on where new revenue should go.

"Shale counties should see some of that severance tax revenue. Keep some of the revenue where it's collected for public education and infrastructure. We know from other states that roads are going to be torn up in drilling areas, let's make sure we rebuild them," Wise said.

The union is also calling for some severance tax revenue to be set aside for environmental mitigation. Wise said the group will ask Kasich and legislators to add natural gas liquids to the list of items taxed.

"Conspicuously absent from the governor's first severance tax proposal were natural gas liquids -- the most valuable resource coming out of the well. Why Ohio would tax silver, but not gold, that's a question for the governor and the Ohio General Assembly. It appears to be a gift to big oil and gas," Wise said.

OFU will also advocate this year for updates to Ohio's grain indemnity law. The Grain Indemnity Fund is a producer-funded Ohio Department of Agriculture program that keeps farmers whole in the event of a grain elevator failure.

Executive Actions

Governor's Appointments

- Mary K. Ross of Centerville (Montgomery Co.) as a member of the Chemical Dependency Professionals Board for a term beginning Jan. 31, 2013, and ending Dec. 23, 2013.
- William T. Green of Akron (Summit Co.) as a member of the Ohio Commission on Fatherhood for a term beginning Jan. 31, 2013, and ending July 30, 2013.

LEGISLATIVE ACTIONS

The House adjourned until Tuesday, Feb. 5, 2013 at 9 a.m. (Nonvoting Session)

The Senate adjourned until Monday, Feb. 4, 2013 at 11 a.m. (Nonvoting Session)

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Preliminary Agenda

Monday, February 4, 2013

JOINT COMMITTEE ON AGENCY RULE REVIEW

Mon., Feb. 4, 2013, 1:30 PM, Hearing Room 121

Tuesday, February 5, 2013

HOUSE FINANCE AND APPROPRIATIONS

Tue., Feb. 5, 2013, 10:00 AM, Hearing Room 313

First hearing and testimony from OBM Director Tim Keen and the Legislative Service Commission on the operating budget bill, pending introduction and referral.

HOUSE FINANCIAL INSTITUTIONS, HOUSING AND URBAN DEVELOPMENT

Tue., Feb. 5, 2013, 11:00 AM, Hearing Room 122 Organizational meeting

HOUSE MANUFACTURING AND WORKFORCE DEVELOPMENT

Tue., Feb. 5, 2013, 4:00 PM, Hearing Room 114

OHIO WORKFORCE DEVELOPMENT LAW (DERICKSON T, ROMANCHUK M) To require a local workforce investment HB1 area to use OhioMeansJobs as the local workforce investment area's job placement system, to rename county one-stop systems, and to make other changes to Ohio's Workforce Development Law.

First Hearing, Sponsor Testimony

UNEMPLOYMENT COMPENSATION CLAIMANT (DERICKSON T, BROWN T) To require an unemployment compensation HB2 claimant to register with OhioMeansJobs to be eligible for unemployment compensation benefits and to require a claimant to contact a local one-stop office beginning with the eighth week of filing for unemployment.

First Hearing, Sponsor Testimony

SENATE WORKFORCE AND ECONOMIC DEVELOPMENT

Tue., Feb. 5, 2013, 4:00 PM, North Hearing Room

Presentations by Office of Workforce Transformation Director Tracy Intihar and JobsOhio President John Minor

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Sen. Beagle: 614-466-6247

Rep. Amstutz: 614-466-1474

Rep. Adams: 614-466-8114

Rep. Schuring: 614-752-2438

Wednesday, February 6, 2013

Rep. Huffman: 614-466-9624

Rep. Amstutz: 614-466-1474

Rep. McGregor: 614-466-2038

HOUSE RULES AND REFERENCE

Wed., Feb. 6, 2013, 8:30 AM, Hearing Room 119

HOUSE FINANCE AND APPROPRIATIONS

Wed., Feb. 6, 2013, 9:00 AM, Hearing Room 313

First hearing and testimony from Transportation Director Jerry Wray and Public Safety Director Tom Charles on the state transportation budget bill, pending introduction and referral. Also possible is the introduction of a substitute bill separating the administration's turnpike proposal.

OHIO SENATE

Wed., Feb. 6, 2013, 1:30 PM, Senate Chambers CANCELLED

HOUSE JUDICIARY Rep. Butler, Jr.: 614-644-6008

Wed., Feb. 6, 2013, 3:00 PM, Hearing Room 115

HB9 RECEIVER'S POWERS (STAUTBERG P) To add to and clarify the powers of a receiver and to provide a procedure for a receiver's sale of real property.

First Hearing, Sponsor Testimony

PARENTAL EXEMPTION-INTERCEPTION OF ELECTRONIC COMMUNICATIONS (HILL B) To exempt under certain HB15 circumstances a parent or a person acting in loco parentis from the prohibition of the interception of wire, oral, or electronic communications.

First Hearing, Sponsor Testimony

HOUSE EDUCATION Rep. Stebelton: 614-466-8100

Wed., Feb. 6, 2013, 5:00 PM, Hearing Room 313

Presentations from State Board of Education Vice President Tom Gunlock and Acting Superintendent Michael Sawyers.

Thursday, February 7, 2013

HOUSE TRANSPORTATION SUBCOMMITTEE

Thu., Feb. 7, 2013, 10:00 AM, Hearing Room 122

First hearing and ODOT presentation on state transportation budget, pending introduction and referral