



Ohio Township Association

6500 Taylor Road, Suite A
Blacklick, Ohio 43004
(614) 863-0045 • FAX (614) 863-9751
www.ohiotownships.org
Matthew DeTemple, Executive Director
Heidi M. Fought, Director of Governmental Affairs

Statehouse Update

Friday, July 30, 2010

Monday, July 19, 2010

CONTROLLING BOARD CLEARS WAY FOR \$172 MILLION PROGRAM TO HELP HOUSEHOLDS AVOID FORECLOSURE

A legislative panel Monday approved the hiring of 25 limited-term employees to administer Ohio's proposal for spending \$172 million in federal economic stabilization funds to help an estimated 18,500 financially-troubled households avoid foreclosure.

The Controlling Board authorized the Ohio Housing Finance Agency (OHFA) to spend an additional \$1 million for personnel on an initiative that uses money from the Troubled Asset Relief Program to target areas hardest hit as a result of unemployment, foreclosure activity, and declines in home sales.

Douglas Garver, OHFA executive director, said the state submitted its proposal to the U.S. Department of Treasury on June 1. Formal approval is anticipated by Aug. 15, with start of the program expected on Oct. 1.

"There's a lot of work that needs to be done. We need to hire up to 25 people. We will peak at 25 the first year, and then decline to 19 in the second year, and eight in the third year, purposely. As we build a capacity at the local level we will step away ... but at the same time we want to try and get this program underway," Mr. Garver said.

Additional spending authority for the program was expected to be addressed in the next biennial state budget beginning July 1, 2011.

Mr. Garver said Ohio has experienced increased foreclosures over the last 14 years.

The Ohio Hardest-Hit Fund proposes four ways in which to help unemployed and underemployed borrowers who have been unable to qualify for existing modifications in their loans or foreclosure prevention programs:

- Partial mortgage payment assistance (\$69.4 million).
- Rescue assistance loans (\$18.8 million).
- Modification assistance with possible principal reduction (\$51.7 million).
- Transitional assistance, short sales/deed in-lieu (\$9.25 million).

Total OHFA administrative expenses were expected to total \$4.2 million over the four years, or 2.5% of the grant award.

Eligible borrowers are expected to begin being served within 60 to 75 days after approval of the program from the Treasury Department next month.

"(The) state anticipates an initial surge in demand due to the high number of homeowners who are already at risk of default or foreclosure. Therefore, Ohio anticipates approving approximately 6,845 participants in the first year of the program, 6,232 in the second year, and 5,423 in the third year," the Ohio HHF plan said.

Homeowners would access the program through counseling agencies that are certified by the Department of Housing and Urban Development. A statewide network of housing counseling agencies would be created through a Request for Proposal process.

Sen. Ray Miller (D-Columbus) said the foreclosure problem has had a disproportionate impact on African-Americans, and he recommended the OHFA contract with the Ohio Council of Urban Leagues as counseling agencies.

"Virtually all of them are involved in housing in some way," he said.

Mr. Garver said federally certified agencies would be selected through a competitive process.

"We want to build capacity at the local level. We want to be sure we target those in greatest need," he said.

The Ohio plan targets 51 counties as those with the highest concentrated economic distress, a designation that takes into account unemployment, valid home sales, and foreclosure filings. It estimates that 85% of homeowners served would live in the target counties, and 15% would live in the remaining 37 non-target counties.

Senate Finance Chairman John Carey (R-Wellston) said most rural Appalachian counties, along with more than a dozen in northwest Ohio, were not categorized as distressed despite chronic high unemployment.

Harrison County, he noted, was not among those with concentrated economic distress, while Delaware County fell into that category.

"Some of the poorest counties of the state are not considered economically distressed," Sen. Carey said.

Mr. Garver said that while federal criteria requires counties with high unemployment, the jobless rate did not tell "the whole story," and that is why the other factors were considered.

"There will be assistance flowing to each county in the state of Ohio," he said.

The board approved the request on a 6-1 vote with Sen. Carey objecting. He said that while he hoped the program would meet with success, he could not support the request because of the exclusion of counties from the designation of economic distress.

LOTTERY COMMISSION REVISES SLOTS RULES, VOTES TO SEEK 'LEGAL CLARITY' ON ISSUE

As expected, the Ohio Lottery Commission Monday voted to seek a declaratory judgment on the constitutionality of installing state-operated slot machines at horse racetracks.

The 9-0 vote marks the first step toward realizing Gov. Ted Strickland's budget-bolstering plan for the so-called "video lottery terminals" since a conservative-backed group withdrew plans for a referendum on the issue.

While the budget language specified that the Ohio Supreme Court would have jurisdiction over constitutional claims involving the plan, lottery spokeswoman Jeannie Roberts said commissioners did not announce a court venue or set a date in which to seek the declaratory judgment.

"This is the first step in the process of gaining legal clarity," she said.

In other business, commissioners also voted unanimously to withdraw VLT rules that had been in "to be refilled" status since last October and approved a new set of proposed rules.

Ms. Roberts said the new rules are similar except they do not yet include some financial figures, such as fees.

Those details will change from the original plan, which was developed before voters authorized four casinos in the state by approving a constitutional amendment last fall.

OHIO BUSINESS: AUTO, HOMEOWNER RATES INCREASE

The Ohio Department of Insurance said Monday that average rates for the state's top 10 private passenger auto insurers rose 2.8% in 2009, while average rates for the top 10 homeowner companies increased 9.7 percent.

The department said Ohio saw some of its worst weather-related losses in almost a century during 2008. Storms caused insured losses of over \$1.4 billion statewide. The agency said such losses were the primary reason for the rate increases.

Based on rate activity thus far and industry data, department analysts expect the 2010 rate activity to continue similarly as it did in 2009.

For auto insurance, the average rates will likely increase slightly in 2010. For homeowners insurance, the average rates will likely increase.

Changes in auto insurance rates are associated with medical costs, weather-related claims, the number of cars on Ohio roads and repair costs. Changes in homeowners insurance rates can be attributed to building and material costs and weather-related claims.

"While we did experience premium rate increases in 2009, it's important to remember that Ohio still has some of the lowest insurance rates in the nation," said Director Mary Jo Hudson.

"The department will continue to monitor these markets, and also assure that Ohioans have access to competitive coverage," she said in a news release.

Ohio has the 11th lowest auto insurance, and 6th lowest homeowners insurance, average premiums in the country, based on the most recent figures from the National Association of Insurance Commissioners.

The department released two charts showing the rate change history for private passenger automobile insurers, and homeowners multiple peril insurance groups.

For auto insurers, State Farm Group had the top market share of 18.9% in 2009, followed by Progressive Group and Nationwide Group.

For homeowner policies, State Farm IL, at 23.1%, had the largest 2009 market share, followed by Allstate Insurance Group and Nationwide Corporation.

Tuesday, July 20, 2010

BUDGET REVIEW PANEL FIELDS SUGGESTIONS, DISCUSSES MEDICAID

Lawmakers charged with reviewing solutions for the upcoming two-year budget listened Tuesday to some suggestions on how to approach an estimated \$4-8 billion "structural deficit" and discussed some of the ramifications that federal health care changes will have on the state's \$15 billion annual Medicaid program.

Both the Ohio Society of CPAs and the Center for Community Solutions said policymakers should develop a multi-pronged strategy in response to an economy struggling to emerge from a recession and expectations that federal funds used to prop up the current biennial spending plan won't be available next year - at least to the extent they were in 2009.

Although some of the bigger changes won't affect the program until after the next biennium, the Health Policy Institute of Ohio said the state should start laying the groundwork now to prepare for the extensive impacts that the federal health care overhaul will have on Medicaid - mostly as a result of expanded eligibility.

While relatively tame in terms of discourse, Tuesday's hearing of the Budget Planning & Management Commission continued to underscore differences between Democrats and Republicans over policy and the general direction of the panel.

Sen. Chris Widener (R-Springfield), for example, focused on the issue of federal health care revisions and how they stood to limit some of Ohio's options in terms of reducing costs in the entitlement. Because the state is locked into current basic eligibility guidelines due to maintenance of effort requirements under the federal bill, he noted, cost-saving efforts would have to be focused in the areas of benefits, utilization and provider rates, as itemized by interim HPIO Director Greg Moody.

Rep. Jay Goyal (D-Mansfield), meanwhile, remarked about three hours into the hearing, "I feel like we've talked about the federal health care bill more than we've talked about the state budget."

Indeed, the status of Tuesday's meeting had been somewhat in doubt over disagreements with how to proceed. Republicans pushed for testimony from the state Medicaid director but House Democrats refused, arguing that further grilling Gov. Ted Strickland's administration - the GOP sharply criticized the state budget chief after a prior hearing - would only stir political differences.

Those process differences continued Tuesday when Rep. Vernon Sykes (D-Akron), the panel co-chairman, would only agree to Aug. 17 as a solid date for another meeting, while Sen. Widener and Sen. Shannon Jones (R-Springboro), the other co-chair, pushed for further hearings before that date.

For their part, the presenters steered clear of the partisan wrangling in commenting to recent studies and analyses prepared by their respective groups.

Matt Yuskewich, who led a budgetary task force for the CPA group that issued a report last fall, gave an overview of what he described as the group's attempt at "trying to give advice to a client that is financially ill."

Among other suggestions for the governor contained in the CPA's report: more strategic planning and performance audits, the consolidation of government entities, and, if necessary, "revenue enhancements."

"The longer we delay in acting...the more difficult it will be to solve the problem," Mr. Yuskewich said. In the meantime, the list of potential solutions will diminish.

The CPA society suggests adopting best practices used in the private sector and rethinking Ohio's "1800s" form of government, with its numerous jurisdictions and government units, he said. The current structure leaves plenty of opportunities for improved efficiencies in purchasing and other areas.

Mr. Yuskewich said Ohio remains "way behind" other states in terms of performance auditing, which the group said could be conducted in comprehensive or program-specific fashion in government to improve operational efficiencies.

Regarding strategic planning, he said, "It is important to avoid surprises for the taxpayers in Ohio." Mr. Yuskewich said policymakers should take a longer-term approach while crafting the next budget plan.

As for revenues, the presenter noted that option was listed last while adding: "It's something that needs to be looked at."

John Begala, executive director of the Center for Community Solutions, outlined the Center's white paper on the budget circumstances and reiterated his group's call for a "balanced" approach that includes: tax hikes, a reduction in tax breaks and program spending cuts.

"The magnitude of the problem will require concessions on both sides," he said.

Mr. Begala had previously set the stage for the preliminary budget discussions in releasing his report titled: "Thinking the Unthinkable: Finding Common Ground for Resolving Ohio's Fiscal Crisis."

Much of Tuesday's discussions centered on Medicaid, as Mr. Moody presented a primer on Ohio's entitlement program that included information on the national health care overhaul and related impacts.

Among other details on current and future trends provided by the former Taft administration official: the Congressional Budget Office projects a 6.1% annual growth rate for Medicaid, and as a result Ohio's matching costs will go up significantly even to just maintain the "status quo" policies under which the program currently operates in Ohio.

Mr. Moody suggested the state gear up for the federally mandated expansion of coverage, which is projected to expand Ohio's enrollment by 25% as eligibility in the state jumps from 90% of the federal poverty level to 133% in FY 2014.

"It touches all aspects of the health care system," he said of the federal law overhaul. "A lot is about to happen and how Ohio responds to the challenge is going to be important."

Panelists' questions on Medicaid touched on the subjects of Ohio "rebalancing" its long-term care spending more toward home- and community-based services, franchise fees, and the concept of a single Medicaid agency, among others.

On the rebalancing issue, Mr. Moody told Sen. Dale Miller (D-Cleveland), "Almost every other state is more balanced in its range of services than Ohio," in part because the system fueled a major build-up of nursing home infrastructure in the state.

Republicans continued to express concerns that Ohio's method of taxing Medicaid managed care groups would be disallowed by the federal government, thus forcing policymakers to solve yet another budgetary problem.

Mr. Begala in general called the franchise fee system, in which the providers in essence pay the state money in order to draw down more industry-wide federal matching Medicaid funds, "a terrible way of making policy" that would have to be continued in the next biennium because of budgetary constraints but poses a long-term problem for the state.

"There's no good way to say this is a good, sustainable way to pay for health care," he said.

CONGRESSIONAL ACTION MEANS LIKELY UNEMPLOYMENT COMPENSATION EXTENSION FOR THOUSANDS OF OHIOANS

The U.S. Senate's vote Tuesday to advance a measure that would extend unemployment compensation means well over 100,000 Ohioans will likely continue to receive benefits.

After final Senate approval, the measure will return to the U.S. House, which is expected to pass it before the end of the week.

An estimated 98,000 out-of-work Ohioans exhausted their unemployment benefits in June and another 83,000 are expected to become ineligible during July, according to Ohio Department of Job & Family Services spokesman Ben Johnson.

"It will allow a lot of people who exhausted to begin collecting benefits again and it will allow a lot of people who were going to exhaust not to have to deal with that," he said.

People that filed for benefits during the time Congress could not agree to extend the program will likely be able to recover those payments retroactively, he said.

A small percentage of Ohio unemployed workers will not get any help from the measure pending in Congress, Mr. Johnson said, pointing to about 6,400 people that reached the 99-week limit on benefits in May and June.

If Congress passes the measure, which would restore federally funded State Extended Benefits that covers beneficiaries' final 20 weeks of unemployment compensation, an estimated 7,000 more Ohioans will reach the 99-week limit in July, he said. An additional 7,000 will become ineligible in August.

Emily Campbell, public policy fellow at the Center for Community Solutions, said Senate action on the measure would also prop up Ohio's economy.

"Economists have shown that programs like unemployment insurance, where recipients are especially likely to spend any extra funds right away within their communities, are the most effective at stimulating the economy," she said in a statement.

Previously approved extra weeks of unemployment compensation generated \$1.38 billion to Ohio's workers through the end of May, she said.

VOINOVICH SAYS NUCLEAR ENERGY A BOON FOR MANUFACTURING JOBS

Many Ohio politicians are touting wind and solar power manufacturing as a potential job factory for the state, but U.S. Sen. George Voinovich is betting on a resurgence of nuclear energy.

The Republican joined the Columbus Nuclear Workforce Roundtable Monday as representatives of academia, business, and non-profit groups try "make sure that we continue the launch of the nuclear renaissance in this country," he said in an interview.

Ohio already has a number of facilities producing nuclear energy components, Sen. Voinovich said, pointing to reactors the Babcock & Wilcox Company makes for submarines and aircraft carriers. However, the industry has not yet attracted much attention among state policymakers.

"I happen to believe that in terms of job creation in manufacturing, that if you look at solar, if you look at wind, the potential of creating jobs in the nuclear area far surpasses either of those areas," he said.

"Why? Because it baseload," he added, noting wind and solar energy technology is limited by meteorological conditions and produces electricity intermittently. While nuclear reactors generate about 20% of the country's electricity, wind turbines and solar panels comprise less than 2%.

Renewed activity in nuclear energy has already produced some 15,000 jobs in the country, Sen. Voinovich said.

The roundtable developing recommendations on ways to improve conditions for the industry in Ohio, he said. A final report to the U.S. Nuclear Regulatory Commission is due in September.

In addition to universities and non-profit entities like the Edison Welding Institute, which hosted the meeting, manufacturers are also participating, he said, citing B&W, Westinghouse, and AREVA.

The panel's work attracted the attention of U.S. NRC Commissioner William Magwood and Shane Johnson, deputy assistant secretary for reactor technologies in the U.S. Department of Energy, both of whom attended the meeting Monday, Sen. Voinovich said.

Gregory Washington, interim dean of Ohio State University's College of Engineering, said the makeup of the panel itself presaged a new age of cooperation among nuclear energy interests in the state.

"This is not just a renaissance in nuclear, this is a renaissance in public-private partnerships, where we're bringing non-governmental organizations, universities, and business together to collaboratively work on this issue," he said. "It puts Ohio in the forefront of the issue."

Dean Washington said engineering students have shown increasing interest in nuclear energy and enrollment in the field has risen by about 15% in recent years.

Sen. Voinovich said he was particularly interested in small modular reactors, which are generally facilities that produce about 125 megawatts. The technology could be manufactured entirely in the U.S. and sold for export to help solve financing problems.

"Financing is a big issue. How do you finance these things? There are a lot of people who think companies are being asked to bet the company," he said.

Asked about lingering doubts about how to safely contain hazardous nuclear waste, the Republican said there was general agreement among regulators and the industry that the toxic material could be stored on reactor sites for the next 60 to 80 years.

Nuclear energy's low emissions make the option especially appealing as Congress deliberates on potential regulations on greenhouse gases, he said.

Sen. Voinovich said he wanted climate change legislation to include nuclear and coal technology as part of a national advanced energy portfolio. However, he was doubtful that Congress would address the contentious issue this year.

As for a proposed uranium enrichment facility in Piketon, Sen. Voinovich said he was pleased with the reaction from U.S. Energy Secretary Steven Chu in agreeing to spend \$45 million for continuing review of the technology. The agency has reserved \$2 billion for a potential loan guarantee for USEC to construct the project if it meets U.S. DOE criteria.

JOBLESS RATES TOP 14% IN EIGHT MOSTLY APPALACHIAN COUNTIES

The Ohio Department of Job and Family Services said Tuesday that unemployment rates across the state in June ranged from a low of 7.3% in Geauga County to a high of 16.8% in Clinton County.

Rates increased in 76 of the state's 88 counties.

Eight counties had unemployment rates above 14% during June. In addition to Clinton, counties with the highest rates were: Highland (16%); Meigs (15%); Pike (14.5%); Noble (14.4%); Adams (14.3%); Jefferson (14.2%); and Morgan (14.1%).

All of the counties with the highest jobless rates were in the Appalachian region, with the exception of Clinton, which borders it.

Four counties had unemployment rates below 8% percent in June. Counties with the lowest rates, other than Geauga, were: Delaware (7.6%); Holmes (7.7%); and Mercer (7.8%).

Among the state's largest cities, the June unemployment rate was highest in Youngstown at 13.5 percent. That was two-tenths of a percentage point above the level for May, but almost a full point below the rate for June 2009.

An ODJFS chart of civilian labor force estimates showed a June 2010 unemployment rate of 13.3% in Canton, and 13% in Dayton.

Unemployment rates for other cities included Toledo (12.8%); Cleveland (11.6%); Akron (11.4%); Cincinnati (10.6%); and Columbus (9.2%).

OHIO BUSINESS: HONDA MARYSVILLE MILESTONE; DOW CORNING-UT SOLAR RESEARCH

Honda of America said that its Marysville auto plant became the first outside Japan to manufacture 10 million vehicles with the production Tuesday of a Honda Accord Sedan.

Honda began Ohio auto production in November 1982 at Marysville with an Accord Sedan, and has continued producing that model along with various others.

Identified with a magnetic sign on its hood, workers followed progress of the vehicle in production until it came off the assembly line as a completed product.

The milestone Accord was immediately moved into the plant's West Cafeteria for display alongside the first generation of the Accord produced at the plant.

Nearly all Accords sold in North America are manufactured at the Marysville plant, with more than 8.5 million units produced at the plant on a cumulative basis.

Solar Energy: Researchers at Dow Corning and the University of Toledo said Tuesday the organizations have signed a memorandum of understanding to engage in collaborative discussions on photovoltaic solar research and development efforts.

The intent is to help reduce the cost of solar energy to make it a viable and economically competitive energy option globally.

The proposed collaboration could include the addition of other universities or businesses in the future. Participants said it offers researchers from both organizations the opportunity to share data and technology while allowing both to protect their intellectual property.

"Both Dow Corning and UT want homes and businesses throughout the world to take advantage of clean, renewable energy from the sun," said Gregg Zank, senior vice president and chief technology officer of Dow Corning.

"It is essential that businesses, academics and the government collaborate in order to accelerate the advancement of solar technologies," he said in a news release.

UT is "a leadership node" of the Wright Center for Photovoltaics Innovation and Commercialization, a technology platform the state established to further the research and applications of clean electricity generation.

The center was created in 2007 with an \$18.6 million award from Ohio's Third Frontier program.

Wednesday, July 21, 2010

OHIO BUSINESS: HONDA ENGINE PLANT MARKS 25TH YEAR

Government and community leaders joined employees at Honda's factory in Anna on Wednesday to celebrate 25 years of manufacturing at the company's largest auto engine plant in the world.

In addition to producing the engines that power many Honda and Acura automobiles, the company said the Anna Engine Plant is a driving force in development of the company's North American operations, and has provided the foundation for creation of numerous parts plants in Ohio.

The plant began operations on July 22, 1985 with 94 employees.

It since has grown to become Honda's largest automobile engine factory, with an annual capacity of 1.18 million four- and six-cylinder engines - enough to stretch from Cincinnati to Cleveland and back again.

The Anna plant, with 2,400 employees, supplies engines to five Honda assembly plants in Ohio, Indiana and Ontario, Canada.

The factory has produced more than 17 million engines. Cumulative capital investment exceeds \$1.7 billion, including a \$140 million series of expansion projects, completed in 2008, for the production of steel engine components previously sourced overseas.

"This anniversary is a great opportunity for us to pause and celebrate the many accomplishments of this great team," said Hidenobu Iwata, president and CEO Honda of America Mfg., Inc. "By working together, we have blazed a path in the industry for quality, fuel economy and environmental technologies."

Gov. Ted Strickland joined Honda to commemorate the plant's milestone.

"Your commitment to quality and innovation has made a truly significant impact on Ohio's economy and our community," he said. "Celebrations like this are perfect examples of why I believe in Ohio, because there is no better place to put your plant than Ohio and no better workforce to make your product than Ohioans."

Thursday, July 22, 2010

OEPA DIRECTOR AIRS CONCERNS OVER FEDERAL POLLUTION REGULATIONS BEFORE U.S. SENATE

Ohio's chief environmental regulator told U.S. senators Thursday that proposed federal air pollution regulations would require unreasonable emissions reductions and tread on states' rights to develop their own approach. Ohio Environmental Protection Agency Director Chris Korleski told members of the U.S. Senate Subcommittee on Clean Air and Nuclear Energy that the state would be hard pressed to meet the sulfur dioxide reductions outlined in the U.S. EPA's Interstate Transport Rule.

The proposal calls for Ohio power plants to cut SO₂ reductions to about 178,000 tons by 2014, he said, noting utilities in the state generated nearly 601,000 tons last year. Previous regulations would have allowed for 233,000 tons by 2015.

"Achieving the substantial SO₂ reductions to meet this proposed SO₂ limit will be a difficult task in the timeframe proposed and additional time may be needed," he said in prepared testimony.

Conversely, the rule's proposed limits on nitrogen oxides seem unusually slack, he said about the 41,000-ton budget for utilities in 2012. In 2009, Ohio power plants released only 36,000 tons of NO_x. The U.S. EPA proposed the Interstate Transport Rule earlier this month to prevent upwind states' pollution from hindering downwind states' compliance efforts. SO₂ and NO_x emissions combine in the atmosphere to form fine particles and smog, which can be carried long distances and make it difficult

for neighboring states to attain national clean air regulations. In 2008, a federal court struck down the previous Clean Air Interstate Rule, which allowed facilities to trade emissions credits.

Director Korleski also took issue with the U.S. EPA's plans to use a federal implementation plan (FIP) to implement the rule. Currently states develop a state implementation plan (SIP) that details pollution control measures that will enable it to attain national ambient air quality standards.

"Although we understand the need for emission reductions as soon as possible, this appears to usurp the fundamental right of the states to develop their own SIPs," he said.

It will take some time for the federal agency to adopt appropriate criteria to approve state plans for the new regulations, he said. "In our view, this 'FIP first' approach is not consistent with the spirit of cooperative federalism imbedded in the essential structure of the Clean Air Act."

He also objected to U.S. EPA's intention to reduce states' emissions budgets each time the agency adopts a new air quality standard, arguing that it would reduce certainty for businesses in planning for emissions control technology.

"Finally, we continue to believe that the best approach to reducing SO₂ and NO_x emissions from utilities would include a surgical legislative fix that, while allowing U.S. EPA to mandate a reasonable level of control, would clearly grant U.S. EPA the authority to set up a more comprehensive trading program to allow for more trading opportunities for criteria pollutants," he said.

STRICKLAND, BROWN PUSH CONGRESS TO EXPAND SMALL BUSINESS LENDING

Gov. Ted Strickland joined U.S. Sen. Sherrod Brown Thursday in urging the Senate to pass a measure designed to spur lending for small businesses. The Democrats said the lack of access to credit was preventing small businesses, especially manufacturers, from expanding their operations.

"This bill puts capital in the hands of our job creators who are at the very heart of our economy," Mr. Strickland said. "In Ohio, more than nine out of 10 manufacturers are small and medium-sized businesses and each manufacturing job indirectly supports four to five additional jobs in our economy."

The measure cleared the U.S. House last month and is currently pending in the U.S. Senate Committee on Finance. Sen. Brown (D-Cleveland) said one provision, the State Small Business Credit Access Fund, was critical to help boost job creation in Ohio. The initiative allows states to expand models for state-administered small business programs, such as capital access, loan participation, collateral support, state-run venture capital, and credit guarantee programs.

"While Wall Street banks and our largest financial institutions are back in the black - thanks to the help of taxpayers - they are sitting on huge stockpiles of cash," he said. "Meanwhile, small businesses - which create nearly two-thirds of new jobs in our country - are struggling to get the credit they need to expand operations and hire new workers."

Increasing the fund would allow the state to expand the Ohio Huntington Small Business Loan Program, which was launched over a year ago and has leveraged \$465 million in new loans for 2,000 businesses, according to the Governor's Office. Messrs. Brown and Strickland want the program to allow states to assist small businesses with collateral support.

Sen. Brown said he hoped to increase lending caps on Small Business Administration loans, which limit the program's effectiveness for manufacturers that require larger loans due to higher capital costs. Precision Metalforming Association President William Gaskin said the program would help fill the gap created by the tight credit market.

"Small and medium sized manufacturers continue to bear the brunt of the financial crisis - trapped between their customers and creditors," he said. "We need this bill passed now because traditional lenders have either drastically reduced lines of credit or denied loans to companies that are healthy or temporarily impaired due to the global economic crisis."

Friday, July 23, 2010

RENEWABLE ENERGY DEVELOPERS WANT EXTENSION, EXPANSION OF GRANT PROGRAM

Wind and solar power developers say a state-run grant program has already fueled expansion in Ohio's renewable energy industry and are urging lawmakers to extend the initiative, which is set to expire in December.

Matthew Bennett, president of Dovetail Solar and Wind, told members of the House Alternative Energy Committee this week that the Advanced Energy Fund is primarily responsible for burgeoning growth in the renewable energy sector.

"The fact that the legislation authorizing this fund is set to expire this year threatens to derail the new renewable energy economy in Ohio," he said in testimony during the panel's field hearing in Athens. "Renewal of this program is the single most important issue facing solar and wind companies such as Dovetail."

Rep. Ted Celeste (D-Grandview Hts.), chairman of the Alternative Energy Committee, said House Democrats unsuccessfully tried to amend other legislation to continue the program before adjourning for summer recess.

Members are still looking for ways to extend the current program before the year's end, while the committee deliberates on a proposal to expand and improve the fund, he said.

The panel has been working on legislation (HB 301) sponsored by Rep. Mike Foley (D-Cleveland) that would increase utility customers' riders to expand the fund, which currently collects about \$5 million a year. The measure would generate more than \$116 million a year for the program, which would expire in 2025.

In addition to renewable energy developers, groups like the Ohio Farm Bureau Federation and the Ohio Environmental Council have testified in support of the program.

Republicans have been less enthusiastic about the Advanced Energy Fund, which is funded through a nine-cent fee on residential and industrial utility customers' monthly electric bills. GOP committee members have expressed concern about the impact on consumers' energy costs during the economic recession.

In addition to asking lawmakers to reauthorize and expand the fund, Mr. Bennett said there was considerable room for improvement, since grant application processing takes up to four months and paperwork is often lost in the system.

He also urged a revision to the allocation of grants, criticizing the program for funding too many commercial projects at the expense of residential customers.

"That a residential customer using only a few hundred kilowatts per month pays the same as a commercial customer using tens or hundreds of thousands of KWH per month is a slap in the face and illustrates the misplaced political muscle of the commercial sector in Ohio," he said.

"We are very concerned that without this legislation our industry will stall and have to actually cut current jobs. While I understand politics may result in a short term fix, if the Advanced Energy Fund is simply renewed at its current rates and level it will dampen the real opportunity for job growth and prosperity in Ohio," Mr. Bennett added.

Rep. Celeste said legislation on the fund could be part of a larger proposal designed to shore up loose ends in Ohio's advanced energy policy launched by last session's electricity regulation overhaul (SB221, 127th General Assembly).

"We're poised as a state that really could be taking the lead on this, but there's still some missing ingredients," he said.

"One of the common messages is Senate Bill 221 was great start, but there's no overall plan. So investors who want to invest in these companies don't have a feel for what long view is going to be here. We need to have something in place that puts meat on the bones," he said.

BWC FIELDS FEWER WORKERS' COMPENSATION CLAIMS; SPEEDIER PROCESSING PROMPTS ATTORNEY CONCERNS

Fewer employees filed injured workers' claims during the last fiscal year and the Bureau of Workers' Compensation speeded up processing, continuing two trends that coincided with the beginning of the recession a few years ago.

BWC's claims processing time has decreased to a level that has at least one workers' compensation attorney questioning whether the bureau is actually doing its due diligence.

Preliminary FY 2010 data shows about 116,000 employees filed claims with the BWC, according to the bureau. In FY 2009 there were 133,000 claims and nearly 160,00 the previous fiscal year. During FY 2005 the agency received nearly 195,000 claims.

Workers' comp observers say claims numbers are generally declining nationally, largely as a result of increasing unemployment levels - fewer employees means fewer job-related injuries.

In recent years, BWC has also reduced the time it takes to process each claim, from an average of 12.7 days in 2005 to 9.1 days in FY 2009, according to spokeswoman Maria Smith.

"Our primary goal is to get that injured worker prompt medical treatment, and in cases where they are unable to work, compensation for their lost wages," she said.

Attorney Phillip Fulton said the bureau's increasing efficiency might be coming at the expense of injured workers.

"Because they're issuing decisions as quickly as possible, they don't do an adequate job of investigating," he said in interview.

Ohio law allows the bureau up to 28 days to review the facts of a claim before making a determination, he said. However, anecdotal evidence among workers' compensation attorneys indicates an increasing number of claims are being denied due to a lack of sufficient information about the case.

"The bureau has to remind itself that they're not an adversary in this situation. They're supposed to be making a proper decision based on the information. And sometimes they need to do a better job of investigating," he said.

"We don't want delays, but they need to not just deny claims on the basis that they didn't get information when perhaps it was right there," he added.

Ms. Smith said the bureau generally files an "initial claim" so that injured workers can get paid and receive medical treatment quickly.

"While we are making determinations much sooner than in the past, we always go back and add the more definitive diagnosis. This way we can assure the injured worker is getting prompt medical treatment and not suffering financial difficulties if they are off work," she said.

BWC resolves most workers' compensation claims without the involvement of attorneys, who generally come into play only when a claimant contests a determination, she said. "The more efficient we get with our processes, obviously the less demand there is going to be for attorney representation."

Monday, July 26, 2010

STRICKLAND, KASICH SPAR OVER CPA TAYLOR'S MOVING ADVICE FOR CLIENTS

A small business owner in Columbus asked Republican governor candidate John Kasich on Monday to identify companies that his running mate Mary Taylor - in her former role as a certified public accountant - advised to consider moving to Florida for tax advantages.

Chuck Hootman, whose Tip Top Kitchen and Cocktails is among three of his businesses, told a news conference on behalf of the Strickland campaign that Ms. Taylor's disclosure last week "didn't sit very well" with him.

"Congressman Kasich, while Ted Strickland has been fighting for Ohio, what businesses did your running mate counsel to leave the state? And how many jobs did your running mate's counsel cost the state of Ohio?" Mr. Hootman asked.

"Whereas Kasich's running mate has advised companies to leave Ohio, Ted Strickland has worked to support small business owners like me, working to grow Ohio jobs from the bottom up," he said.

Mr. Strickland's campaign sought to capitalize on Ms. Taylor's comment during a GOP event last week.

She said that while working in the private sector as a CPA, she counseled successful businesses and entrepreneurs to consider moving to Florida or other states without high income taxes and "an onerous stand alone death tax."

Ms. Taylor practiced 16 years as a CPA prior to winning election in 2006 as State Auditor.

Mr. Hootman drew a distinction in talking with reporters between a CPA's obligation to give clients the best financial advice possible, and suggesting a move out of Ohio.

"Well, I think, you know, giving people tax advice, and then encouraging people to start businesses out of our state, is a whole other thing," he said.

"The obligation to a CPA would be to just display the facts. That would be different than encouraging me to start a business or move out of the state, take jobs out of the state," Mr. Hootman said.

"If the tax structure is different on some levels, you know, it's always worth taking a look at a few different things. But encouraging people to move out of the state is just unconscionable," he said.

The Kasich-Taylor campaign said in response that Gov. Strickland was "apparently ... the last one to know that job-creating entrepreneurs regularly flee" the state for those with lower taxes.

"Only someone like him, with no experience or understanding of business, would be surprised to learn that high taxes kills jobs. Ted Strickland raised taxes by \$840 million and voted for the Clinton tax increase - the largest in American history," said Rob Nichols, Mr. Kasich's spokesman.

"He's never met a tax increase he didn't like, which is why Ohio has the 7th highest taxes in the nation, rising poverty, rising homelessness, and nearly 400,000 fewer jobs. We must fix this economy now," he said.

Mr. Hootman said he did not believe persons starting businesses think of tax rates first.

"They start here because this is where their families are, where their heart and soul is. So to counsel people to leave the state instead of coming up with better ideas to make it a ... better environment for independent businesses just seems counter-intuitive to creating jobs in the state," he said.

"I'm going on the record that Strickland hasn't raised taxes on me since I've been a business owner, and I have to go with that record," Mr. Hootman said. "Business is great here. We're growing at 20% a year."

NCSL: CONGRESS LEADERS SAY STATE-FEDERAL RELATIONSHIP AT CRITICAL JUNCTURE

U.S. House Speaker Nancy Pelosi (D-California) and U.S. Senate Minority Leader Mitch McConnell (R-Kentucky) told the National Conference of State Legislatures on Monday the relationship between states and the federal government was at a critical juncture.

The two leaders took different approaches to state roles in the federal system of government as they spoke at the opening general session of the NCSL 2010 Legislative Summit in Louisville, Ky.

Ms. Pelosi urged state lawmakers to work with their federal counterparts to ensure their needs were understood. Mr. McConnell cited a need for Washington to leave more domestic policymaking to state capitols.

Speaker Pelosi called for ongoing state-federal talks, based on a reality that the success of states and their economies was essential to the nation's success.

She said that with unemployment, immigration, health care, energy and other issues dominating headlines, legislators must make sure federal leaders understand the choices states face and how Washington decisions affect state budgets.

"I am told that this year more than 30 states' budgets are predicated on continuing FMAP enhanced funding," she said, a reference to federal matching funds for Medicaid and other social services.

Legislation to continue that level has not yet passed the Senate.

Sen. McConnell pointed out that total federal funding of state budgets has steadily risen over the last 50 years, and that Washington's support now makes up more than half of all state budget revenues.

It's "more than state income tax, more than sales tax, more than property tax. That is an astonishing development," Sen. McConnell said.

The NCSL said both leaders acknowledged the role of states as trendsetters for federal programs.

Speaker Pelosi attributed recent federal health care legislation to the statewide universal insurance program that the Massachusetts legislature enacted earlier in the decade, while Sen. McConnell credited the landmark bipartisan 1996 welfare bill to state leaders.

"Successful welfare reforms actually didn't originate in a backroom deal in Washington," he said.

"They were the results of enterprising governors and legislators who were sick of the status quo that trapped generations in poverty, in Wisconsin, Michigan, and elsewhere. All of us benefit when states perform their traditional role as laboratories of democracy," Sen. McConnell said.

"It is not just a good idea for states to be empowered in this way, it is critical if we hope to solve the many challenges we face," he said.

The NCSL said a recurring theme in the messages of both speakers was that the federal government needs to focus on deficit reduction, and to pay for programs designed in Washington.

"In our efforts we must be fiscally responsible," Rep. Pelosi told legislators. "You are experts in fiscal soundness, because you have the special responsibility of balancing your budget."

NCSL: TASK FORCE REPORT SHOWS ROLE FOR COAL UNCHANGED

Coal-fired power plants produced 44% of the nation's electric power in 2009 and are projected to generate the same percentage in 2035, a report from the National Conference of State Legislatures showed Monday.

Release of a policymakers' guide on Meeting the Energy Challenges of the Future came as legislators and representatives from trade associations gathered for NCSL's 36th annual legislative summit in Louisville, Ky.

NCSL's executive committee created a Task Force on Energy Supply in 2009. Members included Sen. Patricia Birkholz of Michigan.

A report it released as the summer legislative session began found that while coal plants generated 44% of the electric power consumed in the U.S. last year, nuclear plants produced 20% and natural gas plants produced almost 25 percent.

Of the renewable resources, hydroelectric power provided about 7 percent. Other renewable energy sources generated close to 4 percent.

NCSL said the mix represented an average for the country as a whole, and noted that it varied significantly in each state from the national average.

The latest U.S. Department of Energy long-term forecast projected the nation will need 22% more electricity in 2035 than today, a boost of about 1 percent per year.

A DOE projection in 2007 had called for a 43% increase in energy consumption. The downward revision was attributed to the recession, higher energy prices, state policy changes, adoption of energy efficiency standards, and revisions in forecasts of economic growth.

The federal agency's report did not include state and federal policies that might be passed in the future, or possible technological breakthroughs.

The DOE analysis expects coal to again provide 44% of overall electricity generation in 2035, with 20% from natural gas, 20% renewable energy, 17% nuclear, and 1 percent oil.

However, the report concludes that nearly half of future capacity growth would be met with natural gas, and 37% with renewable energy.

It also estimated a 12% growth in coal-fired generation.

"Despite the continuing shift toward gas and renewable energy, DOE's forecast for the 2035 capacity mix does not differ significantly from today," the report said.

The NCSL analysis identified a series of state policy options for separate energy sources, including two for coal:

Gasification: Such plants generate fewer pollutants, but are at least 30% more expensive to build than pulverized coal facilities. In addition, gasification emits carbon dioxide at rates equivalent to a modern supercritical pulverized coal plant. The report said 17 states offer property tax exemptions and bond issue support to encourage use of the technology.

Carbon Capture and Sequestration: Fourteen states use incentives to encourage carbon capture and sequestration to reduce greenhouse gas emissions. The report identified ownership and liability as major barriers to long-term CO₂ storage, and said states that want to encourage the process would need to resolve the issues. Eight states have laws concerning liability of pore space owners and long-term management of sequestration sites.

The task force met four times between December 2009 and May 2010. It heard reports from leading experts on energy topics, including transmission issues, the pros and cons of various fuel sources, and predictions about the future.

The NCSL report noted that no single energy approach would work for every state.

"Each state or region will face the challenge of striking the right balance, given constraints on financing options, the desire to control possible environmental impacts, and the need to identify reliable fuel sources that are economically viable for their citizens," the report said.

Tuesday, July 27, 2010

NCSL: BUDGET GAPS FORECAST FOR FY 2012-13 DESPITE RECENT IMPROVEMENT

The National Conference of State Legislatures said Tuesday that states faced a collective budget gap of at least \$83.9 billion during enactment of their current fiscal year 2011 budgets, a problem that was expected to continue over the next two years.

A state budget update, released in conjunction with NCSL's annual legislative summit in Louisville, Ky., said officials in many cases note that revenues were beginning either to pick up, or at least slow their rate of decline.

NCSL said nearly every state expects tax revenues in the current fiscal year to surpass those of 2010.

However, the bipartisan organization said states were concerned about revenue growth being insufficient to replace the loss of federal stimulus money.

"State lawmakers are going to need extra stamina to push through this next round of budget challenges. It will be a long march before state revenues return to their pre-recession levels, not to mention other hurdles lawmakers have to clear," said William Pound, NCSL executive director.

Corina Eckl, NCSL's fiscal program director, said there was "some slight improvement in the state revenue situation" for the first time in a long time.

"But glimmers of improvement are tarnished by looming problems," she said in a news release.

Leading the list of concerns is how states will close new budget gaps created if Congress does not extend the enhanced Federal Medical Assistance Percentage (FMAP) rate for Medicaid.

The American Recovery and Reinvestment Act of 2009 boosted the federal share of Medicaid's cost through Dec. 31, 2010, a period that covers the first six months of FY 2011 in most states.

NCSL said that because the House and Senate earlier this year passed bills extending enhanced FMAP for six months, many states built their budgets on the assumption that those extra funds would be available. However, the bills have not received final passage.

NCSL said lack of the funds would generate new FY 2011 gaps for at least 25 states that budgeted the enhanced FMAP funds.

"States are in a tenuous fiscal position, teetering between delicate revenue improvement and the end of the federal stimulus funds," Ms. Eckl said. "If Congress decides not to extend enhanced FMAP rates for six months, it will be another blow to the states' fragile fiscal recovery."

NCSL said that absent FMAP money, states would face a new budget gap in excess of \$12 billion.

The potential gaps range from \$1.5 billion in California to \$9 million in Vermont. Twenty-one states project gaps in excess of \$100 million, with several above \$500 million.

Two-thirds of the states already forecast another round of double-digit budget gaps in FY 2012.

Although most states do not have budget forecasts extending to FY 2013, nearly half do. So far, 23 states project budget gaps for FY 2013 that can be traced in part to the end of federal stimulus funds.

NCSL said its preliminary budget report released Tuesday was based on data collected from legislative fiscal directors in late June and early July. It provided complete or partial information on 49 states.

HISTORY PANEL SUGGESTS SPECIALTY LICENSE PLATE TO SUPPORT PRESERVATION PROGRAMS

Ohio drivers might soon have the option of purchasing a license plate reflecting Ohio's involvement in the Civil War while at the same time supporting state history organizations, officials suggested Tuesday.

Members of the Legislative Commission on the Education and Preservation of State History discussed a number of recommendations to protect Ohio's history. The group is required to submit a report of such suggestions by Sept. 1.

Recommendations came from the Ohio Historical Society, Cincinnati Museum Center and the Western Reserve Historical Society along with personal suggestions of panel members.

One possibility that elicited an enthusiastic response from panel members was the creation of a history license plate, the sale of which would produce revenue for certain projects operated by the historical groups.

The suggestion was offered by OHS as a way to pay for a History on the Go grant program, also among the group's proposals.

Chairman Sen. Bill Seitz (R-Cincinnati) said he thought the license plate idea could be particularly appropriate as the 150th anniversary of the commencement of the Civil War approaches in April 2011.

The panel heard testimony from James Bissland, emeritus faculty member at Bowling Green State University, at its May meeting about the significant role Ohio played in the Civil War.

Sen. Seitz said the state has never, to his knowledge, promoted Ohio's role in the Civil War, but said he thinks there might be a market for a history license plate that pertains to that conflict.

License plate sales could also support Ohio's Civil War 150 organization that is involved with the anniversary celebration, which runs from 2011 through 2015.

OHS had suggested a General Revenue Fund allocation as an option to support that program, but Sen. Seitz said he was skeptical that proposal could gain approval from the General Assembly.

Panel members were content with the option of using history license plate revenue and private funding to fuel Civil War 150.

Other considerations the panel discussed during its meeting was a record filing fee versus public record copy fee as a way to drive revenue for OHS.

Sen. Seitz said he supported a copy fee because any increases in court fees often are shot down by the legislature.

Currently, municipalities are able to charge only for the cost to copy a public record. This would be an additional fee, half of which would go to OHS and half of which would remain in the county where the transaction occurred.

Rep. Kathleen Chandler (D-Kent) suggested the fee be five cents per page for small quantities, one cent per page for other quantities and free of charge for large orders.

"We could still come up with a reasonable amount of money if we did it that way," she said. Officials said they were unaware how much revenue such a fee would generate.

One proposal already in process was for an income tax check-off that would allow individuals to donate to OHS. The measure (HB 75) passed the House but got hung up in the Senate when legislators added a check-off for the American Red Cross.

Panel members agreed to recommend approval for the OHS check-off and to not voice an opinion on the Red Cross portion of the bill.

The group also plans to recommend to the Department of Education that it include National History Day in its model curriculum as an option for senior projects. Sen. Seitz asked Rep. Richard Adams (R-Troy), who sits on the House Education Committee, to ask ODE if this proposal would cause officials "a lot of heartburn."

Panel members declined to make a decision about changes to regulations regarding the protection of burial sites, saying they did not have enough expertise.

OHS Director Burt Logan said the recommendation is to include protection of American Indian remains in the law.

Panel members said they could see a potential problem if a private property owner comes across human remains and that area becomes off limits. "I can see where a private property owner would really find it offensive to find out they can't utilize the property forever," Rep. Mark Okey (D-Carrollton) said.

Sen. Seitz recommended OHS speak with the Ohio Township Association because the responsibility would fall on townships. He asked for a recommendation from that group before the Sept. 1 report due date.

OHIO BUSINESS: REPORTS SAY BOLSTER EXPORTING

Manufacturing exports from the state have been on the rise in recent years, but Ohio and the nation should do more to continue the upward trend, according to a pair of recent reports.

The studies by the Brookings Institution and the Greater Ohio Policy Center recommend policies that promote increasing educational attainment, workforce training based on industry demand, and greater investment in innovation to boost the state's competitiveness.

Ohio is well positioned to grow its manufacturing export base, Greater Ohio said. The state already trades extensively with Brazil and China, which the Brookings Institution identified as the greatest potential markets for future export growth, along with India. Sales to Brazil increased 47% from 2007 to 2008.

While Ohio metropolitan areas surpass the national average for goods exports, they are comparatively weak in innovation as shown by patent rates, according to the Brookings report. Nationally, metros that are manufacturing oriented or export intensive typically tend to have higher patents rates.

The report also found:

- Akron, Cincinnati, Cleveland, Dayton, Columbus, Toledo, and Youngstown together generate \$49.4 billion in exports each year.
- Transportation equipment manufacturing comprised the greatest share of exports for most of Ohio's cities, except Youngstown, where primary metal manufacturing accounted for 37%.
- Cleveland had the state's highest export production at \$12.7 billion a year. It was ranked 21st out of the country's largest 100 metros.
- Cincinnati was the state's second highest exporter at \$11.8 billion a year. It ranked 22nd in the nation.

Wednesday, July 28, 2010

STATE FAIR OPENS 157TH RUN; COLISEUM NAMED IN HONOR OF FORMER GOV. TAFT

Sporting bright red Ohio State Fair shirts, Gov. Ted Strickland and his wife, Frances, kicked off the 157th exposition Wednesday by cutting a red ribbon, touring part of the 365-acre fairgrounds, and lauding accomplishments of former Gov. Bob Taft.

Mr. Strickland, a Democrat who has served four years in office, and Mr. Taft, a Republican with eight years in the post, exchanged greetings prior to a midday ceremony at which the Ohio Expositions Commission named the historic Coliseum in honor of the GOP governor.

Gov. Strickland said his predecessor had dedicated his life in service to others.

"He has lived a life of dedicated service to this great state of ours. So I am very honored to be a part of this occasion as we name this historic building after Gov. Bob Taft," he said.

"Since Bob volunteered to join the Peace Corps more than four decades ago, he has focused his attention on contributing to the well-being of others. And through his time in public office he worked hard for all of us. And now that his time in public office has ended, the effects of his work still cascade across Ohio," Mr. Strickland said.

He said thousands of students attended classes in new or renovated schools as a result of Mr. Taft's commitment to the construction program, and cited the GOP official's creation of the Ohio Third Frontier research and high-technology development program.

Gov. Strickland also credited Mr. Taft, now teaching at the University of Dayton, with creation of the Clean Ohio initiative, and an extension of health care coverage for children.

And, the governor said, Mr. Taft was "truly a friend" of the Ohio State Fair.

The comment led into a story about a gubernatorial tradition, attributed to former Gov. James A. Rhodes, of spending a night on the fairgrounds.

"Now Gov. Taft, you are an honest man. I don't know if you did what I did, but I spent a night in the Dairy Barn, on the hottest night of the year, with a glaring light about six feet above my head," Mr. Strickland said.

"I'm glad I was there," he said, drawing laughter from an audience that included former Lt. Gov. Bruce Johnson, former Attorney General Jim Petro, and members of the Taft Administration.

"But as some of you know I've changed my location to the natural resources area, in a pup tent," Gov. Strickland said.

To which Mr. Taft leaned over and replied: "Smart move."

Built in 1918, the Coliseum is a fairgrounds landmark that has been home to numerous sports, agricultural and youth events.

Mr. Taft wore a white, western-style hat. He joked that he was wearing it to make him look taller.

"I think the last time I wore the hat was at the fair, so I thought I better bring it out today," he said.

"It's a special honor that Gov. Strickland would be here today. Governors appreciate what governors go through, and Ted and I have a two-person fraternity here, and Hope and I have really enjoyed getting to know Ted and Frances Strickland as well," Mr. Taft said.

"As some of you know Hope - who is on vacation today, could not be here - but Hope and Frances have a wonderful partnership going on at the Governor's Residence Gardens to build and preserve that and make that a real showcase for Ohio," he said.

Mr. Taft described the event as "an important day" for him.

"I have so many good memories and a real love for this fair. In fact ... this is my little picture book that we did when I was leaving office - not at state expense, of course - but it's got four pages devoted to the Ohio State Fair, pictures, and commentary and what it means to me," he said.

"And it is a special place, an extraordinary place, it's a meeting ground for people all over the state of Ohio. People come here, they make lasting friendships," the former governor said.

After taking part in the opening day ceremony, the Stricklands walked to the "Goat Playground," one of the new attractions for 2010, that lets visitors "stop by and see goats in action on their very own playground."

At the Farmers Market tent with Director Robert Boggs of the Department of Agriculture, Mr. Strickland stopped at Jeni's Splendid Ice Creams for a cup of salty caramel.

He later joined Director Jolene Molitoris at the Department of Transportation's exhibit. A sign noted that ODOT was making history by "investing" \$2 billion in construction in 2010, and plans to do so again in 2011.

At the adjacent Department of Public Safety display, the governor met with new Director Thomas Stickrath. Also on the tour: the Agriculture/Horticulture Building with displays from the Ohio Farm Bureau Federation and others; and a building with food stands featuring products of the state's poultry, dairy, and other agri-trade associations.

Attendance at the 12-day fair reached 826,037 in 2009, its highest total since 2004 (850,218).

Virgil Strickler, general manager, tied success of the event to weather conditions. "All it comes down to is weather. We need great weather," he said. The fair continues through Aug. 8.

Thursday, July 29, 2010

BWC REPORTS INVESTMENT GAINS, RAISES MEDICAL PROVIDER RATES

The Bureau of Workers' Compensation's investment portfolio generated a net return of 12% during fiscal year 2010, for a market value of more than \$19 billion, the agency announced Thursday.

In a presentation to the BWC Board of Directors, Chief Investment Officer Bruce Dunn said the value of the agency's investment portfolio increased from about \$17.2 billion at the end of FY 2009. The unaudited results show a 13% net return on bonds and 12.3% gain for equities over the past fiscal year.

"These impressive gains are a direct result of careful research and analysis by our professional investment staff and consultants," Administrator Marsha Ryan said in a statement. "They are employing best practices and working closely with the board to make thoughtful investments that are producing profits at a time when similar funds are struggling."

The bureau attributed the profits to several actions that the board's Investment Committee has taken over the last two years, including: adopting a strategy to diversify fixed and equity investments within the State Insurance Fund, updating the fund's investment policy statement; and selecting passive investment managers to execute the new strategy.

In other business, the board updated the bureau's professional providers and medical services fee schedule, which sets reimbursement rates for the more than 64,000 certified medical providers. The revisions are expected to increase rates by nearly 3% when they going into effect Oct. 25.

New codes to identify medical services and procedures will ensure that injured workers receive appropriate care, ease the reimbursement process, and clarify which benefits are covered under BWC's plan, the agency said.

Board members also got an update on efforts to implement recommendations from Deloitte Consulting LLP's 900-page study of the state's workers' compensation system, which the legislature ordered a few years ago (HB100, 127th General Assembly).

During the previous fiscal year, 46 of the 146 recommendations were implemented and 59 were "addressed," the bureau said. BWC's internal team reached 84% of its implementation goal for the year.

"The comprehensive study continues to serve as a valuable tool, providing direction toward the fundamental improvements that were necessary for BWC's long-term strength," Administrator Ryan said. "Each recommendation we put into action increases the quality of our operations and our service to Ohio businesses and injured workers."

The board also graded its own annual performance, giving itself an average of 4.5 on five-point scale. Members identified several steps for improvement.

FEDERAL GOVERNMENT REJECTS CHALLENGES TO REGULATING GREENHOUSE GASES

As environmental groups decry the U.S. Senate's decision to forego climate change legislation, the U.S. Environmental Protection Agency rejected claims from the Ohio Coal Association and other groups that the administration relied on flawed science.

Responding to petitions to reconsider the administration's "endangerment finding," which requires regulation of greenhouse gases through the federal Clean Air Act, the agency reviewed the underlying scientific assumptions and found that climate science "is credible, compelling, and growing stronger," U.S. EPA said.

"These petitions - based as they are on selectively edited, out-of-context data and a manufactured controversy - provide no evidence to undermine our determination. Excess greenhouse gases are a threat to our health and welfare," Administrator Lisa Jackson said in a statement.

"Defenders of the status quo will try to slow our efforts to get America running on clean energy," she added. "A better solution would be to join the vast majority of the American people who want to see more green jobs, more clean energy innovation and an end to the oil addiction that pollutes our planet and jeopardizes our national security."

Ohio Coal Association joined the U.S. Chamber of Commerce, Virginia, Texas, Peabody Energy Company, and several industry groups in challenging the scientific evidence U.S. EPA used to determine that excessive greenhouse gases are harmful to human health and the environment.

The agency said the petitioners assert that hacked emails from scientists at the University of East Anglia betray a conspiracy to manipulate global temperature data. "EPA reviewed every e-mail and found this was simply a candid discussion of scientists working through issues that arise in compiling and presenting large complex data sets. Four other independent reviews came to similar conclusions."

Other claims challenged the findings of the Intergovernmental Panel on Climate Change (IPCC), the U.S. National Academy of Sciences, and the U.S. Global Change Research Program.

Ohio Coal Association President Mike Carey said he wasn't surprised by U.S. EPA's administrative review because the agency is determined to regulate greenhouse gases.

"We are continuing our litigation and we will proceed accordingly," he said in an interview. The association is among several groups fighting the endangerment finding in federal court.

Meanwhile, a coalition of environmental groups reacted with dismay to reports that the U.S. Senate would not include provisions designed to address climate change in energy legislation this year.

"There's no doubt that big oil, big coal, their army of lobbyists and their partners in Congress are cheering the obstruction that blocked Senate action on clean energy and climate legislation," Clean Energy Works said in a joint statement. The coalition includes Environment Ohio, Ohio Environmental Council, and the Ohio Farmers' Union.

"Their cheers are cheers for China taking the lead in clean energy jobs, the Middle East getting more of our money, and America getting more pollution and fewer jobs," they said.

NCSL: POLLSTERS WARN OF ANTI-INCUMBENT SENTIMENT, DISSATISFACTION WITH WASHINGTON

As a national meeting of state lawmakers wound down in Louisville this week, two prominent pollsters had some sobering news for those seeking reelection this year.

Neil Newhouse and Peter Hart also warned Democrats to be prepared for a cyclical downturn given general dissatisfaction with the current administration in Washington, D.C., the National Conference of State Legislatures reported.

Mr. Hart, a Democrat, and Mr. Newhouse, a Republican, noted the correlation between the fortunes of the party in power and public sentiment heading into midterm elections.

When a president's approval rating is below 50%, that party has lost an average of 41 congressional seats in midterms dating to 1962, Mr. Newhouse said. The most recent Gallup Daily Poll pegged President Barack Obama's approval rating at 45%.

The pollsters said the trends also trickle down to legislative races, putting Democrats across the nation in what Mr. Newhouse described as a "precarious position" this fall. His party predicted Thursday that the Ohio House would be among four legislative chambers to tilt Republican this fall. (*See separate story*)

However, both acknowledged that the cycle is shaping up as ant-incumbent regardless of party affiliation.

"This is spread everywhere," Mr. Hart said.

"If you think you're safe, think again," he added. "In this case, both parties are held in negative regard."

The NBC News/Wall Street Journal poll for the week of July 17-21 indicated only 35% of Americans want to reelect their incumbents in November, while 57% want to elect someone new.

General unhappiness with incumbents is reflected in poll results showing: 47% believe the economy is "stacked against" them; 33% believe the new health care law will hurt them; and 53% believe immigration does more harm than good, the pollsters said.

"This is an election that has lots to do with fears and uncertainties," Mr. Hart said.

Mr. Newhouse said the key for incumbents will be to spread the right message between now and the election.

Friday, July 30, 2010

STATE TO BORROW FIRST \$50 MILLION FOR VOTER-APPROVED VETERANS' BONUS PROGRAM

Ohio expects to go into financial markets Monday to borrow an initial \$50 million to pay for voter-approved bonuses to residents who are veterans of military service in the Persian Gulf, Iraq, or Afghanistan.

The Ohio Department of Veterans Services hopes to begin accepting applications from eligible veterans early in September, although a specific date has not been determined pending completion of computer program testing.

First of the bonus checks would be mailed later this fall.

Spokesman Jim Gravelle said Thursday the department is trying to develop a system in which applicants who submit their discharge papers need only to verify residency and confirm where and when they were stationed.

Then the computer would calculate the amount of money to which they were entitled.

"That's being tested now and it's going to take a couple of weeks," Mr. Gravelle said. "The estimate I'm giving is early September" to begin accepting applications.

Individual veterans could be eligible for a maximum \$1,500.

Military personnel from Ohio who served in the Persian Gulf between Aug. 2, 1990 and March 3, 1991; Afghanistan since Oct. 7 2001; or Iraq since March 19, 2003, would likely qualify for \$100 per month. The total benefit for all in-theater service is \$1,000.

If, during the same periods of time, a veteran stationed anywhere else in the world would be entitled to \$50 a month, for a maximum of \$500.

"You can combine your in-theater combat service with all of your service anywhere else in the world to a maximum of \$1,500," Mr. Gravelle said.

Voters last November authorized the state to borrow up to \$200 million to pay for the bonuses. The state will sell bonds in increments of \$50 million as needed depending on the volume of applications received.

An estimated 200,000 Ohio veterans are believed eligible.

The Fitch Ratings service in New York on Wednesday attached an "AA+" label to the initial \$50 million of general obligation bonds. They are secured by the full faith and credit of the state, which means tax revenue - with the exception of lottery proceeds and highway user receipts.

Fitch said the bonds were expected to sell via negotiation on or about Aug. 2. The ratings service also affirmed the "AA+" rating, its second highest, on about \$7.1 billion of outstanding general obligation bonds of the state.

"Ohio's 'AA+' general obligation rating reflects the state's careful financial management, ongoing record of maintaining fiscal balance, and a moderate, rapidly amortizing debt burden, tempered by a severely weakened economy that remains closely tied to the troubled manufacturing sector," Fitch said.

"The state's financial management is sound, with the state consistently maintaining budgetary balance, including during the downturn," the agency said in a news release. "State debt management is conservative."

Separately, Fitch Ratings assigned an "AA" rating to the Ohio Building Authority's \$202.35 million of state facilities refunding bonds that are expected to sell via negotiation on or about August 16.

Included were:

- \$115.85 million state facilities refunding bonds (Administrative Building Fund Projects), 2010 series C.
- \$72.15 million state facilities refunding bonds (Adult Correctional Building Fund Projects), 2010 series A.
- \$14.35 million state facilities refunding bonds (Juvenile Correctional Building Fund Projects), 2010 series D.

Fitch also affirmed its "AA" rating on about \$2.5 billion of outstanding appropriations backed bonds of the state.

OBM: OHIO SPENDS \$2 BILLION IN FEDERAL RECOVERY FUNDS DURING MOST RECENT QUARTER

More than \$1.9 billion in federal stimulus revenue flowed into Ohio between April 1 and June 30 this year, according to the Office of Budget and Management.

OBM reported Friday it submitted spending data to the federal government on 76 American Recovery and Reinvestment Act program loans, grants and contracts.

The data shows 20,991 direct, full-time equivalent positions were created or retained in Ohio during the time period with stimulus dollars administered by the state. The data from all prime ARRA recipients was to be released to the public Friday through the federal ARRA website.

"The federal stimulus resources continue to create jobs and economic opportunities in Ohio," OBM Director J. Pari Sabety said in a release. "During the last quarter we saw a significant increase in spending of ARRA dollars, especially in construction-related projects, aiding in Ohio's recovery."

The draft data only reflects ARRA programs that must report information. It does not reflect ARRA tax relief to roughly 95% of Americans; bond assistance; Medicaid spending; child support initiatives, foster care and adoption assistance; unemployment compensation; supplemental security income; COBRA, Tax Credit Assistant Program; Food Assistance Administration; or Temporary Assistance for Needy Families Emergency Fund, according to OBM.

Vice President Joe Biden said the national preliminary totals are encouraging.

"These reports will show over 750,000 jobs were directly funded by the Recovery Act in the most recent quarter - the highest total so far," he said in a statement. "This record number reflects the early impact of our surge in projects across the country as part of 'Recovery Summer.'"

"Given that these 750,000 jobs were funded by just 17% of funds paid out so far - or about \$80 billion, today's reports are another indication that the Recovery Act is on-track to create or save 3.5 million jobs overall by the end of this year," he said.

PUCO ISSUES DRAFT TELECOM RULES, HEARS CHALLENGE TO ENERGY EFFICIENCY ORDER

State utility regulators unveiled proposed rules this week to implement complex legislation designed to largely deregulate traditional telephone service in Ohio.

Before recessing for the summer, lawmakers nearly unanimously approved a major overhaul (SB 162) of telecommunications regulations and groups on both sides of the issue are now focused on the Public Utility Commission of Ohio's rulemaking process.

Interested parties have until Aug. 30 to comment on the draft rules and reply comments are due Sept. 30. The legislation gave PUCO 120 days from the effective date to adopt regulations to implement the changes, which largely free local telephone companies from state oversight of rates and quality of service.

The industry said changes were necessary to allow telephone companies to compete with less regulated wireless, cable and Internet providers. Ohio's 42 incumbent local exchange carriers have lost about 43% of their lines since 2001, according to the Ohio Telecom Association.

A coalition of advocacy groups led by the Ohio Consumers' Counsel opposed the bill, arguing it would result in rate increases on elderly and low-income customers and a reduction in service quality.

Consumers' Counsel Janine Migden-Ostrander said the agency planned to actively participate in the rulemaking process.

"We stand ready to carefully review the draft rules to protect consumers to maximum extent possible, given the concerns that we have with the telephone deregulation law," she said in a statement. "This will be the most comprehensive telecommunications rulemaking to be undertaken in several years."

Energy Efficiency: In other business, PUCO moved to allow a rehearing on procedures to measure and verify electric utilities' the energy efficiency and peak demand reduction efforts that were called for in last session's energy bill (SB221, 127th General Assembly).

FirstEnergy Corp. objected to the commission's decision to tie savings for equipment that has reached the end of its useful life, or involves programs other than those targeting the early retirement of functioning equipment, to the highest of state or federal standards or current market practices, according to the order.

Industrial Energy Users-Ohio took issue with the use of a blanket prohibition on the use of incentives associated with energy efficiency projects that have a payback period shorter than one year.

OCC opposed the rehearing, arguing that PUCO had previously addressed the groups' arguments.

ADMINISTRATION DEVISES PLAN TO DEAL WITH TOXIC GRAND LAKE ST. MARYS

Gov. Ted Strickland joined several cabinet members in Celina Friday to unveil the administration's strategy to combat the burgeoning toxic algae bloom choking Grand Lake St. Marys.

The administration's "action plan" outlines several responses to the problem of reactive phosphorus that is nourishing the toxin-producing blue-green algae, or cyanobacteria. The approach calls for efforts to reduce the fertilizer that is continually recycling in the water and to prevent additional external loading.

"We know that our businesses and families have struggled with the loss of activity at the lake this summer. This crisis has been generations in the making, and it will take all of us working together to try to restore this lake to health and prosperity," Gov. Strickland said in a statement.

The Department of Natural Resources will attempt an in-lake demonstration project to tackle the internal loading problem, the Governor's Office said. The Ohio Environmental Protection Agency will provide about \$250,000 for "alum treatment" to begin on a limited basis in September before being considered for expansion in the whole lake.

The plan also recommends reviewing the current small-scale "algae flipping" pilot project currently underway to determine if a larger-scale project is possible, in which case the Ohio Department of Agriculture will provide about \$25,000 for the effort, the administration said.

OEPA Director Chris Korleski said he and ODNR Director Sean Logan listened to the concerns of the local residents during a visit a few weeks ago.

"We emphasized the state would not be idle, and today's release of the action plan represents our continued commitment to the community and the improvement of the lake," he said.

The administration also outlined efforts to reduce the problem of external phosphorus loading, such as promoting improvements to manure hauling practices, limiting discharges from nearby sewage treatment plants, and educating local homeowners on septic systems and lawn management practices.

Furthermore, ODNR will seek the legislature's support for additional regulatory authority to restrict manure application during the winter and the requirement for farms with more than 350 tons of manure annually to develop a nutrient management plan.

"We look forward to working with legislators, federal and local agencies, individual landowners, and citizen groups to implement these actions to improve the lake's water quality and the community's economic prospects," Director Logan said.

OEPA will test the lake water weekly and make the results public, the administration said. OEPA and the Ohio Department of Health will ask the federal government to develop national standards for the additional toxins that have been found in the water.

OHIO IMMIGRANT POPULATION RELATIVELY SMALL BUT INCREASING, REPORT SAYS

The proportion of immigrants in Ohio is far smaller than the national average, but the population has been increasing in recent years, according to a report released this week.

Ohio was home to about 427,000 immigrants in 2008 - about 3.7% of the overall population, according to the Immigration Policy Center report. In 1990, the foreign-born residents represented about 2.4% of the state's total.

About 48% of Ohio's immigrants were naturalized U.S. citizens in 2008, but comprised only about 2.4% of the state's total registered voters, the report said. Illegal immigrants make up about 1.1% of the state's workforce.

Nationally, immigrants accounted for 12.5% of the country's total population in 2008, a percentage that increased from 7.9% in 1990. About 36% were naturalized U.S. citizens, 31% were legal permanent residents, 30% were unauthorized, and 4% were legal temporary migrants in 2008.

Latinos made up about 2.6% of Ohio's population in 2008 and Asians comprised 1.5%, the report said. During the 2008 elections they represented about 1.3% and 1% respectively of the total vote - taken together a total of nearly half of the 259,000-vote margin for Barack Obama.

About 70% of children in Ohio's immigrant families were U.S. citizens in 2007, the report says, citing data from the Center for Social and Demographic Analysis at the University of Albany.

Franklin County was home to about one quarter of the state's foreign-born population, which increased from 3.4% in 1990 to 8.6% in 2007, largely due to the influx of about 45,000 Somali immigrants, the group said.

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