



**Gov. John R. Kasich's State of the State Address
Wilmington, Ohio
Tuesday, February 24, 2015**

SPEAKER ROSENBERGER: The House will come to order.

I want to welcome you all here to Wilmington, Ohio. I'm really glad to be home. Before we get started and I make my introduction, I just first want to take the opportunity to thank my neighbors, my friends, our community, the legislators, the governor, Senator Faber, and all those who have made today possible. This has been a great day to showcase Wilmington, Ohio, southwest Ohio, but more importantly our number one asset as a state, and that's our workforce, our people, and the spirit of everyone, and I'm so blessed—

(Applause.)

SPEAKER ROSENBERGER: And we're so blessed to have you each here today to have this great event in the city of Wilmington. And to Wilmington and to the community, thank you. Thank you for hosting. Thank you for sharing your story. Thank you for sharing your example. Thank you for sharing what you do. God bless you. I will always love you. Thank you for the opportunity to represent you. And I look forward to continuing.

Before we get started any farther, I want to take the moment to recognize those that are most important to every one of us. So if you're a military veteran, if you're a firefighter or a police officer, if you're EMS personnel, if you're in this room, please rise and be welcomed.

(Applause.)

SENATOR FABER: I've had the privilege of having a great partner in Senator Peterson here as we represent the people of the 91st District and as he represents those of the 17th Senate District, but I've also had a great partner in his leadership role. It's my great privilege to introduce a man who does what's right for the people of Ohio to make sure that our number one priority is a great quality of life. Ladies and gentlemen, please welcome the president of the Senate.

(Applause.)

SENATOR FABER: Is a quorum of the Senate present? The chair recognizes President Pro Temp Senator Weidner.

MR. WEIDNER: Is there a quorum of the House present?

SENATOR FABER: The chair recognizes Speaker Pro Temp, Representative Amstutz.

MR. AMSTUTZ: A quorum of the 51st General Assembly being present, this joint session will come to order.

SENATOR FABER: I invite everyone to stand for the presentation of colors by the Wilmington Veterans Post 49 Memorial Color Guard Unit. Please remain standing thereafter for the Pledge of Allegiance.

(Presentation of Colors.)

(Pledge of Allegiance.)

SENATOR FABER: Please be seated.

Ladies and gentlemen, it is my distinct honor and pleasure to present the governor of the great state of Ohio, Governor John Kasich.

(Applause.)

SENATOR FABER: Ladies and gentlemen, Governor John Kasich.

(Applause.)

GOVERNOR KASICH: Thank you.

Thank you, Mr. President. Thank you, Mr. Speaker. A little nervous tonight? First time? Yeah. Give him a great round of applause. Our brand-new speaker.

(Applause.)

GOVERNOR KASICH: I want to thank you, members of the General Assembly. Thanks for coming here tonight. I want to thank the members of my cabinet who had a fantastic day in Wilmington. I'm told over 80 meetings, including a meeting with 200 veterans at a jobs fair, and that's why we do this, so we can come into the community and help.

And my staff—my cabinet and my staff, God bless you. You know, I'm just one person that gets to direct, but without you we can't do it. So I want to thank you.

And, of course, to my special wife, Karen Kasich. Karen, would you stand and let them—let them recognize you?

(Applause.)

GOVERNOR KASICH: Yes. That's right. She has to live with me. That's worth a standing ovation.

And I want to thank the Roberts family for hosting. This is really a unique spot and we are just thrilled to be here.

Some of you may wonder why I asked the General Assembly to come right here to Wilmington tonight, and I really want to tell you why I am here. A lot would think it's just because of Cliff, and I love Cliff, and I'll tell you a little bit about Cliff and Wilmington and me a little bit further along.

But I came here to Wilmington during my campaign in 2010 and I saw the devastation that this town had suffered. It was written on the faces of the people of Wilmington, and these are people who had played by the rules. They didn't do anything wrong. So much reminds me of stories across the country, including in my old hometown. They worked hard, but one day the rug was pulled from

under them. People lost their savings. People lost their homes. A lot of people were losing hope in what their future was going to be.

And many of them were only able to feed their families, thanks to the good work of the people at food pantries like Sugartree Ministries. What a great operation it was. Yes, you can applaud for Sugartree Ministries.

(Applause.)

GOVERNOR KASICH: In 2010, I visited Sugartree with my campaign staff and my wife. Remember, sweetheart, when we were here?

We left the pantry, and we got back on the bus. And I was getting pretty emotional. I turned to the people who were with me, the people who were on my campaign staff, many of whom had been with me for many years. And I said, "You'd better understand, this is not just another political campaign. Did you see what was happening in that pantry? Did you see the pain, the anguish, on their faces?"

You know, I told them that day, "Our mission is to help fix this community and to restore some hope. Our mission is to help get people back on their feet in places like Wilmington." And, you know, folks, I have very good news to report. The state of the state is getting stronger, and we have regained our footing, but we must act decisively now to seize the greater opportunities that await all of us. We are better today than we were, and we are rising.

(Applause.)

GOVERNOR KASICH: Wilmington is in many ways a reflection of Ohio. We are doing better, as shown by going from—think about this—89 cents in our rainy day fund, and an \$8 billion shortfall to a balanced budget today, and a \$1.5 billion surplus. From 89 cents and 8 billion in the hole, to a balanced budget and a \$1.5 billion surplus, and we are looking forward to adding another \$400 million to that piggy bank, to that surplus for Ohio.

And I have to tell you, not half but nearly half the states are not structurally balanced. They're struggling now to try to figure out how to—how to bring their books in line. And you know what that's like? When you have to go and do major surgery? When you don't know how you're going to put it all together?

And it happened here because we've all agreed to use conservative economics and act like a good old Ohio family that says, 'we've got to go conservative with the money that we have'. We've gone from losing—the record's really frankly amazing that we all should feel proud of—we went from losing 350,000 jobs—that's three and a half times Ohio Stadium—to where we are up almost 300,000 new private sector jobs over the period of the last four years. It's amazing.

(Applause.)

GOVERNOR KASICH: We've gone from very high taxes across the board to the largest tax cuts in America, including tax cuts for the working poor, which is a very important part of our philosophy. We're seeing wages grow faster than the national average, and the unemployment rate has dropped to the lowest level in more than a decade. That is something for all of us to feel good about and to share with our friends and neighbors across Ohio.

This is all really great stuff. But if I were to leave this hall tonight and say that our mission is accomplished, there's no way I would be doing my job. We haven't finished our mission. We have a lot more battles to wage, and I cannot wage them without you, my colleagues in the General Assembly. I can't do it unless we all work together.

Earlier this month I proposed a budget for the next two years. And while people may think budgets are about numbers and dollars, that's not really it. I've been working on budgets since I was just a—kind of a kid. But they were never just about numbers. They are about people. Budgets are about vision. They're about economic growth, a 21st century education system, and not leaving anybody behind, particularly those people who live in the shadows.

We're starting to get a glimpse of where our vision can take Ohio when we work hard and we make the tough and right choices. But we have more work to do. We need to win more battles against the status quo. We can't drift, folks. We cannot drift. We have to continue to win battles against the status quo if we want to take Ohio where we want it to be, where we need to be, and that means we have to continue to battle special interests that want to lock us in where we are today.

And the plan my administration has laid out provides a path that I believe will propel us higher and higher. I'm proud of what we've done so far, and I'm grateful that I've had the chance to serve alongside leaders with vision and a certain sense of toughness, because leadership is the willingness to walk a lonely path. Leadership is not a finger in the air to figure out who's going to be with you. It's not about who likes you. It's about using your judgment to deliver the best results.

And I've been able to serve with leaders just like this. Two I want to mention: Senate—former Senate President Tom Niehaus. He's in the audience tonight. I'd like him to stand. Where is Tom Niehaus? Way in the back. Give him a round of applause.

(Applause.)

GOVERNOR KASICH: And, of course, former Speaker of the House Bill Batchelder. I'm told he is here tonight as well. Where is Bill? Bill, stand and be recognized.

(Applause.)

GOVERNOR KASICH: You know, I'm grateful to serve with someone like Keith Faber. Keith and I are buddies. You know, that's a really wonderful thing when you can cross the line from “colleague” and you can tease and you can kid. And Keith's my buddy.

And, you know, what can I say about Cliff? I first understood the passion that burns inside of Cliff Rosenberger when he came constantly to see me about the things that we needed to do to get Wilmington on its feet. Always thinking differently, always thinking outside the box, inside the box, with such great passion for the people of Wilmington, for the people of Clinton County, but most particularly here in Wilmington, you could not have a better friend than Cliff Rosenberger.

(Applause.)

GOVERNOR KASICH: His heart and soul is committed to you.

(Applause.)

GOVERNOR KASICH: And then how about Bob Peterson? He's one of the great ones, too. Where is Bob Peterson? Bob, stand up. Get recognized. He's also a great leader here.

(Applause.)

GOVERNOR KASICH: So I've said that I'm proud about what we've been doing, but let me be clear about what is making a difference. It's balanced budgets. It's surpluses. It's smart management. It's common sense regulations. Thank you, Mary Taylor for all of your work on common sense regulations. It's tax cuts.

(Applause.)

GOVERNOR KASICH: Yeah. Give Mary a round of applause. She's terrific.

(Applause.)

GOVERNOR KASICH: These are the ideas that are producing the economic growth which is making so many of the other good things possible. These accomplishments are sending a message to job creators around the state, around the country, and around the globe that Ohio is open for business. And let me tell you, I talk to them all the time. When I tell them that we were \$8 billion in the hole and now we're \$2 billion in the black, that we've got \$3 billion worth of tax cuts, that we've got a private sector entity that can respond to them quickly when it comes to the need to give them answers on the opportunities for job growth—I talk to them all the time, every week, almost every day. It's hard for them to believe. But now we're starting to get a reputation because what we celebrate here tonight is for real. And particularly when compared to others—it's impressive.

From here we are now poised to take what I believe are major leaps forward so we can begin locking down the progress we've made and preparing for the challenges that are looming all too close on the horizon. Challenges, like the aging of our workforce as baby boomers retire. We're getting older in Ohio. Understand the implications of not being able to refill those jobs with young people. We face the inevitable next economic downturn. One minute we're up; the next one we're down. Just look at the stock market. Look at the economic news and the unexpected crises that always seem to strike. They always seem to strike when we least expect it.

I believe the most important thing that we can do to plan ahead is to continue strengthening Ohio's economy by further cutting taxes, and that means we must restrain government spending. We need to cut taxes and we need to restrain the growth of government.

I'm proposing that we cut taxes by \$500 million on top of the \$3 billion in tax cuts we've already made because high income taxes punish risk taking. High income taxes punish risk taking, investment and job creation—and they drive some of our best and some of our brightest to other states in search of lower taxes and better opportunities. And you all know what I mean. I don't care what part of Ohio you come from—you know that some of our best and our brightest and most successful—they leave. Those are our jewels, and yet they go other places. So we've got to continue to do the things we need to do to cut their taxes.

The budget I've proposed holds growth to below historic inflation. It's only 2 percent the first year and 2 percent the next—2 and a half percent the next year. So think about this. We want to restrain the growth in government spending, and it is critical that we grow at a level where we can meet our priorities, but at the same time can have the space for tax cuts.

That doesn't mean we don't invest in some priorities, like education, but we're always looking for ways to innovate and improve and reduce because our administration has been successful in doing that.

We've been able to keep growth in check so that there's money to give back to Ohioans in the form of a \$500 million tax cut because we have restrained ourselves, we're able to give 500—a half a billion dollars—back to the people of this state. So—

(Applause.)

GOVERNOR KASICH: So now we're going to have a little bit of an explanation of all this. So to make sure we're all on the same page, let's remember what tax cuts do to strengthen Ohio. When people get to keep more of their money, the money they earn, they have more control over their lives. When they get to keep more, they've got more control. They have more power to decide their futures, more flexibility to respond to changes in their lives or changes in the economy.

Folks, it's not the government's money that we let them keep. It's Ohioans' money. It's our money, and we want them to keep as much of it as possible. Because what they do, they will always know how to spend it better than government ever could. In other words, when they've got the money, they're going to do a better job of exercising choice than any government will ever do for them. Don't forget that.

(Applause.)

GOVERNOR KASICH: But here's another thing you need to understand. Low taxes signal to job creators that Ohio is a safe and attractive place to invest. When you're looking at investing, you want to go where things are solid, where budgets are balanced, where you know that government is being restrained, and you also know that that is a—that is a government or a group of leaders who understand the philosophy of reducing taxes and empowering people from the bottom up. It sends a signal of strength. And that's exactly what we want to do.

Let's take the small business owner, for example. The small business that has more money can hire more people. They can buy more machinery and equipment to increase production. And, therefore, have a better chance to thrive. Small businesses get healthier. They can hire. They can be stronger. This is not a Republican philosophy. This is just a simple fact. High taxes discourage it. High taxes, especially the income tax, punish a small business owner's willingness to take the risk to hire more people, to invest in improvements, and work harder to be successful.

Lower taxes incentivize all of those things. And when small businesses across this state take risks when they invest and expand, it echos throughout our economy. It's called growth. It's called job creation. And it lifts Ohio. That's why—one reason why—we work so hard to cut Workers' Compensation premiums by 12 percent and \$409 million in savings, and we have given private employers \$1.75 billion back in rebates while investing in worker safety. You think that doesn't free up money? Call your small business and ask them. It's also why I want to eliminate income taxes for virtually every small business in our state, to help fuel and accelerate growth.

(Applause.)

GOVERNOR KASICH: I want to send a message that if you want to start a small business with no income taxes on a small business up to \$2 million. If you want to start a small business, if you're an entrepreneur if you're a young person coming out of college, do it in Ohio. Think about it. Do it in Ohio. Come here. Stay here or come here because we're going to give you the help you need to open the doors. And that helps us with the population drain that we've seen in this state.

We see similar—right. Exactly right, Tim.

(Applause.)

GOVERNOR KASICH: We see similar good things happen when families get to keep more of their own money. They've got more power and control over their own lives. They have the freedom to direct their own futures. They can save for a rainy day or for college education, or they can make needed home repairs. Maybe they can go into business or maybe take a special trip, like my mom and dad used to take us when they had a little bit more money in their pockets.

I want to give families this kind of power over their own lives, and that's why I'm proposing to cut the income tax rate by 23 percent. We've already cut Ohio's income tax rate from 5.9 to 5.33 percent, and our budget will take it all the way down to 4.1 percent over the next two years.

(Applause.)

GOVERNOR KASICH: I want you to think about it, and would love you to support it.

(Applause.)

GOVERNOR KASICH: Let's keep going, and let the common sense growth strategy of cutting taxes strengthen Ohio, as well as helping us attract the best and brightest to our state. Don't forget, many of our most successful job creators, CEOs and innovators leave Ohio for states with zero income taxes. And what they do is take their good ideas, their philanthropy with them.

Let me put this in simple terms. So you work a whole lifetime, maybe you build a business. You become successful. My dad carried mail on his back. I used to say, "Dad, how do we feel about the rich?" He said, "Johnny, we don't hate the rich. We want to be one of them."

The fact is, in Ohio, punishing success will drive people out. So these folks, many of whom we all know, whether we live in Steubenville, whether we live in Youngstown, whether we live in Cleveland, whether we live in Toledo, Cincinnati, or Columbus, somebody has an opportunity to cash in what they earned. And they want to sell some stock. I want you all to think about this for a second. They want to sell some stock. If they go to Florida and live, they pay the federal capital gains rate, 20 percent. They don't pay anything else. If they live in Ohio, they pay the federal capital gains rate plus an additional 5.3 percent. Now, what would you rather pay, 25.3 percent in taxes or 20 percent? And for many of these people who were successful, it's a large amount of money. So that's why when you go to Naples and you drive around down there, you keep bumping into Ohioans, because they've all moved. And with the savings they make by not paying Ohio's income tax, they could buy another house down there.

This is not complicated. We can't lose our best and brightest. I'm just pleading with you to understand that we drive them out. And they go down there. When they go down there to Florida, they're building a new performing arts center down in Naples. You know, they're down there hanging out. They're creating jobs down there. I want them building performing arts centers in Wilmington, Ohio, not down in Naples, Florida. I want to keep them here.

(Applause.)

GOVERNOR KASICH: So that's the easy—that's the easy part of it. Okay? And you can all debate about how you want to do it. That \$500 million gets paid for by the savings that we've been able to

generate. But I've got to tell you about something that, frankly, I think is almost as important. I believe we can achieve even more if we start fundamentally changing the way that Ohio's tax system works so that taxes have less of a drag on the private economy.

Look, no tax is great, but some are worse than others. I don't know if you've ever studied that some taxes have a greater drag on economic growth than other taxes. So if we're going to raise taxes—or if we're going to have taxes—let's have the taxes that have the least negative impact on the private economy so we can create jobs.

A certain level of taxes—of course—is inevitable, to pave the roads, run the schools and care for the needy. The government's got to make that money go as far as it can. And those taxes must be generated in the least harmful way. This means we must reduce Ohio's traditional overreliance on income taxes and lean more on consumption taxes.

Now, let me finish this. I think we should lean less on income taxes which punish investment and the growth and seek to lean more on consumption taxes.

Hey, the states that have followed that formula, they're growing faster than we are. They're younger than we are. Where are they? Florida, Texas. Look at what's happening in Tennessee. I have to compete against those states when I make these calls to the CEOs. The fact is that the states that have had either lower or no income tax, like Nevada, people are moving there—they're playing with fire out there and may raise taxes—people are moving from California to Nevada. This is happening. Because money flows to the places that have lower taxes.

Our income taxes are a severe drag on economic growth. They essentially punish those who go out and work harder. We're supposed to celebrate hard work. We all said that we want to create good middle-class jobs and we want to bolster family economics, but they can't grow and they can't thrive without new investment. This is just simple, really simple stuff. Investments must be nourished, not discouraged. By freeing up income taxes, we're freeing up more capital to invest in business to grow and create more good paying jobs.

New jobs need new businesses. Think about what's happening over there in Steubenville. New jobs need new businesses, and new businesses need new investments. And let's encourage investment by cutting taxes. It's common sense. It's a process that begins with investment and ends with higher family incomes.

Folks, this isn't Republican. This isn't Democrat. It's a lot of what we've been trying to do over the last four years, and look at our results. So, let's not like stop. Let's do more of it. More of it so we can have more jobs, so we can secure our place here in America.

If, in addition to keeping our spending in check, we also move away from income taxes and more towards consumption taxes, we're both encouraging hard work we're also giving people more control over the amount of taxes they ultimately pay.

You see, in a consumption tax model, you're in control. You only pay taxes on the purchases you choose to make. You're the one who decides what you buy and how much you spend. And for the poorest Ohioans, we're providing income tax relief so they're not disproportionately impacted by the change in taxes. Our philosophy is to bring the top rate down and help people who are the working poor. That's why we created—for the first time in Ohio—the Earned Income Tax Credit. It's not

refundable, but it's breathtaking that we—I wouldn't say breathtaking—but it is certainly new. It's never happened before. The communities that help the poor, the working poor, we're for it. We created it. Now we're significantly increasing the personal exemptions so that the working poor can have incentives. You've got to remember, the best help for low income Ohioans is a better job, which they have a better chance of getting when we improve Ohio's tax climate.

You know the biggest single cure for poverty? A job. And when we are growing jobs...

(Applause.)

GOVERNOR KASICH: ...okay. So we're talking about not just saving money in government spending, but we're talking about tax reform. Some things go up, other things go down, but to provide the incentive for the least negative impact on the private economy.

Severance taxes, that's another place where we need tax reform. The reason is simple. Our current system doesn't reflect our current reality. Ohio's severance tax was created decades ago, long before Ohio's shale boom was ever envisioned. Its current low rate: 20 cents on a barrel of oil.

I don't know anybody who lives in Ohio who would not like to sign up for this, twenty cents on a barrel of oil. It's unconscionable as far as I'm concerned. It's not right. It isn't fair to Ohioans, because these resources are being depleted. They're never coming back. Ohio's being made poorer as a result of the depletion of our resources. It's like oil and gas itself. Much of the wealth the shale boom is generating is being shipped out of our state, being shipped out of Ohio.

We need to change that while at the same time making sure that Ohio's long time small drillers—the ones who have been around for years and make very little money. We want to just get rid of their income taxes altogether but we also want to make sure that local governments are supported when their calls for first responders and infrastructure or other essential services are forced to go up because of the oil and gas activity. Okay? All of it.

(Applause.)

GOVERNOR KASICH: The prosperity created by our oil and gas deposits can be great not just for shale country. This is not just for part of Ohio but for all of Ohio because it makes possible the income tax cuts that provide an economic boost statewide.

I'm disappointed by those who say the severance tax reform will kill the industry. That's a joke. That's a big fat joke because I've talked to them in private. And I'll tell you what, our severance tax will still be competitive with our energy-rich states. And you know what? Let's reform the severance tax so all Ohioans can have lower income taxes and we all benefit from this whole industry. That's what it should be all about.

(Applause.)

GOVERNOR KASICH: I want to tell you a story. I'm out in Wyoming. I'm meeting with Governor Mead in Wyoming. I said, "Who's the greatest governor?" He said, "One is Governor Hathaway." I said, "Why is that?" He said, "Well, he was an oil and gas guy." "Really?" "Yeah, he was an oil and gas guy. He showed up one day and said we need to have a severance tax and we need to make sure we capture the loss that we're experiencing here because someday we won't have those minerals, and now they're running these big kind of surpluses in this fund, this special mineral fund."

So what happened? Oil and gas guy, he goes to an event with a bunch of the oil and gas people. They say to him, "Well, we supported you in your campaign." He reached into his pocket and pulled out his checkbook and said, "How much do I owe you, boys? Because we're going to have a severance tax in the state of Wyoming." And guess what? He's gone down now as one of the greatest governors in the state of Wyoming. Let's learn from Governor Hathaway. Okay?

(Applause.)

GOVERNOR KASICH: And what the people of this state want—all right. Let's talk about the CAT tax. If you don't do that, by the way, you won't get the reduction in these other taxes. It won't happen. You're either for more economic growth in these lower taxes or you're getting stuck in the status quo. These aren't easy decisions. I understand it. I used to be in office when people would come around and beat on me and say this and that. You know, let's talk about the CAT tax. It was created 10 years ago and has been a huge benefit to large companies, especially manufacturing companies.

Of course we want to see them succeed, but we also want Ohio's small enterprises to succeed because they're the real engines of economic growth. They're the fighter jets of Ohio's economy, small, nimble, able to respond on a dime to changes in the marketplace. It's time for these small businesses to receive the same shot in the arm that big businesses received ten years ago. So let's reform the CAT tax and eliminate small business income taxes altogether. Now, that's a very interesting proposal and a very interesting thought.

(Applause.)

GOVERNOR KASICH: I get it that any change to tax policy is hard. Like barnacles layering up on a pier in the ocean, the special interests cling to the status quo, and any change at all is disruptive to them. Ironically, even change that improves their overall situations, like the tax cuts and the tax reforms in our budget.

But the special interests that are already beating on you are inherently short-sighted. Please keep in mind the basics. We have a larger mission than just making some special interest group happy. Our mission is to lift Ohio.

Now, taken as an integrated package, all of these changes help us continue to diversify Ohio's economy and achieve a crossover of sorts where we can maintain a vibrant manufacturing climate. We want to continue to do the steel. We want to do the cars. We want to do all those things. And a little bit of change in the CAT tax and helping small businesses and the suppliers grow and flourish and hire, and small businesses, by the way, they're the ones that will take a chance an awful lot of time on people who others consider marginal workers. We maintain a vibrant manufacturing company, but we inspire a fire for cutting edge companies and technologies that have the greatest potential for job growth.

There was an article today I read online, the biggest businesses in America have less employees. Look at the ones that are really skyrocketing in this country. Cloud computing, 3-D printing. 3-D printing, have you ever seen it? It's amazing what it means and what it can mean. Telemedicine and the medical devices that make it possible, logistics, financial services, IT services. These are the cutting-edge industries we must have in Ohio. They just can't be somewhere else.

And we can't continue to be known as the rust belt. The only person that I think likes to be called—you know, have a little rust on him, is Bill Batchelder because he's been around for a hundred years. Okay? No one likes rust. We need the new industries. We need the new economy in this state.

As our population ages and more and more baby boomers retire, you know what happens? These kinds of cutting-edge jobs help us keep our young people and help us attract new ones. And when combined with the cool factor we're seeing in our cities, as well as our state's low cost of living, as Al Ratner points out, we can truly take our state to the next level with better, more exciting opportunities for everyone.

We've got to do the heavy lifting and make these bold new choices. You don't have to do everything I want here, and I'm sure you won't. But here's what I'm going to tell you, but most of it is going to be—most of it, if it's based on a good logical argument, I'm fine. But here's what I'm going to suggest to you: if we look back on Ohio and we are only big heavy manufacturing and we forget the cloud computing—where we now have a billion dollar investment, the data and logistics that IBM brought to our state, the medical device companies, the medical imaging companies, the new IT services, the new financial services—that's where the jobs are, folks. That's where the world is going.

You want to keep young people in this state? When they graduate, if they can get an exciting new job, they're not going anywhere. We've got cool cities. We've got low cost of living. We've just got to give them the jobs so they don't have to go somewhere else to get excited about their life. This is what this is really all about.

So I want you to think about this, carefully, please; I ask you to think about it carefully, because I believe the future of our state is at risk. This isn't about John Kasich. This is about this precious state and how I think it will look in 20 years; because decisions we make now, Jim Buchy, are decisions that will affect us a little bit further down the road.

Look, another critical part of our economic revival is education. Our colleges and universities understand this, and I've got to tell you, they have been heroic. I don't think there is another state in America where the presidents of our universities and community colleges have a better relationship with the governor. We work together hand in glove. And I've got to tell you, it's pretty stunning because I asked them to do things that they don't do in any other state.

You remember when we did the capitol bill? I said, "We're not going to spread the peanut butter across the whole slice of bread. We'll do a capitol bill if you'll agree that we can help those who need help without taking stuff for yourself." You know what happened in Stark State? You know what happened in Zane State? They got to build these new centers, the new technology so people could learn the oil and gas industry. And it never happened before.

How about our funding formula? I tell people in our states about our funding formula and they can't believe it. The universities have said we will not take one single dime of public money—not one single dime of public money—until a student completes a course, gets a certificate, or graduates. That's unbelievable, and that helps our kids to get through school quicker, and all these folks have gone along with it.

Now we're telling them we're going to have this big task force and we're going to get into your costs. My friend Keith, he feels about this as passionately as I do. I want to give them a little chance. We're

going to have to study and we're going to look at everything that drives the costs up at our universities.

Now, across this state, this has really touched a nerve. All of the newspapers, Keith, have editorialized in favor of this plan. And you know what they say? We will join Kasich and Faber and we will join Rosenberger as well and we will slice these universities if they do not come back and get this mission accomplished over the period of the next year. And some of them are here tonight, give them a round of applause for their leadership at these universities.

(Applause.)

GOVERNOR KASICH: You know, they're going along with this idea of two-year schools being able to award a bachelor degree. Unbelievable. And they're going to adopt new online competency-based courses. In other words, if you're a nurse and you're 32 and you want to get a bigger certificate, you're going to be able to go online and get that done. And you'll be able to take those courses and get that degree. You won't even have to sit in a classroom if you've got it all together. It's sort of like what we did with the veterans, like when we said if you can drive a truck from Kabul to Kandahar, you don't have to take all those tests and licenses. You can get ahead.

We also want the insurance companies to go online and post curriculum. They all want people. You're working at McDonald's, you think you're stuck, you go down to the public library, Fred, you take the online course at your pace and, if you pass it, you either get a job working at the insurance company or you can get a certificate and a credential for the fact that you now have a skill. We need to make sure we give hope to people who think they are stuck. And that's exactly what these universities are cooperating with us on.

So let's see how it goes. And, Keith, I promise you, and I'm promising you here tonight, if they don't come back here with a plan, you and I are sitting down. It will be a tough day for them, but let's give them a little bit of time. We'll have this task force, and I hope you'll be a major part of it.

With lower costs, and a freeze on tuition, more students can afford college, hopefully finish without the huge debts. And we have \$120 million in this student debt relief fund. Honestly, I think it's like a thimble in the ocean. We know how tough it is. We know you have a lot of debt. We want to do something to help you. It could be related to the fact that if you take an in-demand job and you stay in Ohio for five years, we'll give you the help you want. We think it's absolutely critical.

Now, the strategy of embracing change and thriving from it that our colleges are adopting, it is a model for the country, but it's also a model for our K through 12 leaders, K through 12 leaders who all too often struggle to improve and innovate. It's hard for them. I don't understand all the reasons. I understand some of them. It's not fair to Ohio's children and it's not fair to the dedicated teachers who teach when the innovations are not brought.

We've made our education system a priority, but think about this: we're only going to grow government 2, 2 and a half percent, we're cutting taxes, we put a billion dollars into K through 12 funding—a billion dollars—now we're going to stick 700 million more into K through 12 education.

I checked on this, Randy: \$1.7 billion investment over these four years, the largest investment in education in the history of the state of Ohio, because we consider education and K through 12 education to be a top priority, and I hope you agree with that.

(Applause.)

GOVERNOR KASICH: Let me tell you what the underlying philosophy is. Look, I'm the governor, right? I don't represent a district. So I've got to figure out how to take this money and allocate it across the state in the fairest way possible. So what are we saying? If you can do more for yourself, you should, because there are others who are worse off and need more help. We can't take from schools that are worse off. Let me repeat: we cannot take from schools that are worse off and give it to those who have more. We often do that today. It's not fair. We've got to do better than that.

It's about capacity to help yourself. And we say that if you are poor in property taxes and poor in income and you have more students, we ought to do more to help you. But if you're wealthier in property taxes and wealthier in income—maybe you're losing students—we shouldn't do as much to help you. You can help yourself.

You know, education funding is not about buildings, equipment, or adults, and I'll tell you one more thing that it's not about, it's not about a state printout. It's not about getting some state printout to look at whether you got a minus or a plus. It's about distributing precious resources as best as we can to be in a position where kids can all have an equal chance. Somebody said, "Well, we pay all these taxes in the suburban areas and look at all the money they get in Cleveland." I'll give you about 25 percent of the students in Cleveland who have so many challenges. You grew up in a family where you—where the family's not strong—let me say that. You grow up in a neighborhood where you hear gunshots at night. They deserve a chance, too.

And so the bottom line for me is, let's help those that cannot help themselves and let's have some personal responsibility in those areas where they can. Now, look, this formula—you know, we've monkeyed around with this for so long, and there's some things in here that I'm not even thrilled with, but we're looking at it and we're working at it. But I would ask you as members of the Legislature, keep the principle. Keep the fundamental principle. It's good for our state. It's good for our kids. It's good for our educators. And I believe it can work.

Now, we've done some fantastic things. This third grade reading guarantee. Remember all the hassle we had with that? Now we've got kids who can read. We're not getting them in the seventh grade and then finding out that they can't read. That's a rip-off. We can't do that. The third grade reading guarantee.

How about the Straight A Fund? We had to give them incentives to think about new ways to do things. I was at a gathering of all these Straight A Fund kids in the Rotunda. There were these girls, three of them, 12, 11, and 10, and they came to me. They said, "Mr. Governor, can you take a look at my 3-D printing project?" I couldn't believe it. This little 10-year-old girl is, like, grabbing me by the, by my cuffs, "Come over here and look because I'm excited about learning, because I'm excited about being in school. Thank you for that straight A fund."

And there'll be more. More school choice, giving families more control over how and where to educate their kids, including technical and vocational education. Parents, technician and vocational education is okay. It's good. It's good.

(Applause.)

GOVERNOR KASICH: And do you know that we have individual education plans? If you're a kid and say you want to be a newspaper reporter, you can make a deal with your school board and you can go down and work at the Wilmington paper, the Columbus Dispatch, for two or three hours on a Monday morning and get fired up about what education is about and what a career is about. Individual education plans.

And our budget builds on these, new steps forward by raising up values, standards, and training so they can better help our kids understand their abilities, assess their interests, explain what careers are available.

Our guidance counselors need not be a set of extra hands that spend their time guarding the lunchroom or rolling the basketball out in the gym. They are critical people for our children in K through 12 and in college.

(Applause.)

GOVERNOR KASICH: I'll give you another one here: the College Credit Plus. I want everybody to know that we're putting more money in to train teachers. Do you realize if you take that in high school it costs you nothing? Did you also know that a student can get this College Credit Plus in any school in this state? And do you know there's a lot of parents who are totally unaware of this? This is not right. Get out to your districts and tell people that if they want to get a start on college at no cost, College Credit Plus. And don't take no from your school when they say we can't do it. That's a situation? Call my office. We'll help you out. Okay?

(Applause.)

GOVERNOR KASICH: Peggy Lehner, Peggy Lehner? Early childhood education. Back in 2011, 5,700 preschool slots. We're going to 17,000, 17,000 preschool slots for kids. They'll be better prepared for school. Hey, we're cutting testing hours by 18 percent. And, Buchy, we're going to give the districts flexibility on teacher evaluations, cut back red tape, and high performances for schools—Keith, you want it—if we've got high performing schools, let's not hassle them. Let's give them freedom to do whatever they want to do.

Now, education choices and charter schools. Okay? We need charter schools. We need them. Okay?

(Applause.)

GOVERNOR KASICH: Yeah, we need them, but at times Ohio hasn't provided enough guidance and oversight for charters. We're changing that by cracking down on charter school sponsors who turn a blind eye to their failing schools. We're going to give better schools to better sponsors and we will ban them from sponsoring new schools if they're not doing their jobs. We'll ban them. For sponsors who struggle but who show promise, we'll incentivize them with some facility upgrades.

Here's the thing—if you're not loving kids, if that's not what you're doing with the charter, we don't want you. If you're loving kids, you're trying your best, we want you. Dick Ross, the greatest superintendent in modern Ohio history, because he loves children, he loves kids, is going to write these rules. You've got opinions? Tell us what they are. We want to hear them.

But I also want to say to you that just because a charter school is not producing great results in grades, it doesn't mean they're failing. Some of these charter schools have kids that if they weren't in

that charter school, they'd be out on the streets. So, Mr. Leader, we've got to figure out a way to make sure that we give everybody a chance. No situation here we're not loving our kids, but let's not judge somebody who's not doing their job because they've inherited a group of students who are just struggling, and we're going to help them to get up. Plain and simple.

You know, all these ideas, we've got to get away from the old agrarian situation: you sit in a classroom, everybody learns the same way. Forget about that. We've got to break free of that model. It's really hard to do, and I'd love for you to help me do it, all of you, Republicans and Democrats. So we can visualize education, like that 10-year-old who was so excited about her 3-D printing. We want to turn education into an idea where kids can't wait to go to school. At Tri-Rivers Technical Vocational School, they've got to lock the doors because the kids are trying to get in at all hours of the day and night because they're so excited about learning. That's what we want to do in our state. I think we can—I think we can probably get that done.

Look what we've done in Cleveland. And by the way, those Cleveland schools, they're turning it around. And I want to thank all the people that were involved in the Cleveland school reform. And if you know any other school district in this state that wants to innovate and change, you come see us, because we're all about getting kids the opportunity that they deserve and that they need.

Look, I said in my inaugural address that economic growth is not an end in itself. Boy, this has really gotten people's attention. You know, what does that mean? Well, we've got to make sure that when we are prosperous that we share it. So we're taking on infant mortality. We started it back in my first state of the state. We've done well on this, frankly. I've been demanding to do more. We're making sure those who are most at risk get what they need. If you live in a zone of acute problems, you're automatically qualified, but we've got to have the people living in the community giving the credibility to those who live in the community to make sure they get the services. We'll gain on this.

We're raising up people with mental illness and developmental disabilities. I'd say that the entity of developmental disabilities is getting the largest raise in this budget. We want to get them in a setting where they can prosper. Some of them are in their homes where parents are under unbelievable stress. We want to get them in a home. Some of them are in institutions. We'd like to get them in a home. If they want to stay in the institution, we'd like them to stay. We want a developmentally disabled community setting to be far better, and we want to do that.

And with mental health, of course, we've come a long way, but we need better coordination. We're doing it through stronger housing supports. We're trying to rebuild them. And I never want to read a story in Ohio like that terrible story in Virginia where the dad, Creigh Deeds, couldn't get his son a bed. And that next morning, a disaster happened, a tragedy happened. So Tracy Plouck is working on opening up spaces and more beds. We've got to help the mentally ill.

You know what I think? I think because the good Lord has given us great ways to know how to deal with the chemical imbalances and we're going to get better and better on this where somebody with bipolar disease with lead a normal life, and many do. We've got to teach pushing. The Lord wants us to do that.

Let's talk about public assistance. We want to get people back on their feet. We have a common sense approach. We want to begin to treat everybody in a holistic manner. So you go into the welfare office. You go stand in three lines. You go to this building, you go to that line, then you get

caseworkers, you can't figure—we can't figure it out. Those of us in the government can't figure out how to do it. We've got somebody on public assistance and we're running them around. All too often we never say to them, “Why are you here? What's your problem? Why are you in poverty?”

So what we want to do through the leadership of Doug Lumpkin and, of course, Cynthia Dungey—she's just awesome—is break down the silos. You go into the welfare office and we want to know, “What's the problem. What do you need? How do we train you?” By the way, we're not going to train you for underwater basket weaving. We're going to train you for a job that exists in the community, so you can have satisfaction and get back up on your feet. Welfare should not be a way of life; it should be a way station so we can get you up on your feet and you can become independent and become a fantastic role model for your kids. That's what it's all about.

(Applause.)

GOVERNOR KASICH: It's not easy. I'm down in Cincinnati where they're doing a pretty good job down there. They're working hard. We think they can make more improvement. They're doing great. So I meet Natasha. You know, she didn't live up to the rules when she was on welfare, she was sanctioned, and lost her money. She's now working as a caseworker. She has, I think she said, three or four hundred people. It took her nine years to get off.

I'd love to tell you that it's going to be real simple, but I believe that by changing welfare—and by the way, if you make more money in your job, we're not going to take away your day care. You're going to be able to have your child care because we don't want to penalize you for getting ahead. Okay? It's another thing we need to do.

(Applause.)

GOVERNOR KASICH: We all should love this, and I think we all do. Even these folks that work in these social service jobs, they work hard. A lot of bureaucracy. It's hard. Big casework load. They're excited about this, that's what I'm told.

Another place we can't fail Ohioans is in our law enforcement and justice sections. I know Mike DeWine shares this with me. When we see large sections of our population say they don't think their voice is being heard or that something as important as our justice system doesn't work for them, we need to pay attention. We acted last year to create the only state effort, the only one we know of, to examine the relationship between police and communities. We're holding listening sessions across Ohio so the people in communities who have stories to tell, who have concerns, pain, anger—they deserve to be heard. They can be heard. And we want to turn those voices into action now, and to turn the best police partnerships into action plans that any community in the United States can put into place right away to strengthen the fabric of who they are and be more inclusive. Plain and simple.

(Applause.)

GOVERNOR KASICH: Now, Alicia Reece, last time I checked, Democrat. Sondra Williams, Democrat. And Nina Turner. John Born is our co-chairman, head of Public Safety, former head of the Highway Patrol. They're working together beautifully. Tonight I want to salute Nina Turner. She's done a fantastic job on this commission. She has done a fantastic job.

(Applause.)

GOVERNOR KASICH: You know, it's so funny. In politics today, you praise a Democrat or you've got an idea about a police commission or something, and people are like, why—what are you doing that for? That's not Republican. Who cares? We're not here to serve a party or an ideology. We're here to solve problems, and that's exactly what we're trying to do.

(Applause.)

GOVERNOR KASICH: Okay. So now the time has come to honor some people who have real courage, because when we see them, hopefully it gives us some more courage.

So I was at Nationwide Children's Hospital visiting some friends who have a daughter who had some sort of tumor in her brain. They think they got it all. And I went to see her, not because I'm a great guy, but I just wanted to go see her because maybe I could do something that would be good.

I met the nurse. Amazing. Amazing. Have you ever been to the ICU? Have you ever been on the oncology floor? These people are unbelievable, these nurses. You know, I hugged that nurse in my friends' daughter's room, and I'm choking up and I'm saying, "God bless you. God bless what you're doing." Think about the way they visit with us when our families are in distress or when we're in distress. Just think about what that's like.

And then how about the public health nurses? I mean, we find out we may have Ebola and these nurses have to go in there at risk to themselves, or this lady who's here with us tonight—her name is Jackie Fletcher and she's from the Knox County public health department. She worked with the Amish community to overcome last year's measles outbreak. You wouldn't believe what she had to go through to get this fixed. She's going to represent all the nurses.

By the way, in that hospital, I ran into our friend Mike Dittoe. He was there visiting his goddaughter, 6 years old, who had just died. That Mike Dittoe is a good man. You look at these people in these hospitals, and they just do it day after day after day, and they struggle to just keep serving us.

So, Jackie, you're going to represent all the nurses in Ohio, because we love you. We love the nurses in Ohio, don't we, ladies and gentlemen? And we want to give them a Courage Award.

(Applause.)

GOVERNOR KASICH: Okay, Jackie. Thank you.

Now, one fall evening not long ago, a man and a woman came upon the scene of a single-car accident in Huntington Township in Lorain County. Who's here from Lorain County tonight? You guys come on up here. I never did this before. Everybody—let's do something different here. Okay? Who else?

Now, this wasn't a fender bender. Okay? It wasn't a fender bender. The car had broken into flames, but despite that, Brittney Smith-Robinson and her then-fiancé, Shane Robinson—so, Shane, you got Brittney to say yes? Is that what I'm to gather here? They stopped, they got out and checked for passengers inside the car, and they found a man and woman critically injured, trapped and unconscious. Brittney ran and called 911. Shane walked over, opened the passenger door, and removed the man from danger as fire began to literally consume the passenger compartment.

Shane and Brittney—if you hadn't done this, those people wouldn't have survived. Have you ever heard about the Good Samaritan? The Good Samaritan goes all the way—transcends history.

You're great Good Samaritans. You could have driven by, but you didn't. You stopped and you risked your own life for somebody else. God bless you. Come and get a Courage Award.

(Applause.)

GOVERNOR KASICH: The final Courage Award this year is actually not an Ohioan but is someone whose story has touched and inspired many people in our state and really across the nation. She was a student at Mount St. Joseph University in Cincinnati but can't go anymore because she's too sick. She has incurable, inoperable brain cancer. Let's watch the video.

(Video played: <http://youtu.be/erTy8wIHfE4>)

(Applause.)

GOVERNOR KASICH: I talked to Lauren today and her mother, Lisa. She said, "I hope I'm being a good role model. I hope I'm a good example." Can you imagine that? I said, "Sweetheart, the Lord is going to honor you. You are going to wear one of the biggest crowns because of your courage, because of the fact that you are just such a special woman and such a special angel."

With us is Rick Merk. He's with Cincinnati's The Cure Starts Now Foundation, for which Lauren has raised over \$1.4 million. I don't know if Lauren's watching. She may be. I promise you her mother is watching. So I'm going to give this medal to Rick but maybe Lauren can hear us from this place in Wilmington tonight in her hospital room. God bless you, Lauren Hill.

(Applause.)

GOVERNOR KASICH: So you can't help but be inspired by these people, not just because of their courage but they take matters into their own hands. They're rolling up their sleeves. They're making things happen. We need to follow their example and rededicate ourselves to citizenship.

Start Talking. Do you know about this? We've got a lot of new members here. If a young person hears "do not do drugs," there is a 50 percent less chance they will ever do it. A 50 percent less chance. Now, in your districts, you can spread it. We've spoken now, I think—well, I know the last time I checked—to over 26,000 kids. We've gotten teachers involved. And, ladies and gentlemen that are here in Wilmington, I don't care where you are. You're in a restaurant? You walk over there and you see those kids. You tell them to stay off the drugs. Cliff will testify to the tsunami of trouble we have in this community because of addiction. We need to be in our schools. We need to be in our communities. We need to be in our synagogues. We need to be in our churches. We need to be everywhere. Don't leave it to somebody else.

Community Connectors. We've got proposals coming in. Every child needs a mentor. I don't care whether they're poor, whether they're middle class, or whether they're rich. Community Connectors allows us to work with a business, a faith-based or a value-based organization within our communities to go into the schools. What do we do when we're there? We say we love you. We care about you. You can be something special.

Down in Cincinnati at the Cincinnati Collaborative, in a school district that struggles to graduate, this is not unusual in an urban district. They're trying their best and they've got a lot of great things going on. They've got about a 63 percent graduation rate. But in a high school where mentors go in for one hour a week every year, their graduation rate is 97 percent. That's what we want to do in this state.

Our efforts on infant mortality, Community Connectors, on any of the things on the front lines that our neighbors call on us to do. Sometimes government can get so big that we just don't think there's a place for us, or somebody else will do it, or the government will do it. Government can be a very blunt instrument. Government can crowd out charity if we're not careful. Sometimes we can be partners. Sometimes we don't need any government to go and change the world, like that one great leader Vaclav Havel used to say. So there's always the need to get involved.

In the inaugural address, I talked about the ones that I think matter the most. Personal responsibility, empathy, resilience—fighting back. Teamwork—we need that in our legislature, Republicans and Democrats. Family. Boy, we need family, we need to strengthen the family. It is so important. And faith—we mean at the end of the day that we know that we've been given a great opportunity to change the world.

Values are what guide the choices we make and the way we live, and we only make ourselves and our state and our nation better when we live by them.

Is Ohio better? No question. There's no denying we're doing better, but it would be easy to drift.

Look, I'm going to tell you this: we're on the move. We're rising. We're creating jobs. People are more hopeful. And you know what's really great? No one's being left out. No one. If you're poor, if you're sick, if you're addicted, we want to help you. If you're in prison—Gary Mohr will give you a path so you can have a second chance. But it all starts with a strong economy. If we're not creating jobs, ladies and gentlemen, all the other good things don't happen. They just don't happen.

And what I'm asking all of you to do is to think down deep of changing the very way in which we do business in this state. We can talk about it. We can change some of it. But do not miss the opportunity to create a new Ohio, an exciting new Ohio, into this 21st Century.

The people want it. Oh, sometimes you're going to get harping and you're going to get people pounding on your door, but what we've learned over the last four years is follow the plan. The plan we know works. And everybody in Ohio will be lifted. Isn't that our job? It's our job to make sure that everyone in this great state feels a part of the Buckeye family.

I'm optimistic about what I feel we can achieve. And I'm going to be here working with you shoulder to shoulder. I'm here to serve. I'm here to lead, but I am here to serve. And I know at the end of the day if we go together we will look back and they will say, "Wow, what a generation of leaders that shined up Ohio, that saved Ohio, that moved Ohio strongly into the 21st Century."

You know, this tie—I wear this gold tie whenever I come to Wilmington because in 2010 I said that the sun was going to come up again in Wilmington. The sun is coming up again in Wilmington, Cliff. The sun is coming up in Ohio, but it's not reached its zenith. It's not in that cloudless bright blue sky shining for everyone to see. But we can push it there. We can help it to get there if we do it together.

God bless Ohio, God bless America, and God bless you. Thank you.

(Applause.)

SENATOR FABER: Ladies and gentlemen, please remain standing for the retirement of the colors. Gentlemen? Thank you.

SENATOR FABER: Let's give the color guard a round of applause. Thank you. Would you please be seated? The chair recognizes president Pro Tempore Mr. Weidner for a motion.

MR. WIDNER: Mr. President, I move the joint session adjourn.

SENATOR FABER: Any objection? And hearing no objection, the joint session is adjourned. Thank you for coming. Travel home safely.

(End of program, 8:31 p.m.)

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