

EXCLUSIVE: Kasich says 2-year budget has \$1B surplus
Expect fight on whether to spend or save doubled 'rainy day fund'

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COLUMBUS – When the governor publicly releases his proposed two-year operating budget on Monday, it will show a \$1 billion surplus, he says.

But until then, no one will know just how Gov. John R. Kasich and his staff arrived at that figure. That's because they're not telling anyone about the two-year budget proposal – including legislators and their leaders in either party.

It means surplus – called the rainy day fund – will double from its current \$500 million. When he took office two years ago, the surplus was 89 cents, he said.

In an exclusive interview Tuesday with The Enquirer editorial board, Kasich would not talk about the details of his budget nor of the school funding proposal he plans to release Thursday. But his hints about the possibility of expanded Medicaid coverage – in addition to the surplus – will likely occupy the Legislature for some time.

And expect a fight over what to do with that surplus: Save it or spend it.

Since 2011, the state has reduced spending to schools and local governments, consolidated services and tried assorted other measures to keep the budget balanced.

The possibility of that sizable a surplus already has both sides gearing up for a fight.

“Save it,” Kasich said when asked what should be done with the reserve fund.

He doesn't want legislators from either party eyeing it for projects.

But leading Democrats were equally clear when they met with The Enquirer board. They want some of the money to go to schools, local governments and infrastructure projects to make up for “devastating” cuts in state funding in Kasich's last budget.

Relying on school districts and local governments to pass levies to make up for state cuts is unfair, said Senate Minority Leader Eric H. Kearney, D-North Avondale.

House Minority Leader Armond Budish, D-Beachwood, suggested some of the surplus be designated for replacing the Brent Spence Bridge.

Republican leaders also met with the editorial board, and Senate President Keith Farber, R-Celina, said the budget will occupy the Legislature throughout the first half of the year.

He said as many as three priority pieces of legislation will be associated with workforce development issues, a topic that could form a significant part of Kasich's budget, which is expected to be as much about policy as it is money.

House Speaker William G. Batchelder, R-Medina, suggested future local government funding could be tied to performance measures, although Kasich said he was not proposing that.

Democrats back Medicaid expansion

Kasich hinted that his budget would include expanded Medicaid coverage, which will bring the state an additional \$14 billion in federal dollars over seven years.

“Certainly, the tea leaves are pointing in that direction,” state Sen. Shannon Jones, R-Springboro, later told The Enquirer board.

Kearney and Budish said Democrats will support the expansion.

“My decision (on Medicaid) is not the end of the deal,” Kasich said. “If I make a decision to expand, I’ve got a Legislature to deal with.”

But, he said, and expansion would cover more people in a more coordinated way. Not leaving anyone behind has been a hallmark promise of Kasich’s first two years in office.

“I can’t just have people in Hyde Park and Indian Hill happy,” Kasich said. “We’re all in this together.”