

The Columbus Dispatch

Ohio's Greatest Online Newspaper

STATE OF THE STATE

Economy tops agenda; education close behind

'We will not back down,' governor pledges

Thursday, February 7, 2008 3:24 AM

BY **MARK NIQUETTE**
THE COLUMBUS DISPATCH

Saying Ohioans should not fear the challenges the state faces, Gov. Ted Strickland proposed a \$1.7 billion stimulus package yesterday for the struggling economy and education initiatives for the workers of tomorrow.

"My friends, the state of the state is resolute," Strickland declared during his second annual address to the legislature in the Ohio House chamber. "We are challenged, but we will not back down."

The centerpiece of the governor's 52-minute speech was a plan he's calling "Building Ohio Jobs," which proposes to sell \$1.7 billion in 20-year state bonds to pay for public-works projects and other items to create 80,000 jobs.

But the Democrat also declared that "education is the central issue I face as governor." He proposed initiatives such as allowing some high-school students to spend their senior year at a state college tuition-free and pledged to produce a promised school-funding plan next year.

Strickland, who is slashing the state budget by at least \$733 million to deal with a projected budget shortfall by mid-2009, argued that Ohio must respond to its moribund economy with "swift and significant action."

He is asking the legislature to place a proposed constitutional amendment on the November ballot to allow the state to sell 20-year bonds to raise \$1.7 billion, which would be spent in two to four years starting in spring 2009.

Lt. Gov. Lee Fisher, who also is director of the state development department, said the spending would focus on four industries to create jobs: health care and



JEFF HINCKLEY | DISPATCH

Gov. Ted Strickland spoke for 52 minutes yesterday, focusing mainly on his jobs package and schools. "Education is the central issue I face as governor," he said.

The bond plan

How Gov. Ted Strickland plans to spend the \$1.7 billion he proposes to raise from selling state bonds as part of his "Building Ohio Jobs" initiative that he says would create 80,000 jobs during the next four or five years:

- \$250 million for advanced and renewable energy, including solar, wind and "clean coal."
- \$150 million for state infrastructure to "help create a seamless network of roads, rails, and ports to support our logistics and distribution industry."
- \$100 million for bioproducts that use renewable sources such as corn instead of petroleum to create plastics and other products.
- \$200 million for the biomedical industry.

bioscience; agriculture, polymers and bioproducts, such as plastics made from corn; alternative and advanced energy; and distribution and logistics, such as the development at Rickenbacker Airport in Franklin County.

"This is a targeted investment in those areas of the state that we already have identified as some of our greatest assets and strengths," Fisher said.

But House Speaker Jon Husted, R-Kettering, said GOP lawmakers will pass a stimulus package this year. He and Senate President Bill M. Harris, R-Ashland, are not enthusiastic about Strickland's plan to finance his plan through borrowing.

Coming off a budget in which the governor financed a property-tax cut for Ohio seniors in part by reducing the state's debt, Husted and Harris question whether the state can afford to run up that debt again.

The speaker said his plans are funded by investing future tax growth in targeted industries back into those industries as part of a deal with businesses.

"We're saying that if you bring jobs here, we'll give ... some of the revenue that you're generating to the state back to you so you can help grow your industry," Husted said. "With bonds, you're basically saying 'We're going to borrow money that everybody has to pay for, but only certain industry sectors get to participate in it.' "

State Treasurer Richard Cordray said Ohio can sell the bonds for the governor's proposal and remain under the state's debt ceiling. That's because the state raised \$5 billion with bonds backed by annual payments from a tobacco-lawsuit settlement to speed up planned school construction projects, eliminating the need to borrow money for those projects in the future.

Even so, Strickland's jobs package would cost the state an estimated \$1.44 billion in interest payments over time for the bonds, spokesman Keith Dailey said. They would be repaid from future state revenue.

Economists are mixed on whether such proposals work.

Ken Mayland, president of ClearView Economics near Cleveland, noted that the Third Frontier program was passed in 2005 as a job-creating measure -- but Ohio still had the second-highest job loss in

- \$200 million to establish the Ohio Main Streets Renewal initiative to spur redevelopment in downtown neighborhoods.

- \$400 million for the Clean Ohio fund to reclaim industrial property and other damaged lands and preserve farmland and open spaces.

- \$400 million for the Ohio Public Works Commission for local bridge, water and sewer projects.

Source: Gov. Ted Strickland

STATE OF THE STATE COVERAGE

- [Economy tops agenda; education close behind](#)
- [Highlights: Strickland unveils his plan of action](#)
- [Echoes of Rhodes as governor sells bonds](#)
- [Proposal offers free tuition year](#)
- [Strickland proposes \\$1.7 billion stimulus package to create 80,000 jobs \(Feb. 6\)](#)

Web extras

- [The Hot Issue: Do you think Gov. Strickland's plan will improve the Ohio economy?](#)
- [The Daily Briefing: A live blog from the address \(Feb. 6\)](#)
- [Full text of the 2008 State of the State address](#)
- [Governor's office press release outlining key points of the address](#)

THE HOT ISSUE

- [Do you think Gov. Strickland's plan will improve the Ohio economy?](#)

[Click here to vote](#)

the nation last year behind Michigan.

"This is more goofynomics," he said.

But other economists say spending on short-term projects pumps money into the economy and can help spur long-term growth, especially in areas where the private sector doesn't invest, such as roads and bridges.

"There are cases of boondoggles that are a waste of everyone's money," said James W. Brock, a Miami University economics professor. "But there are things that are really boons ... that are a great benefit for everybody."

Democrats praised Strickland's speech and lauded the governor's approach.

"I'm always impressed with the governor's ability to put forth proposals where you can see strong bipartisan support, as opposed to polarizing issues," said Senate Minority Leader Ray Miller, D-Columbus.

But state Rep. Kevin DeWine, deputy chairman of the Ohio Republican Party, called the speech "pedestrian" and said it was a missed opportunity to address Ohio's souring economy.

"I hate to say it, but the state of our state is worse than it was when Gov. Strickland took office, and this speech failed to get to the heart of that problem," DeWine said.

Dispatch reporter Jim Siegel contributed to this story.

mniquette@dispatch.com

Copyright © 2008, The Columbus Dispatch
