

For Immediate Release:

Contact: Keith Dailey

Saturday, June 30, 2007

614 506-4949

Keith.Dailey@governor.ohio.gov

Governor Signs First Budget Bill

Columbus, Ohio - Ohio Governor Ted Strickland today signed into law the state's 2008-09 operating budget.

Following is the text of the governor's budget message:

Article II, Section 16 of the Ohio Constitution authorizes the Governor to veto any item or items in any bill making an appropriation of money. I have boxed and initialed text in Amended Substitute House Bill 119 that I have disapproved. All remaining text in the bill is approved. The reasons for my vetoes are set out below.

Introduction

The original budget bill passed unanimously through the House and Senate, and the final budget passed with only a single dissenting vote. Today I am happy to add my signature and make this budget law.

This budget represents a historic consensus. But long after our agreement is forgotten, the people of Ohio will be benefiting from what we agreed upon.

This budget makes a commitment to education from pre-schools to universities. Instead of spiraling tuition costs, we will have a two year tuition freeze. We make a substantial investment in our primary and secondary schools. And as we strengthen our schools we will also reduce the property tax burden on every senior and disabled homeowner through an expansion of the Homestead Property Tax Exemption.

This budget makes a commitment to provide health care coverage to the uninsured children of Ohio.

This budget makes a commitment to investing in growth and development, both by expanding the skills and education of our people, and by identifying and supporting emerging economic opportunities.

The following sections detail 38 line item vetoes I have issued among five issue areas. These are areas of honest disagreement. But in a budget document containing 1865 pages, and tens of thousands of lines of text, I would say our differences are remarkably small in the face of our larger common purpose.

Indeed, the biggest area of disagreements is not about a policy but rather questions of governance and management. Such matters are a natural area for asserting executive authority. In fact, in some cases the Constitution requires that we respond in order to follow its provisions.

The budget reflects a set of commitments I have made, and the legislature has supported, to live within our means and invest in what matters. I believe that a new Ohio awaits us. And that has never been clearer than it is today.

A. Health and Human Services

The administration believes we have both an obligation and an opportunity to invest in the health of Ohioans. This budget will provide health care coverage to uninsured children and both expand and improve our preventive medicine efforts through Healthy Ohio. In the process, we address some of Ohio's most urgent health needs. The following vetoes reflect a commitment to pursuing a commonsense, comprehensive approach to the health of Ohioans. Several vetoes remove earmarks that would limit the effectiveness of available funds and weaken the underlying program. Others reflect a need to spend our funds in the most effective manner possible, and to impose oversight that is logical and productive.

Item Number 1*+

On page 5, delete "5111.69,".

On page 9, delete "5111.69,".

On page 1117, delete the boxed text.

On page 1118, delete the boxed text.

Section 5111.69 - Medical Care Advisory Council

The Medical Care Advisory Council is a federally required component of the Medicaid program. This provision places the committee's operation in state law and unduly restricts committee member appointments. Vetoing this item will allow the Department of Job and Family Services to continue to operate the committee administratively and will provide flexibility with respect to committee appointments. This will assure broad based representation on this important advisory committee. Therefore this veto is in the public interest.

Item Number 2

On page 1627, delete the following boxed text, beginning with the words "The Department of Health" and ending with "HEALTHY OHIO ASSESSMENT."

On page 1627, delete the following boxed text, beginning with the words "Of the foregoing" and ending with the word "pneumococcal."

On page 1627, the paragraph beginning with the words "Of the foregoing" and ending with "retention." was inadvertently boxed. It is not my intent to disapprove this paragraph.

On page 1628, delete the boxed text.

On page 1629, delete the boxed text.

On page 1631, delete the boxed text.

On page 1632, delete the boxed text.

Section 293.30 and 293.35 - Healthy Ohio

Healthy Ohio is a key component of the administration's commitment to protecting the health of Ohioans. Setting expectations of state agencies and providers, linking state dollars to results, and connecting people to interventions that work, are all key pathways to prevention. The program will enhance the state's efforts to efficiently use our resources to promote healthy behaviors and prevent illness, address health care disparities, and improve chronic care management. In total, the earmarks for this line item are greater than the appropriation. The \$200,000 earmark for the purchase of pneumococcal vaccinations is an amount inadequate for the stated purpose. The earmark for the Health Ohio Assessment impinges on the executive authority to use funds to meet the purposes of the program. The language for the Healthy Ohio Assessment is too prescriptive. Taken together, the earmarks and the prescriptive language would prevent the Department of Health from achieving the established goals of Healthy Ohio. This veto will restore the program's ability to meet its objectives. Therefore this veto is in the public interest.

Item Number 3

On page 1455, delete the boxed text.

On page 1456, delete the boxed text.

On page 1458, delete the boxed text.

On page 1459, delete the boxed text.

Pages 1460 through 1464 contain inadvertent stamps. It is not my intent to disapprove any items on these pages.

Section 9.901 - School Employees Health Care Board Duties

This item creates an agency to identify and develop health care plans to encourage efficient and effective health care services for public school employees through the use of industry best practices and fiscal transparency methods. The School Employees Health Care Board would be responsible for the development and implementation of the program. However, the provisions in this item compromise the School Employees Health Care Board's authority to carry out that task. The provisions constrain the School Employees Health Care Board's ability to develop best practice standards and approve health care plans which may provide the optimal combination of coverage, cost, choice and stability of benefits. In sum, this provision undermines the School Employees Health Care Board's ability to fulfill its mission and places an undue burden on the agency's ability to carry out the responsibilities of statutory law. In order to strengthen the School Employees Health Care Board's authority to develop and implement the program, a veto is necessary to ensure that the board can meet the expectations of statutory law and create cost savings for school districts and, ultimately, the public. Therefore this veto is in the public interest.

Item Number 4

On page 1697, delete the boxed text.

On page 1698, delete the boxed text.

On page 1699, delete the boxed text.

On page 1700, delete the boxed text.

Section 335.40.15 - Behavioral Health Pilot

This item establishes a Behavioral Health Pilot program. The administration has numerous concerns with this provision. The language does not fully recognize the need to coordinate care across all payer sources, including local, state, federal and private. Further, the vagueness of the language does not appear to propose a system which is user friendly, transparent and seamless to all Ohioans. Nor does it adequately address the state oversight responsibilities directly connected to the Substance Abuse Prevention and Treatment (SAPT) Block Grant, which is a predominant source of revenue for substance abuse/addiction services, or the oversight responsibilities for Ohio's Medicaid program. Finally, this proposal singles out two healthcare components (substance abuse/addiction and mental health) and places them on a different work schedule rather than maintaining integration within the broader healthcare system. Rather than support a compartmentalized pilot program approach to reform, the administration believes we would be better served to seek a system-wide solution. Indeed, a broad focus coupled with an inclusive approach that brings together the Legislature, the Administration, boards, providers and advocates would produce the best results for reforming our health care system and serving the needs of Ohioans. Therefore this veto is in the public interest.

Item Number 5

On page 1464, delete the boxed text.

Section 9.901- Annual Review of the best practices of the School Employees Health Care Board

This item requires the Superintendent of Insurance to evaluate the performance of the School Employee Health Care Board's best practices during the previous year and submit the results in writing to the Governor and the General Assembly. These requirements, however, are outside of the scope of the Ohio Department of Insurance's work and mission. Additionally, the Department lacks the resources necessary to carry out these functions and there is not sufficient funding provided to perform the required reviews and audits. Therefore this veto is in the public interest.

Item Number 6

On page 1098, delete the boxed text.

On page 1108, delete the boxed text beginning with "(4)" and ending with "(C)" and beginning with "and the limitations" and ending with "section" and beginning with "(C)" and ending with "coverage for".

On page 1109, delete the boxed text.

Section 5111.085 and 5111.172 - Limitations on Restrictions of Coverage of Mental Health Drugs

The proposed language restricts the ability of the Department of Job and Family Services, and Medicaid managed care plans, to provide an appropriate and cost-effective prescription drug benefit for the Medicaid program. This veto serves the need to provide coverage for appropriate drugs and meet federal Medicaid requirements. Therefore this veto is in public interest.

Item Number 7

On page 1627, delete the following boxed text, beginning with the words "The guidelines," and ending with "locations."

On page 1629, delete the boxed text

Section 293.30 - Federal Abstinence Earmark

This earmark requires the Department to spend federal dollars on a program regardless of whether these funds may be expended for this purpose under federal law. Therefore this veto is in the public interest.

Item Number 8

On page 1627, delete the following boxed text, beginning with the words "The guidelines," and ending with "locations."

Section 293.30 - Abstinence Education

This provision creates a General Revenue Fund appropriation and requires it be used for abstinence and adoption education. Focusing exclusively on abstinence is contrary to a comprehensive educational approach. Available evidence demonstrates that utilizing an approach that includes abstinence education and vital health information will serve to better protect the health and well-being of our youth. For school districts inclined to continue the abstinence-only approach, funding remains available from the federal government through the Community-Based Abstinence Education (CBAE) grants. Therefore this veto is in the public interest. Note an identical veto has also been used on page 1629 that pertains to federal funds.

B. Education

The administration believes that strengthening education is the surest path to strengthening Ohio. There is little doubt that jobs will go where the workforce is best educated. The administration is committed to dramatically expanding the number of Ohioans who graduate from college, and doing so by strengthening our schools at every level of the education system. This budget expands early learning opportunities, strengthens our primary and secondary schools, and opens the doors of our public colleges and universities to more Ohioans with an infusion of resources and a two year tuition freeze. The following vetoes reflect a need to preserve flexibility and efficiency in education programs, and a commitment to use public tax dollars in the most effective way to benefit public school programs that are accountable to Ohioans.

Item Number 9

On page 1761, delete the boxed text.

Section 375.50.50 - Student Choice Grants

Historically, balances from the Ohio Choice Grant have been used to supplement shortfalls in Ohio's financial aid programs, such as the Ohio College Opportunity Grant (OCOG), which offers a benefit twice as large to students of private colleges compared to those attending public institutions. These shortfalls occur because there are many significant unknowns related to enrollment levels and the participation of non-traditional students that affect the overall cost of OCOG implementation. Accordingly, it remains important that the administration preserves the right to transfer any unused or lapsed funds from other state-funded financial aid or scholarship programs, including the Ohio Choice Grant, to the Ohio College Opportunity Grant Program to assist in defraying additional costs. Therefore this veto is in the public interest.

Item Number 10

On page 1737, delete the boxed text.

Section 375.20.40 - Innovation Incentive

The Innovation Incentive Program is designed to build world-class research capacity within Ohio's universities and complement the Third Frontier Project. Rather than distributing funding on a competitive basis, this provision would disburse funds through a formula. The administration believes that Ohio can maximize the effect of the Innovation Incentive Program on our state's economic growth by providing funds to reward the achievement of excellence. Therefore this veto is in the public interest.

Item Number 11

On page 9, delete "3345.35,".

On page 685, delete the boxed text.

On page 1754, delete the boxed text.

Section 3345.35 - Purchasing Consortium

This provision would prevent a statewide, all-inclusive approach to purchasing collaboration. Logic and evidence suggest a collaborative approach to purchasing among state institutions would be beneficial. Indeed, a statewide, all-inclusive approach that is aligned with the strategic plan for higher education in Ohio would be most appropriate. The administration believes this provision would perpetuate inefficiencies and comes at the expense of taxpayers. Therefore this veto is in the public interest.

Item Number 12

On page 1, delete "109.57,".

On page 7, delete 109.57,".

On page 24 delete the boxed text.

On page 25, delete the boxed text.

On page 27, delete the boxed text.

On page 36, delete the boxed text.

On page 37, delete the boxed text.

On page 395, delete the boxed text.

On page 396, delete the boxed text.

On page 397, delete the boxed text.

On page 398, delete the boxed text.

On page 399, delete the boxed text.

On page 400, delete the boxed text.

On page 401, delete the boxed text.

On page 420, delete the boxed text.

On page 517, delete the boxed text.

On page 552, delete the boxed text.

On page 553, delete the boxed text.

On page 554, delete the boxed text.

On page 555, delete the boxed text.

On page 556, delete the boxed text.

On page 632, delete the boxed text.

On page 1271, delete the boxed text.

On page 1430, delete "109.57,".

On page 1554, delete the boxed text.

On page 1555, delete the boxed text.

Pages 26, 28, 29 and 30 contain inadvertent stamps. It is not my intent to disapprove any items on these pages.

Section 109.57; 109.572; 3310.51-3310.63; 3317.022; 3317.03; 3323.052; 5727.84; 101.02; 269.60.33; 269.60.36 - Special Education Scholarship Pilot Program

This item would create a Special Education Scholarship Pilot Program that would, starting in fiscal year 2009, provide vouchers for students in grades K-12 who have an individualized education program (IEP) to attend private schools, other public school districts, or public entities that are not school districts. The administration believes that funding private schools with public tax dollars deprives the state and its taxpayers of proper oversight and accountability of these programs. Further, by draining funds that would otherwise be used to support public schools, such a program serves to harm the vast majority of students, including disabled students, who attend public schools. The administration is committed to working with the Department of Education and parents to review alternative policies to best meet the needs of all children with disabilities. Indeed, the administration has increased funding for special education by more than 8 percent in each year of the biennium. However, this program does not serve that goal. Therefore this veto is in the public interest.

Item Number 13

On page 477, delete the boxed text.

On page 478, delete the boxed text.

Section 3314.08 (0) - Disputed Enrollment between Community School and District

This language creates an unnecessary burden for local school districts in instances where school districts and community schools dispute enrollment figures and where the two parties are not able to resolve the differences. The Department of Education has worked with affected parties over the past several months to develop a set of business practices to address the concerns related to this item. The business practices developed by the Department will more fairly apply to both community schools and school districts. The creation of new statutory provisions is unnecessary and would limit agency discretion to address the needs of stakeholders and resolve disagreements. Therefore this veto is in the public interest.

Item Number 14

On page 2, delete "3318.36,"

On page 1431, delete "3318.36,".

On page 592, delete the boxed text.

On page 607, delete the boxed text.

On page 608, delete the boxed text.

Section 3318.36(F) - Ranking of Expedited Local Partnership Program Districts

This language would result in moving Expedited Local Partnership Program (ELPP) districts higher on the equity list, and therefore move other districts lower relative to the ELPP districts. This would increase the local share of education costs of some, potentially many, districts. Additionally, this would increase the amounts and millages necessary for school district bond issues. This violates the premise of which Ohio school facilities commission funds are allocated. Therefore this veto is in the public interest.

Item Number 15

On page 1560, delete the boxed text.

Section 269.20.20 - Literacy Improvement Professional Development (Reading Recovery Training Network)

This item would provide \$900,000 in each fiscal year to fund the Reading Recovery Training Network, provide pilot grants to other districts to implement other reading improvement programs, and conduct an evaluation of the impact and effectiveness of the Reading Recovery program and other reading improvement programs. Reading Recovery is a short term early literacy intervention program. The program accelerates the reading ability of students that have difficulty with reading. The program utilizes job embedded peer coaches and intensive literacy training for the Reading Recovery teachers. The provisions in this item would divert valuable funds from the Reading Recovery program to unproven, non-research based pilot projects. The veto of this item is necessary to ensure the cost effective implementation of this proven research based reading intervention program. Therefore this veto is in the public's interest.

C. Environment and Public Safety

The administration is committed to protecting the well being of Ohioans by protecting our

environment and providing public safety services. This budget allows us to move forward on plans to improve the efficiency of state resources and to make improvements in such areas as emergency management. The following vetoes reflect a commitment to utilize our resources wisely and preserve sensible safety policies.

Item Number 16

On page 1718, delete the boxed text.

Section 343.35 - Fairport Harbor

The Ohio Waterways Safety Fund provides grant funding, on a competitive basis, to local communities throughout the state. Communities use these grants for a variety of purposes including enhancing the public's access to water related recreation opportunities and improving access areas for boating safety. The administration recognizes the need for dredging the Grand River at the Village of Fairport Harbor. However, this provision would disadvantage other communities applying for these grant funds. Instead, the Ohio Division of Watercraft has been instructed to work with the Village to address this situation before the 2008 dredging season begins. Therefore this veto is in the public interest.

Item Number 17

On page 1603, delete the boxed text.

Section 281.10 - Areawide Planning Agencies

This item requires Ohio EPA to provide up to \$75,000 per year to the six areawide planning agencies for water quality management and planning. In recognition of the valuable role of the areawide planning agencies, the Ohio EPA will work closely with each of these agencies in support of their efforts. This provision, however, would have a direct and negative impact on the Division of Surface Water. This earmark would result in a reduction of funds available to the Division of Surface Water impeding the permitting process for 401 water quality certifications and/or NPDES permits, and would negatively affect the State 208 Plan for the 22 counties not covered by an areawide planning agency. Therefore this veto is in the public interest.

Item Number 18

On page 842, delete the boxed text.

On page 843, delete the boxed text.

On page 846, delete the boxed text.

On page 847, delete the boxed text.

On page 848, two red lines were inadvertently added above and below the following text "(5) A fireworks showroom structure that exists on". It is not my intent to box and disapprove this text.

On page 848, delete the following boxed text "the effective date of this section June 30, 1997,".

On page 848, delete the following boxed text "or if a licensee voluntarily so elects,".

On page 848, delete the following boxed text ", in which case division (A)(1) of this section does not apply".

On page 848, delete the following boxed text "the effective date of this section June 30, 1997,".

Section 3743.17, 3743.19, and 3743.25 - Fireworks Law Changes

The language in this provision raises issues and questions around defused sample stores not having proper fire suppression systems and removes law currently in place for public safety protection. The administration believes this language creates potential public safety hazards. Therefore this veto is in the public interest.

Item Number 19

On page 4, delete "3704.14,".

On page 806, delete the boxed text.

On page 807, delete the boxed text.

On page 951, delete the boxed text.

On page 1601, delete the boxed text.

Section 3704.14; 281.10; 4503.10; 105.01 - E-check program

This item requires using decentralized testing programs that employ only onboard diagnostics (OBD) tests. While EPA currently uses OBD testing for some vehicles, the method is ineffective in vehicles manufactured prior to 1996. OBD-only testing would result in an estimated loss of 800 tons per year of air pollution reductions which could lead to tighter restrictions on industry to compensate for the loss. Ultimately this would impede economic development and seriously threaten Ohio jobs. Therefore this veto is in the public interest.

D. Technology

The administration believes that investing in and developing technology in Ohio will help create a competitive, well-connected economy benefiting us individually and collectively. This budget funds Broadband Ohio, a commitment to expanding access to high-speed Internet connections across all of Ohio's 88 counties. The following vetoes reflect a commitment to wisely using the resources available to us and assuring that a sensible advisory structure is utilized.

Item Number 20

On page 1859, delete the boxed text.

Section 3353.02 -3353.03- eTech Commission Membership and Duties

During its consideration of HB119, the Senate adopted changes to Section 3353.02 making modifications to the membership, operations, organization and duties of the eTech Commission. While it appears as though the Senate language was adopted by the Conference Committee, with one small exception, there are no references to Section 3353.02 in the enrolled bill. At Section 815.03 of the enrolled bill, Section 3353.02 is listed in the group of new or amended sections of code that will go into immediate effect when HB 119 becomes law. Since no modifications to Section 3353.02 are reflected in the enrolled bill, the suggestion that modifications to Section 3353.02 will go into immediate effect when HB 119 becomes law is untenable. It appears as though the Senate amendments to Section 3353.02 were inadvertently left out of the enrolled bill. Nevertheless, the administration disagrees with the changes to Section 3353.02 that were proposed because they would place an undue burden on the Commission in fulfilling its duties, would inappropriately limit the decision making authority of the commission, and unnecessarily limit the governor's ability to appoint the Commission's chair. Although the Senate-enacted changes to Section 3353.02 are not contained in the enrolled bill, because of the reference to the immediate enactment of those changes, this provision is vetoed. Had the changes appeared in their entirety, they would also have been vetoed. This veto is in the public interest.

Item Number 21

On page 1539, delete the boxed text.

On page 1540, delete the boxed text.

Section 263.20.90 - Limitations on NextGen/Third Frontier earmark

This language slows the provision of funding to the NextGen Network and hinders the implementation of the administration's Broadband Ohio Plan. The NextGen Network will improve and consolidate broadband service delivery to Ohio's executive agencies, boards, and commissions, and leverage existing network resources to focus on innovation, research, education, and economic competitiveness. The first phase will, among other goals, establish a foundation upon which broadband network speed can be supplied to all 88 counties. In this phase, the primary task is procurement of equipment necessary to provide the infrastructure for service provision, a task that is substantively different from the competitive process supervised by the Third Frontier Commission. Therefore this veto is in the public interest.

Item Number 22

On page 1605, delete the boxed text.

Section 285.30 Digital/HDTV Earmark

This provision would earmark \$1 million to public broadcast stations to purchase and install digital high definition conversion. In a time of limited resources, state investments must be focused on effective responses to public necessities. Therefore this veto is in the public interest.

E. Governance, Management, and Administration

The administration is committed to maintaining the ability of the executive branch to effectively and efficiently manage Ohio's state government. The following vetoes reflect that commitment.

Executive Branch Policy

Item Number 23

On page 892, delete the following boxed text "No rule shall set a price that exceeds twenty dollars to purchase an individual lottery ticket."

Section 3770.03 - Maximum Lottery Ticket Price

This language prevents the Lottery Commission from approving any game with a ticket price exceeding \$20. The Ohio Lottery Commissioners have historically exercised their authority to set ticket prices. This provision overrides the authority of the Commission and limits the Lottery's ability to market new games. Therefore this veto is in the public interest.

Item Number 24

On page 892, delete the following boxed text "No rule shall authorize on a Sunday for any lottery game unless the rule is approved by executive order of the governor."

Section 3770.03 - Executive Order for Sunday drawings

This language requires that any game rule approved by the Commission authorizing Sunday drawings must further be approved by an Executive Order of the Governor. Historically, drawing days have been determined exclusively by the Director of the Ohio Lottery upon consultation with the Governor. Game rules do not, by definition, include the timing of a drawing. Therefore this veto is in the public interest.

Financial Management

Item Number 25

One page 1803, delete the boxed text.

Section 503.15 - Controlling Board Notification GRF Subsidy Encumbrances

In a typical fiscal year, more than 200 encumbrances occur that would be subject to additional reporting requirements under this provision. This language imposes an undue burden on the Executive Branch by establishing excessive red tape and duplicative reporting requirements that could interfere with the flexibility of the administration to manage state finances on a daily basis. Therefore this veto is in the public interest.

Item Number 26

On page 83, delete the boxed text.

Section 126.16 (G) - 5% Debt Service Limitation Calculation

This language requires that calculations of the 5% debt limit for the State's "direct obligations" include debt service on obligations that are "avoided" (not issued) as a result of the tobacco securitization authorized in ORC 183.51. This provision creates uncertainty in the calculation of the State's 5% debt limit because it fails to provide necessary guidance for how the debt service that would have been incurred is to be calculated. Further, the provision indicates that any new direct obligations of the State may not be issued without passage of additional issuance authority by the General Assembly. This provision is duplicative of Section 518.03 which requires that the authorization to issue those avoided obligations be reduced on a dollar for dollar basis. The Executive Branch will fully comply with both the letter and spirit of existing constitutional debt limitations. Therefore this veto is in the public interest.

Tax Administration

Item Number 27

On page 1304, delete the boxed text.

5739.029 - Nonresident Motor Vehicle Sales Tax

This item makes it difficult to implement the new requirement to collect the Ohio sales tax from nonresident purchasers of automobiles in a timely and efficient manner. By requiring that every credit and exemption of the customer's home state and local taxing jurisdiction be subtracted from the tax-base, the language would result in an expensive, cumbersome and complex administrative process to calculate and collect the tax. Therefore this veto is in the public interest.

Item Number 28

On page 1809, delete the boxed text.

Section 512.38 - Transfer from Automated Title Processing Fund

The Ohio Constitution, Article XII, §5a prohibits the use of motor vehicle licensing fees or taxes for purposes other than those explicitly set forth in the Constitution. This provision, however, would result in moneys being transferred for purposes outside those

provided for in the Constitution. Therefore this veto is in the public interest.

Item Number 29

On page 4, delete "3313.82,".

On page 438, delete the boxed text.

On page 439, delete the boxed text.

On page 440, delete the boxed text.

On page 441, delete the boxed text.

On page 1246, delete the boxed text.

On page 1247, delete the boxed text.

On page 1248, delete the boxed text.

On page 1249, delete the boxed text.

On page 1250, delete the boxed text.

Section 3313.82 - Cuyahoga County Special Services District

This provision allows multiple school districts from a county with 1.2 million people to form a Special Services District to serve special education students. This provision would create one special tax district in the state and empower the district to tax and issue debt. The impact of granting the tax and debt issuance authority is unknown. Therefore this veto is in public interest.

Program Management

Item Number 30

On page 5, delete "5111.085,".

On page 9, delete "5111.085,".

On page 1105, delete the boxed text.

On page 1106, delete the boxed text.

On page 1107, delete the boxed text.

Section 5111.17-Managed Care Reimbursement Rates

This item specifies payment standards for Medicaid managed care organization rates. Sections of the language restate the federal Medicaid payments standards. Other sections impose additional requirements over and above the federal requirements. To the extent the language restates federal payment requirements, it is unnecessary as the state is required to comply with federal Medicaid requirements. To the extent the language imposes requirements over and above federal requirements, the language could result in unnecessary costs. Therefore this veto is in the public interest.

Item Number 31

On page 5, delete "5111.165,".

On page 5, delete "5111.166,".

On page 9, delete "5111.165,".

On page 9, delete "5111.166,".

On page 1105, delete the boxed text.

On page 1106, delete the boxed text.

On page 1107, delete the boxed text beginning with "health insuring" and ending with "reports." And beginning with "(1)" and ending with "rates".

Section 5111.165 - Risk adjusted managed care rates

This item specifies payment standards for Medicaid managed care organizations. The language imposes requirements over and above federal requirements and could result in payments over and above federal requirements. The proposed language will restrict the ability of the Department of Job and Family Services to set rates in a manner that is prudent and fiscally responsible. Further, this provision compromises the Department of Job and Family Services' ability to manage the Medicaid program in an efficient manner. Therefore this veto is in the public interest.

Item Number 32

On page 1642, delete the boxed text.

On page 1643, delete the following boxed text, "approved by the Controlling Board".

On page 1643, delete the following boxed text, beginning with "submit" and ending with "shall".

On page 1643, delete the following boxed text, "approved by the Controlling Board".

Section 309.30.16-Medicaid Reserve Fund

This item creates a Medicaid reserve fund and requires the Office of Budget and Management to seek Controlling Board approval to transfer \$120,000,000 of the state share in fiscal year 2008 and \$205,000,000 of the state share in fiscal year 2009 to the General Revenue Fund. This requirement infringes upon the Executive Branch's authority and limits the state's ability to effectively manage the Medicaid program. Therefore this veto is in the public interest.

Item Number 33

On page 1072, delete the boxed text.

On page 1641, delete the boxed text.

On page 1005, delete the boxed text.

Section 5111.017 - Electronic Submission and Maintenance of Applications

This language requires electronic submission and maintenance of Medicaid applications by county boards. This constitutes an unfunded mandate, creates competing records storage systems for the same material, and conflicts with the Department of Job and Family Services' comprehensive information technology efforts and implementation strategy. Therefore this veto is in the public interest.

Item Number 34

On page 5, delete "5111.0120,".

On page 9, delete "5111.0120,".

On page 1069, delete the boxed text.

On page 1074, delete the boxed text.

Section 5111.0121 - Electronic Submission of Medicaid Applications

This language requires electronic submission of Medicaid applications. This language is inconsistent with the administration's comprehensive information technology plan. The language will divert resources from the plan to new requirements while offering uncertain benefits to the state and to Medicaid applicants. Therefore this veto is in the public interest.

Item Number 35

On page 825, delete the boxed text.

On page 825, it is not my intent to box "Sec. 3727.391." A correction has been made to inadvertent boxing of this text with correction fluid.

On page 1630, delete the boxed text.

Section 3727.391 - Hospital Performance Data

This provision requires the Director of Health to enter into a contract with an outside vendor to create a website listing data on hospital performance. The administration agrees that it is important for Ohioans to have access to valid, complete and easy-to-use data measuring hospital performance. However, the \$50,000 appropriated here is not sufficient to carry out the required task using an outside contractor. To best serve the public's need for this information while safeguarding our limited resources, the requirement that the Department of Health pay an outside contractor to create this website is vetoed and the Department has been instructed to create this website using current staff and internal resources. Therefore this veto is in the public interest.

Item Number 36

On page 1643, delete the following boxed text, beginning with "SECTION 309.30.18" and ending with "Code."

Section 309.30.18 - Medicaid Provider Audits

This item provides \$2,000,000 per year for the Auditor of State, in consultation with the Department of Job and Family Services, to perform audits of providers of Medicaid services. The Department already performs this function, and paying the Auditor to repeat this task is an unnecessary expense in view of the funding limitations being imposed on the Department in HB119. Therefore this veto is in public interest.

Item Number 37

On page 1501, delete the boxed text.

On page 1501, the phrase "shall be used for community based care" was inadvertently boxed. It is not my intent disapprove this text.

Section 335.20.50 - Auditor of State Performance Audit of the Department of Alcohol and Drug Addiction Services

This provision calls for an unfunded performance audit performed by the Auditor of State that is duplicative of the internal review of policies and procedures included in the

Executive Budget. The goal of the internal review provision that was included in the Executive Budget was to ensure that the state's Alcohol and Drug Addiction Services system operates as efficiently as possible to ensure Ohioans receive the services they need with savings resulting from the review being used to support community services. This audit would require the expenditure of resources that could be utilized to benefit the community. The administration believes that the internal review process is sufficient and will yield useful results. Therefore this veto is in the public interest.

Item Number 38

On page 1693, delete the boxed text.

On page 1694, delete the boxed text.

Section 335.20.50 - Auditor of State Performance Audit of the Department of Mental Health

This provision calls for an unfunded performance audit performed by the Auditor of State that is duplicative of an internal review of policies and procedures included in the Executive Budget. The goal of the internal review provision included in the Executive Budget was to ensure that the state's Mental Health Services system operates as efficiently as possible to ensure Ohioans receive the services they need with savings resulting from the review being used to support important services. This audit would require the expenditure of resources that could be utilized to benefit Ohioans in need. The administration believes that the internal review process is sufficient and will yield useful results. Therefore this veto is in the public interest.

I signed this veto message on June 30, 2007 in Columbus, Ohio and transmitted it, today, with copies of the disapproved text, to the Clerk of the Ohio House of Representatives.

In order to signal my approval of the text not disapproved by me, I have, today, also filed the enrolled and engrossed original copies of the bill with the Secretary of State.

Ted Strickland,
Governor

I acknowledge receipt of an original copy of this veto message, along with a copy of the disapproved text in the bill on June 30, 2007.

Name of Officer

Title of Officer

Date and Time of Receipt

--30--

* Throughout this Veto Message, the disapproval of consecutive lines of boxed text is indicated by use of the phrases "beginning with" and "ending with." The use of these phrases indicates disapproval of all text contained within the referenced box.

+ Page 6 contains an inadvertent stamp and signature. This has been corrected with

correction fluid. It is not my intent to disapprove any items on these pages.