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State budget pits education vs. jobs funds

Business First of Columbus - May 18, 2007 by [Jeff Bell](#) Business First

Lt. Gov. Lee Fisher feels like the Ohio House has pulled some of the bullets from the state's economic development ammo belt.

Passed earlier this month, the House version of the 2008-09 state budget bill cut \$25.8 million that Gov. Ted Strickland's budget proposal had earmarked for the state Department of Development. Such funding is key to Ohio's chances of attracting and retaining businesses and their jobs, said Fisher, who doubles as the development department's director.

He said his priority is to get the Senate to restore the funding - and he could get his way.

"There is a pretty good chance we will restore some of that money - maybe a lot of it," said state Sen. Steve Stivers, R-Columbus, vice chairman of the Senate Finance and Financial Institutions Committee. "Our No. 1 priority is the economy. We want to help people get jobs and make sure our job climate is strong."

Reprieve in Senate?

Stivers' committee is holding hearings on the budget bill and listened May 10 to about three hours of testimony from Fisher.

Stivers said the Senate may be able to restore some of the money for the development department by tapping an estimated \$750 million that will carry over from this year's budget to fiscal 2008, which begins July 1.

That would please Fisher, who called the cuts made by the House "shortsighted and counterproductive."

The biggest reduction hit the development department's rapid outreach program. It provides grants and loans to help seal economic development agreements with expanding businesses. Strickland had sought a \$4.4 million funding boost for the program, raising the overall amount to \$16.1 million in fiscal 2008. The House cut the total to \$10.8 million, which is \$1 million less than this year's total.

Another financial incentive program, the economic development contingency fund, took the other big hit. It would receive \$5 million in fiscal 2008 in the House budget, compared with \$9.3 million in the governor's version.

Fisher said the House budget also provides less money than Strickland had requested for regional economic development offices, travel and tourism, worker training grants, and minority and small-business development.

"It takes away the key parts of our arsenal that keep us competitive with states around the country," Fisher said.

Foundation in Education

The House passed its budget bill by an historic 97-0 margin. One of the keys to the bipartisan approval was providing an increase in funding for higher education that was more than Strickland had requested and curbing tuition hikes at state-supported colleges and universities.

But much of the extra state funding for higher education was diverted from what the governor had budgeted for increases in the development department.

While pleased the House found more money for higher education, Fisher said he has a hard time with the argument of pulling funding from economic development programs to pay for it.

"It's fair to say they gave with one hand and took away with the other," he said.

"The better approach would have been to do both as opposed to either/or."

Trading short-term spending on economic development for the long-term benefits of investments in higher education is a "false and potentially fatal choice" for Ohio, Fisher said.

But state Rep. Matt Dolan, R-Novelty, said budget decisions made in the House will not decimate the Department of Development.

"We're just not giving it the significant (funding) increase Gov. Strickland had sought," said Dolan, chairman of the House Finance and Appropriations Committee.



Tony Dejak | Associated Press
Lt. Gov. Lee Fisher, right, thinks the Ohio House erred when it cut nearly \$26 million in funding for the Ohio Department of Development that had been in the biennial budget proposal put forward by Gov. Ted Strickland.
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Strickland sought a 3.2 percent increase in the department's 2008 budget to \$1.18 billion. The House lowered that to \$1.17 billion, still an increase of 2.6 percent over this year's \$1.14 billion funding total.

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Both plans call for less funding in the department's 2009 budget - a total of \$1.15 billion in Strickland's version and \$1.14 billion in the House plan.

Dolan said more funding for higher education can have short- and long-term benefits for Ohio.

He said the state needs to move quickly to address a situation in which 3,600 high-tech jobs in the Cleveland area are going unfilled due to a lack of qualified workers.

"The market is there," Dolan said, "so we need to make sure the work force is there. We decided the best economic tool is improvements in higher education.

"We've also got to make certain we foster a foundation (for higher education) for years and years to come," he said.

"That's what we're talking about here."

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