



## **Kasich awarded 'B' for budget work**

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A Washington think-tank known for advocating small government has awarded fiscal report cards to 50 state governors, giving Ohio Gov. John Kasich a "B."

The Cato Institute released its Fiscal Policy Report Card for 2016 Thursday. The nonpartisan libertarian think tank has issued similar reports for years.

The section on Kasich says,

"John Kasich has been one of the best tax-cutting governors of recent years. In 2013 he approved a plan that cut individual income tax rates by 10 percent, with the top rate falling from 5.93 to 5.33 percent. The plan also exempted a portion of small business income from taxation. To partly offset the revenue loss, the plan broadened the sales tax base and raised the sales tax rate from 5.5 to 5.75 percent. In 2014 the income tax rate reductions were accelerated and personal exemptions were increased. "In 2015 Kasich signed further income tax rate cuts into law. Individual rates were slashed across the board, with the top rate dropping to 5.0 percent. The 2015 legislation also expanded the small business exemption. Taxpayers can now exempt the first \$250,000 of business income, with business income over that amount taxed at just 3 percent. "The revenue losses from the 2015 tax cuts were partly offset by a cigarette tax increase from \$1.25 to \$1.60 per pack. In his 2016 State of the State address, Kasich promised further tax reforms next year. "Kasich's score was reduced by his substantial spending increases, including a general fund increase in 2016 of more than 9 percent. State government employment is up 11 percent since the governor took office.

Kasich's spokesman, Emmalee Kalmbach, said the governor is pleased to get a good grade but that some of Cato's assertions are not quite on the mark.

"The number of state employees has actually decreased by more than 11 percent since the governor took office," she said. "The report cites a broad federal headcount that includes thousands of employees at public universities, etc., who are not under the governor's control – and any increases there cannot be counted as his responsibility."

The Cato report was written by Chris Edwards, director of tax policy studies at Cato and editor of [DownsizingGovernment.org](http://DownsizingGovernment.org).

The Register asked Edwards if Kasich's decision to expand Medicaid would make it harder for his successors to get a good grade.

"Your question about Kasich is astute," Edwards replied in an email. "I measure general fund spending in the report, which means non-federally funded spending. So as the federal share of Medicaid declines in coming years, future Ohio governors will have to find room in the general fund budget or they will push to hike taxes."

The full report, available at [cato.org](http://cato.org), awards "A" grades to Indiana Gov. Mike Pence, Donald Trump's running mate, and four other governors. It gave "F" grades to 10 governors, including Pennsylvania's Tom Wolf and California's Jerry Brown.