



TED STRICKLAND
GOVERNOR
STATE OF OHIO

Executive Order 2008-01S

Implementing Expenditure Reductions and Spending Control Strategies Necessary to Maintain a Balanced Budget

- 1. Fiscal Responsibility is Critical to Ohio's Economic Vitality and Growth.** The State is committed to making, and obligated to make, prudent and responsible economic decisions to ensure that Ohio has the ability to meet its current and future financial obligations. Proper management of Ohio's resources provides assurance to Ohioans that the fiscal well-being of the State is a top priority and that the State's budget remains in balance.
- 2. Economic Forecasts Show That the State's Projected Revenue Will Decrease for Fiscal Years 2008 and 2009.** New economic forecasts indicate that the State's anticipated revenues will not meet original expectations for Fiscal Years 2008 and 2009 and that there will be a shortfall between \$733 million and \$1.9 billion. This shortfall is due to a variety of factors including, but not limited to, the weakening of the national economy, sharply increased oil prices, the mortgage foreclosure crisis, and slowing retail sales. These declines in the economy mean that Ohio's tax revenues, that are dependent upon good jobs and profitable businesses, will also decline, contributing to the budget shortfall.
- 3. Medicaid Spending Trends Will Exceed Original Estimates for Fiscal Years 2008 and 2009.** Ohio has experienced Medicaid caseloads exceeding earlier estimates. These increases, which are now expected to accelerate the State's Medicaid spending at rates above those projected at the time the State's budget was established, are also contributing to the budget shortfall.
- 4. Legal Authority of the Governor Regarding Oversight of State Expenditures.** In order to ensure fiscal responsibility in state government, the Ohio Constitution and Ohio's laws require the Governor

to exercise and maintain effective supervision and control over the State's expenditures and to assure that the State's expenditures do not exceed its revenues. When it appears as though expenditures will exceed revenues, the Governor is required to take steps to bring the State's budget into balance.

5. **The State Must Act Immediately In Order to Continue to Provide Critical Services and to Support Needed Investments that Ensure Future Job Growth and Development.** Unless immediate steps are taken to curtail the negative effects of the projected shortfall, the State will not be able to maintain or provide various vital services upon which Ohioans rely, nor will the State be able to develop and implement programs related to creating and expanding educational and employment opportunities. Even with quick action, some cuts in services to Ohioans are necessary at this time.
6. **Expenditure Reductions and Spending Controls to Be Implemented.** It is imperative that the State immediately implement reductions in spending plans for Fiscal Years 2008 and 2009 to assure that the State maintains a balanced budget. Accordingly, as required by the laws and Constitution of the State of Ohio, I hereby order the Director of the Office of Budget and Management (the OBM Director) to develop Budget Directives reducing authorized expenditures together with Policy Directives designed to reduce expenditures, all to the extent necessary to keep Ohio's budget in balance.
7. **Implementation of Mandatory Spending Reductions for Fiscal Years 2008 and 2009.** In furtherance of my statutory and constitutional obligations, I hereby order all Cabinet Agencies, Boards, Commissions and all other similar entities which have General Revenue Fund appropriations (all Executive Agencies) to immediately reduce expenditures to the levels ordered in various forthcoming Budget Directives, upon their issuance by the OBM Director. These Directives shall not require reductions in expenditures for debt service, lease rental contracts, state office building rents and operating payments, pension payments made by the Treasurer of State, tax relief programs including the homestead exemption, SSI and tuition freeze support programs, foundation formula for K-12, and Medicaid entitlement programs.
8. **Implementation of Mandatory Spending Control Strategies to Reduce Spending for Fiscal Years 2008 and 2009.** Also in furtherance of my constitutional and statutory obligations, I order all Executive Agencies to immediately implement the following spending control strategies, as more

specifically defined in forthcoming Policy Directives, upon their issuance by the OBM Director:

- a. A travel control policy limiting all out of country travel and all non-essential continental U.S. travel.
 - b. A hiring control policy limiting state payroll expenditures and identifying all potential human resource cost savings measures.
 - c. A personal services contracts control policy restricting the execution of future personal service contracts and mandating a thorough review of all current personal service contracts in an effort to achieve savings through reductions in, or elimination of, such contracts.
 - d. An equipment control policy stopping all purchases of new equipment, with the exception of equipment needed for health, safety or other similarly critical state functions.
8. **Other Budget Efficiency Initiatives.** In addition to the expenditure reductions and spending controls that are explicitly mandated in this Order, all Executive Agencies are also ordered to review whether there are other cost controls that can be implemented in ways that will increase operational efficiency. Areas for review should include, but not be limited to, invoice and payroll processing, mail sorting and processing, printing, vehicle purchasing, and office space planning.
9. I signed this Executive Order on January 31, 2008 in Columbus, Ohio and it will expire on my last day as Governor of Ohio unless rescinded before then.




Ted Strickland, Governor

ATTEST:

Jennifer Brunner, Secretary of State