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Joe Hallett commentary: Strickland's budget represents a monumental gamble

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BY JOE HALLETT

Statehouse lobbyist Gayle Channing Tenenbaum dreads reading about her friend, the governor, in the batch of newspaper clippings she receives on weekdays.



"One of the saddest things to watch is that everyday, all the clips are about Ted Strickland and the video lottery machines and casinos and gambling," Tenenbaum said last week. "They're not about Ted Strickland and the economy or Ted Strickland and education or Ted Strickland and the children. It's not what I expected."

But she shouldn't be surprised.

Tenenbaum, a tireless child advocate, is one of the most effective, experienced and savvy lobbyists plying the state Capitol. Certainly, she might have had an inkling of what was to follow on June 19 when Strickland reversed his longtime opposition to video slot machines at Ohio's seven horse racetracks.

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On that day, the governor built Ohio's two-year, \$50.5 billion budget on a house of cards, and its potential collapse threatens to further harm the abused, neglected and needy children Tenenbaum represents so ably. Against mounting odds, Strickland must draw an inside straight to ensure state government collects the \$933 million from racetrack slots that he and lawmakers are counting on to balance the budget.

For that money to materialize, here is what has to fall into place:

- The state must win two court challenges against the slots plan. The first, argued Wednesday before the Ohio Supreme Court, seeks to have Ohioans vote on the racetrack slots at the November 2010 election. The second suit, filed Thursday, asks the Supreme Court to immediately disallow slots on grounds that they exceed what voters intended when they created the Ohio Lottery in 1973.

All seven tracks must pony up required licensing fees on schedule. Each track is on the hook for \$65 million, to be paid in five installments; the first \$13 million is due Sept. 15. If the tracks, most of which are financially ailing, have trouble borrowing the money or balk because of lawsuits or the specter of casinos operating in Ohio, anticipated revenues would be jeopardized.

Voters must defeat a November ballot issue to permit full-fledged casinos in Ohio's four largest cities. Otherwise, the casinos almost certainly will draw gamblers away from the racetracks and put the state's take from slots at risk.

Money from the racetrack slots must come in on time and as estimated. The state budget relies on 80 percent of the 17,500 slot machines to be operational by May 20 to yield \$933 million for the biennium. Even that number is suspect, given the state's dismal record of forecasting. For example, first-year revenues from Keno, the state lottery's electronic numbers game in bars, were \$30 million, far short of the Strickland administration's projection of \$72 million.

Such is the shaky foundation on which the state budget is built. If, or more likely when, it comes tumbling down, Strickland and legislators will head into their election campaigns next year having to make politically painful choices to balance the budget.

To Tenenbaum and others, more spending cuts would seem inhumane. The social-services safety net

relied upon by neglected and abused children, the elderly and the mentally ill was shredded by the \$2.3 billion in cuts already made by the governor and lawmakers. It's only a matter of time, Tenenbaum lamented, before the tragic real-life consequences are told in news stories.

In the alternative, Strickland and lawmakers could rescind a portion of the 21 percent state income-tax cut phased in over the past five years that reduced state revenue by about \$2 billion a year. Or they could temporarily increase the state sales tax; one penny yields about \$1.2 billion a year.

Had Strickland and legislators opted for honest budgeting and chosen not to risk Ohio's welfare on slot machines, they could have faced voters squarely next year as true leaders who put doing what's right above their own elections.

Instead, they likely will be scrambling to piece together a crumbling budget, finding no place to hide from voters in a house of cards.

Joe Hallett is senior editor at The Dispatch.

jhallett@dispatch.com

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