

State Legislative Update 12 **Monday, July 6, 2009**

Last week all interested parties including higher education waited to see what would happen with the two-year budget and little other legislation was discussed. Therefore, we have confined our comments this week on reviewing the Fourth of July fiscal fireworks at the state capital. We will return to following other legislation next week.

Am. Sub. HB 1 “Budget”

It all comes down to a billion dollars.

The issue is how to deal with the last billion dollars of the \$3.4 billion deficit facing Ohio’s biennium budget. Everyone generally believes that the Governor Strickland, Republican legislators, and Democratic legislators can deal with approximately \$2.4 billion of the deficit. This is not very good news for higher education much less public libraries and social services. However, it could be worse (see the next two paragraphs). It is projected by some sources that higher education will lose about \$170 million in State Share of Instruction out of the \$2.4 billion. That means that UT may lose between \$3 and \$4 million in each of the next two years, although that estimate is totally speculative. There would also be reductions in line item funding and in state scholarship funding coming to UT.

But what about that other billion? The issue is whether or not the state will permit video slot machines to be installed at racetracks. This would raise about a billion dollars over two years. The governor wants the Republican-dominated Senate to include slot machines language in the Conference Committee budget bill. The Republicans want the governor to issue an executive order instituting the slot machines as he previously did with allowing KENO. This is an impasse that has gone on for three weeks. Late last week, the Senate Republicans held hearings on the Democrats promoting gambling, while the House Democrats held hearings on the Republicans cutting funding to libraries and social services. This morning Governor Strickland held a press conference blasting Senate Republicans for playing politics and not acting on the budget. He also threatened not to sign a third week-long budget extension after the second extension expires Tuesday, July 14 at midnight. If that happens, the state would essentially shut down.

Who will blink first? Or, what if no one blinks and the gambling is taken off the table? Then there will be two options. The first option could be a relatively modest tax of some sort that will raise \$1 billion over two years. But no politician wants to raise taxes going into an election year. (Yes, one year from today we will be gearing up for both a hotly contested governor’s race and US Senate race.) The second option could be to just make an additional \$1 billion cut in the new state budget. That option would be a disaster for higher education because higher education still has the largest pot of money outside of K-12 and Medicaid (both virtually untouchables at this point in time). We would not want to speculate on that cut, but it would be bad for UT.

So, on that note, enjoy the beautiful summer weather this week.

The University of Toledo Office of Government Relations sends out an update every Monday concerning the status of selective bills affecting higher education and UT. Please distribute as widely as you see fit. Also, feel free to call or send e-mails to our office with comments and questions. Full versions of bills may be found at this Ohio government Web site: [http://www.legislature.state.oh.us/search.cfm#bill number](http://www.legislature.state.oh.us/search.cfm#bill_number) . Please note that bills are not always posted in a timely fashion, may not be the current version, and may not include added amendments.

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