

THE PLAIN DEALER

Ohio's budget offers early roadmap for campaign between Gov. John Kasich and Ed FitzGerald: Analysis

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By Henry Gomez

CLEVELAND, Ohio -- Ohio's next race for governor begins Sunday.

Not officially, of course. Republican incumbent John Kasich hasn't formally launched his bid for a second term. And the likely Democratic nominee, Cuyahoga County Executive Ed FitzGerald, declared his candidacy two months ago.

But for all intents and purposes, Kasich starts the clock when he signs into law [the state's two-year budget](#), capping a process that began with meaty -- and fairly moderate -- policy goals before meeting the Statehouse sausage grinder.

Gone is Kasich's proposal to capitalize on Ohio's fracking boom by raising relatively low taxes on oil and gas drillers. Ditto his plan to reduce the state sales tax rate while broadening the menu of products and services to which it applies.

Medicaid expansion? Maybe later, said the governor's friends in the GOP-led General Assembly, effectively ignoring Kasich's repeated insistence that more government-sponsored health care for the poor was the good Christian thing to do.

The budget Kasich must ratify by 11:59 Sunday night instead will enact a higher sales tax rate and end a property tax discount. That helps net Kasich the income and small-business tax cuts he badly wants as a keystone of his next campaign. But the budget also includes three anti-abortion measures that threaten to overshadow economics by angering women and consolidating their powerful political constituency around FitzGerald, who trails the increasingly popular Kasich in polls.

This is why they call a governor's second budget his re-election budget. What Kasich keeps and what, if anything, he strikes with a line-item veto will guide how both parties spend the next 16 months battling for power in Columbus.

GOP will emphasize economy and tax cuts

Republican messaging will rely heavily on two words: tax cuts. In the larger context of how Ohioans feel about the economy, a few extra bucks in your pocket -- and a few bucks is literally all it will be in some cases -- can't hurt.

The General Assembly approved a 10 percent cut to state income taxes over three years. Kasich preferred 20 percent, but he is not complaining. Lawmakers also kept his 50 percent tax break for small-business owners, though they scaled back the maximum savings. Studies have shown the impact could be minimal, especially among lower income taxpayers.

But Kasich campaigned on a promise to gradually phase out Ohio's income tax. This is a start that he will use to whet voter appetite for his re-election bid. *Look how far we've come, he can say. Imagine how much farther we can go.*

Quinnipiac University, [in a poll conducted as the final touches were being added to the budget](#), found correlation between Ohioans' mood about the economy and their faith in Kasich. Of the plurality of registered voters who believe the economy is improving, 72 percent said that the governor deserves "some" or "a lot" of credit for the turnaround.

These numbers help explain Kasich's 54 percent job-approval rating -- a record high for him from Quinnipiac.

Perhaps the biggest disappointment for Kasich in this budget is that it lacks his proposal to use federal dollars to extend Medicaid coverage to those who earn up to 138 percent of the poverty level. He rallied hard for this, tried to spend whatever political capital he thought he had on it. Republican leaders in the House and Senate blocked him by stripping it from their version of the budget. There is talk it could receive a separate vote in a standalone bill, but conservative legislators do not appear eager to endorse an increase in federal health care spending at a time of great concern over the national debt.

Kasich's push for Medicaid expansion has political consequences within his own party. Tea Party and liberty groups have threatened primaries for any Republican who supports the plan and have considered joining or forming a third party. No one believes Kasich will draw a viable GOP challenger, but a third-party bid could help FitzGerald and Democrats.

The governor's aides and supporters like to think of Medicaid expansion as only one of five areas in which Kasich proposed major changes with his original budget. The others are transportation, higher education, K-12 school funding and taxes. But Kasich also is judged on the successes and failures of each individual piece of his complicated tax plan.

Lawmakers early on took a jackhammer to his K-12 formula, no doubt fearful of reprisals in the home districts. And fair or not, transportation and higher education are often forgotten because Kasich's efforts there met little resistance.

At the end of the day, Kasich sacrificed the more provocative parts of his budget to get what he couldn't live without: tax cuts for individuals and for small business owners. That could help maintain the economic trust he's built with voters.

"Democrats like to claim that there's a war on women, that there's voter suppression and that everything is a war on the middle-class," said Terry Casey, a GOP strategist who has worked on past Kasich campaigns. "The Democrats like those attack points for fundraising purposes and to fire up their base, but most Ohioans are focused on jobs and the economy."

Democrats: New budget, same old Kasich

Democrats seem intent on highlighting Kasich's inability to pass much of his budget.

At [a brief news conference Friday](#) in Columbus, FitzGerald dismissed Kasich as a loudmouth who lacks the finesse needed for compromise.

"There's a certain skill set a governor is supposed to have," he said. "You're supposed to work to build a consensus."

FitzGerald spoke of the budget as a rare moment "where there's a real clear contrast between two people who are likely be Ohio's next governor." He then called the Republicans' budget "a train wreck for the middle class."

But FitzGerald offered no ideas of his own. He also declined to take a stance on the oil and gas tax.

He and Democrats instead will point to the increased sales tax -- from 5.5 percent to 5.75 percent -- to counter Kasich when he boasts of reducing taxes. If Kasich says he put some more money in your paycheck, FitzGerald and Democrats will argue he is taking more out of your wallet. Ironically, the General Assembly did Kasich a political favor by dumping his sales tax plan. Though he proposed a lower rate, Kasich wanted to apply it to more products and services.

Conservatives prefer sales taxes to income taxes. But Republicans early on got a glimpse of the potentially devastating campaign ads that awaited them when FitzGerald turned "there's a tax for that" into a crowd-pleasing punch line.

Democrats also will emphasize the end of a 12.5 percent discount the state has long provided on local tax issues. Barring a Kasich veto, any new levy passed by local schools or governments will lead to even higher property taxes.

This could be a potent argument for Democrats on several fronts. One, it could further neutralize Kasich's tax-cutting image. And two, it fits into another Democratic narrative that Kasich's budgeting has been brutal on local governments. Cash-strapped schools and public agencies have had a tough enough time passing levies. Good luck passing one now.

FitzGerald and Democrats also will assert that the GOP tax cuts disproportionately favor the wealthy.

"Kasich is not on our side," Dale Butland, spokesman for the left-leaning Innovation Ohio research group and a longtime Democratic operative, said when asked what his party's messaging might sound like in 2014. "In order to pay for yet another tax cut for the wealthiest Ohioans, Gov. Kasich has raised the sales tax and property taxes for regular people."

The party also hopes resentment lingers from Kasich's first year as governor, when he signed an anti-union bill that voters overwhelmingly repealed. But the Quinnipiac poll suggests all is forgiven and that Ohioans have grown to like and trust Kasich. To win, Democrats must convince voters that they are wrong -- that Kasich hasn't really changed.

Doing so under improved economic circumstances will be a challenge. That might explain why FitzGerald, as he did Friday, has been pooh-poohing the state's recovery and rattling off less impressive employment figures in his speeches.

Abortion: A third rail for Republicans?

The wild card in this round of budget politics is abortion.

Quinnipiac found that Kasich enjoys positive approval and favorable ratings among women. But when Kasich is matched against his likely Democratic opponent, women prefer FitzGerald by 2 percentage points, within the poll's margin of error. Independent voters, always crucial, prefer Kasich by 17 points. Overall, Kasich leads FitzGerald 47 percent to 33 percent.

So much could change, though, if Kasich allows three anti-abortion amendments to remain in the budget.

One would change the way federal dollars are spread among family planning centers by placing Planned Parenthood, a lightning rod for abortion opponents, at the end of the state's list. Another would ban abortion providers from transferring patients to public hospitals. The third, added at the last minute Tuesday before the budget passed out of a conference committee, would require doctors to tell women seeking abortions if a fetal heartbeat has been detected.

Kasich and his aides refused last week to discuss if and how he might exercise his veto power. Kasich has, however, [signaled that he is pleased](#) with the final product. In response to questions about the anti-abortion measures, Kasich [has been noncommittal](#), but he also has reminded reporters that he opposes abortion. And the head of Ohio Right to Life, a steadfast supporter of Kasich's administration, has [expressed confidence](#) that the governor will preserve all three provisions.

One thing is certain. Kasich did not envision abortion playing a role in any victory lap. Those close to him have noted that had abortion regulations been a priority, they would have been in the proposal Kasich introduced in February.

FitzGerald opposes all three measures. There is speculation, including among Republicans, that the third item might have been added to allow Kasich one easy veto. That heartbeat provision is similar to one in a more restrictive bill recently introduced in the House. Kasich could say he prefers to wait for that bill, which might yet stall in the legislature.

Such a maneuver won't spare Kasich from intensified criticism on the left. But it could further stun and alienate those among the GOP's conservative base. Asked last week how his group would respond to a veto, Ohio Right to Life President Mike Gonidakis seemed unconcerned about the possibility, though he said he has no assurances from the governor.

"Obviously that would put us in a tough position," Gonidakis said. "We have no reason to believe that's going to happen."

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