

William Phillis
Executive Director
Ohio Coalition for Equity & Adequacy of School Funding
Before the Senate Select Committee on Gaming
June 10, 2021

Chairman Schuring and Members of the Senate Select Committee on Gaming:

My name is William Phillis and I am testifying as an interested party on Senate Bill 176. As I have said in prior testimony, if Ohio chooses to allow sports betting, it must be structured to provide a sizeable and sustainable funding stream for primary and secondary education. To achieve that goal, it must be done under the Ohio Lottery. This type of structure would help legislators achieve two important goals:

1. Authorize sports betting in a way that does not invite a constitutional challenge;
2. Help pay for Ohio's promising new school-funding formula, commonly referred to as the Cupp-Patterson Plan.

I understand that attorney Nicholas "Nick" Pittner has submitted written testimony as well and his testimony raises concerns about the constitutionality of the bill's sports betting structure. I am familiar with Mr. Pittner's legal talents. He served as the lead trial counsel for the plaintiffs in Ohio's long-running school funding litigation, *DeRolph v. State*. I headed the coalition of schools that helped pay for the lawsuits. An analysis by Ohio's Legislative Service Commission also raised constitutional questions similar to ones flagged by Mr. Pittner.

In addition to raising constitutional questions, the bill prompted concerns that sports betting under casino control could depress Ohio Lottery profits. There is a growing body of research showing that competition from new forms of gambling have caused many state lotteries to experience revenue decreases. In West Virginia, for example, the lottery's revenue dropped 2.6 percent in 2016 due to competition from casinos. In Rhode Island, revenue was down 3.2 percent, and in Missouri, revenue dropped 3.3 percent.

If sports betting is allowed at casinos, Ohio Lottery profits would most likely decline, and Ohio schools would have to fight even harder for adequate funding.

The sports betting debate comes as legislators are struggling to find a way to pay for the Cupp-Patterson Plan. If the committee would amend the bill to put the Ohio Lottery Commission in charge of sports betting, the new revenue generated could help Ohio finally deliver the equitable and adequate education that the Ohio Constitution demands and Ohio families deserve.

When Ohio changed its constitution to allow the state lottery, it was sold on the promise of helping to pay for public schools. The Ohio Constitution states that "...the entire net proceeds

of any lottery” shall be used “solely for the support of elementary, secondary, vocational and special education programs...” .

Today, the state lottery delivers more than \$1 billion each year to education. If casinos are permitted to expand into sports betting, that expansion would likely depress Lottery profits and force the state to pay for a pricey constitutional challenge. Ohio could avoid those adverse effects, and infuse much-needed money into public schools, by making sports betting a Lottery product.

Thank you for your time.

William Phillis