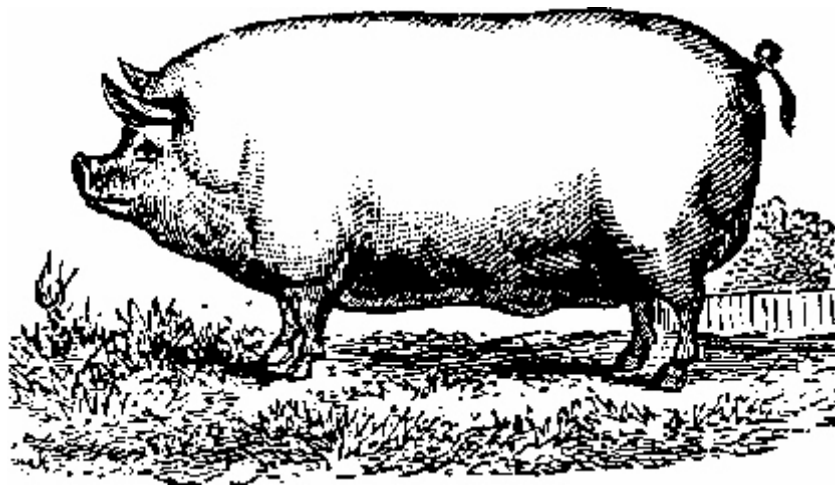


**The Buckeye Institute for
Public Policy Solutions
and
Citizens Against Government Waste**



**2005 OHIO
PIGLET BOOK**

“The Book Columbus Doesn’t Want You to Read”

THE BUCKEYE INSTITUTE FOR PUBLIC POLICY SOLUTIONS

The Buckeye Institute for Public Policy Solutions is a nonpartisan research and educational institute devoted to representing the viewpoint of individual liberty, economic freedom, personal responsibility and limited government in the policy debates about Ohio's present and future.

The Buckeye Institute assists policymakers and the public by providing objective analysis and sound solutions to state and local policy questions, particularly in the areas of taxation, government spending, regulation and education.

Our work challenges government intervention as the default solution to our society's needs. We do this by offering a compelling vision of greater prosperity being the certain consequence of policies that maximize the freedom and independence of our citizens.

Committed to its independence, the Buckeye Institute for Public Policy neither seeks nor accepts any government funding. It enjoys the support of foundations, individuals and businesses sharing a concern for Ohio's future and an appreciation of the role of sound ideas and a more informed debate.

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CITIZENS AGAINST GOVERNMENT WASTE

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than \$758 billion.

CAGW's official newsletter is *Government WasteWatch*, and the group produces special reports, and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly-supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

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Introduction

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In 1982, President Ronald Reagan empanelled a team of 161 senior business executives and more than 2,000 private sector volunteers to undertake a comprehensive review of the federal government. The report of the President's Private Sector Survey on Cost Control, better known as the Grace Commission after the panel's chairman, the late J. Peter Grace, made 2,478 recommendations to eliminate waste, mismanagement, and inefficiency in Washington, with three year-year savings of \$424.4 billion. After the report was completed in 1984, Peter Grace joined with syndicated columnist and Pulitzer Prize-winner Jack Anderson to form Citizens Against Government Waste (CAGW) to promote implementation of Grace Commission recommendations and promulgate additional recommendations at every level of government. Over the past 21 years, CAGW and its more than one million members and supporters have helped taxpayers save more than \$758 billion.

CAGW's most well-known publication is the *Congressional Pig Book*. Since 1991, CAGW has published this annual exposé of pork-barrel spending in the 13 federal appropriations bills. CAGW also produces *Prime Cuts*, a comprehensive look at the depth and breadth of waste throughout the federal government. Recommendations range from eliminating corporate welfare to cutting unneeded defense systems. *Prime Cuts 2004* identified \$217 billion in potential one-year savings and \$1.6 trillion in five-year savings. Considering that the federal deficit is projected to be \$333 billion in 2005, *Prime Cuts* alone could go a long way in bringing back fiscal sanity to Washington.

The *Ohio Piglet Book* is the synthesis of the Buckeye Institute's expertise with the Ohio state budget and an amalgamation of the *Congressional Pig Book* and *Prime Cuts*. While an earmark for a parochial project may evoke both cackles and the ire of taxpayers, an equally important task is pointing out the agencies and programs that exist which provide wasteful and duplicative services year in and year out. It is our aim here to expose both forms of waste in a single, comprehensive compilation.¹

The identification of wasteful spending by the Ohio government serves several vital purposes. First, it puts the lie to the myth of the "systemic budget crisis" that has created a

¹ Methodology is detailed in Appendix B.

biennial show in the state, often involving the clashing of interests who fight tenaciously to ensure their “fair” share of the budgetary pie. Since at least the 2001 budget, the state has approached each budget knowing that revenue projections would not be able to cover planned expenditures. The politicians have wrung their hands and made symbolic cuts around the edges, but in the end they have relied on tax increases (directly raising tax rates or creating or increasing fees which is simply another form of taxation), increasing the state’s debt, and emptying out the “rainy day” fund as well as the tobacco settlement funds.

This tax and spend ritual, and its concomitant effects, may best be viewed by looking at how the state has budgeted its resources using information from the U.S. Census Bureau. Between 1998 and 2003 (the most recently available data), Ohio has seen its revenues increase by 3.74 percent while the government has increased its spending by 43.88 percent. Ohio has also increased its debt level by 47.89 percent, to \$21 billion, to help cover this increase in spending.²

The consequences of this pattern have been devastating for the state’s economy. During the past year, many states across the country have been relieved to see their economies recovering, at various rates, from the recession of 2001. Ohio, however, has not been among these states. In order to cover the massive increases in spending during the past several years, the state has raised taxes. These increases have taken Ohio’s tax burden from being ranked 24th in the country in 1994 to 7th in the country by 2005.³

This connection between taxes, spending, and economic growth is crucial to understanding the effects that public policy can have on the lives of every citizen. Had the state reduced, or even just maintained, its profligate spending levels during the past decade, there would have been no need for the oppressive tax rates that have followed. Had the tax burden not been increased to cover the increasing spending appetite, the state would have been able to recover and the people of Ohio would be reaping the rewards of a more robust economy.⁴

As such, The *2005 Ohio Piglet* points out that nearly \$3.5 billion that could be saved if the state were to eliminate wasteful and/or unnecessary spending. There is only a systemic budget crisis when government officials refuse to demand that taxpayer dollars only be spent on those programs and services that are actually serving the public good, rather than parochial or political interests. By choosing instead to raise taxes, and thereby enabling the continued wasteful spending, the state’s economic woes have been perpetuated and exacerbated.

² U.S. Census Bureau, “Federal State, and Local Governments, State Government Finances,” (viewed on June 20, 2005), <<http://www.census.gov/govs/www/state.html>>.

³ Tax Foundation, “State and Local Tax Burdens by State, 1970-2005,” April 20, 2005. See also, David Hansen, “Thoughts on Ohio’s Climb to the Top,” The Buckeye Institute, May 12, 2005.

⁴ Samuel R. Staley and Joshua C. Hall, “Five Steps to Fundamental Tax Reform: A Pro-Growth Blueprint,” The Buckeye Institute, February 2004; Richard Vedder, “Grinding to a Halt - Ohio’s Tax Policy and its Impact on Economic Growth,” The Buckeye Institute, September 2002; Zsolt Becsi, “Do State and Local Taxes Affect Relative State Growth?” *Federal Reserve Bank of Atlanta Economic Review*, (Vol. 81, No. 2), March/April 1996, pp. 18-36; Richard Vedder, “State and Local Taxation and Economic Growth,” Joint Economic Committee of Congress, Washington, D.C., December 1995; and Bruce Benson and Ronald Johnson, “The Lagged Impact of State and Local Taxes on Economic Activity and Political Behavior,” *Economic Inquiry*, July 1986.

Indeed, if the state were to implement the *Piglet Book's* recommendations, not only would there be an end to the budget crisis, but indeed a tax cut could be implemented to return money to the citizens of Ohio. And that is one of the primary purposes of this publication, to serve as a counterweight to the special interests that fight day in and day out to maintain or enlarge their claim on the public purse. The public good is better served by allowing individuals to decide where and on what to spend their hard-earned income rather than lobbyists or special interest groups in Columbus.

The *Piglet Book* also shines a light on the appalling lack of transparency that exists in the Ohio budget. Too often there is simply no way to know where tax dollars will actually be spent or for what purpose. Basic democratic principles require an informed citizenry to make decisions about how they wish to govern themselves. The opaqueness of the Ohio budget process dims the likelihood that such a citizenry will have the requisite information so that they can make the best decisions. But beyond the broad principles is the more concrete notion that the Ohio government is spending the money they take from the citizens of this state. As such, the way in which such funds are spent should be plain and clear to those who are ultimately paying the bill.

A final purpose here is to start a meaningful dialogue among the citizens of Ohio about just what should constitute appropriate ways of spending tax dollars. There are services that the government has a legitimate interest in providing for the public good. However, there are also many areas that government has entered into where its involvement is unnecessary, serves narrow private interests, or provides a service that the private sector can and does provide for a fraction of the cost. Such spending also crowds out private entrepreneurs who would otherwise be willing to perform the service at a higher level of quality and at a lower cost.

The reduction or elimination of wasteful spending will go a long way toward bringing Ohio back from the precipice of economic stagnation. In 2005, Governor Taft and the General Assembly have made positive steps toward holding the line on spending and cutting some of the most onerous taxes. But even in this budget, which the Governor's office has proclaimed as "the tightest budget the state has seen in 40 years,"⁵ the *Piglet Book* identifies almost \$3.5 billion of pork.

The following general principles guided this analysis and underlie the selections of what programs constitute wasteful spending in the various sections and departments in the budget:

1. There are certain core functions that are within the legitimate purview of the state. These generally include items that could be called "public goods." Goods and services that could be produced and/or provided by private enterprise in the marketplace ought to be allowed to do so. This is often referred to as the "Yellow Pages test." If one can find a company in the Yellow Pages doing something, odds are the government shouldn't be doing it.
2. Governments should not interfere in markets by playing favorites. Special subsidies, "incentives," carve-outs, or other discriminatory programs designed to assist some

⁵ Carrie Spencer, "Taft Plan to Widen Shortfall," *Cincinnati Post*, February 7, 2005 (viewed on June 20, 2005), <<http://www.cincypost.com/2005/02/07/state020705.html>>.

industries or companies at the expense of both other businesses and the taxpayers are wasteful and an inappropriate use of both state authority and funds.

3. Governments should not spend money on parochial interests. The state should spend funds that contribute to the good of the state, not particular favored regions or constituencies.
4. Programs should not be allowed to benefit from a double taxation of citizens; i.e. collecting state-funded subsidies while also charging user fees or admission charges.

A full list of the wasteful spending in the 2006-2007 Ohio biennial budget is provided at the end of the book. It should be noted that all dollar amounts provided in this book concern state expenditures only. All federal grant monies have been excluded from such calculations. This inevitably raises questions about the utility of federal grants which require matching funds from the state (and from the 2006-2007 budget it appears safe to say that the General Assembly has never met a matching grant they couldn't fund) but that is a topic beyond the scope of this publication.

Department of Agriculture

The Ohio Department of Agriculture is a microcosm of the wastefulness that is created when government transfers taxpayer dollars to private industries in the name of "economic development." This department contains a number of programs designed to assist private agriculture companies in marketing their products across Ohio, the country, and even the world.

For example, over the next two years the state will spend \$1.24 million of taxpayer money to fund the "International and Domestic Marketing" program. According to the Ohio state budget, this program will provide

marketing services to Ohio's food and agricultural industry to promote and provide a competitive advantage for Ohio-based products that are marketed internationally and nationally. Division staff participate in trade shows, coordinate trade missions, conduct training seminars on exporting, and provide market research information to help promote international development of Ohio-based products.⁶

The General Assembly's version of the budget contains an earmark in this program which requires \$100,000 to be spent on the "Ohio-Israel Agriculture Initiative." CAGW's *2005 Pig Book* identified \$569,000 for the same expenditure, but with federal tax dollars.

The marketing program essentially transfers public resources to private companies by providing them with information that they ought to be collecting and analyzing at their own expense. For example, the Ohio Farm Bureau Federation (OFBF), according to their website, "is a private, dues-paying membership organization. OFBF works on behalf of members at our nation's capital and Ohio's Statehouse, with regulatory agencies, and locally in every county in

⁶ Ohio Executive Budget for 2006 and 2007, Dept. of Agriculture, p. 4.

Ohio.”⁷ Farmers pay a fee to this nonprofit organization which provides them with the same service, in this case information, as the state marketing program. Membership in the OFBF ranges from \$53 a year to \$70 a year depending on the county.⁸

Whatever competitive advantage is provided to Ohio farmers by the public subsidy of their marketing research is more than offset by the increased taxes required to make that redistributive transfer. Agri-businesses know how to market their products. They have their own marketing departments, and have the assistance of private trade associations and chambers of commerce. The citizens of Ohio are paying to provide a service to businesses that is already provided in the private sector and ought to be paid for at private expense.

As if that \$1.24 million expenditure wasn't enough, Ohio will also spend \$447,000 for the Ohio PROUD marketing campaign and \$340,000 on commodities marketing. According to the budget, “Program employees travel to approximately 80 events each year in an OHIO PROUD van that is used to display information to consumers. The program also funds advertising such as newspaper ads and billboards.”⁹ These subsidies of providing “free” marketing for private business should be ended immediately.

The Agriculture Department will also receive \$2.14 million over the next two years to provide marketing and research support to private wineries in the state. This is the most blatant kind of pork, the funneling of public dollars to specific companies in a particular market.

The wineries program exemplifies the most persistent fallacies of government waste. The budget takes great care to explain that the grape industry subsidy is paid for in its entirety by taxes on the sale of wine. Politicians and many citizens are thus led to believe that such programs are “self-sufficient” or at the very least are not a misappropriation of funds because the revenues are raised from a specific source for the sole purpose of being spent on one program.

But this argument fails to consider the increased price that Ohioans have to pay when they buy their favorite local wine. The revenue is being raised by wine drinkers, but that does not mean that the government has the right to extricate money from consumers and then give it to private companies. If private companies want to raise money to market their product they can do so by raising the price themselves and allowing the market to determine if that is fair. Any program that claims to be self-sufficient because of fees is ignoring the fact that these fees are simply a less abrasive means of targeted taxation.

Another highlight from the Department of Agriculture budget includes the more than \$1 million for grain warehousing. According to the budget, “(t)his program prevents the loss of grain proceeds by farmers in the event of grain elevator failures.”¹⁰ Providing money for publicly funded insurance is unnecessary due to the fact that farmers already have access to recourse for recouping potential losses through liability in the legal system.

⁷ OFBF, (viewed on June 20, 2005), <<http://www.ofbf.org/page/CARE-4TCS6T/?OpenDocument>>.

⁸ OFBF, (viewed on June 20, 2005), <<http://www.ofbf.org/ofbweb/ofbwebengine.nsf/MemberEnroll>>.

⁹ Ohio Executive Budget for 2006 and 2007, Dept. of Agriculture, p. 5.

¹⁰ Ibid., p. 7.

There is a further unsettling trend in the larger theory behind government provided, i.e. taxpayer financed, insurance in general, and more so when the insurance is provided to a select industry. Such programs interfere in the existing market and serve only to create dysfunction in these markets. Grain elevators should be maintained to the highest degree possible, and farmers should have contingency plans in place in the chance of a breakdown, because failure to operate would mean liability for lost revenues to the farmers and the decrease in business that would result as farmers would seek more dependable operators. Thus, such public insurance programs spend tax dollars to create perverse incentives against property maintenance because if there is a failure, the taxpayers will foot the bill.

Other wasteful agriculture expenditures include \$716,452 to “provide funding to reimburse agricultural societies for premiums and cash awarded to junior fair participants that exhibit at county and independent fairs in Ohio.” The budget also includes \$779,266 for the licensing and regulation of Ohio’s auctioneers. Finally, \$781,146 will be spent on a program that serves the citizens of Ohio by “educat(ing) the general population on protecting farmland from conversion to non-agricultural use.”

Agriculture is an important aspect of many Ohioans’ everyday life. The state government should be helping small and large farms and the agricultural industry through tax cuts rather than handouts.

Ohio Arts Council

A fine work of art deserves appreciation. But it does not deserve taxpayer money to subsidize its creation or display. Private and nonprofit organizations already exist for this purpose and spend more than enough to ensure that the public can have access to world-class works of art. Yet, the Ohio Arts Council will spend more than \$21 million on taxpayer funded art in the next two years.

The first core function of this agency is “arts programming,” which is described as follows:

This program supports quality arts experiences through its grants. Grants moneys strengthen Ohio communities culturally, educationally, and economically by funding artists and arts organizations directly to keep artistic productions flourishing and make art readily available to the general population. Funding categories include Arts Learning, Individual Creativity, Arts Access, Arts Innovation, Capacity Building, and Sustainability and International Partnership.

The budget also depicts the second core function of the Ohio Arts Council:

This program offers services and programs that are designed to strengthen the organizations funded. Such programs and services include support for international cultural and educational exchanges for the state’s arts and arts education professionals, the Ohio online visual artist registry, arts policy research, and the Ohio River Border Initiative (ORBI), a program to strengthen the partnership with West Virginia to support Appalachian arts and crafts. This program also supports the administrative expenses of the Ohio Arts Council, including wages, utilities, printing, and technology upkeep.

The Appalachian arts and crafts industry should be funded either privately or through the entrepreneurship that the market allows for and rewards commensurately.¹¹

The public funding of art also raises serious questions about the ability of the state to enter into the realm of art without political motivations or demands. As David Boaz has written: “To avoid political battles over how to spend the taxpayers' money, to keep art and its power in the realm of persuasion, we would be well advised to establish the separation of art and state.”¹² Thus, there are ample reasons to eliminate funds for the Arts Council.

Examples of publicly subsidized exhibitions in the Riffe Gallery (Columbus) include:¹³



From Left to Right:

Educators/Educated: Jewelry & Metals in Ohio - Cuba Oriente: Contemporary Painting From Eastern Cuba - The Quilted Surface II: International Contemporary Art Quilts by Quilt Surface Design Symposium Participant - A Carnival of Animals: Beasts Birds and Bugs in Original Illustrations from Children's Books.

Department of Commerce

The Department of Commerce, along with the Department of Development, could be more appropriately combined and renamed the Department of Excessive Regulation and Corporate Welfare. While the easiest solution would be to abolish both these agencies in one stroke, a more cautious approach should be taken. As Edmund Burke would advise, change must be slow in any reform, and so this publication suggests the removal of only the most clear and odious cases of waste.

The single largest example of waste in the Department of Commerce is the Liquor Agency Operations program, which has a 2006-2007 appropriation of \$801.6 million. The budget describes the function of this program as being “responsible for the sale of spirituous liquor by more than 400 private businesses, known as liquor agencies, which are contracted by the division to serve as its sales agents.”¹⁴

The Soviet experiment should have taught us once and for all that government ownership of industry is bad policy and an egregious waste of citizens hard earned income. If the only thing stopping total privatization of the sale of intoxicating beverages in the state is to protect the

¹¹ For a thorough review of the case against publicly subsidizing art, see Laurence Jarvik, “Ten Good Reasons to Eliminate Funding for the National Endowment for the Arts,” Heritage Foundation Backgrounder #1110, April 29, 1997, (viewed on June 20, 2005), <<http://www.heritage.org/Research/Budget/BG1110.cfm>>.

¹² David Boaz, “The Separation of Art and State,” Cato Institute, August 14, 1997, (viewed on June 20, 2005), <<http://www.cato.org/dailys/8-14-97.html>>.

¹³ The Ohio Arts Council, <<http://www.oac.state.oh.us/riffe/past.asp>>.

¹⁴ Ohio Executive Budget for 2006 and 2007, Dept. of Commerce, p. 6.

children, the success of literally thousands of private retailers across Ohio who also sell such beverages should put our collective minds at ease.

A related expenditure that should be slated for extinction is the \$1 million for “Beer and Wine Compliance,” whose purpose, according to the budget, is to “support industry compliance with laws relating to beer, wine, and mixed beverages containing 21 percent or less alcohol by volume.”¹⁵ If this were related to ensuring compliance with the laws concerning the sales of alcoholic beverages, then a reasonable debate might ensue about the appropriate scope of compliance authority by the state.

But that is not what this program concerns. Rather, this program proclaims to ensure compliance in the “manufacture, importing, and distribution of beer, wine, and low-proof mixed beverages. Additionally, this program provides for the registration of sales agents for alcohol beverage suppliers, manufacturers, distributors, vendors, and brokers.”¹⁶ In other words, the state is spending tax dollars to regulate the transportation of alcoholic beverages. The registration of manufacturers is understandable, but the registration of anyone beyond that point serves no purpose except as a reason for a bureaucratic department’s continued existence.

Professional and Occupational Regulatory Boards

The 2006-2007 budget will also spend more than \$30 million to license and regulate various professions. These boards will no longer be presented as individual budget items in 2007, when they will be absorbed by other agencies. So this figure is likely to be only about half as much as the actual total in the end. Also, it is important to point out that among the full list of professional regulatory boards that should be abolished, there is an exception for the State Medical Board and the Board of Nursing. These two boards alone constitute an appropriation of more than \$26 million dollars over the biennium. Thus, certain professions such as optometry or dentists could easily be absorbed into the medical board. Others, such as barbers and cosmetologists, should be eliminated altogether.

These boards are yet another example, and there are many in the budget, of the government regulating industries that the market and the legal system could regulate more efficiently and with less disruption to the citizens of the state and the economy. At the heart of these professional licensing regulations lie several fundamental facts.

First, these regulations reduce the ability of competitors and entrepreneurs to enter the market and thereby increase both the amount of competition and the concomitant benefits that come with increased competition. Second, the market, when combined with a competent legal system, is more than capable of dealing with those who attempt to cheat or swindle or otherwise inappropriately gain from others. The difference between licensing and litigating (or more importantly the threat of litigation) is that the former regulates the market by imposing broad and rigid controls that make the cost of doing business in a particular industry more expensive.

The latter method provides just as much protection, just without all the visible pomp and circumstance of an official seal of government approval. Instead, individuals make business

¹⁵ Ibid, p. 7.

¹⁶ Idem.

arrangements and if one or the other party fails to live up to their side of the agreement, the courts adjudicate the matter. Getting away from the professional licensing mentality that pervades our public policy discussions will go a long way toward reducing the costs to both consumers and taxpayers. It will also go a long way toward reducing the tax dollars that the government needs in order to run these schemes.

Ohio Cultural Facilities Commission

This program, similar to the Arts Council, has a broad scope of purpose and focuses on capital project funding. Scrapping this one program would save taxpayers \$75.5 million. Below is the list of capital projects to be funded by this department in 2006 and 2007:

Code	Object of Expenditure	Amount
003	Center of Science and Industry	\$12,268
004	Valentine Theatre	\$1,111
005	Center of Science and Industry	\$181,636
010	Sandusky State Theatre	\$1,000,000
010	Sandusky State Theatre	\$325,000
013	Stambaugh Hall Improvements	\$250,000
017	Zion Center of the National Afro-American Museum	\$488,232
021	Ohio Historical Center - Archives and Library Shelving	\$2,395
033	Woodward Opera House	\$1,050,000
033	Woodward Opera House	\$100,000
037	Canton Palace Theatre	\$1,066,126
038	Center Exhibit Replacement	\$750,000
038	Center Exhibit Replacement	\$816,000
042	Statewide Exhibit/Renovation & Construction	\$625,000
043	Statewide Site Repairs	\$454,000
043	Statewide Site Repairs	\$100,000
044	National Underground Railroad Freedom Center	\$4,150,000
046	Cincinnati Museum Center	\$500,000
046	Cincinnati Museum Center	\$250,000
052	Akron Art Museum	\$6,634,666
052	Akron Art Museum	\$1,012,500
053	Powers Auditorium Improvements	\$200,000
053	Powers Auditorium Improvements	\$250,000
055	Waco Museum & Aviation Learning Center	\$500,000
057	Comprehensive Master Plan	\$180,000
058	Cedar Bog Nature Preserve Education Center	\$766,200
061	Statewide Arts Facilities Planning	\$35,931
063	Robins Theatre	\$1,000,000
064	Bramley Historic House	\$75,000
065	Beck Center for Cultural Arts	\$100,000
066	Delaware County Cultural Arts Center	\$40,000
068	Perry County Historical Society	\$100,000
069	Cleveland Institute of Art	\$750,000
069	Cleveland Institute of Art	\$250,000
071	Cleveland Institute of Music	\$750,000
071	Cleveland Institute of Music	\$750,000

Code	Object of Expenditure	Amount
072	West Side Arts Consortium	\$138,000
073	Marina District / Ice Arena Development	\$3,500,000
074	Stan Hywet Hall and Gardens	\$250,000
074	Stan Hywet Hall and Gardens	\$750,000
075	McKinley Museum	\$125,000
076	Spring Hill Historic Home	\$125,000
077	Western Reserve Ballet	\$100,000
078	Midland Theatre	\$175,000
079	Lorain Palace Civic Theatre	\$200,000
080	Great Lakes Historical Society	\$150,000
734	Hayes Presidential Center	\$75,000
745	Historic Sites and Museums	\$750,000
745	Emergency Repairs	\$838,560
753	Buffington Island State Memorial	\$91,500
769	Rankin House State Memorial	\$192,000
770	Serpent Mount State Memorial	\$295,000
781	Archives and Library Automation	\$624,000
784	Ohio Historical Center Rehabilitation	\$673,700
784	Ohio Historical Center Rehabilitation	\$960,000
786	Piqua Ft. Picakawillany Acquisition and Improvements	\$136,000
789	Neil Armstrong Air and Space Museum Improvements	\$103,516
791	Harrison Tomb and Site Renovations	\$149,500
796	Moundbuilders State Memorial	\$530,000
806	Grant Boyhood Home Improvements	\$68,333
806	Grant Boyhood Home Improvements	\$480,000
809	Cincinnati Ballet Facility Improvements	\$450,000
810	Toledo Museum of Art Improvements	\$2,000,000
812	Schuster Art Center	\$5,500,000
814	Crawford Museum of Transportation & Industry	\$2,500,000
820	Historical Center Ohio Village Buildings	\$502,000
821	Lorain County Historical Society	\$300,000
822	Madison County Historic Schoolhouse	\$40,000
823	Marion Palace Theatre	\$825,000
823	Marion Palace Theatre	\$750,000
824	McConnellsville Opera House	\$75,000
825	Secrest Auditorium	\$75,000
826	Renaissance Theatre	\$50,000
826	Renaissance Theatre	\$750,000
827	Trumpet in the Land	\$100,000
829	Mid Ohio Valley Players	\$80,000
830	The Anchorage	\$50,000
831	Wayne County Historical Society	\$300,000
833	Promont House Museum	\$200,000
834	Galion Historic Big Four Depot Restoration	\$170,000
835	Jamestown Opera House	\$125,000
837	Lake County Historical Society	\$250,000
839	Hancock Historical Society	\$75,000
Code	Object of Expenditure	Amount
840	Riversouth Development	\$1,000,000

841	Ft. Piqua Hotel	\$200,000
843	Marina District / Ice Arena Development	\$4,000,000
844	Charles A. Eulett Education Center / Edge of Appalachia Musuem Center	\$1,850,000
845	Lima Historic Athletic Field	\$100,000
846	Butler Palace Theatre	\$200,000
847	Voice of America Museum	\$275,000
848	Oxford Arts Center ADA Project	\$72,000
849	Clark County Community Arts Expansion Project	\$500,000
850	Westcott House Historical Site	\$75,000
851	General Lytle Homestead - Harmony Hill	\$50,000
852	Miami Township Community Ampitheatre	\$50,000
853	Western Reserve Historical Society	\$1,000,000
854	Steamship Mather Museum	\$100,000
855	Rock and Roll Hall of Fame	\$250,000
856	Friendly Inn Settlement House Historic Site	\$250,000
857	Merrick House Historical Site	\$250,000
858	Strongsville Historic Building	\$100,000
859	Arts Castle	\$100,000
860	Great Lakes Historical Society	\$325,000
861	Ohio Glass Museum	\$250,000
862	Goll Wood Homestead	\$50,000
863	Ariel Theatre	\$100,000
864	Bellbrook/Sugarcreek Historical Society	\$10,000
866	Sports Facilites Improvements - Cincinnati	\$4,350,000
867	Ensemble Theatre	\$450,000
868	Taft Museum	\$500,000
869	Art Academy of Cincinnati	\$100,000
870	Riverbend Pavilion Improvements	\$250,000
871	Cincinnati Art & Technology Academy - Longworth Hall	\$100,000
872	Music Hall: Over-The-Rhine	\$750,000
873	John Bloomfield Home Restoration	\$115,000
874	Malinta Historical Society Caboose Exhibit	\$6,000
875	Hocking County Historical Society - Schempp House	\$10,000
876	Art Deco Markay Theatre	\$200,000
877	Harvey Wells House	\$100,000
878	Bryn Du	\$250,000
879	Broad Street Historical Renovation	\$300,000
880	Amherst Historical Society	\$35,000
881	COSI – Toledo	\$1,900,000
882	Ohio Theatre – Toledo	\$100,000
883	Chester Academy Historic Site Renovation	\$25,000
884	Bradford Ohio Railroad Museum	\$100,000
885	Montgomery County Historical Society Archives	\$100,000
886	Nelson T. Grant Historic Homestead	\$25,000
887	Aurora Outdoor Sports Complex	\$50,000
888	Preble County Historical Society	\$100,000
Code	Object of Expenditure	Amount
889	Tecumseh Sugarloaf Mountain Ampitheatre	\$120,000
890	Pro Football Hall of Fame	\$400,000
891	MAPS Air Museum	\$15,000

892	Foundation Community Theatre	\$50,000
893	William McKinley Library Restoration	\$250,000
894	Hale Farm and Village	\$250,000
896	Richard Howe House	\$100,000
897	Ward-Thomas Museum	\$30,000
898	Packard Music Hall Renovation Project	\$100,000
899	Holland Theatre	\$100,000
900	Van Wert Historical Society	\$32,000
901	Warren County Historical Society	\$225,000
902	Marietta Colony Theatre	\$335,000
903	West Salem Village Opera House	\$92,000
904	Beavercreek Community Theatre	\$100,000
905	Smith Orr Homestead	\$100,000
	TOTAL	\$75,535,174.00

These 146 separate earmarks, totaling \$75 million, appropriate capital funds to specific projects that serve largely parochial interests. Every taxpayer is helping to fund an opera house in West Salem, for example. This is something that the citizens of West Salem should pay for if they choose to build one. It should not be the responsibility of citizens across the state to help foot the bill when they receive no benefit from it.

Also, many of these places charge admission. For example, Cincinnati Ballet costs \$53; the Rock and Roll Hall of Fame charges \$20; the Akron Art Museum costs \$15; and the Pro Football Hall of Fame charges \$13. Thus, the citizens of Ohio are paying for these venues once by virtue of being a taxed resident and then twice if they actually want to see what their tax dollars paid for. These projects can be funded either by private/nonprofit philanthropies or by admission charges. In the case of historic landmarks, these should be maintained by the parks department, not lumped in with other cultural facilities with more tenuous claims on serving the public good.

Lastly, the public subsidization of cultural facilities crowds out the philanthropic efforts of others in at least two ways. First, those who might be inclined to donate will want to see their gift used as effectively as possible. A facility already receiving a large amount of tax dollars will not be seen as providing as great a return to the private donor as a non-subsidized facility. Second, such subsidies are, in the end, the result of higher taxes. If the state would reduce feckless spending, lowering taxes commensurately, private citizens would have significantly more income to spend on charitable giving.

Department of Development

The Department of Development is the poster child for corporate welfare. One of the most pernicious effects of such agencies is to entrench the notion that economic growth can only be attained through special government subsidies to particular companies or industries. These spending initiatives either subsidize routine business costs or provide special funding and financial incentives to those who are fortunate enough to be selected by the state to receive some of its largesse.

One of the largest programs in this department provides more than \$242 million “Business Development and Financial Incentives” in 2006 and 2007. This program amounts to the selective redistribution of taxpayer dollars to private businesses that the state has deemed to be strategically important. This simply means that tax dollars are being redirected to those private companies that are savvy enough, or politically connected enough, to get access to a portion of the public treasury. Rather than having the state arbitrarily choose which companies or industries need assistance, taxes should be cut for all businesses, thereby creating a business friendly environment that attracts and retains all companies and industries and allows them to compete on a level, fair, and predictable playing field.¹⁷

Another questionable program is the “Investment in Training” program, which, according to the budget, “provides financial, educational, and instructional resources for customized training directly to Ohio businesses.” Subsidizing employee training, which is and has always been an understood cost of doing business, will cost Ohio taxpayers \$41 million over the next two years. One of the most egregious uses of this money is to “(c)ontinue the Worker Guarantee Program, which provides state funding to assess, train, and screen employees for companies.”¹⁸

Such a program violates three of the core principles that were defined in the introduction to this book. First, it finances an activity that is clearly beyond even the most generous interpretation of the core functions of government. The state has no plausible reason for using tax dollars to provide human resource services to private companies.

Second, the government, through this program, is playing favorites among private enterprises by providing human resource management services to some companies but not others. Because such services are necessary in almost every business that operates in the state, there must be “winners” and “losers” among those competing to have taxpayers and the government replace their human resources department. Third, by virtue of the facts just described, the program can only serve local and particular constituency groups, to the detriment of the state as a whole.

Two related programs, “Small and Developing Business” and “Minority Business Development” will spend, respectively \$11.1 million and \$8.4 million in 2006 and 2007. Both of these programs were created, and continue to be funded, with the best of intentions, but there is not ample reason to believe that assisting small and minority owned businesses will help in the overall development of the state’s economy. The results of such programs do not live up to the noble goals they were designed to achieve.

In fact, narrowly tailored appropriations inevitably create market malfunctions that Ohioans will have to pay for. Whenever the state subsidizes a business it interferes with the balance and creative destruction¹⁹ of the market. Subsidies simply allow firms to be less responsive to the market because any shortfalls will be covered at taxpayer expense. This is both bad business and bad public policy. Taxpayers are better served by leveling the playing field for

¹⁷ Staley, Samuel, “Cutting Taxes Best Way Out of Business Incentive Game,” The Buckeye Institute, February 1, 1996.

¹⁸ Ohio Executive Budget for 2006 and 2007, Dept. of Development, pp. 2-3.

¹⁹ For more on this concept see: Joseph A. Schumpeter, “Creative Destruction,” *Capitalism, Socialism and Democracy*, New York: Harper, 1975.

all businesses and allowing them compete free of arbitrary interference in the form of subsidies, carve-outs, exemptions, credits, etc.

Another very troubling program in the budget is the more than \$14.4 million for “Marketing, Promotion, and Advertisement.” According to the budget, these funds are used to provide “state funding to assist with the operations of the Ohio Business Development Coalition (OBDC) as it works to develop a statewide brand, regional marketing program, and to generate business leads,”²⁰ among other things.

This program exposes one of the fundamental problems of profligate spending by elected officials. Research has shown time and time again that the best way to attract business development (and thereby create jobs) is to lower taxes.²¹ The General Assembly, however, has spent year after year increasing taxes in order to pay for things like advertising why Ohio is a great place to do business. Had the state simply lowered the tax burden (and reduced spending commensurately), businesses seeking to expand would have invested in a (then) low tax state. Instead, the state has spent millions of dollars trying to convince companies to come to a high tax state with little demonstrable success.

As with the provision of marketing services to agri-business, it is redundant to be publicly subsidizing the marketing of other types of businesses. Such services should be handled in-house or with the assistance of various chambers of commerce or business trade associations. As an example, the Department of Development is involved with the Ohio Steel Council, which is described as “a public-private partnership designed to strengthen ties among the steel industry, the state of Ohio and its citizens.”²² But the Ohio Manufacturers Association already provides this same service.

In recent years, the state of Ohio has moved to provide public funding to support technology development in the private sector. The two largest and best known of these programs are the “Thomas Edison Program,” which will spend \$31 million and the “Third Frontier Program” which will spend more than \$247 million over the course of 2006 and 2007.

The budget describes the Edison program as supporting “economic development in Ohio by providing technical and business assistance to meet the needs of key existing and emerging industry sectors. It helps to expand the capacity of Ohio's manufacturing sector, increase its market share, and realize measurable productivity improvements. It supports the formation and growth of new technology-oriented businesses.”²³ It should also be noted that Edison funds will also support the recently created Ohio Venture Capital Association.

The Third Frontier initiative makes “investments (which) are focused in the areas of bioscience, advanced materials, information technology, power and propulsion, and instruments,

²⁰ Ohio Executive Budget for 2006 and 2007, Dept. of Development, p. 5.

²¹ Russell Sobel and Robert Lawson, “Income Tax Progressivity in Ohio,” Buckeye Institute, April 2003; David Tuerck, “Higher Sales Tax Means Fewer Jobs, Less Investment for Ohio,” The Buckeye Institute, February 1, 1998; and Robert Lawson, “Estate Tax Hurts Ohio Economy,” The Buckeye Institute, November 1, 2001.

²² “Ohio Steel Shipments, Production Decline,” *The Business Journal Online*, November 1, 2002, (viewed on June 20, 2005), <<http://www.business-journal.com/LateNov02/OhioSteelMidyear.html>>.

²³ Ohio Executive Budget for 2006 and 2007, Dept. of Development, p. 6.

controls, and electronics.”²⁴ These investments are made in the form of grants or loans to private companies. Robert Lawson of The Buckeye Institute wrote of the Third Frontier:

There’s an old joke about a government that taxed everything that moved until everything stopped moving, but then decided to subsidize everything to get it moving again. Taft apparently doesn’t get the joke. The state government over which he presides takes billions of dollars annually from citizens and businesses through taxes, driving up the cost of working, investing, and doing business in Ohio. And then when businesses say they would rather move to avoid all this, these same officials move in to offer subsidies.²⁵

This notion that government officials and the bureaucrats know how to stimulate the economy by raising taxes and then selectively doling out the bounty is in contravention to even the most basic and fundamental principles of economics, history, and common sense. The worst part about these programs is that they eventually become self-supporting, and not in a good way. The more the state taxes and spends on “development strategies” like Third Frontier and Edison, the more economic growth is retarded or sent to neighboring states that are smart enough to lower their tax burden. Every year, the legislature insists on spending more money chasing this ephemeral growth only to see it slow down even more.

The final area of concern in this questionable department is the “Travel and Tourism Promotion” program. Ohio will spend \$15.9 million to convince people that the state is a desirable tourist destination. There are several reasons why this entire program should be scrapped as soon as possible.

First, private companies in Ohio who benefit from the tourism industry in Ohio have every incentive to market and promote tourism in Ohio. These companies also have their own trade associations to implement comprehensive marketing strategies. The Ohio Hotel and Lodging Association serves as a prime example of the kind of groups that already exist to provide this service. Second, it is unfair to those businesses that do not benefit from tourism in the state to have to subsidize the marketing costs of those that do benefit from it. Third, there is no reason to believe that the millions of tax dollars spent promoting Ohio as a tourist attraction have actually led more people to visit the state than would have occurred if this activity were left to the private sector.

Below is the list of earmarks, totaling \$2.5 million, that were included in the Travel and Tourism Promotion budget:

Description of Expenditure	Amount
The International Center for the Preservation of Wild Animals	\$1,000,000
Support for the outdoor dramas "Trumpet the Land," "Blue Jacket," and "Tecumseh!"	\$240,000
Cleveland Institute of Art	\$200,000
NCR U.S. Senior Open	\$200,000
Greene County Convention and Visitors Bureau	\$100,000
Wright Dunbar Historical Site	\$100,000
Lake Shore Railway Association, Inc.	\$100,000
Ohio River Trails Program	\$100,000

²⁴ Idem.

²⁵ Robert Lawson, “‘Third Frontier’ is a New Attempt at an Old Idea,” The Buckeye Institute, February 1, 2002.

Warren County Convention and Visitors Bureau	\$90,000
Cincinnati Film Commission	\$80,000
Cleveland Film Commission	\$80,000
Lorain County Visitors Bureau	\$50,000
Sandusky/Erie County Visitors and Convention Bureau	\$50,000
Ottawa County Convention and Visitors Bureau	\$50,000
Wood County Economic Development Commission	\$50,000
Ohio Buckeye Junior Hereford Association	\$50,000
Morgan County Community Improvement Corporation	\$25,000
TOTAL	\$2,565,000.00

Ohio Historical Society

The Ohio Historical Society is another agency that could and should be left in the capable hands of private and nonprofit organizations that are funded through philanthropic donations and attendance charges. In the partial list of earmarks provided below, it will become clear that many of the projects funded by this fall prey to the same tenuous arguments for serving the public good as those in the arts and cultural facilities departments described earlier.

Object of Expenditure	Amount
Western Reserve Historical Society	\$500,000
Cincinnati Museum Center	\$500,000
Great Lakes Historical Society	\$450,000
Harbor Heritage Society Steamship Mather in Cleveland	\$250,000
Art Academy of Cincinnati	\$200,000
Hebrew Union College in Cincinnati for the Center for Holocaust and Humanity Education	\$150,000
Castle Farm Project in the City of Mason	\$70,000
Roseville Historical Society	\$25,000
TOTAL	\$2,145,000.00

It may seem intuitive that preserving Ohio's past and cultural heritage is a reasonable use of tax dollars. But this program has a scope that goes far beyond the simple preservation of major historical landmarks, a task that should be turned over to the parks department which has more than sufficient resources and experience to handle that task. The historical society manages 60 sites across the state focusing on themes such as air and space, crafts, Indians, industry, religion, and transportation, among others.²⁶ The selection process for what is deemed to be of historic significance is no doubt political, meaning that the selection of what gets protected and what does not is arbitrary at best.

Regardless of the relative cultural value of such sites, it does not follow that the entire burden of maintaining such sites should fall on taxpayers. The example set by Milwaukee in 1992 with their successful privatization of several historical/cultural sites serves as a prime example of how private and philanthropic interests can save taxpayer dollars while preserving history and maintaining access to all citizens.²⁷

The Board of Regents

²⁶ The full list of OHS holdings is available at: <<http://www.ohiohistory.org/places/topic.html>>.

²⁷ Bruce Murphy, "Murphy's Law," *Milwaukee Magazine*, May 30, 2005, (viewed on June 20, 2005), <<http://www.milwaukeeemagazine.com/murphyslaw/2005-05-30.html>>.

There are many positive aspects of Ohio's higher education system, but there are several crucial factors that need to be kept in mind during any discussion of higher education funding. First, there is a general truth that in any government department the likelihood of inefficiency and waste is proportional to the amount of funding.

The Board of Regents will consume around \$5 billion over the biennium. Unfortunately, large amounts of taxpayer dollars are being spent for purposes other than providing a quality post-secondary education.

The Board consists of nine members appointed by the governor, which "coordinates higher education (colleges and universities) in Ohio, distributes funds to higher education institutions, and promotes access to higher education for career preparation and advancement, economic and social mobility, and personal intellectual development."²⁸ To be clear, the Board of Regents is not synonymous with higher education and criticisms are aimed at the Regents, not higher education more generally.

Ohio has seen the annual tuition rates at almost every university increase at an alarming rate (various newspapers have noted the 'soaring' costs of college and attributed various causes).²⁹ These drastic increases have come at the same time that the state has continued to provide roughly the same amount of funding. With the exception of a small funding cut in 2003, funding has increased slightly every year.

The explanation for this phenomenon is quite simple: the more money the state provides to students through grants, loans, or other forms of subsidy, the higher the cost that a student can afford. Knowing this, universities have simply raised tuition in order to cash in on the higher payment capacity of students. Much like water finding its own level, universities will always raise prices to meet the upper threshold of what students can pay. If a student has more money, the university will raise tuition in order to collect that money. If lawmakers wanted to see universities actually lower their tuition rates, the easiest way to achieve that result would be to scrap all but the most stringently means-tested grant and loan programs.³⁰

In addition to maintaining the high cost of higher education, the Regents also wastes money on several programs.

The first is "Access Challenge," which will spend \$146.5 million in the biennium. According to the budget, this "program supports efforts to increase the proportion of Ohioans enrolled in institutions of higher education. Funds are used by designated 'access' campuses to offset the price of tuition increases so that more Ohioans can afford to attend college."³¹ Unfortunately the legislature sees the issue precisely backwards. It's not that students need more

²⁸ Ohio Executive Budget for 2006 and 2007, Board of Regents, p. 1.

²⁹ Joe Milicia, "Tuition in Ohio Soaring," *The Cincinnati Enquirer*, (viewed on June 20, 2005), <http://www.enquirer.com/editions/2001/07/05/loc_tuition_in_ohio.html>.

³⁰ Neal McCluskey, "The Tuition Aid Trap," Cato Institute, October 9, 2003, (viewed on June 20, 2005), <<http://www.cato.org/dailys/10-09-03.html>>; Leslie Carbone, "Feeding Frenzy," *The American Enterprise Magazine*, March 2004; Ayşegül Şahin, "The Incentive Effects of Higher Education Subsidies on Student Effort," *Federal Reserve Bank of New York*, August 2004, No. 192.

³¹ Ohio Executive Budget for 2006 and 2007, Board of Regents, p. 6.

state funds to pay rising tuition rates but rather that universities are raising tuition to take advantage of the increase in state funds. In essence the state is simply encouraging the continuing increase of tuition rates by offering to subsidize those increases at taxpayer expense.³²

Another misguided and wasteful program is “Student Choice Grants.” The budget explains that these grants will serve to “narrow the tuition gap between the state's public and private nonprofit colleges and universities. The grants are uniform tuition awards provided to all full-time students attending a private non-profit, four-year college or university in Ohio.”³³ State taxpayers are “donating” \$103.8 million to students to attend a private college. This is pork, and frankly just a blatant giveaway to private institutions across Ohio who have managed to secure access to the trough.

The next program that deserves scrutiny and the chopping block is the “Success Challenge” program. According to the budget, this \$105.2 million program “is a statewide initiative to reward public university main campuses that demonstrate success in baccalaureate degree completion by in-state at-risk students as well as timely main campus baccalaureate degree completion, typically within four to five years, by in-state undergraduate students.”³⁴ The most disconcerting part about the creation of such a program is that it assumes that public colleges and universities would otherwise have no incentive to help in-state at-risk students get a degree. In fact, universities already have every incentive to maintain the enrollment of every student because doing so maximizes their tuition revenues.

There are several programs that deal with the funding of research and development projects in the university system. The individual programs and their price tags are listed below. These projects are especially egregious because universities already have access to private and philanthropic funding for research. Second, public financing of research through the university system discourages private investment that might otherwise go into such endeavors, but does not because private contractors don’t like to compete on such an unfair playing field.

Object of Expenditure	Amount
Ohio Agricultural Research and Development Center	\$71,660,376
Cooperative Extension Service	\$51,289,726
Economic Growth Challenge	\$40,529,291
Jobs Challenge	\$18,696,600
Dayton Area Graduate Studies Institute	\$5,613,198
Priorities in Collaborative Graduate Education	\$4,711,096
EnterpriseOhio Network	\$2,747,882
Appalachian New Economy Partnership	\$2,352,136
Ohio State University Highway Transportation Research	\$1,520,000
Eminent Scholars***	\$1,370,988
Ohio University Voinovich Center	\$672,164
Ohio State University Glenn Institute	\$572,164
Sea Grants	\$463,850

³² For more, see Betsy Clarke, “Why Is Ohio Subsidizing Expensive Private Tuition — Regardless of Need?” The Buckeye Institute, November 1, 1995.

³³ Ohio Executive Budget for 2006 and 2007, Board of Regents, p. 8.

³⁴ Ibid, p. 9.

Bowling Green State University Canadian Studies Center	\$200,030
TOTAL	\$202,399,501.00

*** The budget reads that this appropriation is for “funding to support two eminent scholars in fiscal year 2007.” That breaks down to \$685,494 per eminent scholar (this program is funded every other year).

The Ohio University Voinovich Center and the Ohio State University Glenn Institute are involved in public policy research as opposed to corporate or industrial research and development. But they are included because just as private firms have every incentive to produce their own research (and would do so if the government would stop crowding the market) so too are there many nonprofit organizations across the state and the country that provide public policy research without accepting a penny of public funding (The Buckeye Institute is an example of just such an organization).

The final program in the Regents budget that deserves scrutiny is the \$5.8 million for “Articulation and Transfer.” The budget describes the purpose of this expenditure as “address(ing) issues arising from the transfer of students and their academic credits from one Ohio college or university to another.” It shouldn’t take nearly \$6 million to figure out how to transfer credits among the colleges and universities in Ohio. The Board of Regents, as the oversight body of all colleges and universities, could handle this duty without the creation of another agency. Indeed, it seems likely that the creation of a single code or rulebook for transferring credits would suffice, requiring only minor revisions with each passing year. But as President Reagan once observed, “a government bureau is the closest thing to eternal life we’ll ever see on earth.”

Conclusion

The examples discussed above and the more comprehensive list of pork spending that is provided in Appendix A is in no way intended to be taken as an exhaustive list of every piece of waste that occurs in Ohio state government, nor even in the 2006-2007 budget. Indeed, with access to how every dollar was being spent, there would be much more than just \$3.5 billion of taxpayer money being spent without any claim to the public good. And this raises an important point about the general lack of transparency in Ohio state government.

Using every resource that is publicly available to research this publication, there were many instances where large portions of a department’s budget were being spent without specific information. In several instances, calls to public agencies were made to obtain more detailed information and most of them ended up in a voice mail box with messages never returned. The ability to obscure where tax dollars are going makes officials unaccountable for their actions and their decisions. The citizens of Ohio deserve better and the principles of democracy demand better.

If Ohio is ever going to rise out of its economic quagmire, there are several steps that must be taken.

First, eliminate the wasteful spending on pork projects that have bloated the state’s budget and “forced” legislators to raise taxes and fees year after year. This book provides a solid outline for where such cuts should begin. Legislators and citizens should take a perspicacious look at the budget for themselves as there is no doubt more pork to be found.

Second, Ohio should form a citizen advisory panel much like the Grace Commission that would be charged with ferreting out waste that will inevitably be inserted in future budgets. Such a commission could also set forth a prioritization of spending, so that important needs can be adequately funded first and more questionable measures given higher scrutiny.

A related solution would include opening up the budgeting and appropriations process and making them more transparent so that taxpayers can know where their money is being spent without being forced to resort to Freedom of Information Act requests or litigation. How public officials spend the public's money ought to be public information without obstruction from bureaucrats who fear what may be found.

Third, Ohio needs to adopt a Tax and Expenditure Limitation (TEL) Amendment to the Constitution. In the fall of 2005, voters may have the opportunity to adopt a TEL amendment, which would cap the growth of state government spending to the rate of population growth plus inflation. Such an amendment would also require that any surplus revenues above the spending cap must be returned to voters (a small portion may be set aside in a 'rainy day' fund depending on the specific details). Also, such an amendment is likely to cap the spending growth of both state and local governments, thereby ensuring that citizens aren't simply caught in a government spending shell game.³⁵

By implementing a TEL, government officials would finally be forced to see that spending tax revenues is a matter of using scarce resources among competing alternatives. Such a mindset would be far preferable to the current one, where any spending plan can be justified and the taxes raised to meet their spending appetite. If elected officials can't restrain themselves from wasting taxpayers' money, then citizens have every reason to impose such restraint on them in the form of a TEL.

Taken together, these three proposals would go a long way toward getting Ohio back on an upward track in terms of economic growth, stemming the tide of business and employment emigration to other states, and improving the quality of life for all citizens. At the very least, when someone says that there is nowhere else to cut spending in the Ohio budget, the response should be: we have not yet begun to cut the pork.

³⁵ For more information about the TEL, see Russell S. Sobel, Ph.D., Robert A. Lawson, Ph.D., Barry W. Poulson, Ph.D., and Joshua C. Hall, "Should Ohio Limit Government Spending and Taxes?" The Buckeye Institute, January 2005.

Appendix A: Full List of Wasteful, Duplicative, Inefficient, or Discriminatory Spending

Department	Program	FY 2006	FY 2007	Total
Administrative Services	Interior Design	\$699,389	\$643,510	\$1,342,899
Administrative Services	Digital Government	\$3,955,745	\$3,948,509	\$7,904,254
Administrative Services	Workforce Development	\$12,032,569	\$12,033,120	\$24,065,689
Administrative Services	Professional Development	\$2,759,364	\$2,760,367	\$5,519,731
Administrative Services	Educational Development	\$940,256	\$940,325	\$1,880,581
Administrative Services	Minority Affairs	\$47,000	\$47,000	\$94,000
Administrative Services	Equal Opportunity Cert.	\$882,774	\$887,041	\$1,769,815
Commission of African American Males	All	\$292,000	\$292,000	\$584,000
Dept. of Aging	Long Term Care Ombudsman	\$2,214,437	\$1,624,437	\$3,838,874
Dept. of Aging	LTC Consumer Guide	\$298,400	\$820,400	\$1,118,800
Dept. of Aging	Golden Buckeye Card	\$607,614	\$607,614	\$1,215,228
Dept. of Aging	Community Outreach	\$372,677	\$372,677	\$745,354
Dept. of Aging	Program Management	\$203,647	\$193,465	\$397,112
Dept. of Agriculture	County Agricultural Societies	\$358,226	\$358,226	\$716,452
Dept. of Agriculture	Farmland Preservation	\$390,573	\$390,573	\$781,146
Dept. of Agriculture	Int. and Dom. Marketing	\$669,524	\$571,524	\$1,241,048
Dept. of Agriculture	Commodity Marketing	\$170,220	\$170,220	\$340,440
Dept. of Agriculture	Ohio PROUD Marketing	\$223,695	\$223,695	\$447,390
Dept. of Agriculture	Grape Industries	\$1,071,099	\$1,071,054	\$2,142,153
Dept. of Agriculture	Plant Pest Control, Apiary, Seed	\$391,216	\$50,000	\$441,216
Dept. of Agriculture	Feed, Fert, and Lime Inspection	\$1,922,857	\$1,891,395	\$3,814,252
Dept. of Agriculture	Grain Warehouse	\$515,820	\$529,978	\$1,045,798
Dept. of Agriculture	Pesticide Regulation	\$2,993,232	\$3,354,448	\$6,347,680
Dept. of Agriculture	Auctioneers Licensing	\$389,275	\$389,991	\$779,266
Dept. of Agriculture	Program Management	\$1,647,450	\$1,647,450	\$3,294,900
Air Quality Development Authority	All	\$18,231,000	\$20,154,000	\$38,385,000
Dept. of Alcohol and Drug Addiction Services	Local Prevention	\$2,032,414	\$3,130,856	\$5,163,270
Dept. of Alcohol and Drug Addiction Services	Statewide Prevention	\$200,000	\$200,000	\$400,000
Dept. of Alcohol and Drug Addiction Services	School and Community Services	\$899,792	\$899,792	\$1,799,584

Dept. of Alcohol and Drug Addiction Services	Youth and Family Services	\$1,151,117	\$1,151,117	\$2,302,234
Dept. of Alcohol and Drug Addiction Services	Women's Services Special Grants	\$2,299,676	\$2,299,676	\$4,599,352
Dept. of Alcohol and Drug Addiction Services	Problem Gambling Initiative	\$285,000	\$285,000	\$570,000
Ohio Arts Council	All	\$10,725,000	\$10,725,000	\$21,450,000
Attorney General	DARE Program	\$3,927,962	\$3,927,962	\$7,855,924
Dept of Commerce	Liquor Agency Operations	\$393,643,873	\$407,995,974	\$801,639,847
Dept. of Commerce	Beer and Wine Compliance	\$541,120	\$541,120	\$1,082,240
Dept. of Commerce	Real Estate	\$3,905,892	\$3,905,892	\$7,811,784
Dept. of Commerce	Cemetery Registration	\$273,465	\$273,465	\$546,930
Dept. of Commerce	Wage and Hour Law Enforcement	\$2,136,477	\$2,082,397	\$4,218,874
Department	Program	FY 2006	FY 2007	Total
Ohio Consumers Council	All	\$7,770,000	\$7,770,000	\$15,540,000
Ohio Cultural Facilities Commission	All	\$39,326,000	\$39,507,000	\$78,833,000
Dept. of Development	Business Development and Financial Incentives	\$121,095,447	\$121,193,133	\$242,288,580
Dept. of Development	Investment in Training	\$20,542,588	\$20,544,902	\$41,087,490
Dept. of Development	Small and Developing Business	\$5,552,591	\$5,552,591	\$11,105,182
Dept. of Development	Minority Business Development	\$4,214,855	\$4,214,855	\$8,429,710
Dept. of Development	Regionalization	\$3,448,800	\$3,448,800	\$6,897,600
Dept. of Development	Marketing, Promotion, and Advertisement	\$7,237,482	\$7,198,003	\$14,435,485
Dept. of Development	Thomas Edison Program	\$15,554,838	\$15,454,838	\$31,009,676
Dept. of Development	Third Frontier	\$116,790,000	\$130,700,000	\$247,490,000
Dept. of Development	For-Profit and Not-for Profit-Housing Development	\$23,000,000	\$24,000,000	\$47,000,000
Dept. of Development	International Trade	\$4,223,787	\$4,223,787	\$8,447,574
Dept. of Development	Travel and Tourism Promotion	\$8,095,345	\$7,870,345	\$15,965,690
Dept. of Development	Program Management	\$3,728,538	\$3,778,396	\$7,506,934
Commission on Dispute Resolution	All	\$610,000	\$610,000	\$1,220,000
Dept. of Education	Educator Standards and Preparation	\$2,031,458	\$2,038,918	\$4,070,376
Dept. of Education	Educator Retention	\$8,100,000	\$8,500,000	\$16,600,000
Dept. of Education	Entry Year Educators	\$9,515,817	\$9,515,817	\$19,031,634
Dept. of Education	Math Educator Training	\$3,600,000	\$3,600,000	\$7,200,000
Dept. of Education	Literacy Educator Training	\$16,275,000	\$16,275,000	\$32,550,000
Dept. of Education	Teacher Certification	\$2,960,417	\$3,030,503	\$5,990,920
Dept. of Education	Urban School Improvement	\$315,000	\$315,000	\$630,000
Dept. of Education	OhioReads	\$3,905,000	\$3,905,000	\$7,810,000
Ohio Environmental Protection Agency	Mobile Sources Control (Echeck)	\$1,190,944	\$250,000	\$1,440,944
Ohio Environmental Protection Agency	Environmental Education	\$1,500,000	\$1,500,000	\$3,000,000
Ohio Expositions Commission	All	\$14,563,000	\$14,563,000	\$29,126,000
Office of the Governor	Office of Veterans' Affairs	\$267,923	\$267,923	\$535,846
Health	Abstinence Education	\$470,000	\$470,000	\$940,000
Health	Second Chance (Organ Donor Marketing)	\$1,054,951	\$1,054,951	\$2,109,902
Commission on Hispanic-Latino Affairs	All	\$201,781	\$201,781	\$403,562
Ohio Historical Society	All	\$14,394,655	\$14,394,655	\$28,789,310
Jobs & Family Services	Women's Hall of Fame	\$40,000	\$40,000	\$80,000

Lake Erie Commission	All	\$1,361,072	\$1,367,794	\$2,728,866
Liquor Control Commission	All	\$781,181	\$803,348	\$1,584,529
Ohio House	Taking out Spending Increase	\$2,000,000	\$2,000,000	\$4,000,000
Ohio Supreme Court	Taking out Spending Increase	\$3,000,000	\$8,000,000	\$11,000,000
Ohio Lottery Commission	All	\$416,821,000	\$404,100,000	\$820,921,000
Commission on Minority Health	All	\$1,596,000	\$1,496,000	\$3,092,000
Dept. of Natural Resources	Reforestation	\$1,433,419	\$1,460,886	\$2,894,305
Dept. of Natural Resources	Geological Records and Publication	\$661,217	\$661,217	\$1,322,434
Department	Program	FY 2006	FY 2007	Total
Dept. of Natural Resources	Communication Services (Litter)	\$1,400,474	\$1,415,475	\$2,815,949
State Racing Commission	All	\$29,080,442	\$29,082,901	\$58,163,343
Dept. of Transportation	State Owned Rail Lines	\$947,781	\$947,781	\$1,895,562
Dept. of Transportation	State Aircraft Transport	\$4,007,600	\$4,046,900	\$8,054,500
Tuition Trust Authority	All	\$5,716,000	\$6,115,000	\$11,831,000
Board of Regents	Pre-K through 16 Prep	\$6,375,975	\$7,655,425	\$14,031,400
Board of Regents	Teacher Improvement	\$2,597,506	\$2,597,506	\$5,195,012
Board of Regents	Access Challenge	\$73,513,302	\$73,004,671	\$146,517,973
Board of Regents	Supplement for Shawnee	\$1,817,839	\$1,636,055	\$3,453,894
Board of Regents	Student Choice Grants (Private Grant)	\$50,853,276	\$52,985,376	\$103,838,652
Board of Regents	Success Challenge	\$52,601,934	\$52,601,934	\$105,203,868
Board of Regents	Ohio Agriculture Research	\$35,830,188	\$35,830,188	\$71,660,376
Board of Regents	Economic Growth Challenge	\$20,343,097	\$20,186,194	\$40,529,291
Board of Regents	Eminent Scholars	\$0	\$1,370,988	\$1,370,988
Board of Regents	Dayton Area Graduate Studies Institute	\$2,806,599	\$2,806,599	\$5,613,198
Board of Regents	Priorities in Collaborative Graduate Education	\$2,355,548	\$2,355,548	\$4,711,096
Board of Regents	OSU Transportation Research	\$760,000	\$760,000	\$1,520,000
Board of Regents	Cooperative Extension Service	\$25,644,863	\$25,644,863	\$51,289,726
Board of Regents	Jobs Challenge	\$9,348,300	\$9,348,300	\$18,696,600
Board of Regents	EnterpriseOhio Network	\$1,373,941	\$1,373,941	\$2,747,882
Board of Regents	Appalachian New Economy	\$1,176,068	\$1,176,068	\$2,352,136
Board of Regents	Sea Grants	\$231,925	\$231,925	\$463,850
Board of Regents	Bowling Green Canadian Studies Center	\$100,015	\$100,015	\$200,030
Board of Regents	Articulation and Transfer	\$2,900,000	\$2,900,000	\$5,800,000
Board of Regents	Ohio University Voinovich Center	\$336,082	\$336,082	\$672,164
Board of Regents	OSU Glenn Institute	\$286,082	\$286,082	\$572,164
Accountancy Board	All	\$1,279,286	\$1,279,286	\$2,558,572
State Board of Examiners of Architects	All	\$489,197	\$489,197	\$978,394
Athletic Commission	All	\$248,150	\$0	\$248,150
Board of Barber Examiners	All	\$568,126	\$0	\$568,126
State Board of Career Colleges and Schools	All	\$486,700	\$508,600	\$995,300
Chemical Dependency Professionals Board	All	\$452,976	\$0	\$452,976
State Chiropractic Board	All	\$605,278	\$0	\$605,278
State Board of Cosmetology	All	\$2,929,630	\$0	\$2,929,630

Counselor, Social Worker, and Marriage and Family Therapist Board	All	\$1,058,445	\$0	\$1,058,445
State Dental Board	All	\$1,424,791	\$1,424,791	\$2,849,582
Ohio Board of Dietetics	All	\$332,495	\$0	\$332,495
State Board of Embalmers and Funeral Directors	All	\$598,933	\$0	\$598,933
State Board of Engineers and Surveyors	All	\$1,058,881	\$1,058,881	\$2,117,762
Manufactured Homes Commission	All	\$272,500	\$0	\$272,500
Department	Program	FY 2006	FY 2007	Total
Medical Transportation Board	All	\$388,450	\$0	\$388,450
Motor Vehicle Collision Repair Registration Board	All	\$325,047	\$0	\$325,047
Occupational Therapy, Physical Therapy, and Athletic Trainers Board	All	\$824,057	\$0	\$824,057
Ohio Optical Dispensers Board	All	\$316,517	\$0	\$316,517
State Board of Optometry	All	\$336,771	\$0	\$336,771
State Board of Orthotics, Prosthetics, and Pedorthics	All	\$99,571	\$0	\$99,571
State Board of Pharmacy	All	\$5,726,087	\$5,476,087	\$11,202,174
State Board of Psychology	All	\$566,112	\$0	\$566,112
Respiratory Care Board	All	\$441,987	\$0	\$441,987
Board of Sanitarium Registration	All	\$134,279	\$0	\$134,279
Board of Speech-Language Pathology & Audiology	All	\$408,864	\$0	\$408,864
State Veterinary Medical Board	All	\$353,691	\$0	\$353,691
TOTAL SAVINGS				\$3,455,965,983

Appendix B: Methodology

This work was produced by first examining the Governor’s Executive Budget, because that is the only document that provides details on what the programs are intended to achieve. The list created from that document was then cross-referenced with the General Assembly appropriations bill, HB 66. This is the basis for spending figures for the programs that could be culled out of the Executive Budget as well as the earmarks that are provided in table form throughout this book. This method also uncovered those programs that were in the Executive Budget, but were cut from the legislature’s appropriations bill, though there were very few such instances.