

POLICY SOLUTIONS FOR THE PANDEMIC

POLICY MEMO: REDIRECTING STATE RESOURCES TO FIGHT COVID-19 APRIL 9, 2020

The Buckeye Institute's Recommendation

Ohio should redirect state spending, close tax loopholes, and refocus the state budget to address the urgent public health and economic concerns created by COVID-19. Prudent cuts to a bloated budget could free up nearly \$3 billion in Ohio's fight against the pandemic and its aftermath.

Background

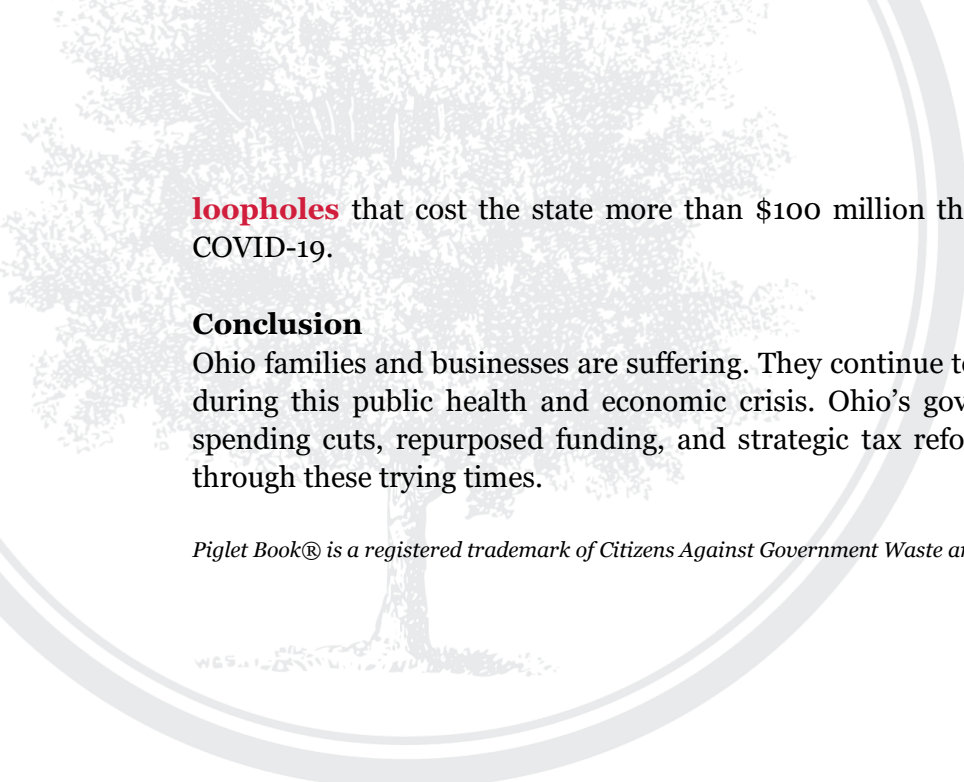
As The Buckeye Institute **warned** last year, Ohio's budget is too bloated to withstand an economic downturn. Tragically, that downturn arrived with a pandemic that has ignited statewide layoffs, skyrocketing unemployment claims, and **rapidly declining** tax revenues that all coincide with new emergency spending for a public health system robust enough to meet the anticipated surge in COVID-19 patients. The **CARES Act** and the **disaster declaration** will provide federal assistance, but Ohio must have a **balanced** budget, which will require cutting nonessential spending and redirecting resources to the more immediate COVID-19 response.

Governor DeWine has already embraced our **recommendation** to freeze nonessential state hiring, and he has directed state agencies that are not frontline COVID-19 responders to cut spending **up to 20 percent**, which will save approximately \$1 billion. Unfortunately, Ohio will need even more belt-tightening to fight off this pandemic and limit its pernicious economic effects. Here is where to begin:

- Adopt additional **Piglet Book** recommendations. **Savings: \$1.5 billion.**
- Defer state parks repairs. **Savings: \$1 million.**
- Redirect half of H2Ohio spending. **Savings: \$86 million.**
- Redirect \$125 million in education spending. **Savings: \$125 million.**
- Close tax loopholes. **Savings: More Than \$100 million.**

Buckeye's well-known **Piglet Book** identifies \$2.5 billion that could be saved with more prudent spending choices, including more than \$55 million spent unnecessarily on TourismOhio, the Ohio Arts Council, Ohio History Connection, and the Ohioana Library Association that the state could redirect to pandemic-related essentials. But even these savings will not keep pace with expected revenue losses and rising COVID-19 spending.

Ohio may also need to reduce popular, worthwhile program spending such as the \$172 million **H2Ohio Fund** to improve water quality. The immediate crisis calls for at least half of this fund—\$86 million—to be redirected to public health. Similarly, the state should repurpose much of the well-intended \$675 million slated for **student wellness and success**, inasmuch as \$400 million is appropriated for the next fiscal year, and no less than \$125 million of that should be redirected to COVID-19 response. Finally, as Buckeye has **urged**, Ohio should close multiple **tax**



loopholes that cost the state more than \$100 million that could be used in the response to COVID-19.

Conclusion

Ohio families and businesses are suffering. They continue to sacrifice and make difficult choices during this public health and economic crisis. Ohio's government must do the same. Tough spending cuts, repurposed funding, and strategic tax reforms should all be used to see Ohio through these trying times.

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