

# POLICY MEMO

MONEY WELL SPENT: HOW TO INVEST  
REMAINING FEDERAL MONEY  
DECEMBER 12, 2022

## The Buckeye Institute's Recommendation

As Ohio lawmakers consider the best methods to spend remaining pandemic relief funds, spending should be limited to transparent, one-time investments on projects with defined end dates. Any spending must address persistent economic, infrastructure, and education challenges—prioritizing rebuilding Ohio's unemployment trust fund, making broadband more accessible, and expanding and advertising the **Ohio Afterschool Enrichment (ACE)** education savings account program. By adhering to **Buckeye-championed principles** on pandemic spending, Ohio lawmakers can ensure remaining federal funding is not only spent, but also spent well.

## Background

Ohio has come a long way since the pandemic shuttered businesses, sent the state's unemployment rate soaring, and temporarily cratered the state's financial outlook. As Ohio's economy re-opened and Ohioans felt comfortable re-engaging in their normal routines, unemployment has fallen to its **pre-pandemic levels**. State revenues, meanwhile, continue to **far exceed expectations** despite Washington's decision to keep states flush with federal dollars. Simply put, lawmakers in Washington sent all states, including Ohio, **way too much money**, which fueled rampant inflation. But Ohio can turn lemons into lemonade by spending Washington's largesse wisely.

First, and most importantly, Ohio lawmakers should adhere to Buckeye-championed **pandemic principles** that limit spending to one-time investments on projects with defined end dates. Time limitations ensure project overruns are limited and taxpayers are not stuck holding the bill for expensive project delays. But as an extra layer of protection, all pandemic spending should be made as transparent as possible so the use of taxpayer dollars can be understood and evaluated.

Second, Ohio should prioritize using remaining federal dollars to completely refill the state's unemployment trust fund. As businesses shuttered during the pandemic, many Ohioans lost their jobs, which resulted in the state draining its unemployment reserves until the fund became insolvent in June 2020. Washington stepped in to lend Ohio money, which state lawmakers then **quickly paid off** with federal funds from the American Rescue Plan Act (ARPA). That decision—as The Buckeye Institute **advised**—was a commendable step that avoided costly interest payments and future tax increases, but the fund remained depleted. Although a significant amount of the unemployment trust fund has since been refilled, Ohio lawmakers should still use remaining federal funds to completely restore the fund to its **pre-pandemic level** to be better prepared for future pandemics or economic downturns.

Third, the General Assembly should continue funding for imminent infrastructure needs and broadband expansion into underserved areas of the state. Simply redistributing funds for broadband deployment willy-nilly or funding local government-owned and controlled networks instead of public-private partnerships would jeopardize both broadband access and taxpayer dollars. Fortunately, state lawmakers have avoided that doomsday scenario for the most part—instead looking to funnel future broadband expansion funding through the **public-private partnership** framework of the **Ohio Residential Broadband Expansion Grant** (ORBEG) as outlined in House Bill 2. The ORBEG framework has more guardrails than government-owned and controlled networks, and will ensure that taxpayer money is spent wisely on broadband expansion needs through a **funding system** designed to avoid cost overruns. As more money is designated for broadband spending, Ohio lawmakers should avoid favoring one type of broadband technology—such as fiber, fixed wireless, or satellite—over another. That way Ohioans can access the type of broadband that works best for them.

Finally, leftover funds should be used to expand Ohio ACE and to advertise its availability. ACE gives \$500 to eligible families that can be used on a wide range of educational materials and learning activities intended to ameliorate the **historic learning loss** suffered in the wake of the pandemic.

## **Conclusion**

Ohio lawmakers must work diligently to spend Washington's remaining pandemic funds prudently. The state should focus on one-time investments with known end dates, completely replenish its unemployment trust fund, invest additional federal money in smart infrastructure upgrades like consumer-friendly broadband, and use leftover funds to expand and advertise Ohio ACE. By adhering to sound spending principles, Ohio can make the best of a bad situation.