



THE BUCKEYE INSTITUTE

Zero-Based Budgeting: Making State Government More Accountable

Interested Party Testimony
Ohio House Finance Committee
Ohio House Bill 645

Greg R. Lawson
Senior Research Fellow
The Buckeye Institute

May 12, 2026

As Prepared for Delivery

Chair Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the Committee, thank you for the opportunity to testify regarding **Ohio House Bill 645**.

My name is Greg R. Lawson, and I am a senior research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

House Bill 645 takes a sound approach to government budgeting that can help Ohio weather the economic storms looming on the state’s horizon. Strategic, zero-based budgeting resets proposed spending at zero rather than a pre-existing spending baseline, forcing policymakers to justify every programmatic dollar rather than just additional spending. This more disciplined approach will be helpful as Ohio addresses concerns over **property tax relief**, more **tax reform**, **Medicaid growth**, **unresolved nursing home underpayments**, new **SNAP program costs**, and **welfare fraud**.

The state’s incremental budgeting process currently funds existing programs at existing levels plus inflation—at least. State programs naturally expand, costs rise, and ineffective, outdated programs funded incrementally can linger indefinitely.

By contrast, zero-based budgeting treats the value of every budget dollar—new and old—equally, mitigating the inherent tendency for prior budget decisions to calcify over time. No programmatic fund is more sacred than another and agencies must defend their proposed spending from scratch rather than assume an elevated baseline.

The private sector has **used** zero-based budgeting for decades because it focuses spending discussions on how efficiently each dollar spent generates returns. Government bureaucracies, of course, tend not to think that way, but they should. According to the **Government Finance Officers Association**, zero-based budgeting is particularly useful for helping decisionmakers determine how much and what quality of service a community needs from a program, and for determining whether a service is provided efficiently.

Ohio would not be the first state to try a zero-based budgeting approach. **Georgia** has used it for multiple budget cycles. **Texas** used it when facing a \$10 billion budget shortfall in 2003. And **Idaho** has used a modified approach that encourages one-time expenditures and programmatic sunseting, zeroing those expenditures out of the budget base each year, but does not apply zero-based budgeting to the entire state budget.

Zero-based budgeting can be time-consuming and cumbersome, but new technologies—especially **artificial intelligence**—focused on data analysis and cost tracking have eased these burdens. Additionally, as Vice Chair Dovilla explained in his **sponsor testimony**, House Bill 645 only contemplates requiring the Office of Budget and Management to apply zero-based budget principles to the executive budget proposal every 10 years. That approach will reset the budget baseline without creating excessive administrative burdens.

House Bill 645 should explicitly clarify that zero-based budget requests require more than starting from a zero-dollar baseline. Each agency program, function, or activity must also be evaluated and justified as if it were being funded for the first time, including a description of the specific policy objective the requested funding would advance and whether any federal requirement mandates its existence.

Thank you for your time and attention. I would be happy to answer any questions that the Committee might have.



About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

The Buckeye Institute is a non-partisan, non-profit, and tax-exempt organization defined by section 501(c)(3) of the Internal Revenue code. As such, it relies on support from individuals, corporations, and foundations that share a commitment to individual liberty, free enterprise, personal responsibility, and limited government. The Buckeye Institute does not seek or accept government funding.

