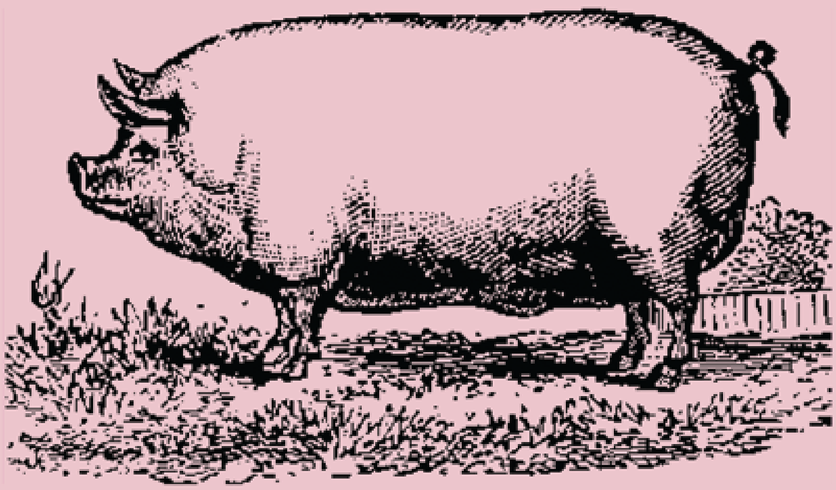
The Buckeye Institute for Public Policy Solutions and Citizens Against Government Waste



2009 Ohio Piglet Book

"The Book Columbus Doesn't Want You to Read"

March 11, 2009

THE BUCKEYE INSTITUTE FOR PUBLIC POLICY SOLUTIONS

The Buckeye Institute for Public Policy Solutions is Ohio's only free market think tank and the leading independent source of research and commentary on education, economic growth and government transparency. The Buckeye Institute provides agenda shaping analysis and research to legislative leaders, opinion leaders and the public. Our scholars offer free market solutions to Ohio's most complicated public policy challenges. They advocate growing economic freedom by eliminating the income tax; returning freedom to the workplace by ending compulsory unionization; and, liberating our schools by adopting a universal k-12 voucher. Regardless of the issue debate, the Buckeye Institute's operating philosophy is constant: Free markets enable free men and women to find prosperity.

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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 the federal 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 1.2 million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers $1 trillion. CAGW publishes a quarterly newsletter, *Government Waste Watch*, and produces special reports, monographs, and television documentaries 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

With a projected shortfall of $7.3 billion for Fiscal Year (FY) 2010, the budget forecast for Ohio is bleak. This shortfall comes after a tough budget period in FY 2009, in which Governor Ted Strickland ordered most state agencies to cut 4.75 percent from their budget in order to help make up a $540 million deficit.[1] As legislators consider the governor's budget recommendation, the main topic of discussion will certainly be how to make revenues meet expenditures. It is possible that there will be new rounds of spending cuts, new taxes, or both.

For example, there is a proposal in the state legislature to increase the cigarette excise tax by 40 percent from $1.25 to $1.75 per pack. While such "sin" taxes have proven politically popular across the country, time and again history has shown that raising excise taxes does not usually produce the projected revenue. Of the 57 excise tax increases that states implemented between 2003 and 2007, only 16 met or exceeded revenue targets. When New Jersey increased its cigarette tax in 2006, instead of gaining a projected $30 million in revenue, the state lost more than $22 million.

The proposed increase would make Ohio's excise tax rate higher than four out of five bordering states, encouraging consumers to purchase their products in these lower-tax states or through untaxed venues such as the Internet or Native American properties. When the expected tax revenue fails to materialize, politicians in Columbus will end up increasing other taxes to make up for the shortfall. They should be cutting wasteful and unnecessary spending first before enacting any new taxes.

Furthermore, excise taxes are regressive, disproportionately impacting the poor and those living on fixed incomes. With Ohioans struggling to make ends meet, no taxpayer — particularly not those most disadvantaged — should be forced to hand over more of his or her hard-earned money to the government.

Ohio's elected officials should always spend tax dollars effectively and efficiently. In times of budget deficits, it is especially important that legislators and the governor make every effort to ensure that money is spent only on those government programs which are truly needed. They have yet to make this effort in Ohio.

For instance, the Ohio Department of Development's (ODOD) budget for fiscal year 2009 allocates $1.15 billion to hand out loans and cash to Ohio businesses. In a time of reduced tax revenue coming into the state, the governor and General Assembly should eliminate this department. While some "entrepreneurs" use nearly $500,000 in taxpayer funds to build a Chuck E. Cheese, it is highly unlikely that the average Ohioan would be upset if this type of expenditure disappeared. Also, if the state stopped funding the Cultural Facilities Commission and the Ohio Arts Council, there would be more than $50 million in savings.

In his 2009 State of the State Address, Governor Strickland asked Ohioans “to accept the sacrifices that these times demand.” But none of the wasteful spending programs in this report were eliminated in the governor’s budget requests for fiscal year 2010. Some had their funding reduced, but all will be around in the coming fiscal year to waste taxpayer money if Governor Strickland has his way.

The Real State Budget

It should be easy to review the budget passed by the General Assembly and determine how much is being spent each year. The problem is that the state has both the operating budget and the capital budget, which fund different programs and projects. The operating budget sets funding for each fiscal year but the capital budget sets funding for two fiscal years. There is other spending that is funded from fees and federal revenue. To get a handle on how much money the state spends requires adding up several different funds:

Operating Budget. This is the budget that pays for the day-to-day spending of Ohio’s government. It funds a variety of programs from education to Medicaid to prisons.

For FY 2009 (which began on July 1, 2008), this budget was $26.929 billion. Of that, $21.087 billion, or 78 percent, was from the state’s general revenue fund while $5.842 billion was from the federal government.

Capital Budget. The capital budget bills, passed every two years, fund the state’s construction projects. These include everything from higher education facilities to parks to museums.

In FY 2009-2010, the state budgeted $1.3 billion for capital spending.

Other Funding Sources. While most of the state’s agencies are funded through the operating budget and the capital budget, there are a few that have independent sources of revenue. For example, the state Environmental Protection Agency receives most of its funding through fees. The FY 2009 Operating Budget contained no funding for the Ohio EPA, but it is projected to spend almost $208 million during this fiscal year. It does this through the Environmental Protection Fund, which consists of fees and fines. So while it is not a direct tax, it is still money being extracted from Ohioans.

All told, with state and federal revenue along with fees and other revenue to the government, the state of Ohio spent $54.55 billion in FY 2007 and is scheduled to spend $56.99 billion in FY 2008.[2]

[1] Barbara Carmen, “Ohio Poor Face $80 Million Loss,” *The Columbus Dispatch*, September 25, 2008, accessed on October 18, 2008 at http://www.dispatchpolitics.com/live/content/local_news/stories/2008/09/25/copy/welfare.ART_ART_09-25-08_B1_3UBE1H6.html?adsec=politics&sid=101.

[2] Office of Budget and Management, “Budget Highlights for Fiscal Years 2008 and 2009,” p. 39, accessed on October 18, 2008 at http://www.obm.ohio.gov/budget/operating/executive/0809/HB119BudgetHighlights.pdf.

This money is spent on a variety of projects, some more worthwhile than others. What follows is a list of some of the more wasteful spending approved by Ohio's lawmakers. It is not an exhaustive list but it is a good starting point to show the absurdity of some of the state's spending.

GOVERNMENT TECHNOLOGY INITIATIVES

Since its inception in 1984, CAGW has been exposing the technological ineptitude of the federal government. Whether it is failing to purchase new computers in a timely a manner throughout the government or the Department of Defense failing to build an effective software program for military and civilian travel, CAGW has been at the forefront of monitoring computer blunders.

CAGW's latest foray into this issue is the use of mainframe computers at the federal and state level. For big mainframe users like the government, the current costs of mainframe support are massive. According to industry experts, a government agency that might require 14,000 MIPS will face an annual software bill of nearly $28 million.

These rates are expensive compared to other computing platforms. For example, one gigabyte of RAM for an IBM mainframe costs between $8,000 and $10,000. One gigabyte of RAM for an Intel or ADM based server is typically in the $100-200 price range. Even at its most expensive and highest quality levels, Intel or ADM RAM typically caps off at $1,200 a gigabyte, still far lower than IBM.

When one includes all the costs associated with an IBM mainframe – including the base system, operating system license, and RAM – the total is $5.9 million. Competing servers can accomplish the same tasks for $560,000 and with full interoperability, a feature not offered by IBM mainframes.

In April 2008, CAGW launched a project to determine the depth and breadth of the use of mainframe computers in state government by submitting information requests to the chief information officers of each state. The letters asked for statistics regarding the states' use of mainframe computers, which CAGW has found are sometimes outdated and wasteful. While this is an ongoing process, CAGW has catalogued the results and rated each state on the substance of its activities in relation to mainframes, as well as on its responsiveness in handling the request.

Ohio didn't even bother to send a response.

While companies and individuals want to be on the "cutting edge of technology," governments use it as an excuse to hand out money.

In 2007, Governor Strickland said "Ohio's economic future relies on our ability to compete in a high-speed, high-tech global marketplace."[3] Even though it would be difficult to find many in the

[3] "Governor Announces 'Broadband Ohio' Initiative," Ohio Supercomputer Center, press release, July 27, 2007, accessed on October 17, 2008 at http://www.osc.edu/press/releases/2007/broadband.shtml.

state who disagree with this comment, there are many questions about the government's role in the high-tech global marketplace.

Many politicians from both parties think the best way to "compete" is to use taxpayer money to "invest" in technology. This government involvement takes place primarily in two forms: corporate welfare and government broadband initiatives. These policies are ill-advised from both a taxpayer and public policy perspective.

Third Frontier
$126.5 million in FY 2009
$90 million in the governor's budget for FY 2010

Consisting of $24.5 million in "Third Frontier Research and Development General Obligation Debt Service" and another $101.9 million for operating expenses and research and development funds, the Third Frontier is the Ohio Department of Development's (ODOD) project to expand high-tech research in Ohio. It is a ten-year project that is slated to cost $1.6 billion when it is complete.[4]

As with other ODOD functions, the Third Frontier funnels tax money to a select group of corporations. The Third Frontier Commission was established to:

Increase the quantity of high quality research that has commercial relevance for Ohio;
Expand the availability of investment capital needed to form and grow new companies;

Grow and nurture an increasingly experienced pool of entrepreneurial management talent supported by organized systems of services and networking;

Expand the availability of capital and assistance to support product innovation in established companies; and

Attract new-to-Ohio company activity that grows and strengthens the function of specific clusters of excellence.[5]

In 2007, venture capitalists invested $16.9 billion in the high-tech industry in the United States.[6] It is unclear why Ohio taxpayers need to turn over $126.5 million to supplement what these entrepreneurs are already doing.

Ohio's economy will certainly benefit if more high-tech companies locate within its borders. As traditional manufacturing jobs leave the state, high-tech products and services will increasingly be the backbone of Ohio's economy. The desire to speed up this process is at the heart of the Third Frontier program. However, it is not a good idea for the state to be involved in picking winners and losers in the economy, either for taxpayers or the businesses involved.

[4] "The Third Frontier Project: About," Third Frontier Homepage, accessed on October 17, 2008 at http://www.ohiochannel.org/your_state/third_frontier_project/about.cfm.

[5] Ibid.

[6] "U.S. High-Tech Industry Adds Jobs for Third Year in a Row, AeA Report Says," American Electronics Association, press release, April 2, 2008, accessed on October 17, 2008 at http://www.aeanet.org/PressRoom/prjj_cs2008_US1.asp.

This is a no-win situation for taxpayers because their hard-earned money is taken away by the government and given to companies. The companies who take it also get a bad deal. It is an easy influx of cash, but invariably business decisions will be made to please government bureaucrats and grandstanding politicians, not the consumers in the marketplace. This also hurts Ohio's economy, as money does not flow to its most efficient uses but instead goes to the favored projects of politicians and the politically-connected.

It is better for Ohio's taxpayers, its companies, and its high-tech economy if the state stays out of providing funds for high-tech businesses (and, in fact, all businesses). The high-tech entrepreneurs who are starting these companies should succeed or fail on their own. If they fail, the taxpayers should not be subsidizing them. If they succeed, the taxpayers should not be helping them get rich. The high-tech economy in Ohio should grow and thrive by creating products and services that consumers want, not what politicians and members of the Third Frontier Commission think is best for the marketplace.

Ohio Public Works Commission
$80 million in FY 2009

Over the past decade, the Internet has become a recreational and business tool. In particular, broadband has allowed surfers quicker access to the web. Most of the deployment of broadband has been by private companies, which provide the infrastructure for people to access the Internet.

Ohio politicians, however, think that the government needs to be involved in this effort. But 92 percent of Ohioans already have access to broadband.[7] Among those who do not have broadband available, 49 percent say that if it were available they would not use it.[8]

In the economic stimulus package passed by the General Assembly and signed into law by the governor in mid-2008, the Ohio Public Works Commission was authorized to allocate up to $80 million in local infrastructure development funds for "broadband initiatives." There is nothing specific in the legislation about how the money should be spent.

The legislation does state that the funds cannot be used to compete with private broadband providers. However, when the governor signed the bill into law there was no information available about how many Ohioans lacked Internet service. The 92 percent usage rate, which illustrates the almost-universal spread of broadband in Ohio, was released after the economic stimulus bill was signed into law. Beyond anecdotes, there was nothing to indicate to legislators or the governor whether or not this funding was needed.

The politicians who pressed for this broadband funding authority, however, were motivated by the desire to "do something" about the perceived lack of broadband. It is a good example of how

[7] "Connect Ohio Technology Assessment," Executive Summary, July 27, 2008, p. 3, accessed on September 11, 2008 at http://www.connectohio.org/_documents/Res_OHExecutiveSummary06252008_FINAL.pdf.

[8] Ibid, p. 8.

technology policy is established in Columbus (and often around the nation). Solving a perceived problem is more important than realistically assessing the true needs of the citizens of Ohio.

e-Tech Ohio
$23.3 million in FY 2009
$21.8 million in the governor's budget for FY 2010

On the surface, a state agency that is dedicated to "advance education and accelerate the learning of Ohioans through technology" sounds like an admirable endeavor. However, e-Tech Ohio is nothing more than money for the government to run a videoconference service, establish a news bureau, and fund television and radio stations.

All of the major Ohio papers have a state house news reporter. Likewise, television and radio stations often have reporters who cover political news in Ohio. For true political junkies, there is Politicker Ohio or the Gongwer News Service. A state-funded statehouse news bureau is redundant and a waste of tax dollars. Another problem is how independent a news bureau can be when it covers the politicians who provide its funding.

The rationale for Ohio public television and radio are just as weak. Some claim that public funding is necessary to preserve access to educational programs. But with the proliferation of channels on satellite and cable television, there are plenty of non-governmental television channels offering educational fare. With more than 85 percent of Ohioans subscribing to satellite or cable TV, these channels reach as many people as public television.

In terms of public radio, there are a number of commercial news stations available over-the-air. Satellite radio is a growing market and those with Internet access can listen to radio stations online or download podcasts. There are a number of educational radio alternatives. There is no need for government-funded radio stations to provide educational programming.

The other services offered by e-Tech Ohio, such as teleconferencing, are also being offered by the private sector. Even so, the politicians in Columbus keep spending taxpayer money to pay for these services.

Connect Ohio Initiative
$2.9 million in FY 2009

Governor Strickland describes the goal of Connect Ohio as "creat[ing] customized support for local communities to meet their individual technological needs while helping expand broadband service to all residents and businesses."[9] What that means is that tax dollars are being used to set up another bureaucracy and, ultimately, to help supply broadband to communities across Ohio. While it is difficult to find anyone who is opposed to wider deployment of high-speed Internet service, with 92 percent of Ohioans already having internet access, there is little need for a government agency to help this process along.

[9] Connect Ohio Homepage, accessed on September 11, 2008 at http://www.connectohio.org/.

Of course, some private companies are always looking for government handouts. While Connect Ohio is a new government agency, it is not hard to imagine that it could evolve into a fund for private companies to tap for funds to build their networks. This type of investment in infrastructure should be borne by the companies who will reap the profits from customers who use it. Taxpayers should not be subsidizing these companies' business ventures.

Clintonville Fiber Project
$100,000 in FY 2009

This earmark, contained in the capital budget bill, appears to be related to Sen. Steve Stivers' request on behalf of the Clintonville Chamber of Commerce for the Build Clintonville project. It is described as bringing wi-fi Internet access to businesses in Clintonville. Clintonville is part of Columbus and certainly is not lacking in Internet service providers. The businesses in this area should not get a special handout for Internet service.

CORPORATE WELFARE

Some businesses make money the old-fashioned way by offering products and services that people want at a price they are willing to pay. They are rewarded for improving the quality of consumers' lives. But there are other businesses that make money the new way by asking the government to give them some of the taxpayers' money. These businesses are not rewarded for providing products that people want, but for providing items that politicians want. In return, these businesses are showered with corporate welfare.

The Cato Institute describes corporate welfare as "any government spending program that provides unique benefits or advantages to specific companies or industries. That includes programs that provide direct grants to businesses, programs that provide research and other services for industries, and programs that provide subsidized loans or insurance to companies."[10]

This type of spending goes on at all levels of government, from federal to local. The following examples show how Ohio politicians spread corporate welfare to selective businesses in the state.

Department of Development
$1.25 billion in FY 2009
$1.19 billion in the governor's budget for FY 2010

According to its website, "the Ohio Department of Development works to attract, create, grow, and retain businesses through competitive incentives and targeted investments."[11] In other words, this is the department that hands out the corporate welfare. And with an annual budget of more than $1 billion, there is a lot of welfare to go around.

[10] "Corporate Welfare," Cato Handbook for the 105th Congress. Cato Institute, Washington, D.C., accessed at on November 17, 2008 at http://www.cato.org/pubs/handbook/hb105-9.html.

[11] Ohio Department of Development website, accessed on February 22, 2009 at http://www.odod.state.oh.us/.

The budget for ODOD increased by 27.5 percent between FY 2008 and FY 2009 from $982.7 million to $1.25 billion. In his budget request for fiscal year 2010, Governor Strickland recommends a 5.1 percent decrease in spending for a total of $1.1 bilion. Of course, if that recommendation is approved it would still mean that there would be a 21 percent increase between fiscal years 2008 and 2010. Given the state of Ohio's economy, it certainly does not seem that this huge jump in spending has produced much economic development.

A business loan with the taxpayers' support can come from the following programs:

Ohio Enterprise Bond Fund — provides loans to Ohio businesses for construction, land acquisition, expansion, or equipment purchases.

Volume Cap Program — gives allocations to loan issuers for private activity bonds used to provide funds for housing and business activities.

166 Direct Loan — provides loans to businesses for expansion, renovation, and other business activities.

Regional 166 Direct Loan — similar to the Ohio Enterprise Bond Fund and 166 Direct Loans, it provides Ohio businesses with loans for business activities but is administered by 12 local economic development organizations.

Rural Industrial Park Loan — provides funds to rural communities and other "distressed areas" to create industrial parks.

Urban Redevelopment Loan — provides funds to municipalities to buy and renovate urban land to make it more attractive to private buyers.

Innovation Ohio Loan Fund Program — provides funds for businesses to buy technology, facilities, and equipment.

Research & Development Investment Loan Fund Program — funds research and development activities.

In addition to loans, there are numerous tax breaks available for businesses:

Community Reinvestment Area Program — provides real-property tax relief for businesses that invest in certain areas.

Enterprise Zone — tax credits for businesses that locate in municipal "enterprise zones."

Research and Development Investment Tax Credit — intended to spur research and development activities.

Job Creation Tax Credit Program — a tax credit for businesses that expand or locate in Ohio.

Job Retention Tax Credit Program — a tax credit for businesses that commit to retaining a certain number of Ohio jobs.

Training Tax Credit — a tax credit for businesses that train, instead of fire, workers who have "skill deficiencies."

Ohio Historic Preservation Tax Credit — a tax credit for rehabilitation expenses on historic buildings.

All of these loans and tax credits are predicated on the notion that they will improve Ohio's economy. The ODOD should be tracking whether or not these programs are achieving their goals. Instead, as the *Columbus Dispatch* reported in September, 2008, there is no system in place to determine how many new jobs are created by ODOD funds:

During the past decade, the state has given companies more than $1.7 billion in tax breaks, loans, grants and other incentives to expand or locate in Ohio. In exchange, the businesses promised to create nearly 200,000 jobs. How many jobs actually were created? The state can't tell you. In fact, officials say that, without examining their files on a project-by-project basis, they can't say which companies met or didn't meet signed contractual commitments for job creation, retention or training in exchange for the help from taxpayers.[12]

That is a pretty sweet deal for businesses. Of course, taxpayers who are providing the money may not think so.

Criticism of ODOD in 2008 was not limited to the exposure of its lack of a tracking system, as an ODOD high-profile corporate welfare recipient closed shop. Columbus-based airline Skybus went out of business after politicians funneled $1.5 million in taxpayer money to fund it. The idea of job creation through corporate welfare also took a hit when shipping company DHL announced it was moving its operations out of Wilmington. The Dayton-Montgomery County Port Authority had authorized a $270 million bond sale on DHL's behalf. While it wasn't ODOD money that was going to DHL, this bond sale is an example of corporate welfare at the local level. This is particularly troublesome considering DHL ceased all U.S. operations in 2008.

Many politicians like corporate welfare because they enjoy announcing that funds are being given to local businesses in order to "reinvigorate" a town's economy. Lt. Governor Lee Fisher, who heads the ODOD, receives a lot of attention going around the state handing out the taxpayers' money to millionaire business owners.

For instance, in 2008 he was on hand to give out:

$475,000 to open a Chuck E. Cheese in Lima;
$399,000 for construction of a Kroger in Lucas County;
$300,000 for Rotek, Inc., to buy new machinery; and
$25,000 to Barnes Group, Inc., to buy new equipment.

These are grants, not loans, so that is a free gift to these business owners, straight from taxpayers' wallets to their pockets.

Given the political paradigm, the true source of economic development is ignored. If government instead took the less expensive and less public relations oriented approach of creating an

[12] Mark Niquette, "State Failing to Track New Jobs," *Columbus Dispatch*, accessed on October 15, 2008 at http://www.dispatchpolitics.com/live/content/local_news/stories/2008/09/14/copy/ABATEMENTS.ART_ART_09-14-08_A1_18BAN01.html?sid=101.

environment conducive to profitable businesses, the demand for and funding of buildings would take care of itself. Further, businesses would hire people. Public coffers would then start to fill. That is how a market economy works, but then it would difficult for politicians to take the credit.

Successful economic development requires minimal regulations, minimal taxes, good infrastructure, fair access to private capital, an educated workforce, and basic government such as emergency services.

Economic development is a by-product of profitable businesses, which cannot be predetermined by handing out money to a "chosen" few companies. Because politicians respond to pressure and act on what they perceive will get them re-elected, this usually means supporting an active minority of businesses. One consequence of this short-term "thinking" is that politicians approach economic development like most cold remedies approach a cold. That is, they offer symptomatic relief rather than solving the problem. Thus, supporting economic development appears to politicians be a no-brainer. Since markets almost always trump politics, "no-brainer" pretty well describes their strategies.[13]

Perhaps if the DOD focused on these principles instead of handing out corporate welfare, both the state's economy and the state's taxpayers would be in better shape.

State Racing Commission
$22.4 million in FY 2009
$22.1 million in the governor's budget for FY 2010

Horse racing was once one of the most popular sports in this nation. Now, however, it exists as a niche sport, still popular among some but barely making waves with the general public outside of large events like the Kentucky Derby.

Horse racing in Ohio has experienced a similar decline. Today there are only seven tracks operating and wagering is near historic lows. The industry is looking for ways to re-invigorate the public's interest in horse racing, and they are pushing for the state to allow more gambling at horse racing tracks.[14]

The state already has a program designed to help horse racing in Ohio. It has three funds that collect taxes on wagers placed at Ohio tracks and then distributes the money to supplement purses, promote horse breeding in the state, and undertake research on horses. The Thoroughbred Race Fund, the Standardbred Development Fund, and the Quarter Horse Development Fund are all corporate welfare programs for the horse racing industry in the state. There are also funds provided to the State Racing Commission, which oversees racing in the state.

[13] James Stotter, "Why Economic Development Efforts Often Fail," The Buckeye Institute, July 13, 2005, accessed on October 15, 2008 at http://www.buckeyeinstitute.org/article/540.

[14] Kristen Mack Deuber, "22-Year Handle Low Sets Tone for 2008 Ohio Equine Industry Outlook," Reuters, January 29, 2008, accessed on September 24, 2008 at http://www.reuters.com/article/pressRelease/idUS182547+29-Jan-2008+PRN20080129.

Some may contend that this is not truly wasteful spending because the money that is disbursed comes from the wagers of people betting on horse racing. This is certainly better than diverting other tax dollars for horse racing. But it is still a mandatory tax provided to give special benefits to one industry. If people visiting hardware stores were forced to pay a special tax to support hardware store owners, it would still be corporate welfare. Merely because horse racing is the "sport of kings" does not mean the "subjects" should be forced to subsidize it.

Ohio Railroad Development Commission
$3.5 million in FY 2009
$2.9 million in the governor's budget for FY 2010

The mission of the Ohio Rail Development Commission (ORDC) is "to plan, promote and implement the improved movement of goods and people faster and safer on a rail transportation network connecting Ohio to the nation and the world."[15] Much like the ODOD, the ORDC justifies its existence by saying that it "performs a vital economic development function."[16]

Besides being a source of corporate welfare, the ORDC is also using federal tax dollars to explore the possibility of expanding heavily-subsidized Amtrak service in Ohio.[17] Amtrak sold a record 1.7 billion tickets in 2008, yet it is still too reliant on tax money to meet its obligations. The federal government set aside $2.6 billion a year for Amtrak over the next five years.[18]

Ohio Grape Industries Committee
$850,000 in FY 2009
$850,000 in the governor's budget for FY 2010

The website for the Ohio Grape Industries Committee claims that it is "creating viable, income-producing grape enterprises in the state of Ohio by providing marketing and promotion efforts to generate and expand new markets for grapes and grape products and research to improve the quality of grapes and profitability of grape growing as an agri-business."[19]

This statement should come as a shock to those who thought the industry was already created by farmers that grow the grapes, vintners that make the wine, and the stores that sell the wine.

With the upswing in wine sales around the nation, it makes economic sense for farmers in Ohio to move from producing other crops to producing grapes. Even though Ohio is not known as a hotbed of fine wines, the committee brags that more than 500,000 gallons of wine are produced in Ohio every year.

[15] Ohio Rail Development Commission (ORDC), "About the ORDC," accessed on October 18, 2008 at http://www.dot.state.oh.us/divisions/rail/Pages/default.aspx.

[16] Ibid.

[17] ORDC, "Passenger Rail Grant Awarded to ORDC," accessed on October 18, 2008 at http://www.dot.state.oh.us/Divisions/Rail/NewsReleases/Pages/FRAGrantAnnouncement.aspx.

[18] "Amtrak Reports Record Annual Ridership," *USA Today*, October 10, 2008, accessed on October 18, 2008 at http://www.usatoday.com/travel/news/2008-10-10-amtrak-annual-ridership_N.htm.

[19] "About OGIC," OGIC Homepage, accessed on September 15, 2008 at http://www.tasteohiowines.com/about.php.

Ohio wine consumers are taxed five cents a gallon to provide corporate welfare for these wine producers. All wines, whether produced or not in Ohio, are taxed. Even if one prefers a California wine or a French wine, part of the taxes still paid go to subsidize Ohio winemakers.

Wines have been produced in Ohio for more than 150 years. The Ohio wine industry should thrive based on the quality of its wines, not through an unnecessary tax.

HIGHER EDUCATION

With an operating budget of $2.89 billion in Fiscal Year 2009, the Board of Regents has a lot of taxpayer money to funnel into higher education in Ohio. Unfortunately, much of that money is not being used in the most efficient manner possible. Higher education should be about serving students' needs. All too often in Ohio, though, the desires of the higher education bureaucracy comes first.

While many in Ohio are struggling in the job market, those employed by higher education institutions seem to be thriving. As a Buckeye Institute salary database for Ohio State University (OSU) shows, 154 employees made more than $250,000 in 2008. OSU President Gordon Gee makes between $1.6 million and $2 million annually, the highest paid university president in the nation. [20]

Others at OSU also make out quite well. Former state House Minority Leader Joyce Beatty, for instance, moved from Capitol Square over to OSU when her term expired at the end of 2008. Waiting for her was a newly-created position of vice president for outreach and engagement with a salary of $320,000 a year.[21]

Hiring former politicians is not the only way schools can ingratiate themselves with politicians who control their funding. OSU not only hires former politicians, it also names schools of public affairs after them. Former Senator John Glenn is so honored at OSU. Not to be outdone, Ohio University named its public affairs school after current Senator (and former Governor) George Voinovich. The Glenn School received $619,082 from the state's taxpayers in FY 2009. The Voinovich Center received $669,082. It seems naming a school after a sitting senator nets an extra $50,000 from the General Assembly.

In 2008, Board of Regents Chancellor Eric Fingerhut proposed a ten-year reform plan for higher education in Ohio. Not surprisingly, it did not mention any of the above spending issues as areas in need of reform. While the plan had some good ideas, the main focus was on strengthening the state's higher education bureaucracy and expanding its funding. Ohio taxpayers are already spending a significant amount of money to pay for higher education. Spending more money on the current system without fundamental reforms is not the best use of taxpayers' money.

[20] "Ohio State University Pays 154 Employees More than $250,000 a Year," Buckeye Institute for Public Policy Solutions, January 5, 2009, accessed on February 25, 2009 at http://www.buckeyeinstitute.org/article/1301.

[21] Siegel, Jim, "OSU Hires Beatty for $320,000 a Year New Job," *Columbus Dispatch*, September 16, 2008. Accessed on February 25, 2009 at http://blog.dispatch.com/dailybriefing/2008/09/ohio_state_hires_beatty_for_ne.shtml.

One way to change the system would be to emulate a Colorado program where state dollars go to students attending in-state institutions instead of the state directly funding those institutions. This type of college voucher program would reward schools that serve students and give funding to the people who should be benefitting most from the state's higher education system.[22]

It may be politically savvy for higher ed administrators to provide plush jobs for politicians and name education programs after them. These politicians certainly do a good job in funneling taxpayer dollars to Ohio's public universities. Higher education should serve students, though, and until the higher education system in the state re-aligns its priorities, it will continue to waste taxpayer dollars.

ARTS, CULTURE AND SPORTS

Cultural Facilities Commission
$39 million in FY 2009
$28 million in the governor's budget for FY 2010

The Cultural Facilities Commission, according to its website, is "a state agency that oversees capital improvement funds appropriated by the General Assembly and governor for planning, construction, renovation and expansion projects at Ohio's theaters, museums, arts education facilities, historical sites and publicly-owned professional sports venues."[23]

The description makes it clear that the commission understands that it is not its responsibility to decide where the money goes, but to oversee funds spent by the General Assembly and the governor. The commission also tries to find an economic justification for its existence. It claims that spending this money is good for the economy:

A recent study released by Americans for the Arts reports that the nonprofit arts and culture industry in Greater Columbus generates more than $330 million in economic impact, and that the Greater Cincinnati arts and culture scene fuels its local economy with more than $279 million in economic activity.

The study – the most comprehensive economic impact study of the nonprofit arts and culture industry ever conducted in the United States – reports that on a national level, the arts generate $166.2 billion in economic activity annually, and generate revenues of $30 billion to local, state and federal governments. This demonstrates an impressive 7:1 return on investment in the arts made by the three levels of government on an annual basis.

Professional Sports

The Governor's Sports Facilities Task Force, which presented a report to the Governor and General Assembly in 1995, found that long-term, targeted economic benefits stem from sports

[22] See two Buckeye Institute policy reports that discuss these issues in more detail: http://www.buckeyeinstitute.org/article/1320.

[23] "About the Commission," Ohio Cultural Facilities Commission website, accessed on September 8, 2008 at http://www.culture.ohio.gov/about/.

facilities. This is a result of new economic activity that occurs in close proximity to facilities that are part of a well-conceived economic development plan.

According to the report, research shows that sports facilities located in central, downtown sites near existing businesses and other attractions generate the most economic impact. Less tangible benefits, the Task Force concluded, come from the entertainment and recreational value of professional sports and the media attention associated with sports teams and events.[24]

Of course sports and art generate money. People will pay to experience art or other forms of culture and to attend a sporting event. However, looking only at the money generated by these activities is ignoring what would happen if they did not exist. That is, there may be less economic activity or people might spend their money in other ways. As French economist Fredric Bastiat pointed out, we must not only look at the seen but also at the unseen.[25]

Proponents of "investing" tax dollars in cultural and sports facilities fail to mention that while poorly-designed studies do conclude that they generate economic activity, in-depth studies of the issue (ones that take into account the unseen effects of these subsidies, not just the seen effects) conclude that there really is no economic benefit from them. They merely involve shifting consumer activity from one activity to another:

As economists Andrew Zimbalist and Roger Noll put it:

…a stadium can spur economic growth if sports is a significant export industry—that is, if it attracts outsiders to buy the local product and if it results in the sale of certain rights (broadcasting, product licensing) to national firms. But, in reality, sports has little effect on regional net exports.

Sports facilities attract neither tourists nor new industry. Probably the most successful export facility is Oriole Park, where about a third of the crowd at every game comes from outside the Baltimore area. (Baltimore's baseball exports are enhanced because it is 40 miles from the nation's capital, which has no major league baseball team.) Even so, the net gain to Baltimore's economy in terms of new jobs and incremental tax revenues is only about $3 million a year — not much of a return on a $200 million investment.[26]

Even though there is no substantial evidence that these activities provide any sort of economic boost, the Cultural Facilities Commission still uses this justification to hand out tax dollars to museums and other facilities that are favored by legislators.

[24] "Commission Projects," Ohio Cultural Facilities Commission website, accessed on September 8, 2008 at http://www.culture.ohio.gov/commission/.

[25] See Frederic Bastiat, "What is Seen and What is Not Seen," Selected Essays on Political Economy, Library of Economics and Liberty, http://www.econlib.org/library/Bastiat/BasEss1.html.

[26] See "Sports, Jobs, & Taxes: Are New Stadiums Worth the Cost?" by Andrew Zimbalist and Roger G. Noll, at http://www.brookings.edu/articles/1997/summer_taxes_noll.aspx. While the work of these economists primarily deals with major league sports, the principle holds the same for other sports facilities.

This means that the taxpayers of Ohio have contributed to a variety of sports stadiums through the Cultural Facilities Commission, including:

$73.35 million for the Great American Ballpark and Paul Brown Stadium in Cincinnati;
$36.8 million for Cleveland Browns Stadium;
$7 million for Huntington Park (Columbus Clippers Stadium);
$5.8 million for Canal Park (Akron Aeros Stadium);
$5.5 million for the Ice Arena in Toledo;
$5.4 million for the Fifth Third Field (Toledo Mud Hens Stadium);
$850,000 for the East Lake Minor League Ballpark; and
$200,000 for the City of Avalon Minor League Stadium.[27]
During the time the state has been giving this money to millionaire sports team owners, the state has often been having fiscal trouble. From raising taxes to ordering across-the-board spending cuts, governors and legislators have tried to grapple with how to pay for programs. But these corporate giveaways continue unabated. So as the state struggles to find money to fund Medicaid or higher education, taxpayers should feel free to go out to one of these sports stadiums and see their hard-earned money at work.

While no sports stadiums were funded in the Fiscal Year 2009 capital budget, legislators did find many ways to waste money on other questionable projects:

Pro Football Hall of Fame – $1,650,000

The Pro Football Hall of Fame, located in Canton, describes itself as "a shining tribute to the men who have made professional football America's most popular sport." Apparently the more than 201,000 visitors to the Hall of Fame in 2007 agree.[28] Charging adults a rate of $18.00 per visit and undertaking a five-year, $60 million fundraising drive headed by Ohio native and former NFL player Dan Dierdorf, one would think that the Hall of Fame would not need taxpayer dollars to subsidize its operation. But in 2008 the General Assembly approved $1.65 million for the renovation of the stadium next to the Hall of Fame that is used for the enshrinement ceremony and the Hall of Fame Game.[29]

There is no doubt that the Hall of Fame is a popular attraction in Canton. But there is no justification for Ohio taxpayers to shell out their money for improvements to the Hall of Fame's buildings or its exhibits. The football fans who enjoy the Hall of Fame and the players, coaches, and others who are honored by it are the ones who should bear the cost of the Hall. If the 201,000 visitors do not want to pay what it takes to keep the Hall open, or the NFL does not want to part with enough of its more than $7 billion in yearly revenues to do so, then Ohio taxpayers should not be saddled with this burden.

[27] Ohio Cultural Facilities Commission – Sports Projects, accessed on October 20, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=666.

[28] "Pro Football Hall of Fame: Then and Now," Pro Football Hall of Fame website, accessed on September 5, 2008 at http://www.profootballhof.com/hall/release.jsp?release_id=932.

[29] Ohio Cultural Facilities Project Page – Pro Football Hall of Fame, accessed on October 19, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=1039.

The History Heritage Center of Dayton Manufacturing & Enterprise – $1.3 million

The request by Senator Jeff Jacobson for this funding is a perfect example of pork. He requested $3 million "to assist in the creation of Dayton History's Heritage Center of Dayton Manufacturing & Entrepreneurship. At that time, President Harris committed to provide a total of $2 million to the project…"[30]

Everyone should enjoy this new museum to celebrate Dayton's "history of innovation."[31] Cleveland may have the Rock and Roll Hall of Fame and Canton may have the Football Hall of Fame, but it will soon be possible to learn about Dayton's "history of innovation," thanks to Ohio's taxpayers.

Voice of America Museum – $750,000

The Voice of America's Bethany Relay Station, located in West Chester Township, was closed in 1995 with the land being turned over to the county and township. The relay station has since been turned into a free museum.[32]

While it may be nice for those interested in the history of the Voice of America to have a museum in which they can listen to old broadcasts, it is unclear why taxpayers, and not those using the museum, should pay for it. Furthermore, part of the land given to the county and township was sold to a developer who has since erected a shopping center. The proceeds from this land sale should have been used to fund the museum instead of asking state taxpayers to foot the bill.

Rock and Roll Hall of Fame – $250,000

As the Cultural Facilities Commission notes, more than 6 million people have visited the Rock and Roll Hall of Fame and Museum in Cleveland since it opened in 1995.[33] Ticket prices must not be high enough since this very popular attraction is not too proud to beg the state for taxpayer money.

The money is being used for "improvements to the exterior plaza concrete, public restroom fixtures, and artifact security, as well as installation of an interior electronic marquee and sun shields on exhibit casework."[34] The taxpayers should not have their money flushed down those new toilets. The visitors to the museum who enjoy and learn from it should be funding these improvements. Or maybe the recording industry being celebrated at this museum can chip in a little more money. With more than 400 million album sold in the U.S. in 2008, it seems the industry could spare an extra $250,000 to replace what Ohio taxpayers are being forced to give.

[30] Available at http://www.buckeyeinstitute.org/wiki-downloads/CapitalBudget/Jacbson,Jeff.pdf

[31] Ohio Cultural Facilities Project Page – Heritage Center of Dayton Manufacturing & Entrepreneurship, accessed on October 20, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=1185.

[32] "History of the Bethany Relay Station," Veterans Voice of America Fund website, accessed on October 20, 2008 at http://www.veteransvoa.com/history/bethanyRelay.jsp.

[33] Ohio Cultural Facilities Project Page – Rock n' Roll Hall of Fame, accessed on October 20, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=992.

[34] Ibid.

Cincinnati Ballet – $200,000

With ticket prices ranging from $20 to $96, the Cincinnati Ballet certainly does not come cheap. Apparently not enough people are buying tickets or not enough donors are giving money because Ohio taxpayers are coughing up $200,000 to the Ballet. As Ohioans struggle to make ends meet, the state is giving money away to allow people in Cincinnati to enjoy a showing of Dracula, the Nutcracker, and Peter Pan.

The Cultural Facilities Commission web site notes that the $200,000 in the most recent capital bill is only a third of the total taxpayer money being given to the ballet. Unfortunately, the commission fails to note exactly how the $650,000 contributed by Ohio taxpayers is being used.[35]

Johnny Appleseed Museum – $50,000

This museum, currently located at Urbana University, houses information about Johnny Appleseed. But that location is not good enough, as some residents want to move the museum to downtown Urbana.[36] They will soon be planting the taxpayers' money at the new site.

Crawford Antique Museum – $9,000

The Crawford Museum of Agriculture, located in Bucyrus, contains a variety of antique farm equipment. Its aim is to educate visitors about the changes in agriculture over the past 150 years. While this may be a worthwhile goal, it is hard to see why the taxpayers of Ohio should furnish their hard-earned tax dollars to pay for "completion of multiple pedestrian and visitor necessities."[37] The visitors to this museum, or the residents of Crawford County, should support these improvements.

Ohio Arts Council
$11.4 million in FY 2009
$11.2 million in the governor's budget for FY 2010

According to its website, the Ohio Arts Council (OAC) is "a state agency that funds and supports quality arts experiences to strengthen Ohio communities culturally, educationally and economically."[38] It does this by sponsoring arts programs and other initiatives. There is little disagreement that art enriches the lives of most people, but there is a big disagreement on whether or not the government should fund the arts when there is not enough revenue to meet basic budget obligations.

[35] Ohio Cultural Facilities Project Page – Cincinnati Ballet, accessed on October 20, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=686.

[36] Ohio Cultural Facilities Project Page – Johnny Appleseed Museum, accessed on October 20, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=1222.

[37] Ohio Cultural Facilities Project Page – Crawford Antique Museum, accessed on October 19, 2008 at http://www.culture.ohio.gov/commission/detail.asp?id=1211.

[38] "Agency Description," Ohio Arts Council (OAC), accessed on February 22, 2009 at http://www.oac.state.oh.us/aboutOAC/agency.asp.

Apparently the OAC is finding it difficult to make the argument that it should receive funding and cannot determine the value that taxpayers receive from the money it bestows on artists. The OAC decided to use some of its money to urge citizens to find such justification. Of course, the OAC puts it another way:

In early 2008 the OAC launched a new initiative called Take pART that aims to gather public value stories from citizens around Ohio. The OAC introduced the idea of public value to its constituents in 2004 as a core concept for Ohio's arts organizations as we move into a new era for the arts. Public value is difficult to define in concrete terms. The most important thing about public value is that it is something that exists within each community - it is created by the citizens, businesses and organizations of that community. The OAC can't define public value for the entire state or even for a particular community or organization. Our goal is to help our constituents seek out and define the public value within their own work, within their own community, and to, in turn, help reveal that public value.[39]

There is no doubt that as constituents define the "public value" of their work there will be more pressure on policymakers to increase funding for the OAC. In fact, the OAC has even posted a webpage to "aid you in making the case for the arts in your community and beyond" since "support for the arts and cultural sector is a sound investment of public dollars." The OAC was kind enough to provide the "resources you need to demonstrate these key points effectively to community leaders and elected officials across the state."[40] Or, to put it another way, tax dollars are being used to set up a website to provide resources for people to lobby legislators to spend more tax dollars for arts programs.

The confusion about the OAC's "public value" may be related to the projects it funds. Here are a few of the grants with a questionable "public value:"

$80,834 for the Dayton Philharmonic Orchestra Association.[41]

$14,165 for experimental visual art that will "develop, design and produce digital public art through the use of photo booths. Apprentices will create photo backdrops for the booths and members of the general public will use the booths to take their photos. Photos will then be broadcast publicly at each of the partner locations including the jumbo LED screen on Cincinnati Center City Fountain Square."[42]

$8,188 for the Columbus Dance Theater.[43]

$7,326 for the Columbus Gay Men's Chorus.[44]

39 "Take pART demonstrates Public Value," OAC website, accessed on September 26, 2008 at http://www.oac.state.oh.us/aboutOAC/publicvalue.asp.

40 "Making the Case," OAC website, accessed on February 5, 2009 at http://www.oac.state.oh.us/MakingTheCase/.

41 Grant detail available at http://www.oac.state.oh.us/search/grants/Grant.asp?ID=9084.

42 Grant detail available at http://www.oac.state.oh.us/search/grants/Grant.asp?ID=8885.

43 Grant detail available at http://www.oac.state.oh.us/search/grants/Grant.asp?ID=9026.

44 Grant detail available at http://www.oac.state.oh.us/search/grants/Grant.asp?ID=9027.

$3,023 for the Cleveland Swingband Foundation.[45]

$1,295 to Ana Garcia for an apprenticeship in breakdancing that takes place in Brooklyn, New York. The grant will fund a program where "the master and the apprentice will meet four days a week for three hours a day during two weeks in August. The master will teach new movement vocabulary and the history behind uprocking, toprocking, go-downs, footwork, freezes and power moves."[46]

An ongoing program of "traditional arts apprenticeships" that have, in the past, funded: "Polish paper cutting, blues music, stone carving, Appalachian fiddling, embroidery, Laotian khene playing, icon painting, Irish step dancing, woodcarving, Chicano corridor singing, quilting, tamburitza music and polka."[47]

There is certainly a place for the arts in Ohio. There is just no reason for the government to find creative ways to fund them.

ODDS AND ENDS

Office of Ohio's Consumer Counsel
$8.5 million in FY 2009
$9.5 million in the governor's budget for FY 2010

The Office of Ohio Consumers' Counsel (OCC) is not a large item in the state budget (although the governor did recommend an increase of over 12 percent when other state agencies were taking a cut). But the OCC uses a large portion of this money to lobby the state legislature on behalf of stricter regulations and fight deregulation plans in court. Not only is this type of ideologically-charged advocacy an improper use of tax money, it also hurts Ohio's business climate, leading to less economic growth and, ultimately, lower tax revenue.

The website of the OCC claims:

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts. The state agency also educates consumers about electric, natural gas, telephone and water issues and resolves complaints from individuals.

The office's view of what is in the interest of consumers, however, is almost always more government regulation. The OCC seems incapable of seeing how consumer benefits can come from less regulation and more competition.

For example, in 2006 the OCC fought attempts to allow telephone companies more leeway in how they set their prices. As markets change, telephone companies need to change with it. The

[45] Grant detail available at http://www.oac.state.oh.us/search/grants/Grant.asp?ID=9285.

[46] Grant detail available at http://www.oac.state.oh.us/search/grants/Grant.asp?ID=8869.

[47] Reynolds, Jaclyn, " Ohio Arts Council Approves 480 Grants Totaling $7,876,540," Ohio Arts Council, accessed at http://www.oac.state.oh.us/News/NewsArticle.asp?intArticleId=439 on September 26, 2008.

OCC disagreed, and stated the following:

Before the price for basic service from your local telephone company is able to increase without oversight or justification, consumers need to have the availability of competitive alternatives. However, where telephone choices exist in Ohio, they have been primarily limited to bundled packages. Many customers have little or no choice in providers if they just want basic service, or perhaps one or two features. Internet-based services - which require broadband - and cell phones are not comparable substitutes for basic service. These services are often more costly, include bells and whistles some customers do not want, and have unresolved issues involving public safety and consumer protections.[48]

The failure to understand that new modes of communication are replacing traditional phones is indicative of how the OCC views the world. With more Americans having wireless communications accounts than traditional landlines, it is clear that they are a "competitive alternative" for consumers.[49] But the OCC forces businesses to defend their decisions to adjust rates in court. Contrary to its name, the Office of Consumer Counsel does not seem to have much faith in consumers. It trusts bureaucrats to make decisions, rather than individuals.

Consumers need to be protected from fraudulent and dangerous products. Consumers do not need to be protected from competition and innovation. When businesses are free to meet their customers' needs, consumers see better products at lower prices. When they are hampered by the types of rules and regulations supported by the OCC, however, consumers see fewer new products and are stuck with prices that are often well above market rates.

Legitimate consumer protection can be achieved through private lawyers and consumer advocates addressing fraud and faulty products through the courts and via public opinion. The taxpayers of Ohio do not need to provide money to the Ohio Consumer Counsel that is ultimately used in ways that hurts, not helps, the state's consumers.

Farmland Preservation
$1.349 million in FY 2009
$1.349 in the governor's budget for FY 2010

The Ohio Department of Agriculture justifies its farmland preservation programs in this way: "Land is one of the most valuable resources within the agriculture sector. In order to maintain Ohio's land-based industry and all its related benefits, the Office of Farmland Preservation educates the public about the importance of saving this precious resource. The office also assists farmers and local officials with their farmland protection efforts and hosts an annual farmland

[48] Janine Midgen-Ostrander, "Guest column: Residents can speak up on potential telephone rate increases," Office of the Ohio Consumers' Counsel, January 5, 2006, accessed on September 22, 2008 at http://www.pickocc.org/news/2006/pressrelease.php?date=01052006.

[49] Dibya Sarkar, "Cell Phone Spending Surpasses Landlines," *USA Today*, December 18, 2007, accessed on February 5, 2009 at http://www.usatoday.com/tech/wireless/2007-12-18-cellphone-landline_N.htm.

preservation summit."[50] It does this by administering the Clean Ohio Agricultural Easement Purchase Program, the Ohio Agricultural Easement Donation Program, and the Agricultural Security Area Program.

The family farm has taken on mythological dimensions in the U.S. It is difficult to find a politician who doesn't pay homage to farmers. They serve an important function, and the food they produce is vital to the economy. But just because farmers are necessary does not mean the state should spend tax dollars trying to "preserve" farmland. If farmland is productive, it doesn't need a government program to preserve it. The owners of that land can make more money farming it than selling it. And if the land is worth more as something other than a farm, the government should not be stepping in to try and "preserve" the land. If someone was willing to farm it, then there is no need for the government to pay for preservation. This farmland preservation program is merely another way for politicians to try and beef up their pro-farm credentials. They can praise farmers all they want, but when they start spending tax money to "preserve" farmland, it means they are preserving pork.

CONCLUSION

The ripple effects of the recession are very pronounced in Ohio. For example, over the last two year Ohio has lost 641,800 jobs.[51] In the meantime, the state legislature has been spending money on ridiculous items such as the Cleveland Swingband Foundation and an apprenticeship in breakdancing. This is not good stewardship of Ohio tax dollars.

Before one more tax dollar is used and any taxes are increased, the state legislature must cut out the waste, fraud and abuse marbled throughout the Ohio state budget.

Ohio should enact a Funding Accountability and Transparency Act – legislation that would create a Google-like search engine and database to track state grants, contracts, and earmarks. This would be similar to the federal legislation that Sens. Tom Coburn (R-Okla.) and then-Sen. Barack Obama (D-Ill.) pushed through in 2006. So far, 19 states have passed some sort of transparency legislation.

Secondly, lawmakers should also establish an Ohio version of the Grace Commission. This group would dig through every nook and cranny of the state budget to find waste, fraud, abuse, and mismanagement. With private-sector expertise and the help of independent and nonpartisan organizations like the Buckeye Institute, such a commission would scrutinize expenditures, account for every tax dollar and ensure the elimination of wasteful spending.

The task is large, but not insurmountable. With courage and the right political leadership in Columbus, Ohio can clean up its budget mess and become more efficient and a better friend to the taxpayer.

[50] "Farmland Preservation," Ohio Department of Agriculture, accessed on February 5, 2009 at http://www.agri.ohio.gov/divs/FarmLand/FarmLand.aspx.

[51] According to U.S. Census employment data, available at http://www.bls.gov/schedule/archives/laus_nr.htm#BM2007.