Steps Ohio Should Take to Strengthen the Economic Recovery Post-Wuhan Virus
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For many years, Opportunity Ohio served as the lone voice warning policymakers that their continued failure to enact the right policies would place Ohio, its businesses, and its citizens in a no-win situation when the next recession hit. We based our warnings on a simple analysis of the data on government spending, private sector job growth, and other economic measures.

Specifically, in "Ranking the States on Population and Private Sector Job Growth" in March 2016, we stated:

> Moreover, should a recession occur, the Medicaid population will explode as Ohioans lose their jobs and state revenues plummet, thereby swallowing the rainy day fund and forcing large spending cuts or tax hikes.

In "Reimagine Ohio 2019" in January 2019, based on the data, we estimated a recession would have the following impacts on jobs, Medicaid, and state tax revenues:

THE IMPACT OF THE LAST RECESSION — AND THE NEXT

JOBS	Private-sector jobs lost in Ohio during last recession **398,900**	Projected private-sector jobs lost in Ohio in next recession **314,000**
MEDICAID	Increase in Ohio Medicaid enrollment after last recession **285,000**	Projected increase in Ohio Medicaid enrollment during next recession **241,315**
REVENUES	One-year drop in Ohio tax revenues during last recession **$1.7 billion**	Projected one-year decline in Ohio tax revenues during next recession **$2.0 billion**

In light of those figures, we warned:

> The DeWine Administration has a fundamental choice: let the failures of the past render it a one-term administration as it gets overwhelmed by outside forces as Ted Strickland did or use the political leverage it has now with strong majorities in the Ohio House and Ohio Senate to be bold as President Ronald Reagan urged us to be so that Ohio suffers less during the next recession and can emerge from it on stronger footing.

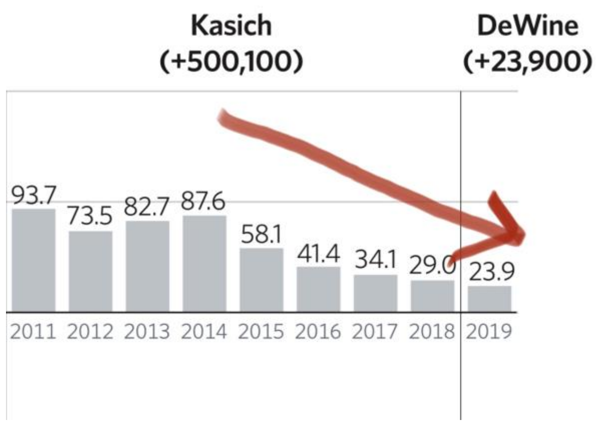
Finally, in "Lucky or Good: An Analysis of John Kasich's Tenure as Ohio's Governor" in February 2019, we noted:

> Thus, at the same time his Medicaid expansion will require more funding, especially when the next cyclical recession occurs resulting in job losses and more Medicaid expansion enrollees, Ohio will need more funding for other vital programs.

These statements assumed a "typical" recession, not one caused by a global pandemic in which federal and state policymakers are literally shutting down the economy to stop the spread of the virus. Unfortunately, policymakers ignored our warnings and continued increasing government spending, failing to rein in Medicaid, and did little-to-nothing to spur job growth.

Now, with the global chaos, nationwide impacts, and the statewide shutdown due to the Wuhan Virus, we most certainly are facing a recession, at best, and a depression, at worst. Regardless of Ohio's health sector's ability to deal with the Wuhan Virus, Ohio simply isn't remotely prepared economically for the known and unknown impacts of this pandemic.

The reality is Ohio's private sector still had not fully recovered to the peak employment it hit in March 2000. Only three states (MI, MS & OH) hadn't fully recovered all of the jobs lost since March 2000 as of January 2020. Ohio still needed to add 170,700 private sector jobs to get back to the peak it hit **TWENTY YEARS EARLIER**. The trend over the last five years represented a declining private sector despite JobsOhio spending hundreds of millions to spur job growth. If WARN Act notices are the canary in the coalmine, in just the last five days, employers covered have laid off 5,840 employees this month, which is the highest monthly total going back to January 1997 – higher than any month during the dotcom crash and the Great Recession – with eight days still left to add to that total.



Our state budget over the last decade largely outpaced inflation and population growth in terms of spending. In Fiscal Year 2010, state spending totaled $24.141 billion. A decade later, state spending was expected to hit $33.970 billion before the Wuhan Virus outbreak, which represents a 40.7% increase in spending, or roughly 4% per year when inflation and population growth came in substantially lower.

And, John Kasich's Medicaid expansion, as we predicated, ended up enrolling far more people and costing far more money than he promised it would. In September 2013, 2,394,838 Ohioans were enrolled in Medicaid at a cost of $17.3 billion. After reaching a high of 3.1 million enrollees, by January 2020, enrollment still stood at 2,784,822 with an annual cost of roughly $27 billion.

Ohioans and their businesses are now firmly stuck between a rock and a hard place.

Moreover, no one can predict how employers will respond once the "all clear" is given. These types of events provide employers with the opportunity to reexamine their businesses and make changes that they otherwise might not have made. For example, with so many employees working from home, many employers may conclude that some employees can continue to work from home as independent contractors thereby allowing employers to reduce costs on rental space, employee benefits, and other employee-related costs. Other employers may have used the event to rip off the bandage involving groups of employees and may not bring those employees back.

With Ohio's already anemic private sector job growth, our recovery could lag behind other states, as it consistently has over the last thirty years. Here are five key reforms policymakers should institute as soon as possible:

> Enact right-to-work using Ohio's "Emergency Law" in the Ohio Constitution as detailed in this brief from June 2017 – though with the Ohio House losses in 2018, Republicans would need to convince six Democrats to join them to reach a supermajority or hope it gains the seats in the 2020 election. Right-to-work states have had more than double the job growth than forced unionization states from 1990 to today. It would work no matter how hard it is to enact;
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> Refocus JobsOhio from trying to pick winners and losers to covering the moving costs of any U.S. company willing to bring back its manufacturing operations from China in the next twelve months. Given the chart above, it is crystal clear JobsOhio has utterly failed. Perhaps it can succeed in this new endeavor;
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> Create a BRAC-like commission for a government streamlining initiative aimed at reviewing every tax expenditure, rule, regulation, program, and office with the power to eliminate any and all items it deems inefficient or improper. Ohio must become lean and mean to compete once the emergency has passed;
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> Launch a state and local consolidation task force to analyze and recommend reductions in Ohio's 3,700+ taxing jurisdictions to remodel Ohio for the 21st Century. Ohio's combined state and local tax burden is too high and simply not business friendly; and
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> Develop an ambitious plan to move commercial air travel from John Glenn International Airport to an enlarged Rickenbacker International Airport (like Denver International Airport) and consolidate the Cincinnati International Airport and Dayton International Airport in a significantly expanded airport in Wilmington, Ohio, so that Ohioans and their businesses can more easily travel for work and pleasure and Ohio can become far more attractive for the type of work more and more Ohioans will be engaged in in the coming decades.

Policymakers once again can do what they did in the past, which won't fundamentally change Ohio's laggard status. On the other hand, they could be bold and take a few chances that could jumpstart Ohio's economy in a way that moves it from the back of the pack to the leader of the pack. Really, what do they have to lose by going big at this point?