



THE BUCKEYE INSTITUTE

Protecting Public Dollars from Risky Spending

Interested Party Testimony
Ohio Senate General Government Committee
Ohio Senate Bill 158

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As Prepared for Delivery

Thank you, Chair Rulli, Vice Chair Schuring, Ranking Member DeMora, and members of the Committee, for the opportunity to testify regarding **Ohio Senate Bill 158**.

My name is Greg R. Lawson, I am a 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.

Senate Bill 158 takes a prudent step to protect public tax dollars.

The so-called “**People’s Budget**” proposal will appear on the ballot in Cleveland this November. If passed, the proposal would amend the city charter so that two percent of Cleveland’s general fund budget will eventually be spent by a board of citizens rather than elected members of Cleveland City Council. Based on the 2023 budget, that citizen board would disburse **\$14 million** after an ill-defined public input process followed by a public vote that will include unregistered “voters” still in middle school. Senate Bill 158 prevents this from happening.

Superficially, a “people’s budget” has a certain allure, especially to those frustrated by unresponsive elected officials. Proponents may argue that two percent is a nominal sum and that a citizen board may make some progress against entrenched political interests. But a closer scrutiny reveals that the proposal undermines basic tenets and safeguards of our governmental structure; and the amendment’s wording raises several serious procedural problems.

Elected officials govern, tax, and determine how to spend public funds. Those officials are held accountable by voters who periodically assess their job performance—on Election Day. If elected representatives are unresponsive to community needs, the solution is to vote them out of office and replace them, not give *unelected* board members authority to spend public dollars without public accountability or oversight. Instead of defending the people’s budget, the amendment subverts the very constitutional checks-and-balances in place to protect it.

The proposed amendment suffers from several other fundamental weaknesses. First, it would establish an open-ended process with no clear guidelines for managing public input. The devil is often in the details, as they say, and the proposal is short on details of any kind.

Second, and even more concerning, the amendment allows middle schoolers to vote on how to spend hundreds of thousands of taxpayer dollars, granting “*all City residents who are ages 13 and over . . . an opportunity to offer ideas, turn ideas into proposals, and vote on proposals they want to see implemented through the People’s Budget. Voting will occur through a system developed by the Committee. Implementation starts after residents vote.*”

Third, for those rightly concerned about loosening entrenched political interests, the amendment wrongly ensures that “*contracts for winning projects are exempt from approval by the City Council and the Mayor.*” Exempting projects from approval by elected officials risks rampant self-dealing using public dollars.

And finally, the amendment seems to allow for directing public money to preferred identity groups without competitive bidding—immediately creating an unfair, unlevel playing field.

Senate Bill 158 prevents these well-intended mistakes by clarifying that local legislative bodies may not “*appropriate, allocate, or draw money from the treasury for the funds to instead be distributed or otherwise disbursed by a vote of residents.*” The bill protects local taxpayers from unaccountable, unelected boards proposing risky, under-vetted spending projects. And the bill applies to all municipalities statewide, keeping similar spending schemes from popping up all across Ohio.

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



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