

COVID-19

Ohio after COVID-19:

LOOKING TO THE FUTURE, LEARNING FROM HISTORY

WENDY PATTON

During difficult times, people come together through government action to tackle big challenges. President Franklin Roosevelt's New Deal put Americans back to work, supported home ownership and improved national infrastructure. During the Great Recession of 2008, the federal government supported state and local governments and helped save the American auto industry and the thousands of jobs that go with it. Government plays this role over and over, but not without problems. Some New Deal programs promoted racially discriminatory practices in housing, employment and economic security measures, including Social Security. Policy responses to the recession of 2008 bailed out banks and financial institutions that had been bad actors, and the federal stimulus package for the states didn't last long enough. Today, state and federal leaders must learn from the past and make sure all Ohioans, no matter where they live or what their race, have what they need to survive this crisis and build strong foundation now so that when the crisis passes and recovery begins, everyone will benefit and no one will be left behind.

During the recession of 2008, lawmakers targeted investment of state and federal resources to staunch the damage, but federal lawmakers failed to provide enough aid for the duration of the recession. State lawmakers slashed taxes and services before the recovery brought unemployment to pre-recession levels. Ohio's recovery was slow and weak. Median income in Ohio is lower than it was in 2008, adjusted for inflation, and 114,000 more Ohioans live in poverty. Ohio's job base grew by just half the rate of the national average. The brightest part of Ohio's post-recession recovery was the expansion of Medicaid, which brought billions of federal dollars into the state and supports 54,000 jobs across all counties and communities in Ohio.

The virus will be with us until there is a vaccine, which experts say will take 12 to 18 months. The Congressional Budget Office projects a national unemployment rate of 15% on average over the next six months, subsiding to 9.5% by the end of 2021: in other words, the recession is going to last a long time. Ohio's policymakers must maintain economic security programs like food aid, cash assistance and unemployment benefits; protection from eviction, foreclosure and utility shutoffs, and other measures to help struggling Ohio families, for as long as the health crisis and recession last. The policy choices made today will determine whether the crisis brings people together or deepens social and economic divides.

Policy Matters Ohio makes the following recommendations to build toward a recovery that includes all Ohioans.

Use the budget stabilization fund: Lawmaker must fully utilize Ohio's \$2.7 billion budget stabilization or 'rainy day' fund to close the state's budget gap.

Push for additional federal aid. Only the federal government is big enough and has the borrowing power to quickly disperse sufficient funds to keep state and local government providing the services that underpin our lives.

Push for sufficient funding for Medicaid: Since this is a recession caused by a health emergency, people who have lost their jobs face illness as well from COVID-19. The federal government increased its share of Medicaid expenditures by 6.2 percentage points for some – not all – categories of Medicaid enrollees through the end of September 2020. Congress must almost double that increase in federal share to a full 12 percentage points.

Don't slash economic security services and local government aid: The governor has already cut \$775 million from the 2020 budget, mostly in education and Medicaid. These are critical services lawmakers should be protecting. Cuts don't help build a safe and secure recovery.

Maintain expanded social services until full economic recovery reaches all Ohioans: To avoid cutting off needed aid too soon, policymakers at all levels should link measures like expanded jobless and SNAP benefits to a drop in unemployment so that the measures don't end prematurely.

Rebalance the tax system: Lawmakers must take a strategic approach to public finance, relying on raising revenue instead of draconian spending cuts.

Tap unconventional resources: State government should look across component units, partners and other unconventional sources for funds to close state and local budget gaps. For example, the hundreds of millions of dollars in the JobsOhio reserve fund could be used to help close budget shortfalls.

Target resources to mitigate distress in communities of color: Lawmakers at all levels must address policies that foster higher rates of illness among Black Ohioans. They must target resources to improve the social determinants of health in communities of color – unsafe housing, lack of healthy food, lack of green space, lack of medical treatment, underfunded public schools and barriers to good employment opportunities.

Use public resources to directly create jobs: The DeWine Administration could create job corps to put Ohioans to work. The Department of Natural Resources ran the Ohio Woodlands Jobs Corps in the last recession, based on the Civilian Conservation Corps of the Depression. Ohio could create jobs for thousands of workers through jobs corps like this: for example, an energy efficiency jobs corps to make buildings and homes more energy efficient and/or a residential rehabilitation jobs corps to remove lead from water pipes, homes and buildings.

Ohio's lawmakers must take care of the health of the people first and then support them in a slowly re-opening economy with sufficient funds raised fairly, and with significant federal aid. This is how Ohio can emerge a stronger, more resilient and equitable place: the safest and most secure state in the nation to live and do business.