



STATEMENT ON THE RELEASE OF THE U.S. CENSUS BUREAU OFFICIAL POVERTY RATE AND SUPPLEMENTAL POVERTY MEASURE

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Today, we learned that despite increases in employment and increases in educational attainment; poverty and the median wage in Ohio were statistically unchanged from 2013. This is unfortunate but not surprising. Even before the Census released these numbers, we knew from our family, friends and neighbors that too many people in Ohio struggle to make ends meet. Even with job gains, there are still too few jobs for Ohioans. We still need more than 20,000 jobs just to recapture the number lost since the official start of the 2007 recession. Many of the jobs that are available do not pay enough to move a family above the poverty line. According to separate analysis of prior census data, of all Ohio families earning less than 200 percent of the federal poverty level most, nearly 70 % percent were working.ⁱ Three-quarters of our dozen largest occupational groups offer wages so low that at the median, a family with small children is living close to the poverty line. Many Ohioans need work supports that supplement their low wages to help to secure their families and keep them out of poverty.

One of the most effective programs to help working families during times of hardship is the Earned Income Tax Credit. Since 1975, the federal Earned Income Tax Credit has become the most powerful anti-poverty program in the nation. The credit was designed to reward work, keep families out of poverty, boost low-income wages and support tax fairness. Thanks to the supplemental poverty measure, released by the Census yesterday, we know that in 2014 the EITC and the refundable portion of the child care tax credit lifted nearly 10 million people out of poverty, including more than 5 million children. Annually, the federal EITC brings over \$2 billion dollars into Ohio, which boosts local economies and helps families take care of their basic needs including buying groceries, child care expenses, and transportation to work.

In 2009, Congress and the Obama Administration made temporary improvements in these refundable credits to help families weather the Great Recession. If the expansions are allowed to expire it will push over 350,000 Ohio families into poverty or plunge them deeper into poverty. Congress should act to make the enhancements permanent.ⁱⁱ

In 2013, Governor Kasich and the Ohio Legislature took the right step in implementing the state EITC and in 2014 by expanding the credit from 5%- 10% of the federal credit. According to the Ohio Department of Taxation over half a million Ohioans claimed the state EITC last year. However, even

with the expansion, an analysis by the Institute on Taxation and Economic Policy finds that the vast majority of Ohio’s poorest workers will see no benefit.ⁱⁱⁱ Ohio’s credit is one of the weakest in the nation, because it is not refundable, it is too small, and it has an income cap.

Ohio has made some policy decisions that have helped working families. Enacting a state EITC is one; another was expanding Medicaid coverage. That single decision helped more than half a million Ohioans access health care. But the data released by the Census is clear: There is more work to be done. The state could increase its efforts to reduce poverty by reforming the Ohio EITC, so that it is refundable, set at 16 percent of the national EITC, and has no income cap. The EITC, along with the other supports discussed here today, reduce poverty and promote economic stability—this helps families, communities, and our state economy.

Learn more about the EITC and other policies to help families make ends meet at policymattersohio.org.

ⁱⁱ Center on Budget and Policy Priorities, Letting Key Provisions of Working-Family Tax Credits Expire Would Push 16 Million People Into or Deeper Into Poverty, <http://www.cbpp.org/research/poverty-and-inequality/what-to-look-for-in-next-weeks-census-figures-on-poverty-and-income>

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ⁱⁱ Hannah Halbert, “Out-of-step,” Policy Matters Ohio, August 2014, at <http://www.policymattersohio.org/out-of-step-aug-2014>

ⁱⁱⁱ Hannah Halbert, “Out-of-step,” Policy Matters Ohio, August 2014, at <http://www.policymattersohio.org/out-of-step-aug-2014>. Estimates based on modeling by Institute on Taxation and Economic Policy. EITC impact measured from baseline of no credit, 7 percent of the lowest income workers see a tax cut from the existing credit, with an average tax savings of only \$60.