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## **Who pays for Shabby Benefits? Public helps Ohio Bob Evans workers meet basic needs**

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Last week, Governor John Kasich highlighted the ‘shabby’ benefits of workers at Bob Evans. He was right about that: data provided by the Ohio Department of Job and Family Services (ODJFS) show that in a snapshot of one month, July 2010, up to 13 percent of Bob Evans workers resorted to public assistance to meet basic needs.<sup>1</sup> In July 2010, Medicaid provided health care for 4,797 Bob Evans workers or their family members; 4,057 had qualified for and used food assistance to supplement their monthly food budget and 249 were so poor that they received assistance from the Ohio Works First (OWF) program (Table 1 and Appendix). Based on statistical program averages for per-recipient program costs provided by ODJFS, it appears that these annual subsidies could amount to more than \$20 million annually.

Bob Evans’ total employment in Ohio, according to data on the website of the Ohio Department of Development,<sup>2</sup> has decreased by 3.7 percent since 2004, but the number of Bob Evans employees and their families on Medicaid has increased by 17.7 percent and the number receiving food assistance has increased by 48.7 percent (Table 1). In 2010, Bob Evans was fifth among employers in number of employees and their families relying on public assistance in Medicaid and fifth in terms of food assistance as well; they were seventh in the number of workers and their families receiving cash assistance through the Ohio Works First (OWF). In the same year, Bob Evans ranked 19<sup>th</sup> on the Ohio Department of Development’s ranking of largest employers in the state.

A rough approximation of the cost to the state and federal government may be extrapolated from the averages per recipient in each program published by the State of Ohio. The average cost per recipient for food assistance (Supplemental Nutritional Assistance Program) was \$142 in July of 2010;<sup>3</sup> the taxpayer subsidy to Bob Evans workers and their families to provide food for their own tables, based on that statistical average, would have been in the area of \$576,094 in July. Multiply that by 12 months and the annual, ongoing subsidy provided by this federal program, passed through the state, based on statistical averages, would have been \$6.9 million dollars.

A similar extrapolation is used here to get a rough estimate, based on statistical averages, of what the annual cost to the state and federal government might be of subsidizing the medical care of Bob Evans workers and their families – those 4,797 individuals in the ‘Medicaid’ column on Table 1. The projected per-recipient cost for the Covered Families and Children (managed care) component of Medicaid in the state of Ohio for state fiscal year (July 1, 2010 to June 30, 2011) 2010 was \$236 per month - \$2,832 per

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<sup>1</sup> Based on average group size for supplemental nutritional assistance program, provided at the Ohio Department of Job and Family Services (ODJFS), *Public Assistance Monthly Statistics (July 2010)* at <http://jfs.ohio.gov/pams/>, accessed 4/24/2011. This represents the share of workers and their families receiving food assistance; numbers are not available for all three benefits discussed here, taken together.

<sup>2</sup> Ohio Department of Development website, strategic research, business and industry, *Ohio Major Employers*, September 2010, historical section at <http://www.development.ohio.gov/research/documents/b100000004.pdf>, accessed 4/25/2011.

<sup>3</sup> ODJFS, *Public Assistance Monthly Statistics*, see FN#1.

year.<sup>4</sup> If each of the 4,797 recipients associated with Bob Evans used the average annual amount, the cost to the state and federal government would have been \$14.1 million dollars.<sup>5</sup>

**Table 1: Bob Evans workers & family members in public assistance programs, 2004-2010<sup>6</sup>**

Year	Food Assistance	Medicaid	OWF/Cash Assistance	Total Employment at Bob Evans
2010	4,057	4,797	249	13,000
2009	3,842	4,669	227	13,000
2007	3,241	4,588	207	17,500
2006	3,162	4,548	256	15,000
2005	3,321	4,861	302	n/a
2004	2,729	4,077	306	13,500
<b>Change, 2004-10</b>	<b>48.7%</b>	<b>17.7%</b>	<b>-18.6%</b>	<b>-3.7%</b>

Source: Policy Matters, based on Ohio Department of Job & Family Service and Ohio Department of Development data

The cost of assistance through Ohio Works First per recipient was \$165.06 per month on average in 2010;<sup>7</sup> the annual average would have been \$1,980.72. The cost of supplementing the 249 Bob Evans workers and their family members who received assistance under this program, had they remained on the rolls for a full year, would have added another \$493,199 to the subsidy.

While these calculations are rough, based on a snapshot count from a single month (July) in 2010 and using statistical averages for per-recipient costs, they illustrate the magnitude of public sector subsidy, conceivably more than \$20 million annually, to provide for the basic needs of a share of the workers of Bob Evans and their families.

What share of the workforce requires such subsidy? ODJFS provides estimates of ‘assistance groups’ (a measure of size of household or family receiving aid) for food assistance.<sup>8</sup> The average assistance size for recipients of food aid was 2.3 individuals in 2010. Dividing that into the 4,057 individuals who work at or have a family member employed by Bob Evans in Table 1, in the ‘Food Assistance’ column, it could be surmised that about 1,764 direct employees of Bob Evans – perhaps 13.6 percent of the Bob Evans Ohio Workforce – had to rely on public assistance to put food on their own table in 2010.

Governor John Kasich’s budget for the state of Ohio for 2012 and 2013 is full of cuts to services, local governments and schools. Kasich recently defended moves to increase share of benefits paid for by public sector workers by explaining that Ohioans who work at companies like Bob Evans have “shabby benefits” and that fairness requires that public sector benefits be weakened too.<sup>9</sup> Reducing earnings of Ohio families with public sector workers is not the way to build our economy. But Governor Kasich’s impression of Bob Evans’ employee benefits was right. Workers, taxpayers and responsible employers

<sup>4</sup> ODJFS, JFS Medicated Services, *Line 600525 and Related Line Items, SFY 2011-13*, March 22, 2011, p.36.

<sup>5</sup> ODJFS does not give exact costs for each employer with workers on public assistance. The monthly per recipient cost of Covered Families and Children is the lowest cost of all Medicaid categories, and was used here to illustrate a level of subsidy possible given the number of workers and families enrolled in this program.

<sup>6</sup> Data for years 2004-2007 are based on annual averages; Medicaid figures in those years are based on 11 months (ODJFS omitted December in the data provided). The data for 2009 is based on a one-month ‘snapshot’ of June, 2009. The data for 2010 is based on a one-month snapshot for July 2010.

<sup>7</sup> ODJFS, E-mailed communication dated April 21, 2011.

<sup>8</sup> ODJFS, *Public Assistance Monthly Statistics* (See FN #1)

<sup>9</sup> Jim Siegel, Kasich comments on shabby benefits at Bob Evans, *The Columbus Dispatch*, April 19, 2011 at [http://www.dispatch.com/live/content/local\\_news/stories/2011/04/19/kasich-100-days-bob-evans.html](http://www.dispatch.com/live/content/local_news/stories/2011/04/19/kasich-100-days-bob-evans.html), accessed 4/25/2011.

in Ohio are all better served when employers like Bob Evans pay their workers a living wage with decent benefits that allow them to meet the basic needs of their families. The \$7.7 million dollar economic development subsidy the Governor just provided to encourage Bob Evans to keep its headquarters in the state and to help them move it from Columbus to New Albany should have been saved for employers whose benefits are not shabby.

## APPENDIX

PROGRAM	RANK	EMPLOYER NAME	NUMBER OF EMPLOYED RECIPIENTS OR FAMILY MEMBERS
MEDICAID	1	WALMART	15,421
MEDICAID	2	MCDONALDS	12,695
MEDICAID	3	KROGER	5,697
MEDICAID	4	WENDY'S	5,490
MEDICAID	5	BOB EVANS	4,797
MEDICAID	6	BURGER KING	3,746
MEDICAID	7	TACO BELL	3,497
MEDICAID	8	SUBWAY	2,891
MEDICAID	9	GOODWILL	2,868
MEDICAID	10	DOLLAR GENERAL	2,658
FOOD ASSISTANCE	1	WALMART	13,547
FOOD ASSISTANCE	2	MCDONALDS	12,136
FOOD ASSISTANCE	3	WENDY'S	5,309
FOOD ASSISTANCE	4	KROGER	4,656
FOOD ASSISTANCE	5	BOB EVANS	4,057
FOOD ASSISTANCE	6	BURGER KING	3,790
FOOD ASSISTANCE	7	TACO BELL	3,379
FOOD ASSISTANCE	8	SUBWAY	2,670
FOOD ASSISTANCE	9	DOLLAR GENERAL	2,620
FOOD ASSISTANCE	10	GOODWILL	2,494
CASH ASSISTANCE	1	MCDONALDS	915
CASH ASSISTANCE	2	WALMART	494
CASH ASSISTANCE	3	WENDY'S	446
CASH ASSISTANCE	4	BURGER KING	354
CASH ASSISTANCE	5	LNE & ASSOCIATES	332
CASH ASSISTANCE	6	TACO BELL	260
CASH ASSISTANCE	7	BOB EVANS	249
CASH ASSISTANCE	8	SUBWAY	244
CASH ASSISTANCE	9	KROGER	215
CASH ASSISTANCE	10	GOODWILL	214

Source: Ohio Department of Job and Family Services, July 2010 Public Assistance Employers, received 011911

NOTE: These totals do not represent individual employees of each employer listed; they represent workers at these employers *and* their assistance group – their family members – who are recipients of public assistance.