

BRIDGING THE GAPS IN OHIO 2008

A REPORT FROM
POLICY MATTERS OHIO

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POLICY MATTERS OHIO, the publisher of this study, is a nonprofit, nonpartisan research institute dedicated to researching an economy that works for Ohio. Policy Matters seeks to broaden debate about economic policy by doing research on issues that matter to working people and their families. With better information, we can achieve more just and efficient economic policy. Areas of inquiry for Policy Matters include work, wages, education, housing, energy, tax and budget policy, and economic development.

Executive Summary

Ohio is a state that has historically valued work. Yet now, many Ohioans work hard and still cannot make ends meet. Over 2.8 million Ohioans, approximately 25 percent, do not earn enough to meet basic needs. The gap between what these Ohioans earn and their basic family budgets forces many families to go without such necessities as health insurance or safe and enriching child care. We call this gap a hardships gap.

State and federal government public work support programs help families to bridge the gap between what they earn and their basic needs. In 2005, public work supports in Ohio—such as the Earned Income Tax Credit, Medicaid and the State Children’s Health Insurance Program (SCHIP), childcare and housing assistance, Food Stamps, and Temporary Assistance for Needy Families (TANF)—closed 60 percent of the median hardships gap for households in Ohio. After factoring in work supports, the median monthly hardships gap of \$1,682 was reduced to \$662. In fact, 20 percent of Ohioans living below their family budgets moved above their budget line by accessing public work supports, meaning 500,000 Ohioans bridged their hardships gap with this support.

Nearly 2.1 million Ohioans (20 percent) continue to struggle to meet basic needs even after public work supports factor into the equation. Despite not being able to meet their basic needs, many families face an “eligibility gap.” They do not qualify for public work supports because they earn too much or do not meet other eligibility criteria. Instead of consistently supporting work, a number of work support programs have income limits too low for most low-income working households to qualify. Earning cliffs also put eligible Ohioans in a bad position – benefits stop or are significantly reduced when recipients receive a raise or promotion, often lowering workers’ incomes. Many families also face a “coverage gap.” A number of Ohioans meet eligibility requirements but are not covered because public work support programs lack enough resources to cover everyone eligible, or the administrative process is too cumbersome.

Child Care. Public child care assistance helps parents to participate in employment, training, or educational activities, and expands educational opportunities for low-income children. Over 290,000 children 13 and under, nearly 60 percent of the children living in hardships gaps, do not qualify for public child care assistance. Nearly 325,000 children under age 13, approximately 87 percent of those eligible, do not receive child care assistance even though they are eligible.

Earned Income Tax Credit. The federal Earned Income Tax Credit is an effective tax support program designed to reduce the impact of payroll taxes on low-income working families with children. In Ohio, nearly 800,000 people, approximately 15 percent of Ohio’s tax filers, receive the federal credit. However, 485,000 tax filers in Ohio, 36 percent of tax filers living under their basic family budgets, are not eligible for the Earned Income Tax Credit.

Food Stamps. The Food Stamp program is meant to raise nutritional levels of Ohioans and protect their health. Over 1.6 million people, 65 percent of Ohioans living in a hardships gap, are ineligible for food stamps. Approximately 1/3 of eligible Ohioans, over 550,000, do not receive the food stamps for which they are eligible.

Housing Assistance. Public housing and Section 8 Rental Assistance programs were designed to help low-income families to secure safe and decent housing. Approximately

927,000 households in Ohio with incomes below their basic family budget do not qualify for public housing assistance. Of Ohio's five million households, only 2.5 percent are receiving housing assistance when an estimated 10 percent are eligible.

Medicaid and the State Children's Health Insurance Program (SCHIP). Medicaid does not support working Ohioans. As of 2005, nearly half of Ohioans living in hardship were ineligible for Medicaid or SCHIP benefits (approximately 1.15 million adults and children). Approximately 260,000 Ohioans, 150,000 adults and 110,000 children, are eligible for public health coverage but not accessing the benefits.

Temporary Assistance to Needy Families (TANF). Ohio Works First is the Ohio program set up to distribute a portion of federal monies allotted for cash assistance under TANF. Over 2 million Ohioans living in a hardships gap are ineligible for cash assistance from the Ohio Works First program (83 percent). Approximately 80 percent of the 915,000 Ohioans eligible for TANF assistance do not access the benefits (approximately 730,000 Ohioans).

Recommendations

Address the Eligibility Gap to cover all Ohioans living in a hardship gap. Eligibility requirements for public work support programs should be simplified, expanded to include more Ohioans, and should phase out slowly, so that an additional dollar of work-related earnings never results in a step backwards with more than a dollar in lost income.

1. The Medicaid Buy-in Program, recently championed by Gov. Strickland to allow disabled Ohioans go to work without fear of losing their health benefits, should serve as a model for public work support benefits for all Ohioans.
2. Ohio should adopt a state-level Earned Income Tax Credit to piggyback on the federal credit, as 23 other states have done.
3. Housing assistance programs should be increased at both the state and federal level.
4. The dominant portion of TANF funds should go towards cash assistance payments.

Address the Coverage Gap to Ensure Access for Eligible Ohioans. Applicants should be able to file applications electronically. Proof of employment and verification of income should be cross-indexed for all work support programs (so that applicants are not required to re-verify income and employment for every work support program). Ohio should also extend any recertification process to one year increments rather than six month increments, reducing the burden on recipients. Benefit Banks create the potential for a simple application process for all public work support programs and should be distributed widely throughout Ohio.

Introduction

Ohioans traditionally value working families and their contributions to our economy. Yet, many people in Ohio work hard and still cannot make ends meet. Jobs are less likely now than in the past to include health insurance and pension benefits, and many jobs provide inadequate wages to support a family. Over 2.8 million Ohioans, approximately 25 percent, do not earn enough to meet basic needs.¹ The gap between what these Ohioans earn and their basic family budgets forces many families to go without such necessities as health insurance or safe and enriching child care. *Figure 1* demonstrates many Ohioans earn less than what it takes to make ends meet. *Table 1* shows Akron's family budgets and the hardships gap created from inadequate earnings.

Many working families in Ohio need better jobs with higher wages and more benefits.

Employer-based benefits could help close hardships gaps faced by working families in Ohio, but the majority of low-wage workers in Ohio are either not offered these benefits, or cannot afford them when they are available because the employee contribution is too large.² Since many jobs do not provide health insurance, or wages sufficient to meet other basic needs, the state and federal government step in to offer public work support programs. These programs—the Earned Income Tax Credit, Medicaid and the State Children's Health Insurance Program (SCHIP), childcare and housing assistance, Food Stamps, and Temporary Assistance for Needy Families (TANF)—help families bridge the gap between what they earn and their basic needs.

Public work supports can make a big difference to those receiving them. In 2005, public work supports in Ohio closed 60 percent of the median hardships gap for households in Ohio. After factoring in work supports, the median monthly hardships gap of \$1,682 was reduced to \$662. In fact, 20 percent of Ohioans living below their family budgets moved above their budget line by accessing public work supports. Over 500,000 Ohioans were able to bridge their hardships gap, with the help of public work supports, to meet their family's basic needs.

Many working families living in hardship are not eligible for public work support programs.

Nearly 2.1 million Ohioans (20 percent) continue to struggle to meet basic needs even after receiving public work supports. Despite not being able to meet their basic needs, many families do not qualify for public work supports because they earn too much or do not meet other eligibility criteria. Instead of consistently supporting work, a number of work support programs have income limits too low for most low-income working households to qualify. These earning cliffs also put Ohio workers eligible for these programs in a bad position because benefits stop when a certain income threshold is reached. A raise or promotion could ultimately lower a worker's income if she becomes ineligible for benefits because of the pay increase, or if her benefits are significantly reduced. *Table 2* demonstrates the monthly income eligibility criteria for a full-time working mother with two children. As we point out below, not all of those who are eligible receive benefits, because programs are often underfunded or difficult to access.

¹ R. Albelda & H. Boushey, Center for Economic Policy and Research, The Center for Social Policy, *Bridging the Gaps: A Picture of How Work Supports Work in Ten States* (Oct., 2007)(households with at least one worker).

² See BTG National Report, supra note 1.

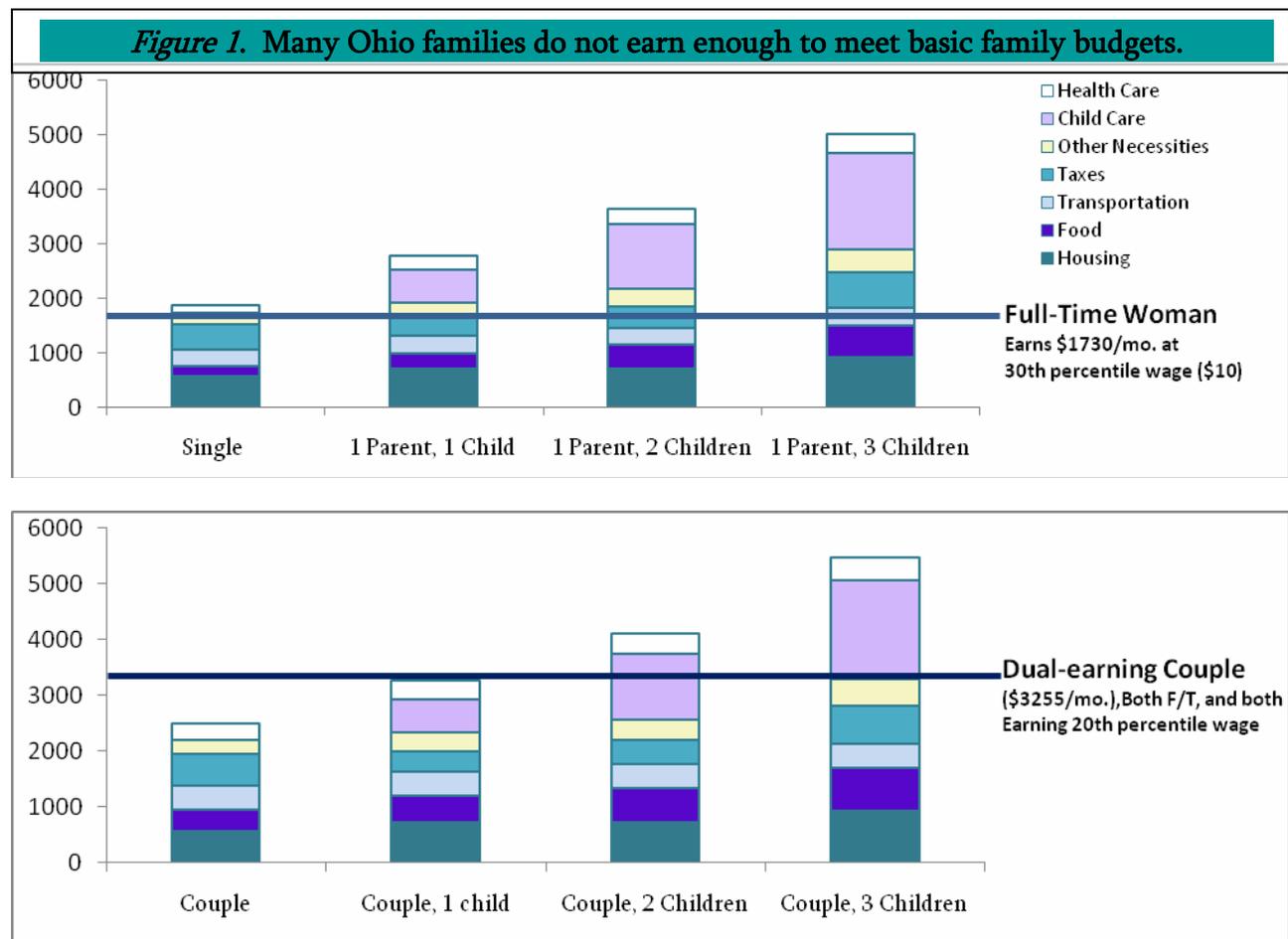


Table 1. Akron Family Budget, 2006 (estimated)

	Single	1 Parent, 1 Child	1 Parent, 2 Children	1 Parent, 3 Children	Couple	Couple, 1 child	Couple, 2 Children	Couple, 3 Children
Housing	\$570	\$730	\$730	\$928	\$570	\$730	\$730	\$928
Food	\$189	\$278	\$425	\$590	\$389	\$470	\$616	\$781
Transportation	\$306	\$306	\$306	\$306	\$435	\$435	\$435	\$435
Taxes	\$470	\$347	\$404	\$673	\$558	\$377	\$423	\$685
Other Necessities	\$205	\$273	\$313	\$413	\$261	\$326	\$366	\$465
Child Care	-	\$605	\$1,188	\$1,771	-	\$605	\$1,188	\$1,771
Health Care	\$142	\$259	\$293	\$334	\$291	\$323	\$362	\$402
Total Family Budget*	\$1,882	\$2,798	\$3,659	\$5,015	\$2,503	\$3,266	\$4,120	\$5,466
Monthly Earnings of example families	\$1,730	\$1,730	\$1,730	\$1,730	\$3,255	\$3,255	\$3,255	\$3,255
Monthly Hardships Gap	\$(152)	\$(1,068)	\$(1,929)	\$(3,285)	\$752	\$(11)	\$(865)	\$(2,211)

*Source. Economic Policy Institute and Bridging the Gaps Family Budget Data for 2004. Inflated 2004 numbers using consumer price index for housing, food, transportation, medical care, all items at http://www.epinet.org/content.cfm/datazone_fambud_budget.

Example Families: A single woman working full-time and earning \$10 per hour—a wage higher than wages earned by 29 percent of working women in Ohio—earns \$1,730 per month. Basic expenses for a single parent with two children living in Akron, however, add up to nearly \$3,700. The difference between her earnings and her basic family budget creates a monthly hardship gap of almost \$2,000. Even

a family with two earners—both earning a 20th percentile wage and working full time—will struggle. See *Appendix 1* for a comparison of family budgets in different regions across Ohio.

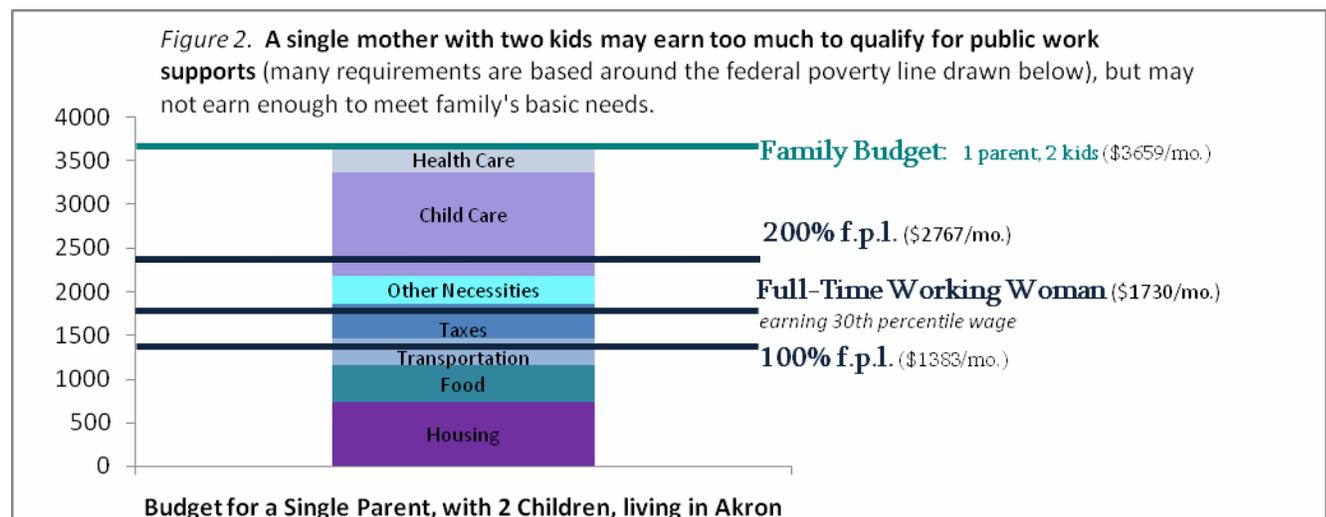
Table 2. Monthly Income Thresholds for Single Parent Family with Two Children, 2006

	Child Care	Food Stamps	Medicaid & SCHIP		Public Housing & Section 8	TANF	Monthly Earnings at \$10/hr for 40 hrs./wk.	Family Budget necessary for single parent with 2 children (living in Akron)
			Adult	Children				
Dollar Amounts	\$ 2,559	\$ 1,798	\$1,245	\$ 2,767	\$ 1,314	\$692	\$1,730	\$3,659
As a percent of federal poverty line	185%	130%	90%	200%*	95%	50%	125%	265%

*The Ohio Legislature, on the initiative of Governor Strickland, approved an increase in SCHIP eligibility for children from those living under 200% of the federal poverty line up to children under 300%.

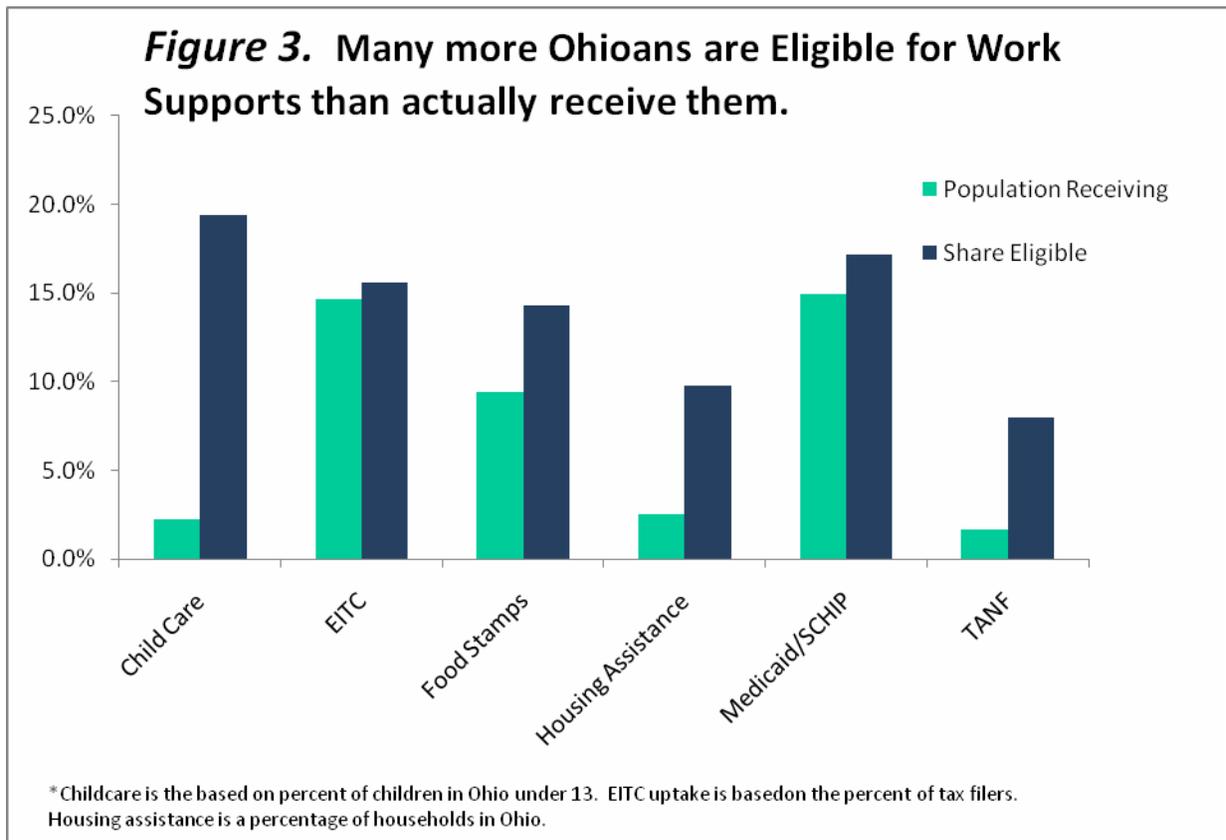
Example Family. A full-time working woman with two children earning \$10 per hour in 2006, the 30th percentile wage for women in Ohio, earned \$1,730 per month before taxes (121% of the federal poverty line). This single mother was *not* eligible for TANF cash assistance, public housing or Section 8 housing assistance, or Medicaid insurance for herself (despite being \$2000 below her monthly family budget needs). This single mother with two children *was* eligible for food stamps, child care assistance, and health coverage for her two children (and would have gotten these supports if the programs were adequately funded and accessible).

A pay raise, or an increase in the number of hours she worked, could represent a step backward for this working mother, however, because each raise could mean a significant loss in public benefits. If she had received a raise at work to \$11 per hour, amounting to \$1,906 per month, she would no longer qualify for food stamps. A \$1 wage increase would have reduced her monthly income (\$146). A raise to \$15 per hour, or \$2,600 per month, disqualified her for child care assistance (prior to a recent expansion she would have been cut off at \$14). A pay raise to \$16 per hour, or \$2,773 per month, disqualified her children from receiving health insurance benefits. Despite any of these pay increases, however, this single mother continued to live beneath her basic family budget of \$3,659 per month (which would require her to earn \$21 per hour). *Figure 2* shows that a family earning more than the federal poverty line continues to live below their basic family budget.



- **Over 87 percent of children eligible for public child care support do not receive assistance** - 2.2 percent of Ohio’s children under 13 receive benefits, but 17 percent are eligible.
- **34 percent of the Ohioans that are eligible for foods stamps do not receive them** - 9 percent of Ohioans receive food stamps while 14 percent are eligible.
- **260,000 Ohioans eligible for public health care benefits do not access the programs.**

Many families face a “coverage gap.” A number of Ohioans meet eligibility requirements but are not covered because public work support programs either lack enough resources to cover everyone eligible, or the administrative process is too cumbersome to navigate in order to access the benefits. In some programs there are waiting lists because of limited resources. For others, many eligible people say they do not apply for benefits because they cannot take time off from work, applications are complicated or confusing, or they need to travel to too many locations to process their applications.³ *Figure 3* demonstrates that many of the Ohioans eligible for public work support programs do not actually receive those benefits.



³ Jason Elchert, Ohio Assoc. of Second Harvest Food Banks, Presentation on *The Ohio Benefit Bank*.

Child Care. In Ohio, many parents work and need child care while at work. Childcare that is both safe and enriching, however, is often beyond the financial reach of Ohio's working parents. Many of these children end up without care or with substandard care. Public child care assistance helps parents to participate in employment, training, or educational activities, and expands educational opportunities for low-income children.⁴ Eligible families receiving child care assistance are responsible for making a copayment that increases with income.

Average Value. The average value of public child care assistance is \$210 per month.⁵

Eligibility Gap. Over 290,000 children 13 and under, nearly 60 percent of the children living in a hardships gap, do not qualify for public child care assistance. Recently, the income eligibility requirement for child care assistance were raised from 165 percent of the federal poverty line to 185 percent of the federal poverty line, increasing the number of people eligible for child care assistance. This is an important move in the right direction. Nonetheless, parents are still cut off from receiving any child care assistance once they reach 185% of the federal poverty line, even if these families cannot afford quality child care on their own.

Coverage Gap. In 2005, only 47,000 of 370,000 eligible children received childcare assistance, approximately 2 percent of Ohio's 2.1 million children under age 13. Nearly 325,000 children under age 13, approximately 87 percent of those eligible, do not receive child care assistance even though they are eligible, both because there is insufficient funding to cover everyone eligible and because the copayment is beyond some families' reach.

Too few public resources are dedicated to child care assistance. Federal funds for childcare assistance have stagnated. Recently, Gov. Strickland allotted Temporary Assistance for Needy Families (TANF) funds to expand childcare eligibility. Some advocates argue that using TANF funds to expand the child care program, however, diverts resources away from Ohio's neediest families, and that TANF funds should go towards their originally intended purpose (see Ohio Works First section below on cash assistance).

Child care assistance is distributed to child-care providers by local government entities, often through a labyrinth of complex rules and procedures that is confusing for home- and day-care providers, as well as for low-income consumers of child care. Plus, many child care centers that are awarded public contracts do not meet the location or hourly needs of working parents, and in some counties the number of public contracts awarded are limited (the process varies by county). For instance, child care centers may be open from 8:00 to 6:00 p.m., Monday through Friday, but if the parent works a 4:00 to 10:00 shift she will have difficulty finding a child care center receiving child care assistance funds. The limited number of child-care providers, operating a limited number of hours, can make it difficult for low-income consumers of child care services to find high-quality, accessible, and publicly subsidized care.⁶

Earned Income Tax Credit. The federal Earned Income Tax Credit is an effective tax support program designed to reduce the impact of payroll taxes on low-income working families with children. It has the highest participation rate of all work support programs. In Ohio, nearly 800,000 people, approximately 15 percent of Ohio's tax filers, receive the federal credit. The

⁴ See *Bridging the Gaps* Report, note supra, at p. 23.

⁵ SFY 2006 Bureau of Child Care and Development, Ohio Department of Jobs and Family Services.

⁶ Notes from Interview with Pam Perrino, Wean Foundation (Jan. 2, 2008).

Earned Income Tax Credit presents a model of simplicity for other work support programs. It has no eligibility cliffs. The credit phases out so that each additional dollar of work-based earnings still results in an income increase, even if the EITC is reduced slightly.

Average Value. The average annual value of the Earned Income Tax Credit, for families in Ohio, is approximately \$1,800.⁷

Eligibility Gap. The federal Earned Income Tax Credit should be extended to more working people: 485,000 tax filers in Ohio, 36 percent of tax filers living under their basic family budgets, are not eligible for the Earned Income Tax Credit. Furthermore, Ohio should join the 23 states who currently offer a state EITC to piggyback on the federal credit.

Coverage Gap. Nearly 89 percent of eligible Ohioans receive the Earned Income Tax Credit.

Food Stamps. The Food Stamp program improves nutritional levels of many Ohioans to safeguard their health.

Average Value. The average food stamp benefit amounts to \$106 per person per month.⁸ The average recipient household is a single parent with two kids.⁹ The value of food stamps remains relatively low, as the price of food rises rapidly.¹⁰

Eligibility Gap. Over 1.6 million people living under their basic family budget, 65 percent of Ohioans living in a hardships gap, are ineligible for food stamps. The program phases out quickly with earnings, and there is a stringent asset requirement. A single mother with two children, working full-time at \$10 per hour, would qualify for food stamps. However, if she gets a \$1 pay raise to \$11 per hour, her additional \$172 in income would disqualify her for food stamps and decrease her income by an average of \$318 (a net loss of \$146).

Coverage Gap. Of the 15 percent of all Ohioans eligible for food stamps, only 10 percent receive them (about one million people). Approximately 1/3 of eligible Ohioans, over 550,000, do not receive the food stamps for which they are eligible. The application process is cumbersome, and there is a burdensome re-certification process every six months.¹¹

⁷ David Rothstein, Policy Matters Ohio, *Who Takes Credit: The Earned Income Tax Credit and Free Tax Preparation in Ohio* (2008) at <http://www.policymattersohio.org/eitc/WhoTakesCredit2007.htm> .

⁸ Ohio Dept. of Jobs & Family Services, *Public Assistance Monthly Statistics* (November 2007).

⁹ Email exchange with Lisa Hamler-Fugitt, Executive Director of Ohio Association of Second Harvest Foodbanks.

¹⁰ Food prices rose 4.9% in 2007, compared to 2.1% in 2006, the largest increase since 1990.

¹¹ Notes from interview with Lisa Hamler-Fugitt, Executive Director of Ohio Association of Second Harvest Foodbanks.

Housing Assistance. Access to quality, affordable housing is essential for a safe and stable environment. Public housing and Section 8 Rental Assistance programs were designed to help low-income families to secure safe and decent housing.

Average Value. The Center on Budget and Policy Priorities estimates federal spending per unit of public housing per month in Ohio will be \$490 in 2008, and the average cost of a federal voucher subsidy per household per month will be \$453.

Eligibility Gap. Approximately 927,000 households in Ohio with incomes below their basic family budget do not qualify for public housing assistance (nearly 76 percent of Ohio households living in a hardship gap do not meet eligibility requirements).

Coverage Gap. Of Ohio's five million households, only 2.5 percent are receiving housing assistance when an estimated 10 percent are eligible for this assistance. In other words, only 25 percent of Ohio's eligible households, approximately 125,000 families, receive housing assistance. That leaves 357,000 eligible households in Ohio without housing assistance.

Availability of subsidized housing varies widely across communities in Ohio, with little to no availability of subsidized units in some communities.¹² There are large waiting lists for both public housing and housing assistance in a number of communities.¹³ In some counties, waiting lists are closed to new applicants. Funding for public housing and housing assistance programs has stagnated. These programs have not expanded in the last eight years, and gains prior to that time were minor. There has been a struggle to appropriate funds at both the federal and state level. Our nation's laws encourage homeownership instead, through generous mortgage deductions to homeowners. Renters receive little help. The help renters do receive, Section 8 housing assistance and public housing, is increasingly difficult to access.

Medicaid and the State Children's Health Insurance Program (SCHIP). The Medicaid program was originally designed to provide health care to people not expected to work (aged, blind, disabled, and poor mothers and their children). As a result, Medicaid does not support working people. Parents cannot earn more than 90% of the federal poverty line and remain eligible. A single mother with two children, working full-time in 2006 would not have been eligible for adult Medicaid insurance if she earned more than \$8 per hour. Adults without children are not eligible at all (unless pregnant or disabled). SCHIP was created in 1997, however, to cover some of the uninsured children whose parents earn too much for public health coverage.

Average Value. The average monthly Medicaid or SCHIP spending per person for non-disabled children and their parents, through the Healthy Start and Healthy Families programs in Ohio, is \$235.¹⁴

Eligibility Gap. As of 2005, nearly half of Ohioans living in hardship were ineligible for Medicaid or SCHIP benefits (approximately 1.15 million adults and children). At the end of 2005, Ohio legislators further restricted eligibility for adults down to those earning 90

¹² Money Follows the Person Housing Workgroup Meeting Notes (April 2007) at http://jfs.ohio.gov/OHP/infodata/MFPGrant/meetings/hw_minutes_040407.pdf.

¹³ Notes from Interview with Bill Faith, Executive Director for Coalition on Homelessness and Housing in Ohio, see www.cohhio.org.

¹⁴ Ohio Department of Jobs and Family Services, *Public Assistance Monthly Statistics* (November 2007).

percent of the federal poverty level or less, increasing the number of adults living in hardship but ineligible for health care by about 65,000.¹⁵ Prior to this change, parents earning up to 100 percent of the federal poverty level were eligible for public health benefits. The number of people signing up for public health coverage is increasing, however, as more Ohioans' incomes fall below 90 percent of the federal poverty line and they become eligible. In fact, because of these unexpected increases in Medicaid enrollment, Governor Strickland chose to roll back plans to expand coverage for dental benefits and to increase provider rates.

Coverage Gap. Approximately 260,000 Ohioans, 150,000 adults and 110,000 children, are eligible for public health coverage but not accessing them.¹⁶

A single parent working full-time at Ohio's minimum wage of \$7 would qualify for Medicaid coverage for herself. However, if she earned \$7.50 per hour, she would not qualify. Essentially, if this woman earns \$89 more per month, she becomes ineligible for \$235 in health care benefits.

Ohio's take-up rate for public health coverage is higher than national take-up rates, but Ohio has a high degree of churning.¹⁷ Many people drop from coverage after enrolling because of the burdensome re-certification process required every six months for most enrollees.¹⁸ Families often enroll during a health care crisis, but the cumbersome re-certification process deters re-enrollment once the health care crisis passes. Ohio's families should be insured year around, and not just during crisis, to encourage preventive care (which is more effective and less expensive than emergency care). Unlike the Healthy Families program, the Healthy Start program for children only requires re-certification annually.

Governor Strickland and the Ohio Legislature recently attempted to lift income limitations for children under Ohio's Healthy Start program for children up to 300 percent of the federal poverty level. However, the Bush administration has a policy restricting states' abilities to expand their Medicaid programs to families with modest incomes, so the Ohio plan for Medicaid expansion was denied the federal waiver necessary to implement this plan. Governor Strickland will now attempt to push through a lesser expansion of coverage for children in families earning up to 250 percent of the federal poverty line (parents still must earn less than 90 percent of the federal poverty line to qualify for coverage for themselves however).

¹⁵ Interview notes with Col Owens, Legal Aid Society of Southwest Ohio.

¹⁶ Ohio Family Health Survey (2004).

¹⁷ H. Boushey, R. Albelda & B. Zipperer, *Bridging the Gaps: Technical Report on Data and Methods*, p. 28 (citing Urban Institute studies).

¹⁸ Interview notes with Col Owens, Legal Aid Society of Southwest Ohio.

Temporary Assistance to Needy Families (TANF). Ohio Works First distributes cash assistance to needy families from a portion of federal monies allotted for TANF. Congress created TANF's pre-cursor—Aid to Families with Dependent Children—to provide monthly cash assistance to very low-income families with children (with little or no income from earnings). TANF serves the same very low-income families with children but provides incentives for employment.

Average Value. Ohio Works First provides \$450 in monthly cash assistance, on average, to needy families. Recipients are primarily single parents with one or two children.¹⁹

Eligibility Gap. Over 2 million Ohioans living in a hardships gap are ineligible for cash assistance from the Ohio Works First program (83 percent). Cash assistance caseloads dropped dramatically when work requirements, time limits, and other conditions were implemented to move recipients from welfare to work. However, the income limitation remains so low that it discourages work. In Ohio, a single mother working at a minimum wage job for 20 hours a week would qualify for cash assistance. However, if she works 25 hours a week, or gets a dollar raise, she becomes ineligible. In other words, if she earns about \$110 more per month, by working extra hours or getting a raise, she could lose \$450 in monthly cash assistance. Even when eligible, she receives assistance for a limited time only.

Coverage Gap. Approximately 80 percent of the 915,000 Ohioans eligible for TANF assistance do not access the benefits (approximately 730,000 Ohioans). The application process for cash assistance is cumbersome, the program phases out quickly with earnings, and payment levels are low. According to an analysis of new parents in 20 cities, 45 percent of TANF-eligible mothers received no assistance during their child's first year.²⁰

The amount in the TANF block grant has not increased since changes were made to welfare in the 1990s, and the fund's size is not indexed for inflation.²¹ Every year, the fund's purchasing power declines and fewer people are able to access benefits (and the real value of benefits decline). Families are also put through a strenuous application process, and forced to comply with strict work rules. Aside from cash assistance, TANF funds are used for work supports such as child care, transportation, and other work supports. Emphasis on cash assistance dwindles as public support for these work support programs grow. The average cash payment per recipient actually declined from 2006 to 2007.²² Cash assistance remains the most effective method to support working families, however, since the money can be used where it's needed most.

¹⁹ Jack Frech, Athen's County Dept. of Jobs and Family Services, *Ohio's Poorest Children: It is Time for the Other Shoe to Drop on Welfare Reform*, at <http://ohiocathconf.org/I/PO/OWF%202005.pdf>.

²⁰ H. Boushey, R. Albelda & B. Zipperer, *Bridging the Gaps: Technical Report on Data and Methods*, p.28 (citing Reichman, et al. 2003).

²¹ Jack Frech, Athen's County Dept. of Jobs and Family Services, *TANF: Failing America's Poorest Children* (December 2007) at <http://jfs.athenscountygovernment.com>.

²² Ohio Dept. of Job & Family Services, *Public Assistance Monthly Statistic* (November 2007).

Recommendations

1. *Address the Eligibility Gap to cover all Ohioans living in a hardship gap.* Eligibility requirements for public work support programs should be simplified, expanded to include more Ohioans, and should phase out slowly, as the EITC does, so that an additional dollar of work-related earnings never results in a step backwards with more than a dollar in lost income. *See Appendix 2* for eligibility thresholds in other states. For instance, people should not be cut off from child care assistance simply because they reach the arbitrary threshold of 185% of the federal poverty line. Instead, assistance should continue to phase out slowly as income rises through an increased co-payment mechanism. The Medicaid Buy-in Program, recently championed by Gov. Strickland to allow disabled Ohioans go to work without fear of losing their health benefits, should serve as a model for public work support benefits for all Ohioans. After a deduction on the first \$20,000 of earned income, disabled individuals with up to 250 percent of the federal poverty line will be eligible for Medicaid. When the individual's total family income exceeds 150% of the federal poverty level, however, she will be charged a premium (10 percent of the difference between 150 percent of the federal poverty level and total income). The program provides a six-month grace period if she should lose her job. Ohio should extend this Medicaid Buy-in program to all low- to moderate-income Ohioans (including adults without children).
2. *Ohio should adopt a state-level Earned Income Tax Credit to piggyback on the federal credit, as 23 other states did.*
3. *Housing assistance programs should be increased at both the state and federal level.* A national housing trust fund should be created to dedicate national resources to building more affordable housing for low-income families. The state of Ohio should invest more in public housing assistance by expanding the Ohio Housing Trust Fund.
4. *A large percentage of all TANF funds should go towards cash assistance payments.* The core focus of TANF as a source of cash assistance should not be lost as other needs make demands on these limited resources.
5. *Federal funding for public work supports, and related state funding, should be increased and indexed for inflation so that the purchasing power of assistance payments and subsidies remain the same from year to year.*

Address the Coverage Gap to Ensure Access for Eligible Ohioans. Applicants should be able to file applications electronically, and should not be required to participate in face-to-face interviews that require them to take a day off work. Proof of employment and verifications of income, and other applicant information should be cross-indexed for all work support programs (so that applicants are not required to re-verify income and employment for every work support program). Re-certification forms should be pre-populated with the applicant's original application answers, requiring applicants to certify only changes from the time of original application. Ohio should also extend any recertification process to one year increments rather than six month increments, reducing the burden on recipients. Child care assistance dollars should be easy for parents to access and should follow the child. Parents should be able to choose from any home or day-care provider that meets quality and safety standards (such as the Star rating system for early-care and education centers administered by the Ohio Department of Jobs and Family Services).

Distribute Benefit Banks widely throughout Ohio. Benefit Banks create the potential for a simple application process for all public work support programs (and the service is free to users). The Benefit Bank helps individuals file their taxes and claim the Earned Income Tax Credit, and then plugs tax information into a multi-benefits software program to determine eligibility for all public work support programs and identifies the public resources available to eligible Ohioans. The application process can be further simplified by enabling Ohioans to apply for these benefits online, with the help of a Benefits Bank Counselor.

Conclusion

In the richest country in the world, with many of the world's most profitable businesses, there is no reason why workers and their families should struggle to make ends meet. Ohioans need better jobs with better benefits, or better access to public work support benefits. Approximately 2.1 million Ohioans live in a hardships gap because they have low-paying jobs with few benefits, are not eligible for public work support programs, and these programs are underfunded or difficult for low-income Ohioans to access (even when they are eligible). These low-income families are often forced to choose between paying their rent or utility bills, putting food on the table, ensuring safe and enriching child care, or obtaining health care. Both the national and state governments, and Ohio's employers, can and should do more to help bridge the gap between what Ohioans earn and what they need to meet basic needs.

Appendix 1. Family Budget for One Parent with Two Children Across Ohio (2006)

	Housing	Food	Child Care	Transportation	Health Care	Other Necessities	Taxes	Monthly Family Budget	Annual Family Budget
Akron	\$730	\$425	\$1188	\$306	\$293	\$313	\$404	\$3659	\$43,905
Canton-Massillon	599	425	1188	\$268	293	278	303	3355	40,256
Cincinnati-Cleveland-Lorain-Elyria	699	425	1188	286	293	305	370	3566	42,796
Columbus	686	425	1188	286	293	302	364	3544	42,526
Dayton-Springfield	638	425	1188	306	293	289	345	3483	41,801
Hamilton-Middletown	702	425	1188	268	293	306	365	3547	42,567
Lima	548	425	1188	309	293	264	290	3317	39,801
Mansfield	543	425	1188	309	293	263	288	3309	39,711
Steubenville-Weirton	494	425	1188	309	293	250	254	3213	38,562
Toledo	612	425	1188	306	293	282	323	3430	41,154
Youngstown-Warren	561	425	1188	306	293	268	296	3337	40,045
Huntington-Ashland	518	425	1188	268	293	257	251	3200	38,397
Parkersburg-Marietta	523	425	1188	309	293	258	277	3273	39,272
Wheeling	493	425	1188	309	293	250	253	3211	38,536
Rural	551	425	799	352	293	265	10	2695	32,334

Source: Bridging the Gaps Project. Inflated to 2006 numbers using the Consumer Price Index for housing, food, all items, and medical, as well as personal income growth in Ohio from the Bureau of Economic Analysis.

Appendix 2. Family Income Eligibility Thresholds for Single Parent Family with Two Children in 2006, and as a Percent of the Federal Poverty Line (from the states participating in the Bridging the Gaps project).

	Child Care		State EITC		Food Stamps		Medicaid & SCHIP			Public Housing & Section 8		TANF		
	\$	% f.p.l.	\$	% f.p.l.	\$	% f.p.l.	Adults	Children	% f.p.l.	\$	% f.p.l.	TANF	% f.p.l.	
D.C.	3,458	250%	3,025	223%	1,798	130%	2,767	200%	2,767	200%	1,352	98%	407	29%
Illinois	2,533	183%	3,025	223%	1,798	130%	1,840	133%	2,767	200%	1,499	108%	388	28%
Iowa	2,006	145%	3,025	223%	1,798	130%	1,571	116%	2,767	200%	1,301	94%	1,571	114%
Mass	2,390	209%	3,025	223%	2,767	200%	1,850	133%	2,767	200%	1,703	123%	\$1097/ \$1171*	79%/85%
Minn	2,421	175%	3,025	223%	1,798	130%	1,383	100%	Under 2 \$3,873; Ages 2-12 \$2075	280%	1,535	111%	964	70%
N.Y.	2,767	200%	3,025	223%	1,798	130%	1,017	75%	3,458	250%	1,384	100%	595	43%
N.C.	2,966	214%	n/a	n/a	1,798	130%	533	39%	2,767	200%	1,211	88%	533	39%
Ohio	2,559	185%	n/a	n/a	1,798	130%	1,245	90%	2,767	200%	1,314	95%	692	50%
Texas	1,176	85%	n/a	n/a	1,798	130%	751	54%	2,767	200%	1,222	88%	751	54%
Wash	2,767	200%	n/a	n/a	1,798	130%	546	39%	3,458	250%	1,400	101%	546	39%

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