

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.