

---

# POLICY MATTERS OHIO

---

CLEVELAND: 3631 PERKINS AVENUE SUITE 4C - EAST • CLEVELAND, OHIO, 44114 • TEL: 216/361-9801 • FAX: 216/361-9810  
COLUMBUS: 300 EAST BROAD STREET, SUITE 490 • COLUMBUS, OHIO, 43215 • TEL: 614/ 221-4505 • FAX: 614/ 224-8132  
[HTTP://WWW.POLICYMATTERSOHIO.ORG](http://www.policymattersohio.org)

The *2009-2010 Assets & Opportunity Scorecard*, co-released in Ohio by Policy Matters Ohio and the Corporation for Enterprise Development (CFED), raises concerns about the financial security levels of Ohio families. In order for Ohio's families to build wealth they must earn enough income to meet their monthly basic family budget needs, and have enough left over to put money aside for their kids' college tuition, plan for retirement, and accumulate assets such as a home. To protect wealth already built by Ohio's families, strong policies must be in place to eradicate the predatory lending practices that push families to take on excessive debt with unsustainable interest rates that drain wealth from Ohio's households and lead to the high rates of bankruptcy and foreclosure seen in Ohio.

The United States as a whole does a poor job of ensuring access to health insurance and retirement benefits, keeping families' debt levels low, reducing poverty, and building financial security. **The Scorecard ranks the 50 states and the District of Columbia on 92 outcome and policy measures related to wealth, poverty, and financial security of families:** Ohio earned an overall grade of C, when considering all outcome measures.<sup>1</sup>

## Good News

1. Ohio earned an A for its access to health insurance for most families. Nationwide, rising co-pays, premium shares, and deductibles are contributing to increasingly burdensome health care costs even for Ohioans with access to employer-provided health insurance. However, the following successes added up to put Ohio ahead of the pack when it comes to health care:
  - We have a relatively high percentage of employees that are insured by their employers (66% employees, rank 14), shouldering a comparatively smaller share of the premium (23% employee share, rank 11) and a comparatively small amount of out-of-pocket medical expenses (18% of medical costs, rank 15). Our large manufacturing base, traditionally known for good-paying jobs with decent benefits, as well as our high union density likely contributed to ensuring that health care benefits are provided to Ohio's workers. We also ranked 7<sup>th</sup> in the nation for the number of wage and salary workers participating in an employment-based retirement plan in 2007, another success likely attributable to our union presence in Ohio.
  - In addition, the Strickland administration's efforts to expand Medicaid to more low-income children, and maintain coverage for very low-income parents, contributed to our high marks in health care accessibility, with an uninsured rate for low-income children of 12.3% (rank 17) and 24.0% for their parents (rank 10).
  - NOTE, however, Ohio ranked 40<sup>th</sup> for accessibility of health care for low-income families under 200 percent of poverty, with Ohioans above 200 percent of the poverty level four times more likely to have insurance than those below, making them vulnerable to income disruption and asset depletion from health care crisis.

---

<sup>1</sup> Grades are given on a curve: 10 states get A's, 10 get B's, 16 get C's, 10 get D's and 5 get F's.

2. Ohio also earned praise for having the strongest legislation in place to eradicate predatory loan practices of payday lenders. However, payday lenders have found ways to circumvent the newly passed law that caps interest rates at 28 percent.

### **Needs Improvement**

The outcome and policy measures in the CFED scorecard clearly indicate a need for us to focus on the following measures in Ohio: building assets, reducing debt, growing good jobs with decent wages and benefits, supporting small business creation, improving access to health care for employees working in small businesses, improving access to education, training, and quality child care and education, and protecting wealth accumulation by reducing predatory lending practices such as payday loans that reduce wealth.

1. **DEBT BURDEN AND WEALTH EROSION:** Ohio ranks 46<sup>th</sup> among states for its high bankruptcy rate and 49<sup>th</sup> among states for its high rate of foreclosures, despite the fact that non-whites, women, and low-income folks are less likely to own homes than in most other states (ranking 43<sup>rd</sup>, 44<sup>th</sup>, and 50<sup>th</sup> consecutively). Ohio's high foreclosure and bankruptcy rate is most likely connected to its high ranking of 38th in mortgage debt as a percentage of home value, its high rank of 35<sup>th</sup> in credit card debt, high average college debt (\$21,952, rank 38) and high number of college graduates with debt (66.9%, rank 39). More than 15 percent of families in Ohio have zero or negative net worth (rank 40). Almost 30 percent of households are unbanked, with no checking, savings, or money market accounts, making them vulnerable to predatory lending practices such as payday loans. Exactly 13 percent of households have cash income below the federal poverty threshold (rank 32).
2. **JOB WITH SUFFICIENT WAGES AND BENEFITS AND SMALL BUSINESS OPPORTUNITIES:** Ohio ranks 42<sup>nd</sup> in the nation for our high unemployment rate, and ranks 44<sup>th</sup> for its employment growth of negative one percent from 2007 to 2008. Of those Ohioans who are employed, more than 21 percent are in low-wage jobs that pay less than the federal poverty level of \$20,615 for a family of four. Plus, we rank nearly last in both small business and microenterprise ownership (48th).
3. **EDUCATION AND TRAINING TO GET AHEAD:** Relatively few Ohioans have a two-year (55.3%) or four-year (26.8%) college degree, ranking 39<sup>th</sup> and 36<sup>th</sup> respectively. Furthermore, low-income Ohioans are 6 times less likely to have a four-year degree than upper-income Ohioans, putting Ohio 40<sup>th</sup> among states for this disparity. While Ohio has been and remains a state in which higher education is expensive to obtain, the last two budgets have prioritized higher education, improving our relative position in terms of higher education costs.

## Policy Recommendations

1. **ADOPT A REFUNDABLE EARNED INCOME TAX CREDIT.** Start an Ohio EITC at 5 percent of the federal earned income tax credit and ramp up to 20% over 5 years, to supplement wages of low- and moderate-income workers. Provide a bonus if families deposit EITC refunds into savings or investment accounts.
2. **MAKE OHIO'S DEPENDENT CARE TAX CREDIT REFUNDABLE** in order to make the cost of quality child care more affordable for families.
3. **CREATE A SEAMLESS AND UNIVERSAL SYSTEM OF EARLY CHILDHOOD CARE AND EDUCATION,** from birth to kindergarten. Ensure that it is adequately funded to make it affordable or better yet, free. Start by immediately restoring access to quality child-care centers for low-income families at 200 percent of the federal poverty level.<sup>2</sup>
4. **ELIMINATE PAYDAY LENDING PRACTICES FOR GOOD.** Align Ohio's short-term lending laws to reflect the newly passed 28 percent APR rate cap designed to end the predatory loan practices of payday lenders.
5. **EXPAND UNEMPLOYMENT BENEFITS.** Broaden eligibility for unemployment benefits to cover part-time workers. Extend unemployment benefits for 26 weeks to those who participate in approved training programs.<sup>3</sup>
6. **EXPAND THE FAMILY AND MEDICAL LEAVE ACT (FMLA)** to employees in small businesses, so workers are not forced to choose between keeping their jobs or taking care of their own health and the health of their families. Currently, almost half of the workforce has no paid sick days.
7. **IMPROVE ACCESS TO HEALTH INSURANCE FOR LOW-INCOME WORKERS.** Create reinsurance pools for small businesses, provide premium assistance for employees of small businesses, and expand Medicaid coverage to low-income parents and childless adults up to 200 percent of the federal poverty level.<sup>4</sup>

---

<sup>2</sup> Access to quality and affordable child care and education not only reduces the extreme burden of paying for quality child care, it also prepares young children for school, socially and mentally, particularly economically disadvantaged children who are at greater risk of educational failure. Early childhood care and education for low-income children increases the likelihood Ohio's children will succeed in school, graduate from college, build wealth, and end the cycle of poverty in Ohio.

<sup>3</sup> Unemployment benefits keep families afloat during hardship and prevent erosion of assets, while also stabilizing the local economy during economic downturns by maintaining consumer-spending levels.

<sup>4</sup> Approximately 68 percent of uninsured parents, and 63 percent of uninsured childless adults, have incomes at or below 200 percent of the poverty level, and do not have the ability to pay for health care. Fewer than half of small businesses with between three to nine employees provide health care to their employees.