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New social contract needed

Report finds that Ohioans struggle through slumps and recoveries with less relief than in the past

Ohioans are finding it harder to thrive economically and are slipping into poverty amid the destruction of vital services that were once a pathway to the middle class, according to a new study by Policy Matters Ohio. Poverty is high through slumps and recoveries, the study shows, and both work and the safety net do less to meet basic needs than they once did in Ohio. Wages have stagnated and benefits once common, like health insurance and pensions, are increasingly scarce.

“Too many working Ohioans cannot make ends meet,” said Amy Hanauer, report author and executive director of Policy Matters. “Many jobs no longer cover the essentials for a family, and fewer options are available for those who lose jobs and need short-term help.”

The study is based on surveys of 150 non-profit groups that serve more than 100,000 Ohio families, and of 2,000 northeast Ohioans who have needed help affording food, clothing, day care and other essentials during the recession. It also analyzes public policy decisions that have affected modest-income families. Key findings include:

- Caseloads increased by an average of 60 percent between 2008 and 2011, with providers of emergency food and shelter reporting the biggest jump. Many people seeking help were turned away because staffing and other resources were inadequate to meet demand.
- To make ends meet, families skipped health care, rent payments or meals; sold vehicles; exhausted savings; borrowed money; and even left children unattended because child care was not available or affordable when they worked.
- Organizations said the public sector should provide more funding, make health care affordable, better fund safety net programs and expand eligibility for services, among other reforms;
- The vast majority of individuals surveyed, 92 percent, were employed, but 80 percent earned \$30,000 or less and had difficulty affording essentials. Three in five could not get health care, through employers or Medicaid. More than one in five said they often had to skip meals.

Many try to cover the basics through work, but wages have been stagnant even as American productivity has increased dramatically and families have sent more adults into the workplace. Provision of health and retirement coverage through the workplace has declined precipitously over the past generation.

Because work does not help all families escape poverty, state and federal services were put in place to provide security and opportunity, allowing Ohioans to stay in the workforce and afford

necessities as they try to move up to better-paying jobs. But these services are under siege and leaving far too many behind:

- The Supplemental Nutritional Assistance Program (SNAP) helps very low-income households – the vast majority of them with children -- put food on the table. Despite its modest cost – an average of \$1,100 per family each year -- and successful track record, Congress is considering proposals to slash SNAP, as well as a related program that assists infants and pregnant women at risk of malnutrition.
- Fewer children will be eligible for day care because of federal and state cuts. Childcare can be among a family's biggest expenses, with center-based infant care consuming more than one-third of a median single-parent income in Ohio.
- Unemployment insurance kept more than 3 million Americans out of poverty in 2009 as they searched for work, allowing them to continue spending money locally on necessities and arresting the economy's downward spiral. This program, too, has been attacked in Congress.
- Cash assistance helps some families, but many fewer than in the past. About three in four poor Ohio children lived in a family that got no cash assistance in 2008. General assistance, the program that once provided help to desperately poor adults with no children, no longer exists.
- Social Security lifts 859,000 Ohioans out of poverty and has turned old age from the time of life when poverty was most likely to the time of life when it is least likely.

Much assistance is provided through the tax code and is skewed toward the wealthy. The home mortgage deduction costs the U.S. treasury \$103.7 billion a year and provides more assistance to those purchasing expensive homes. Deductions for retirement savings cost \$108.2 billion annually and do more for high-income earners who can afford to save more. The Earned Income Tax Credit, our main poverty relief program for working families, costs just \$55.1 billion a year.

“Our survey found that Ohio families are struggling despite working and our review of policy found deep retrenchments in the social contract,” Hanauer said. “If we want our communities, economy and families to thrive, we will have to ensure that either work or policy does more to bring about opportunity and security.”

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