

Shrinking aid for Ohio's poorest families

Wendy Patton

Ohio's cash assistance program serves far fewer today than two years ago despite persistently high unemployment and poverty levels. A program assessment conducted by the state found fiscal pressures led some service deliverers to divert or discourage applicants and focus on a 'sanction' of participants who were unable to succeed at work activity before or during program participation. The requirement for work activity is about to ratchet up in most counties, as 134,000 must meet work activity requirements to get food aid starting in January 2014. The new fiscal pressure this will put on local service delivery is great. The outcomes from the cash assistance program do not bode well for the poorest of Ohioans and those who serve them.

Ohio Works First and work participation requirements

According to the state's own assessment, an intense focus on boosting work participation rates in the cash assistance program (known as Ohio Works First) contributed to a sharp drop in caseload on a statewide basis¹ ([See appendix online](#)). Unfortunately, this does not mean people found jobs. The single largest reason for leaving the program in July 2013 was 'sanctions' – failure to meet work participation requirements. Thirty-one percent left due to sanctions. Only 8 percent left because their income rose.

When you set eligibility at 50 percent of poverty, and benefits level at 25 percent of what you need to get by – as we do in Ohio – clients are, in essence, “sanctioned” simply by how low the aid is. Every day is a struggle for survival.

**Director Jack Frech,
Athens County Job and Family Services**

Work participation requirements will now be mandated in Ohio for non-disabled adults without dependents for assistance under the Supplemental Nutrition Assistance Program ('SNAP' – formerly known as food stamps). Some counties, looking at a five- to ten-fold increase in need for work participation slots, have inadequate administrative funding for outreach to those impacted, let alone to create a system within which participants can succeed. In many counties, the private sector is not expanding rapidly enough to provide jobs for people who need income for food ([Appendix, Table 3](#)).

Policy Matters Ohio interviewed three directors of county job and human services departments – one in a rural county and two in urban counties – about aid to Ohio's poorest families. Transcripts of the interviews with directors Joseph Gauntner of Cuyahoga County, Jack Frech of Athens County, and Anthony Trotman of Franklin County, are available online at www.policymattersohio.org/tanf-nov2013. Recommendations for enhancing program design to better serve the poorest families come from these interviews.

¹ The state “all family” work participation rate of 35.2 percent in 10/2011 jumped to 55 percent in 11/2012 due to a 45 percent drop in the “denominator” (total caseload): number of families served fell from 39,531 to 21,913. Public Consulting Group, “Ohio Works First Participation Improvement Project,” 5/2013 (p.9). The first observation of the consultant's report: “An after effect of procedural and process changes at the county level is <that it> has had the impact

A perfect storm in TANF

Ohio's economy remains weak. In more than half of Ohio's counties, the labor force has shrunk: people have moved, are no longer looking for work, or are in the informal economy. Ohio's economy is still 221,000 jobs short of where it was in November 2007, the last month before the recession.²

The poorest face high barriers to getting a job: lack of transportation and and childcare are major barriers. Lack of education is a barrier as well – in Ohio in 2012, the unemployment rate among those without a high school diploma was 16.2 percent.³

Although applicants face onerous barriers to work, the cash assistance program under Temporary Assistance for Needy Families (TANF) requires that at least half of non-disabled recipients participate in at least 30 hours per week of work activity. Ohio struggled to meet these federal requirements

during the recession, and faced more than \$130 million in federal penalties for failing to meet the standard on a statewide basis. Dwindling resources and looming penalties drove some localities to divert or remove adults from the "Ohio Works First" cash assistance program during the past two years, according to a recent assessment done by the state.⁴ Caseloads dropped by 45 percent while yet the unemployment rate in Ohio remains above 7 percent. Adult participation dropped by almost two-thirds and the child participation rate by a third: the program serves 61,000 fewer children than in January of 2011.⁵ The decline in child participation occurred almost entirely in adult-aided families.⁶

We find that 50 percent of entrants have a high school diploma or a GED at entry, but when you look at the entire Ohio Works First caseload at a given moment in time, you find that drops to 25 percent pretty quickly. People with a high school diploma or equivalent exit the program more quickly. The people left on have big barriers. Lack of education and skills are big ones.

**Director Joseph Gauntner,
Cuyahoga County Job and Family Services**

The largest cause in decline has been 'sanctioning' – eliminating benefits because of failure to meet requirements. Figure 1 illustrates reasons for people leaving the program in the month of July 2013. Thirty-one percent left because of 'sanctions,' similar to the 36 percent cited by former Ohio Department of Job and Family Services Director Michael Colbert in testimony earlier this year.⁷ Ohio's share of exits due to sanctions is about twice the national share, based on the most current numbers (2010) provided by the United States Department of Health and Human Services.⁸ The Ohio figures cited here are statewide: there is of course variation across the 88 counties.

² Ohio LMI data tool, Current Employment Survey, annual averages for total non-agricultural economy, Monthly employment, November 2007 compared to August 2013.

³ Amy Hanauer, "State of Working Ohio 2013," Policy Matters Ohio at <http://www.policymattersohio.org/sowo-2013>

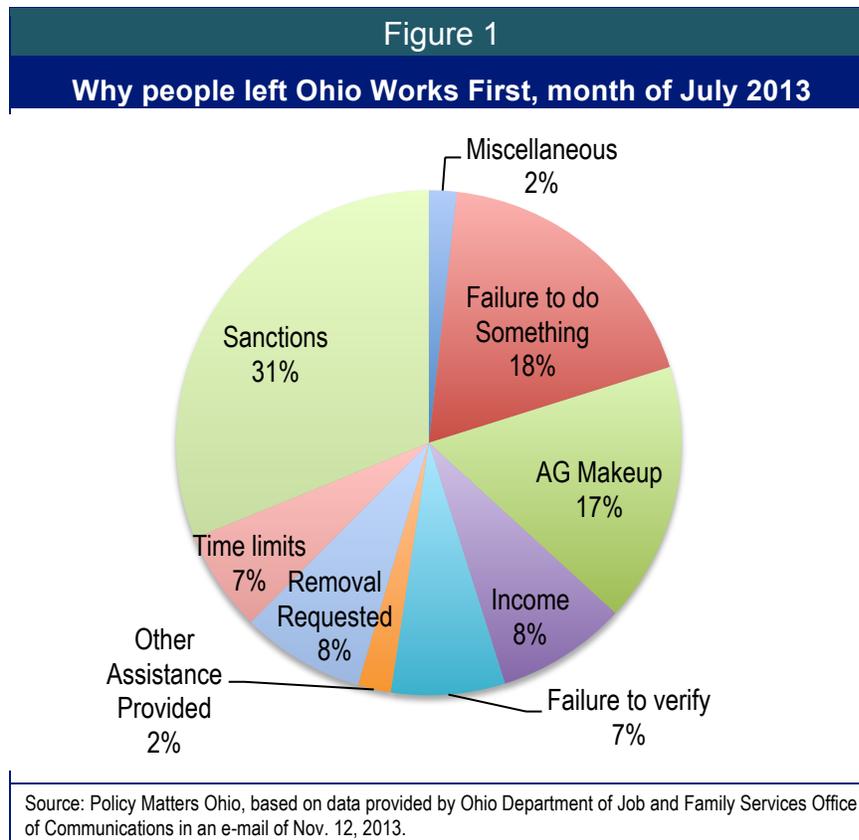
⁴ "Prior to the threat of grant reductions and submission of their Corrective Compliance Plans to ODJFS, many counties simply did not emphasize the WPR <Work Participation Requirements> – let alone engagement or assignment to work activities. That has changed: one county director said that their focus on the WPR "became a religion." - Public Consulting Group, Op.Cit. (p.6).

⁵ Ohio Public Assistance Monthly Statistics report at <http://jfs.ohio.gov/pams/index.stm>

⁶ Decline in caseload among children in 0-parent families was less than 1 percent between January 2011 and March 2013, according to federal data (www.acf.hhs.gov/programs/ofa/resource-library/search?area=2377&topic%5b2351%5d=2351).

⁷ Tara Dolansky, "Ohio Works First is a flawed model for a workforce program," Center for Community Solutions, September 2013 at <http://bit.ly/GzIL3D>.

⁸ US Department of Health and Human Services, Office of Family Assistance, Characteristics and Financial Circumstances of TANF Recipients, 2010 at <http://1.usa.gov/10oExSF>.



The categories used in Figure 1 mesh generally, though not precisely, with categories used at the federal level. "Failure to do something" in Ohio means the individual did not respond to a request for required information, failed to return required paperwork, etc. "AG makeup" means the household is no longer eligible because the makeup of the people in the household changed, such as the only dependent child turning 18.⁹ "Time limits" refers to Ohio's 36-month cap on receiving aid; the federal time limit is a much less stringent 60 months.¹⁰ The profile of why people exited Ohio Works First differs from the national averages in several respects.¹¹ Ohioans were twice as likely (31 percent) to be removed for sanctions as exiters nationally (15.4 percent). Nationally, 16.6 percent left because of employment; in Ohio, 8 percent left for reasons of "income." The County Directors with whom we spoke for this report are deeply concerned about this; they offered many

The new work requirements in the SNAP program will be very difficult for us. In Franklin County, 15,000 adults will need to work for food stamps. ... This is a lot of people to serve in a complex program. We need to take advantage of the waiver for another year, let the economy improve, get ready to serve these people.

**Director Anthony Trotman,
Franklin County Job and Family Services**

⁹ E-mailed correspondence from the Ohio Department of Job and Family Services, Communications Office, 11/12/2013.

¹⁰ Time limits of any kind are the product of changes made in the 1990s; prior to that period the federal government provided cash assistance to families with children if the family income fell below the threshold and did not cut families off after a certain time period.

¹¹ US Department of Health and Human Services, Office of Family Assistance, Characteristics and Financial Circumstances of TANF Recipients, Op.Cit.

recommendations (covered at the end of this brief) for how to improve the program and get to the real solution: a job and self sufficiency.

Work requirements for food stamps

In 72 of Ohio's 88 counties, work participation will now be required for non-disabled adults without dependents in the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). Work requirements, part of federal law, were waived during the recession because of the scarcity of jobs. The waiver was to expire in federal fiscal year 2015. Ohio chose to end the waiver for 72 counties in January of 2014. (The number affected by county is included in the [county table in the online appendix](#).) Starting Jan. 1, county job and family services agencies will need to help up to 134,000 meet work participation requirements to get food aid. This will be a major challenge to the human service delivery system, to the people who rely on food aid, and to the families or groups with whom they live.

In Athens County, 1,000 adults needing food stamps will be required to demonstrate 'work participation' to receive aid, swamping a system already straining to serve 300 cash assistance clients, while in Cuyahoga County, a caseload of 2,400 on cash assistance work participation could swell by 29,000. Administration of program requirements to provide and track work participation are intensive. In Cuyahoga County, funding received for program administration is swamped by the cost of outreach to notify people of the pending change. The human service delivery system and the neediest people face serious challenges that could be ameliorated through policy choice.

Ohio's – and the nation's - diminished safety net programs

In 1996, "Temporary Assistance for Needy Families" (TANF) replaced Aid to Families with Dependent Children, a program that dated back to the Depression. Ohio receives federal funding of \$728 million for TANF, which it matches with state funds of about \$417 million. The federal grant has not been increased for 17 years. Inflation has eroded the value by 42 percent. TANF funds are used for county human service delivery, some state operations and complimentary programming such as childcare and job training, as well as for cash assistance. It is helping fewer needy children that it once did. In 1996, 68 families received TANF for every 100 families in poverty on a national basis; in 2011, only 27 families received TANF for every 100 families in poverty.¹²

We have drastically cut back on staffing. We can't do much for clients because we lack the funds. We need to offer more services: helping them find schools or training, think about careers, work through day care or transportation issues – we don't have staff to help with that, the case managers.

**Director Jack Frech,
Athens County Job and Family Services**

Cost of living and level of aid

Families of low-income and part-time workers may live in or near poverty and rely on public benefits for food and cash assistance. Public assistance eligibility is based on income relative to the federal poverty level (FPL), shown by annual income levels and family size in Table 1. The federal poverty level is set at about a third of what is needed to live a safe, decent yet modest standard of living.

¹² LaDonna Pavetti, Ife Finch, and Liz Schott, "TANF Emerging from the Downturn a Weaker Safety Net," Center for Budget and Policy Priorities, March 1, 2013 at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3915>

The federal poverty level (“FPL”) of \$19,530 for a family of three only provides about one third of the basic family budget needed to meet a safe, decent yet modest standard of living in Ohio.¹³ The monthly total for a family of 3 in rural Ohio living at the federal poverty level is \$1,628. Cash assistance and food stamps are the primary sources of aid to the poorest families without disabilities. To be eligible for cash assistance, families must have children, must have income below 50 percent of the federal poverty level, must participate in work requirements, and must not have already been on the program for more than 36 months. For food stamps, income can be no higher than 130 percent of the federal poverty level.

The average food assistance benefit in Ohio for a family of three is \$497. The average cash assistance payment is \$458.¹⁴ Together, they amount to \$955 a month, 59 percent of the federal poverty level.

There is concern that work requirements that are impossible for large numbers of needy people to meet are preventing those most in need from getting aid offered under federal programs. Barriers to employment for people in Ohio Works First include lack of transportation, lack of childcare, low literacy levels, mental health issues, and other problems.¹⁵

Family size	Income level
1	\$11,490
2	\$15,510
3	\$19,530
4	\$23,550
5	\$27,570

Source: Policy Matters Ohio, based on data of U.S. Dept. of Health and Human Services.

These same barriers impede success in meeting a 30-hour per week work requirement. Athens County Job and Human Services Director Jack Frech estimates that 80 percent of Athens County cash assistance recipients lack cars. In Athens County, some participants get a \$100 per month transportation stipend to help in getting to their required work participation site. In the past, they were able to give \$200 per month, but TANF resources no longer allow that. In many counties, the stipend is only \$25 to \$50 per month. When this stipend is compared with the monthly cost of transportation in rural areas (\$570) in the basic family budget the problem becomes clear: it’s not possible to get to the work participation sites with the transportation subsidy provided. (See [appendix online, Table A-3](#), for more on the basic family budget.)

There is an element of counter-intuitiveness going on. Medicaid expansion has just occurred, yet we are going to deny many people food aid. ... I have outlined how work participation does not work, and we are talking about expanding it more than ten times over.

**Director Joseph Gauntner,
Cuyahoga County Job and Family Services**

Summary and abstract of recommendation from interviews

Ohio worked hard to avoid federal penalties for a low work participation rate. The rate has since improved, not because a higher percentage got jobs but because more of those who hadn’t gotten jobs left the caseload. The work participation rate is derived by dividing the number of people actually

¹³ According to the Economic Policy Institute (www.epi.org/resources/budget/), a basic family budget for a working family of 3 in rural Ohio is about \$54,000 and about \$57,000 in the Cleveland Metro area. See Table A-3 in the online appendix for details at www.policymattersohio.org/tanf-nov2013.

¹⁴ Ohio Department of Job and Family Services “Standards Help Sheet” 2013.

¹⁵ Tara Dolansky, “Ohio Works First is a flawed model for a workforce program,” Center for Community Solutions, September 2013, retrieved at <http://bit.ly/GzIL3D>.

participating in work (numerator) by the number of people eligible for work participation (denominator). The state's own program assessment found that reduction of the denominator was the primary reason for the increase in the state's work participation rate.¹⁶ Putting the same work participation requirement on SNAP is likely to have a similar result – people will drop out of the program but will not get jobs.

Interviews with experienced human service directors in three Ohio counties yielded many recommendations for program improvements to help the poorest of families. A dozen of their recommendations are presented here. Interview transcripts are available on our website at www.policymattersohio.org/tanf-nov2013.

We are very proud of the number of people who have entered a job, gotten employed.

*Director Anthony Trotman,
Franklin County Job and Family Services*

1. Accept the statewide federal waiver allowing adults without disabilities to receive food aid

for one year without work requirements. This would allow the state and counties to take the next year to develop necessary social service infrastructure to meet the needs for the federal requirement in federal fiscal year 2015 when it comes due as planned.

2. Make sure other programs are working properly. Modernize unemployment insurance so low-income workers could qualify and avoid Ohio Works First altogether. Ohio's unemployment compensation law is structured so that many workers earn too little to qualify. Ohio needs to change the law so that the growing low-wage sector receives the same kind of safety net that other workers get.¹⁷ In addition, the State should work to speed approval process for disability assistance. One county director estimated that the disability approval process may take up to 24 months. Timely approval would help families with disabilities.

3. Invest more TANF dollars in direct aid to families. A family of three gets about \$955 between SNAP assistance (food stamps) and cash, just 59 percent of the federal poverty level. The support is so low that each day is a fight for survival. An additional \$100 per recipient per month in TANF and the same in food assistance would bring the family to 96 percent of the poverty level, which could ease the daily struggle for survival, allowing recipients to focus on the skills training and job search activities to move out of poverty.

4. Revise sanction policies. Reliance on punitive sanctions for inability to meet work requirements does not necessarily result in engaging families in work. Full-family sanctions can lead to case closures, and caseloads decline when families cannot regain eligibility through compliance. This may improve the work participation rate but it does not represent improved engagement in work activities.

5. Measure program outcomes based on actual job placements, not engagement in work participation programs, which aren't connected to real jobs.

¹⁶ Public Consulting Group, Op. Cit.

¹⁷ Ohio has among the most stringent earnings standards of any state. It also is among a minority of states that does not allow those seeking part-time work to qualify for unemployment benefits. See "Ohioans Face Tough Test to Receive Unemployment Benefits," Policy Matters Ohio, Jan. 25, 2013, available at policymattersohio.org/unemployment-jan2013.

- 6. Make Ohio's application for cash assistance less complex.** Ohio's application is very complex. People can't complete it.
- 7. Enact a refundable Earned Income Tax Credit (EITC) to reward work.** The refundable earned income tax credit is for working families only. Ohio has a non-refundable EITC; as a result it does not reward work.
- 8. Use incentives, not sanctions.** Show people they can succeed. Reward job retention at three months, six months, 12 months.
- 9. Provide transitional benefits.** When people get a job, they may lose their assistance for things like childcare, transportation, but the first pay check may not come for four weeks.
- 10. Ease the "cliffs."** When people move off cash assistance, they lose benefits. Although the childcare benefit phases out, there is still a cliff when the subsidy ends. Childcare is very expensive, and wages are so low. We need to help people with all the cliffs.
- 11. Link interventions with parents to interventions with kids:** When the parents are active in Ohio Works First, we could coordinate with the children and make this a comprehensive program to stop the cycle of poverty.
- 12. Link economic development planning to neighborhoods where people need the jobs the most.** Joblessness is a community problem. It takes the entire community – including the business community – to address it.