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Poverty, inequality and wages Census data show investments in economic security needed

Despite increases in employment and gains in educational attainment, the poverty rate and median income in Ohio did not improve in 2014. Poverty in Ohio remains above pre-recession levels.

More than 1.7 million Ohioans (15.8 percent) lived in poverty last year, according to American Community Survey data released today by the U.S. Census Bureau. The rate is statistically unchanged from last year. The data show that more than 593,000 children -- about one out of every four kids in Ohio -- lived in poverty in 2014. The flat-lining in poverty is not surprising as the median wage was also stuck in 2014 (the small increase between 2013 and 2014 is not statistically meaningful). The household median income in Ohio was \$49,308, significantly lower than national median of \$53,657, and 36th in a ranking of the states.

“Ohioans are working and making education gains, but too many Ohio families struggle to make ends meet, and that’s bad news for all of us” said Hannah Halbert, researcher with Policy Matters Ohio. “When some families cannot afford the basics, others may lose their customers or clients. If we want a strong state economy, we must pass policies and support programs that help more people prosper.”

The American Community Survey (ACS) also shows that African Americans and Latinos are disproportionately locked out of the recovery and economic security. In Ohio, more than 34.7 percent of African Americans and 28.0 percent of Latinos lived in poverty in 2014. This is a vastly different share than the white, non-Hispanic population, which had a poverty rate of 12.2 percent. Median African American income was less than 51 percent of the median for non-Hispanic, non-Latino whites. The median income for Latinos was about 73 percent that of non-Hispanic whites.

“There are several policy tools the state could wield to combat low wages and inequality, and support families in need of opportunity,” said Halbert. “Raising the minimum wage and supporting collective bargaining can raise too-low wages, and help workers share in our state’s productivity. Supportive programs, like the Earned Income Tax Credit and food assistance, can help support families in crisis and transition, insulating children and seniors from the harshest consequences of scarcity.”

Congress should make the federal EITC and Child Tax Credit reforms of 2008 and 2009 permanent. Ohio lawmakers should make the state EITC refundable and accept the full amount of food assistance available from the federal government. National data released yesterday showed that anti-poverty programs work.

The Earned Income Tax Credit helped nearly 10 million workers across the country, including 5.2 million children, cross the supplemental poverty threshold. The supplemental poverty measure is an alternative way to measure poverty in America that unlike the official measure includes noncash benefits, not just pre-tax money income. Food assistance helped almost 5 million and Social Security lifted 26 million people out of poverty. The ACS showed Ohio having one of the lowest uninsured rates in the nation (13th lowest), with a rate of only 8.4 percent. The nation had an average rate of 11.7 percent.

“For years, most Ohioans have seen their share of the pie shrink, while those with the most have seen their share grow. This economy leaves too many behind,” said Halbert. “Ohio should pay more than lip service to reducing poverty and do more to put food in hungry bellies. Ohioans deserve an economy that works for all of us.”

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.