



## **Families Are Struggling; Reliance on Government Assistance Grows**

By Susan Ackerman

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To help states deal with record growth in the food stamp program, later this month, the federal government will provide \$400 million in additional funds for administrative expenses such as eligibility determination.<sup>1</sup> This is both critical and commendable because, during periods of high unemployment, the reliance on public assistance grows as struggling families turn to government programs to help them meet their basic needs. In fact, since the start of the current recession in December, 2007, the number of families receiving food stamp benefits has grown by 40 percent nationwide and by 42 percent in Ohio.<sup>2</sup> At the same time, Ohio's cash assistance cases are up by 28 percent. Without federal action unemployment benefits will end for many. It is likely that, as a result, even more people will seek assistance.

Ohio expects to receive \$16.3 million in additional federal funds. While this will provide some relief, it will not come close to replacing state funds lost in the current budget. State support to county departments of Job and Family Services to administer eligibility for the food stamp, cash assistance, and Medicaid programs was reduced by \$77 million compared to FY 2008-2009 allocations, even though these programs were facing record growth. The real decrease is even more severe – \$ 157 million – because of the additional loss of federal matching dollars. These offices are the “front door” for families seeking support to meet their basic needs and have seen an influx of Ohioans seeking assistance for the first time following job loss. But budget cuts have led to increased waiting times for families seeking assistance and have caused delays in processing applications in a growing number of counties. If Ohioans are not able to access the assistance for which they are eligible, it blunts the impact of federal economic stimulus efforts and may hurt the ability of these families to move forward when economic recovery gains a stronger footing.

***The current recession has had a profound impact on Ohio's families.***

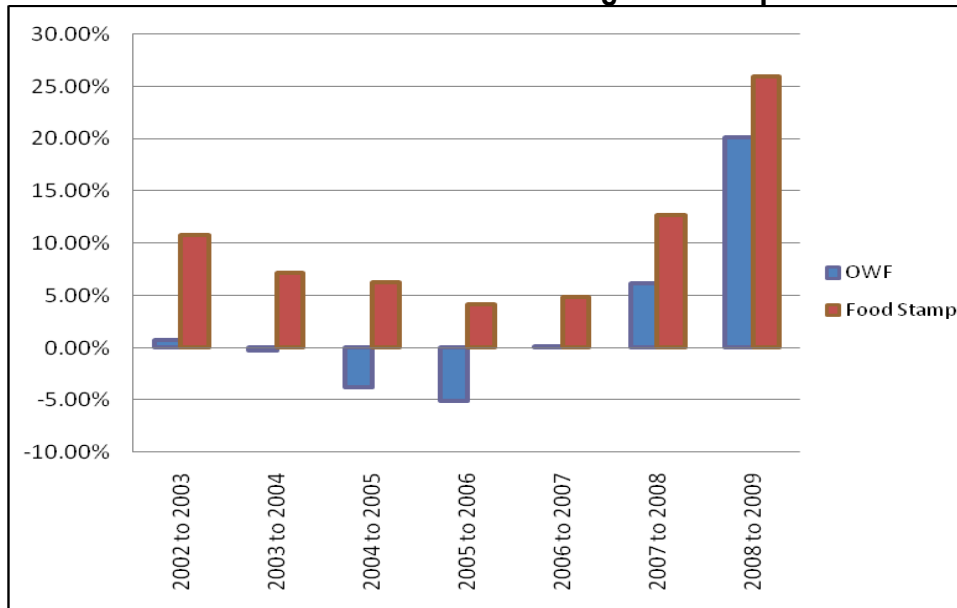
Since December, 2007, Ohio has lost 363,000 jobs, or 6.7 percent of its total employment.<sup>3</sup> Ohio had not yet recovered from the last recession at the start of this one. High levels of poverty persist. According to the latest data available, in 2008, Ohio's poverty rate was 13.4 percent with roughly one in 10 families and one in six children living in poverty.<sup>4</sup> Unfortunately, the situation is getting worse, and the number of families being served by key programs continues to grow. As jobs remain scarce, more and more families are seeking help through food and cash assistance to meet their basic needs.

In December 2009, more than 731,000 Ohio families—one out of every six—were receiving food stamps, an increase of 42 percent since the start of the recession. Food stamp<sup>5</sup> benefits are available to families with incomes less than 130 percent of the Federal Poverty Level (\$23,800 for a family of three). The

maximum monthly benefit for a family of three is currently \$526, but it may be less based on the family's income.

At the same time, 102,000 families were receiving assistance through Ohio Works First (OWF), Ohio's cash assistance program funded through the Temporary Assistance to Needy Families (TANF) grant. While the increase is sizeable, 28 percent since the start of the recession, the number of OWF cases remains relatively small given the overall condition of the economy.

### Annual Growth in Number of Families Receiving Food Stamp and OWF Benefits



Source: ODJFS PAMS Data

Cash assistance cases dropped significantly and steadily following welfare reform in the late 1990s and through the last recession. This trend has changed; cases have been increasing steadily since June, 2007. The number of families receiving assistance through the OWF program has returned to levels last seen in March, 2000. The OWF program provides a time-limited monthly stipend to low-income families with dependent children; in order to be eligible for cash assistance benefits, a family's income must be below 50 percent of the Federal Poverty Level—currently \$763 per month for a family of three. The maximum monthly payment for a family of three is \$434, but it varies based on family size and income. The lower-than-expected growth rates in this program indicate that many eligible families may be unaware of the program.

#### *The impact of the recession is spread unevenly throughout Ohio.*

Both of these programs—OWF and food stamps—are designed to grow when people need help and are particularly effective at reaching those in need and helping keep their families—and through them, their communities—afloat.

While the number of families receiving OWF benefits has grown by 28 percent statewide since the start of the recession, families in some areas of the state have been hit particularly hard. Data arrayed by the Ohio Department of Development's economic development regions show that OWF cases have grown

significantly faster in some parts of the state (<http://lmi.state.oh.us/Maps/MapofEDRs.htm>). The North Central Region (Richland, Huron, Ashland, Knox, Morrow, Crawford, Marion, Wyandot, and Seneca counties) has seen the largest percentage growth in the number of families receiving cash assistance. OWF cases in this region, hard hit by job losses in manufacturing, have grown by 87 percent since the start of the recession, a rate more than double that of any other region. The Southwest region (Hamilton, Clermont, Butler, and Warren counties) is a distant second with 41 percent more families receiving OWF benefits.

**Growth in Food Stamp and OWF Programs by Region from December, 2007, through December, 2009**

Economic Development Region	Increase in the Number of Families Receiving OWF Benefits	Increase in the Number of Individuals Receiving OWF Benefits	Increase in the Number of Families Receiving Food Stamp Benefits	Increase in the Number of Individuals Receiving Food Stamp Benefits
North Central	87%	127%	52%	53%
Southwest	41%	49%	54%	50%
Northeast	35%	44%	43%	42%
East Central	32%	43%	37%	38%
NE Central	31%	40%	49%	47%
Southeast	30%	39%	31%	31%
West Central	30%	46%	58%	62%
SW Central	28%	38%	45%	43%
Central	26%	34%	45%	41%
Southern	23%	32%	28%	30%
Northwest	17%	21%	38%	38%
Northern	11%	17%	34%	28%

<b>Statewide</b>	<b>28%</b>	<b>36%</b>	<b>42%</b>	<b>40%</b>
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Source: ODJFS PAMS Data, The Center for Community Solutions

Surprisingly, the smallest increase in OWF cases occurred in the Northern Region, which includes Cuyahoga, Lake, Lorain, and Geauga counties. This region contains the city of Cleveland, which won the dubious distinction in 2006 of being America’s poorest city with one out of three residents and half of all children in the city living below the poverty level.<sup>6</sup> Unfortunately, the slower growth in cases is more reflective of the economic decline in the region that predates the current recession rather than a sign that poverty is subsiding.

Eligibility for food stamps is broader than OWF, which is limited to households with minor children. As such, it is not surprising that food stamp cases have increased by an even greater rate than OWF during the current recession—42 percent statewide. The number of families receiving food stamp benefits has increased by more than 50 percent in three regions of the state (North Central, Southwest, and West Central) and by more than 40 percent in four other regions. Increases have been lower than the statewide average in the Southern and Southeast regions, Ohio’s Appalachian counties, where poverty has been more persistent.

Anecdotal information points to the possibility that a large number of families are seeking public assistance for the first time. Before the economic downturn, these families were successfully making ends

meet, but due to job loss, reduction in hours or pay, increased medical and housing expenses, or other circumstances, they are now struggling. Public assistance is a last lifeline that allows these families to meet their basic needs.

***Delaying access to benefits hurts families and endangers Ohio's return to prosperity.***

Funding decreases have led to increased waiting times for families seeking assistance and have caused delays in processing applications in a growing number of counties. If eligible families are not able to enroll in assistance programs, it will blunt the impact of federal stimulus efforts. Families receiving food stamps and cash assistance are struggling to meet their basic needs, so they are very likely to spend any additional income. When they do, it helps to sustain grocers and other retailers and, through them, neighborhood economies across the country. Thus, deterring eligible households from receiving food stamps or cash assistance during a recession—or delaying their receipt of the benefits—hurts both the families and the broader economy.

Until the job market begins to grow, many families will be forced to rely on government assistance to meet basic needs. The additional federal funds are not enough to meet rising demand. Ohio's revenue structure, damaged by multiple years of tax cuts, no longer generates enough money to support basic state obligations. Reducing state taxes has not stimulated economic growth. Investment in policies and programs—such as education and job training—that help prepare and position low-income families to take advantage of the economic recovery and prevent them from falling deeper into poverty will pay dividends for us all for years to come.

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<sup>1</sup> These funds were authorized in the Department of Defense Appropriations bill and will be allocated to states within the next month based on the number of households receiving food stamp benefits and the increase in new cases over the past year.

<sup>2</sup> United States Department of Agriculture, Food and Nutrition Service. Program Data, National Level Annual Summary, at <http://www.fns.usda.gov/pd/34SNAPmonthly.htm>. ODJFS Public Assistance Monthly Statistics (PAMS) Data for December 2009.

<sup>3</sup> George Zeller, "Economic Indicators: Ohio and United States Job Growth," January 2010. At <http://www.nacs.net/~georgez/ohusajob0110.pdf>

<sup>4</sup> American Community Survey, 2008 ACS Data Release, Ohio Selected Economic Characteristics: 2008 at [www.census.gov](http://www.census.gov)

<sup>5</sup> The federal food stamp program was renamed the Supplemental Nutrition Assistance Program or SNAP in October, 2008.

<sup>6</sup> Diane Suchetka and Barbara Galbinca, *The Plain Dealer*. "Cleveland Rated Poorest City for a Second Time," August 30, 2006.