



Ohio Association of Community Action Agencies

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2016 State of Poverty in Ohio Report Release

Philip Cole, Executive Director
Ohio Association of Community Action Agencies
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Good afternoon everyone. I am Phil Cole, Executive Director of the Ohio Association of Community Action Agencies and it is my pleasure to welcome you, and I thank you for coming.

Community Action Agencies work to alleviate poverty and empower low-income families in their communities. For over 50 years, CAAs have provided the tools to help people move from poverty to self-sufficiency. The members of the Ohio Association of Community Action Agencies employ over 6,500 Ohioans and serve more than 800,000 low-income individuals in a typical year.

Today we are releasing the “*State of Poverty in Ohio: A Portrait of Ohio Families.*” According to the federal government’s definition of poverty, there were more than 1.6 million people in Ohio below the federal poverty level in 2015. That is 14.8% of the population.

We have maintained for years that this definition is faulty and needs to be revised and most people who look at these issues know the federal poverty rate is an understatement. It does not accurately include real costs of living and thereby creates a number that is very low. There are other ways to more accurately measure poverty than the federal guidelines. Some are discussed in this report, and others have been in previous reports.

We believe the accurate measure of poverty is the Self-Sufficiency Standard. That standard is the amount of income a household needs to adequately meet its basic needs without public or private support. It is the level of self-sufficiency.

OACAA does not believe that a person is out of poverty because, for example, they get adequate food stamps or government subsidized child care. We believe a person is no longer in poverty if they are able to sustain themselves and their families without either public or private assistance. Unfortunately, the Self-Sufficiency Standard marks Ohio’s poverty rate as about twice as high as the Federal Poverty Guidelines.



If we intend to get the poverty rate down, we need to focus on the things that matter which is what the federal budget should be about. Let me talk for a minute about the federal budget.

I was in D.C. last week when the federal budget was introduced, and I looked at some of the sections that affected programs for the poor and others. Many of them were not there. I believe the Trump budget proposed that 62 programs be eliminated entirely—anti-poverty programs, education programs, health programs, the arts, etc. Then I listened to OBM Director Mulvaney describe the budget as “compassionate.” Mulvaney said it was “compassionate” because people get to keep more of “their tax dollars.” Of course, those who would pay less tax are not those whose lifelines are being cut. In other words, the Trump Administration is proposing to drape their compassion over those who do not need it.

When people work in groups, each must ask, “Am I in this for the benefit of me or for the benefit of the group?” In a society, the question must be answered with some type of balance between the two interests. For the last three or four decades, we have seen the balance tip almost entirely to those who are well off as the benefits have been aimed at helping them through the philosophy that helping them will lead to help for others. That does not work.

What have we seen in the last several years? Widespread income disparity caused by lack of increase in the minimum wage, tax cuts for the wealthy, lack of profit sharing with employees by corporate leadership, and the elimination of jobs with good pay and benefits by automation and outsourcing. We have seen the elimination of union jobs and benefits and less collective bargaining. America has crumbling roads and crumbling bridges that could have been maintained by workers who were paid a good wage. There is work to be done with good-paying jobs.

All of these things can be changed by real public policy designed to work for us all. Instead of that type of policy, we have changed our priorities. For decades, we have seen major tax cuts that have left society with too little revenue to maintain the foundations of society—schools, health care, roads, bridges, clean water, food for those who need it, a strong defense, etc. We have not received the promises of those cuts which were that they would create jobs. Instead of jobs, we have only lost revenue. And government has repeatedly struggled to replace that revenue.

It has led to a game of robbing Peter to pay Paul—to spend money on the poor, you take it from schools, and next year to pay for schools, you take it from the water and air; next year government takes from the poor and gives that to roads and bridges.

This year the 45th president proposes to take from the poor and many others to pay for a massive military build-up. With all of the tax cuts, there has not been enough left for maintenance of what is needed and the most important of those are human needs.

Another thing that has occurred over this time is the rise of payday lenders, an entire industry that makes its money off of people being poor. This is a state issue. We thought this industry was reined in back in 2008, but they found ways around the reforms and the situation is worse.



Watch the Ohio General Assembly and H.B. 123. This is good legislation that should allow these lenders to stay in business as the funders of legitimate loans but will require them to play the game fairly. We need to quit stacking the deck at the federal and state levels against those who have the least among us. Small loans are needed, but loans that create dependency on an industry are not. Let's clean this up with H.B. 123.

Governor Kasich has done an excellent job with his insistence on the expansion of Medicaid, but now we are hearing discussions in the General Assembly and Congress about putting on work requirements. There is always an effort to punish the poor. There is always the belief that they are not deserving. Why is it that some elected officials find it so important that we add to the struggles of the poor? Health care is important for everyone, and we need to quit trying to make it harder to get. There is no work requirement for a mortgage interest deduction or to claim a tax credit for a contribution to a candidate for the State Senate.

This year we subtitled our report, "*A Portrait of Ohio's Families.*" This is because I wanted Community Research Partners to take a good look at the economics of different family groups, beginning with grandparents who become the parents of their grandchildren. While this may not be a new phenomenon, it appears to be occurring in numbers much greater than before and across all income levels. My question to CRP was "What is the economic effect on middle-class grandparents, who unexpectedly become parents to their grandchildren?"

We know there are two groups at issue, one of grandparents with formal, legal custody and one of grandparents with informal custody. As we show in the report, there are nearly 40,000 grandparents in households with grandchildren in Ohio. About 22% live in poverty, and about 42% have no parent present. Because of the inadequate funding for kinship care assistance, and because it is very hard to measure the number of grandparents caring for children when they do not have legal custody, it is difficult to determine how they have been affected economically. The question I asked is a new question, and we do not have a good answer to my question as of today. But, we are going to continue to look at this because I think it is important that we know the percent of grandparent households in poverty who were not in poverty before they assumed responsibility for their grandchildren and why this custody occurred.

You see, poverty is not a new issue, but we see it in more forms than ever and we have more questions than ever. Another one now is how many of these grandparent-headed households have no parent present because of the opioid epidemic. We are losing a generation to drugs, and one of the effects is the economic devastation on families.

We cannot answer these questions by cutting taxes.

A second issue in the report is that a single parent with two children must work 109 hours per week to reach self-sufficiency at minimum wage. No family can survive on that.

A third issue is one that seems to be quite new, and that is hunger on campus. A number of college campuses have food pantries for students who cannot afford to eat if they pay for classes or buy books. This is a fairly new topic, and the data is fresh. According to the College and University Food Bank Alliance, there were about 240 campus food pantries nationally last year



and 400 today. In the report, we have listed 12 in Ohio, and that was last year's total. I believe that number may now be larger. One campus has opened their pantry to staff. Our anecdotal evidence says that most of these students, probably a majority who use the pantries are nontraditional students, older and often with children.

This can show us many things, but one may be that for too many Ohioans, public universities are not affordable any longer. That may be because the percentage of state support for our public universities has dropped or because wages have been stagnant or a combination of both. What we know is that this path to economic advancement has narrowed.

However, as *The Columbus Dispatch* pointed out on Tuesday in their series on income inequality and segregation in Central Ohio, apprenticeships are available in this state and companies need people. We need to ensure that we tell students that if they want to be financially stable and in the middle class, there are other quality options besides regular college and the debt it now requires. Apprenticeships with trades and corporations can mean a wage of \$50,000 with benefits and no debt. That is good, honest work.

What the State needs to do to help people get out of poverty are the same, they don't change. We did not place them in this issue of the report, but I am going to remind you of them.

First, is the need for jobs that will pay well and provide benefits. You do not need to see this in writing. People know that the best way out of poverty is a good job. A few years ago, the answer was the Utica Shale boom. That did not work out for unemployed Ohioans. But, that reminded us there are other jobs if people are trained to do them. The answer is real job training for jobs that exist or will exist in the near future. And apprenticeships are good as I said before. I know the Kasich Administration is working on good workforce development in partnership with business.

The one thing we could have gotten from the Utica Shale boom was a solid revenue base, and we still can. Instead of increasing the tax on car owners through a tripling of the registration fee as has been proposed, let's raise our taxes on these oil companies by raising our tax on shale oil and gas up to the national average. Who can more afford a new tax—the minimum wage, fast food worker with a twenty-year-old car, or the multi-billion dollar oil and gas company?

Second, is the need for reliable transportation. People often can find jobs in neighboring cities, but they do not have the means to get to the job. Government often says that we cannot afford mass transit; but can we afford to continue to pay Medicaid and unemployment instead? Doesn't it attract employers when a state can show a transportation system that can get people to the jobs? Mass transit takes vision, and it takes time. Let's ask the General Assembly to consider it.

Third, is the need for lifelong learning. Education from preschool to adult education contributes to individual and community self-sufficiency and prosperity. This is common knowledge. We hope the General Assembly will consider education for all Ohioans including areas like apprenticeships.

Fourth, is the need for affordable housing. Housing is a primary means of stabilizing society. We need to continue to move on building affordable housing, and promoting energy assistance to



drive down costs of utilities for all homeowners and residents. The Trump budget eliminates almost all of these programs.

Some of you have been here throughout the years. In the past, I have said that I think you will see some improvement next year. I am not saying that now. The inequality in incomes is real. The segregation of the population is real. Government must do its job for all of us, providing social guarantees—education, health care, roads, job training, safe products, affordable housing, clean air and all the others. Let's work on those things this year and then look forward to a more positive report next year.

Before I yield the podium to Lynnette Cook, I want to thank all the people at CRP for their hard work. And, I want to thank my staff, both Josh Summer and Kathryn Clausen, for all the hours they have put into the Report and this press conference.

With that, it is my pleasure to present Lynnette Cook, Executive Director of Community Research Partners, who will talk with you about the report and the economics of poverty in Ohio.

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