

Report on the Consequences of Federal Cuts to Ohio's Sixth and 18th Congressional Districts

Prepared by Athens County Job and Family Services

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If Congressional leaders truly want to reduce the deficit, create jobs and improve the economy, they should not be cutting funding to federal programs designed to help people in need. Appalachian Ohio is very reliant on government funding and continuing to cut spending on vital programs here will hurt our residents and further increase the economic problems this part of Ohio already faces.

In Ohio's Sixth and 18th Congressional districts where more jobs and economic development are desperately needed, most of the counties are heavily dependent on government funding. Most of the counties in the two Congressional districts are also much more dependent on this funding than the counties in other parts of Ohio.

This government funding pays for programs to provide food, medical care, job training, public assistance, veterans programs, Social Security, higher education, government offices and important services for our residents. Reducing this funding will hurt these Congressional districts much more than many other parts of the state and country. As the data from the Ohio Department of Job and Family Services clearly shows, most of our counties have higher than average numbers of people receiving food assistance, Ohio Works First cash assistance, and Medicaid compared to other counties in Ohio. In most of the counties in the two Congressional districts, for example, the majority of children receive Medicaid, according to figures from the Children's Defense Fund.

Social Security: The counties in the Sixth and 18th Congressional Districts also have high numbers of people who rely on Social Security, according to figures from the Social Security Administration. In Ohio, 18% of the population receives some form of Social Security funding. The figures vary from county to county in the two Congressional districts, but most of the counties are well above the state average.

Veterans: The counties in the Sixth and 18th Congressional districts also have a large number of Veterans who rely on government services that were promised to them for their service to our country. According to figures from the U.S. Census Bureau, most of the counties in the two districts are well above the state average for the percent of the population 18 years and older who are veterans. The state average is 10.9% and several counties in the two districts have rates above 12% and 13%.

Government healthcare: The counties in the Sixth and 18th Congressional districts are also very reliant on government healthcare programs. Figures from the U.S. Census Bureau, the Buckeye Institute for Public Policy Solutions and the U.S. Medicare program show that more than half of the residents in many of the counties in the two districts receive government healthcare through Medicaid, Medicare or their government jobs. In most of the other counties in the two districts, the number is just below 50% for all county residents. These figures do not include the individuals who receive their healthcare through retirement plans for public employees or individuals who work for private non-profit agencies that receive government funding. Including these individuals would make the final total of people who receive government healthcare much higher.

All of this federal funding also helps the residents of the districts in numerous ways and also helps the local economy, as the money goes right back into the local businesses. These tax dollars are invested in southern Ohio, and the investments pay off.

Food assistance programs, for example, are proven economic development tools as all of the funding goes straight into local stores, farmers and food-related businesses. U.S. Secretary of Agriculture Tom Vilsack stated earlier this year that for every \$1 spent on food assistance programs, there is a return of \$1.84 for the economy. Cutting funding to food assistance programs and other government funded programs will hurt our economy.

Additionally and most importantly, these programs are also vital to keeping children, families and senior citizens from going hungry.

Over the last few years, though, state and federal leaders have cut into programs that help the poor, rather than asking the wealthy to pay their share of taxes. The wealthy have benefited greatly from tax cuts, but these cuts have not stimulated the economy. In fact, the figures clearly show that in Ohio, the rich have amassed more wealth in the past decade, while the economy has worsened. The idea that putting more money in the hands of the wealthy would create more jobs clearly has been proven false. Ohio and the federal government have lowered taxes on the rich, and this has resulted mainly in rich gaining a greater share of the resources in Ohio while the number of people living in poverty has increased.

The Sixth and 18th Congressional districts do not have many wealthy people in them and only a few people have benefited from the tax cuts. At the same time, we have a very high number of children, families and senior citizens living in poverty, and they have been hurt greatly by the cuts in services and shredding of our country's safety net programs.

In the 18th Congressional District, 31.2% of all families have suffered food hardship in the last year, according to a new report from the Food Research and Action Center (FRAC). This means that these families answered yes when asked if there were times in the last year when they did not have the money to purchase the food items they needed.

In the Sixth Congressional District, 26.9% of all families reported that they had suffered food hardship in the last year, according to the FRAC study.

In Ohio, of the 12 counties with fewer than 100 households making more than \$200,000 a year, 10 are in the Sixth and 18th Congressional districts, according to figures from the Ohio Department of Taxation. These 10 counties and the number of households who make more than \$200,000 a year in those counties, are as follows:

- Morgan County – 18
- Vinton County – 20
- Noble County – 25
- Monroe County – 26
- Harrison County – 31
- Meigs County – 36
- Carroll County – 82
- Coshocton County – 82
- Hocking County – 84
- Jackson County – 88
- (The other two counties are Brown County - 84, and Highland County – 94).

Increasing taxes on those who make more than \$200,000 a year would only affect a small number of people in these counties and throughout the district, while it would provide government funding that would provide benefits for a very large number of people in the two districts. Continuing to cut taxes for the wealthy, meanwhile, provides very little benefit to the general population and just allows the wealthy to increase their resources.

The concentration of wealth in Ohio is alarming, and it is continuing to grow. According to reports from the Ohio Department of Taxation, which include the total Federal Adjusted Gross Income (FAGI) for Ohio taxpayers:

- the top 2% (132,000 returns) of all Ohio wage earners, those earning over \$200,000 a year, made over \$105 billion for 2008;
- that was 32% of all income and far more than the \$98 billion earned by the 73% (3.9 million returns) earning less than \$60,000 a year.

Figures from the Ohio Department of Taxation also clearly show how the small numbers of people who are very wealthy are controlling more and more of the wealth in Ohio.

- in 1995, the top 2% of wage earners had 18% of Ohio's total earnings;
- in 2000, the top 2% of wage earners had 26% of Ohio's total earnings;
- in 2004, the top 2% of wage earners had 30% of Ohio's total earnings;
- from 2000 to 2008, the total FAGI for Ohio taxpayers increased by about \$63 billion of which \$36 billion (57%) went to the top 2% of wage earners.

Over the same time period, the poorest families in the state have struggled to get by as low-wage workers saw little improvement in their wages.

Families who had to rely on cash assistance are living at half the federal poverty level with incomes far below \$10,000 a year. That includes more than 190,000 children. Since 2000, the number of people living below the poverty level has grown by more than 360,000 to total more than 1.5 million.

A great number of these poor children and poor families live in the Sixth and 18th Congressional districts, where cuts in federal programs are hurting these families.

Therefore, our Congressional representatives who support cuts in federal programs and oppose tax increases on the wealthy are working against the interests of the people in the district.

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