



Greater Cleveland  
for *Greater Kids*

## Ohio Fact Sheet

- Ohio receives a federally funded block grant of TANF funds equal to \$728 million per federal fiscal year. In addition, Ohio has \$746 million in federal reserves based on conservative estimates.<sup>1</sup> Ohio has gained access to its FFY 2001 allocation of \$728 million. Reserve plus allocation = \$1.474 billion, which is the 3<sup>rd</sup> highest balance of retained TANF funds in the United States.
- If Ohio were to implement a 20% refundable state EITC for workers with children earning less than \$30,000 annually, it would cost approximately \$201 million and about \$129 million could be paid for with TANF funds. This means for every 35¢ spent by the state of Ohio towards a state EITC for low income working families, the federal government/TANF would pay 65¢.
- A family of 4 earning \$16,000 (equivalent to one full-time minimum wage worker and one part-time minimum wage worker) in 2000 live at 91 % of the poverty line. After accounting for the federal EITC, federal payroll taxes, their income totals \$17,967. If they were to receive a state EITC, in one year, they would be credited \$613 and are elevated to a total income of \$18,605.
- In 2000, Ohioan working families with children had to pay state income taxes if they earned in excess of \$12,300 or 72% of the federal poverty line. The average local tax burden on the poorest 20% of Ohioians in 1995 was 11.6% of their annual income due to regressive income, sales, property, and sin tax. By contrast, the average burden on the wealthiest 20% was 6.3% of income. State EITCs help to reduce tax regressivity and help poor families meet their tax obligations.
- In the same way the Ohio Income Tax Reduction Fund provides a tax break when the fund has a positive balance, surplus federal TANF funds could be implemented as a one-time tax break in the form of a state EITC.
- In FY 2000, income taxes were reduced by \$610,400,000 due to surplus collections at the end of the fiscal year. Similarly due to collection surpluses in FY1999 and 1998, income taxes were reduced by \$298,185,000 and \$701,389,801 respectively.
- Nearly six times as many Ohioan families claim the federal EITC as receive welfare.<sup>2</sup> In addition, of those leaving welfare and working, there was a 78.7% federal EITC usership.<sup>3</sup>
- In recent years, public assistance in Ohio has focused on employment, personal responsibility and self-sufficiency. With caseloads declining as families enter the workforce, Ohio has the opportunity to focus attention on workforce development. Tax relief in the form of a state refundable EITC, not only provides an incentive to work but rewards self-sufficiency and provides extra support needed to meet the family's basic needs.

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<sup>1</sup> ODJFS data

<sup>2</sup> CDF Ohio

<sup>3</sup> ODJFS Legislative Outcome study, August 2000