

More low-wage workers on food stamps, Medicaid

By: Cornelius Frolik and Josh Sweigart- July 21, 2013

Employees at some of Ohio's largest companies increasingly rely on public assistance such as food stamps and Medicaid, illustrating the cost to taxpayers from an economy where low wages and limited hours are mainstays in many households.

The Dayton Daily News obtained data on the top 50 employers in the state with workers and their household members on some form of public assistance.

These companies include Wal-Mart, Kroger, and Bob Evans, whose collective payroll has been reduced by more than 5,000 during the last five years.

The number of people on food stamps with someone in their household working at one of these 50 firms grew 47 percent between February, 2008, and February, 2013, to 117,890 people, the newspaper found.

During the same time, Medicaid recipients associated with these employers grew by 59 percent to 141,182 people.

State officials could not point to specific reasons for the increase, but they said it matches general increases in the use of these programs amid the recent recession.

The cost of Medicaid in Ohio grew \$4 billion since fiscal year 2008 to \$17.5 billion last year. The cost of food stamps grew from \$1.4 billion in 2008 to \$3 billion last year.

Some labor advocates claim taxpayers are essentially subsidizing the profits of large corporations by paying the health care and other living expenses of their workers who are not paid a living wage.

"This is a way America subsidizes our largest employers who don't pay people enough to make ends meet," said Wendy Patton, senior researcher at Policy Matters Ohio, a liberal think tank. "We need to think of this [welfare, food stamps, and Medicaid] as corporate support as well as a safety-net service."

But some policy groups contend these firms' wages are determined by the market and say many Ohioans work for these corporations because they offer fair and attractive pay and benefits.

"[Employers] are not going to pay workers more than the value they provide," said Michael Tanner, senior fellow with the Cato Institute, which promotes limited government and free markets. "It is a competitive marketplace, and [employers] have to compete for labor and they have to compete for customers on the basis of price, and they have to balance those things out."

About 25 percent of food-stamp recipients in Ohio live in a household where at least one family member works, but many recipients are children or disabled or retired residents.

Ohio's minimum wage is \$7.85 per hour. This means a single parent of one child working full time on minimum wage would qualify for food stamps.

The Daily News reviewed state data on recipients of welfare, food stamps, and Medicaid and where members of their households worked.

The newspaper found cash assistance rolls declining across the board, which is in line with the state's efforts to comply with a federal mandate to toughen work requirements to receive welfare.

Topping the list of employers with workers and their family members on welfare was McDonald's, with 525 people listed. This is down more than 30 percent, which is in line with other employers.

The list of the top 50 Ohio employers with workers and their housemates on public assistance was dominated by chain businesses.

Walmart at top

Walmart topped both the food stamp and Medicaid lists. As Ohio's largest private employer, Walmart in February had 14,684 employees or their household members on food stamps and 14,056 on Medicaid.

The average food stamp payout that month was \$131 per recipient, which suggests Ohio spent an estimated \$1.9 million in February alone feeding families of Walmart workers.

In the last five years, the number of Walmart employees or their household members in the state on food stamps grew 74 percent and the pool of Medicaid recipients grew 95 percent.

The increase is not related to Walmart growing its payrolls: Since 2009, Walmart has reduced its Ohio work force 10 percent to 48,630 employees.

The data tell similar stories for other major employers in the state.

Kroger's work force has grown nearly 7 percent to 39,000 since 2008. But the pool of company employees and those they live with receiving food stamps has grown 75 percent while the pool of Medicaid recipients increased 82 percent.

Bob Evans has shed thousands of Ohio jobs since 2008, leaving it with a work force of 12,500. But the number of its employees and household members on food stamps has grown nearly 29 percent to 4,066, and Medicaid participation has risen 40 percent.

Food stamp payments to households with at least one member employed by Walmart, McDonald's, Kroger, Wendy's, and Bob Evans has grown to an estimated \$6 million a month.

Burger King and Wendy's were the other companies that consistently have the most employees and members of their household on food stamps, Medicaid, and welfare.

Some workers who are represented in the data may not be the head of the household on public aid, said Ben Johnson, spokesman for the Ohio Department of Job and Family Services.

An entire family on public aid is counted if a teen or grandparent in that household works at one of these large employers.

Ohio requires food stamp recipients to work, but carves out numerous exemptions such as for single mothers with small children, anyone age 60 or older, the disabled, or those collecting unemployment.

About 25 percent of food-stamp recipients in Ohio live in a household where at least one person works; the others have a source of income such as Social Security or disability income. About 42 percent of food stamp recipients are children.

About half the households on Medicaid in Ohio appear to include a working individual, according to Ohio Medicaid officials.

Part of the reason these companies have a significant share of workers who receive government benefits are because they are large and successful companies with lots of stores, company officials said.

“When you look at Walmart, as big as we are, we’re gonna be the tops on lots of lists,” said Kory Lundberg, national media relations manager for Walmart.

Walmart officials said they try to keep their wages and benefits competitive.

They said the average Ohio Walmart employee makes \$12.69 an hour, and more than half of the company’s Ohio work force is full-time, working more than 34 hours a week.

Employees who work at least 24 hours a week over a year are eligible for Walmart’s health insurance, which costs \$17.40 per employee every pay period.

Mr. Lundberg said more than half of the firm’s employees have signed up for health insurance, covering 1.1 million people nationwide.

“We think \$17.40 a pay period is a pretty good price for benefits, but it’s very tough to compete with what the state charges [nothing],” Mr. Lundberg said.

But some policy groups claim that employees of Walmart and other large chains do not sign up for their companies’ health insurance because they cannot afford it or the coverage is poor.

Medicaid and federal food stamp and cash-assistance programs were not designed for people who have jobs and work for very large and profitable companies, said Philip Mattera, research director of Good Jobs First, a Washington taxpayer watchdog organization.

Instead, he said these programs were intended to serve people who are unemployed or work for marginal employers that are unable to afford to provide benefits.

“We feel that companies like Walmart have been taking advantage of those programs, and allowing the taxpayers to pick up the bill for something that they should be paying for,” he said.

“Employers, especially large profitable ones, have some obligation to provide at least decent, basic benefits to their employees.”

National trends suggest the ranks of the working poor are growing partly because employers are reducing workers’ hours to save money, said Ms. Patton said.