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# **Economic Impact of The Ohio Benefit Bank:**

## **Technical Report**

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## Introduction

The briefing document, *Impact of The Ohio Benefit Bank*, provides a summary of the statewide economic and social impacts of The Ohio Benefit Bank® program on the state, communities, families, and individuals.<sup>1</sup> This technical report provides additional information on the methodology used to estimate the economic impact of federal benefits that Ohio Benefit Bank clients potentially accessed in three key program areas:

1. Food Assistance – Federal Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps;
2. Medical Assistance – Federal medical assistance, including Healthy Families, Healthy Start, Medicaid for the Aged, Blind and Disabled, and Medicaid Dual Eligibility; and
3. Tax Credits – Federal tax credits, including earned income tax credits, dependent care tax credits, elderly tax credits, and education credits.

## Overview of the Economic Impact Methodology

Impact Analysis for Planning (IMPLAN), an econometric modeling program created by MIG Inc., was used to calculate economic impact. IMPLAN utilizes an input-output based model that traces the flow of dollars through more than 400 industrial, governmental, and household sectors and generates estimates the impact of these dollars had on the creation of jobs, labor income and tax revenues. The three types of impact estimates presented in this report are described below.

**Employment Impacts** reflect the number of Ohio jobs estimated to be created or retained as a result of individuals accessing benefits and those benefits trickling through Ohio’s economy. Jobs represent both full-time and part-time employment.

**Income Impacts** are the wages, profits, rents, dividends, interest, and capital gains estimated to be generated in Ohio as a result of individuals accessing benefits and those benefits trickling through Ohio’s economy.

**Tax Impacts** are the state and local sales, income, property, social insurance, corporate profit, dividend, and other indirect business taxes estimated to be generated as a result of individuals accessing benefits and those benefits trickling through Ohio’s economy.

The remainder of this report details the steps used to estimate the benefits received by Ohio Benefit Bank clients for each of the three programs and the program-specific calculated economic impacts.

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<sup>1</sup> Visit <http://www.oashf.org> for a copy of the briefing document.

## Analysis of Supplemental Nutrition Assistance Program (SNAP)

The Ohio Benefit Bank screens clients for potential eligibility for the Federal SNAP program; however, not all households screened receive benefits. For example, some clients do not complete the application process with their county agency or are found to not be eligible. This analysis estimates the number of Ohio Benefit Bank clients that received SNAP benefits following their eligibility screening and calculates the economic impact of accessing these benefits on Ohio's economy. Described below are the key steps involved with the analysis.

**Step 1: Number of households screened for SNAP eligibility that were potentially eligible and that plan to apply for benefits.** The number and percentage of households screened for SNAP eligibility that were (a) potentially eligible for benefits, (b) planning to apply for SNAP and (c) not known to be receiving SNAP at the time of their screening were obtained from administrative data provided by Solutions for Progress for the years 2009 and 2010 (see Table 1).<sup>2</sup> These data, however, were incomplete for earlier years and were therefore estimated by applying the percentages shown in Table 1 to the number of households screened for SNAP eligibility in 2007 and 2008 based on household income. The results are presented in Table 2.

**Table 1. Eligible Households Planning to Apply for SNAP, 2009 and 2010**

Household Income	Number of Households Screened	Households Identified as Potentially Eligible, Not Already Receiving SNAP and Planning to Apply	
		Number of Households	Percent of Households
<10k	25,632	21,469	83.8%
10k to <15k	4,301	2,963	68.9%
15k to <25k	3,390	1,511	44.6%
25k to <35k	735	146	19.9%
35k to <50k	221	9	4.1%
50k to <75k	36	1	2.8%
75k +	9	0	0.0%

<sup>2</sup> Solutions for Progress is a public policy and information technology firm which provides the web-based platform for the Ohio Benefit Bank.

**Step 2: Estimate number of households that received SNAP benefits.** Not all households that are potentially eligible for SNAP will complete the application process and receive benefits. In order to arrive at a more accurate estimate of the number of households that received SNAP benefits, a secondary analysis of data from a 2010 study on follow-through and approval rates among Ohio Benefit Bank clients was performed.<sup>3</sup> This analysis revealed that 73.1 percent of potentially eligible SNAP households that planned to apply for benefits were receiving benefits approximately two months later. Based on this information, the estimates from step 1 were reduced by 26.9 percent (see Table 2 for results).

**Table 2. Estimated Number of Households Receiving SNAP Benefits**

Analytic Steps	2007	2008	2009	2010	Total
Number of households screened for SNAP eligibility	840	4,659	14,151	20,173	39,823
<b>Step 1:</b> Number of screened households that are potentially eligible, plan to apply for benefits and not Known to be receiving SNAP at Time of screening.	619*	3,525*	10,606	15,493	30,243
<b>Step 2:</b> Estimated number of screened households that received SNAP benefits	452	2,577	7,753	11,325	22,107

\*Estimated based on analysis of 2009 and 2010 data

**Step 3: Economic impact analysis.** Data from the Ohio Department of Job and Family Services' Public Assistance Monthly Statistics (PAMS) report were used to calculate the average SNAP benefit allocation per household for a 12-month period.<sup>4</sup> The estimated dollar value of benefits received by households served as inputs to the economic impact analysis. The analysis was stratified by household income to account for differences in spending patterns among households. The results of the economic impact analysis are shown in Table 3.

**Table 3. Estimated Economic Impact of Federal SNAP Benefits on Ohio's Economy**

Impacts	2007	2008	2009	2010	Total
<b>Benefits</b>	\$1,205,975	\$7,644,662	\$27,703,864	\$41,197,801	\$77,752,302
<b>Income Impact</b>	\$397,280	\$2,758,921	\$10,241,484	\$15,248,945	\$28,646,630
<b>Tax Impact</b>	\$83,819	\$625,858	\$2,121,983	\$3,165,415	\$5,997,075
<b>Employment Impact</b>	11 jobs	77 jobs	278 jobs	414 jobs	nc*

\*nc: Not calculated. Employment impacts occur only in the year the benefits were utilized and cannot be summed across years.

- Between 2007 and 2010, the Ohio Benefit Bank potentially helped Ohioans access \$77.8 million in SNAP benefits.
- These benefits generated an estimated \$28.6 million in income for Ohioans and nearly \$6 million in state and local taxes.

<sup>3</sup> "A Study on the Impact of the Ohio Benefit Bank," Ohio University's Voinovich School, (2010) at <http://www.oashf.org>

<sup>4</sup> <http://jfs.ohio.gov/pams/>

## Analysis of Medical Assistance

The Ohio Benefit Bank screens for four types of Medicaid eligibility among its clients: (a) Healthy Families, (b) Healthy Start, (c) Medicaid for the Aged, Blind or Disabled, and (d) Medicare/Medicaid Dual Eligibility. Similar to SNAP, not everyone who is screened enrolls in the program. This analysis estimates the number of Ohio Benefit Bank clients that were enrolled in Medicaid and the economic impact of accessing federal Medicaid benefits on Ohio's economy. Described below are the key steps involved with the analysis.

**Step 1: Number of individuals screened for Medicaid eligibility that were identified as potentially eligible and plan to apply for benefits.** The percentage of individuals screened for Medicaid eligibility that were identified by the Ohio Benefit Bank as potentially eligible and that were part of a household that planned to apply for Medicaid benefits were calculated from administrative data provided by Solutions for Progress for the years 2009 and 2010. These data, however, were incomplete for earlier years and were therefore estimated by applying the percentages shown in Table 4 to the number of individuals screened for Medicaid eligibility in 2007 and 2008. The results are presented in Table 5.

**Table 4. Percent of Screened Individuals Eligible to Apply for Medicaid, 2009 and 2010**

Medicaid Program	Percent of Individuals Screened, Identified as Potentially Eligible and Planning to Apply
Healthy Families	14.5%
Healthy Start	3.7%
Dual Eligibility or Aged, Blind, Disabled	8.9%

**Table 5. Eligible Individuals Planning to Apply for Medicaid**

Medicaid Program	2007	2008	2009	2010	Total
Healthy Families	357*	1,330*	4,418	4,193	10,298
Healthy Start	92*	343*	1,633	591	2,659
Dual Eligibility or Aged, Blind, Disabled	219*	818*	2,575	2,722	6,334
<b>Total</b>	<b>668*</b>	<b>2,491*</b>	<b>8,626</b>	<b>7,506</b>	<b>19,291</b>

*\*Estimated based on analysis of 2009 and 2010 data*

**Step 2. Estimate number of individuals receiving Medicaid benefits.** A secondary analysis of data from a 2010 study of Ohio Benefit Bank clients revealed that 32.3 percent of individuals who were determined by the Ohio Benefit Bank to be potentially eligible and who were part of a household that planned to apply for Medicaid benefits were receiving Medicaid approximately two months following their eligibility screening. Thus, the estimates from the prior step (Table 5) were downwardly adjusted to account for this (see Table 6 for results).

**Table 6. Estimated Number of Individuals Receiving Medicaid Benefits, by Program Type**

Medicaid Program	2007	2008	2009	2010	Total
Healthy Families	115	430	1,427	1,354	3,326
Healthy Start	30	111	527	191	859
Dual Eligibility or Aged, Blind, Disabled	71	264	832	879	2,046
<b>Total</b>	<b>216</b>	<b>805</b>	<b>2,786</b>	<b>2,424</b>	<b>6,231</b>

**Step 3. Estimate value of federal medical benefits received.** Data from the Ohio Department of Job and Family Services Public Assistance Monthly Statistics report<sup>5</sup> combined with data from the U.S. Department of Health and Human Services<sup>6</sup> were used to calculate average federal Medicaid expenditures per person for a 12-month period by program type. These estimated federal expenditures were then allocated to seven health care service sectors based on financial reporting data from the U.S. Department of Health and Human Services.<sup>7</sup> Each of these seven health care sectors has a unique economic structure. Analyzing impacts based on the type of service potentially received provided a more accurate representation of the flow of federal dollars through Ohio’s economy. The results of the economic impact analysis can be seen in Table 7.

**Table 7. Estimated Economic Impact of Federal Medical Benefits on Ohio’s Economy**

Impacts	2007	2008	2009	2010	Total
Benefits	\$1,172,035	\$4,470,424	\$15,599,655	\$15,400,649	\$36,642,763
Income Impact	\$851,807	\$3,677,384	\$12,543,576	\$12,383,556	\$29,456,323
Tax Impact	\$97,515	\$418,386	\$1,366,424	\$1,348,992	\$3,231,317
Employment Impact	27 jobs	98 jobs	316 jobs	312 jobs	nc*

\*nc: Not calculated. Employment impacts occur only in the year the benefits were utilized and cannot be summed across years.

- Between 2007 and 2010, the Ohio Benefit Bank potentially helped Ohioans access \$36.6 million in federal medical assistance benefits.
- These benefits generated an estimated \$29.5 million in income for Ohioans and more than \$3.2 million in state and local taxes.

<sup>5</sup> <http://jfs.ohio.gov/pams/>

<sup>6</sup> <http://aspe.hhs.gov/health/fmap.htm>

<sup>7</sup> <https://www.cms.gov/MedicaidBudgetExpendSystem/Downloads/FMRFY2002through2006.zip>

## Analysis of Tax Credits

The Ohio Benefit Bank provides tax preparation services to low- and moderate-income Ohioans. These tax preparation services help Ohioans access millions of dollars in refunds and federal tax credits. This analysis estimates the economic impact of four specific types of tax benefits received by Ohio Benefit Bank clients:

- earned income tax credits
- dependent care tax credits
- elderly tax credits
- education credits

Administrative data on federal tax returns prepared by the Ohio Benefit Bank for the years 2007 through 2010 were provided by Solutions for Progress. Based on this data, Ohio Benefit Bank clients were divided into six household income categories and the dollar value of federal earned income, education, dependent care, elderly and education tax credits for which they filed served as inputs to the model. The results of the analysis are shown in Table 8.

**Table 8. Estimated Economic Impact of Federal Tax Credits on Ohio's Economy**

Impacts	2007	2008	2009	2010	Total
Tax Credits	\$746,494	\$3,199,778	\$7,145,367	\$13,874,155	\$24,965,794
Income Impact	\$209,801	\$1,132,701	\$2,579,751	\$4,999,065	\$8,921,318
Tax Impact	\$43,839	\$249,893	\$519,950	\$1,004,846	\$1,818,528
Employment Impact	6 jobs	31 jobs	69 jobs	132 jobs	nc*

\*nc: Not calculated. Employment impacts occur only in the year the tax credits were utilized and cannot be summed across years.

- Between 2007 and 2010, the Ohio Benefit Bank helped Ohioans access nearly \$25 million in earned income, dependent care, elderly and education tax credits.
- Accessing these four types of federal tax credits generated an estimated \$8.9 million in income for Ohioans and more than \$1.8 million in state and local taxes.