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Welfare Overpayment Collection Penalizes Poor for State Mistakes

Recently the Ohio Department of Jobs and Family Services sent out overpayment notices to 14,000 Ohioans who supposedly received an overpayment of welfare funds as much as 20 years ago. The cost of this type of policy outweighs any benefits and penalizes low-income people who are already struggling to make ends meet.

The overpayments are not the result of fraudulent activity, but were caused by administrative errors. Having occurred as much as two decades ago, many recipients of the notices no longer have any proof that an overpayment occurred and have already spent the money on necessities, such as clothing, food and shelter. Some, in these difficult economic times, may still be struggling to pay for basic needs, but if they do not repay the overpayment within 30 days, it will be withheld from their state tax return.

“The state is basically penalizing the poor for the state’s mistakes,” said Philip E. Cole, Executive Director of the Ohio Association of Community Action Agencies. “The cost of collecting these 20 year old funds could amount to more than the state actually collects. It also takes money out of circulation within the economy. Money that would normally be spent at stores for food and other goods, stimulating the economy, is now being sent to the state to cover their error,” Cole continued.

A policy of collecting overpayments for administrative mistakes that occurred decades ago is simply bad policy and does not benefit anyone.

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Community Action changes people’s lives, embodies the spirit of hope, improves communities, and makes America a better place to live. We care about the entire community, and we are dedicated to helping people help themselves and each other. Community Action Agencies work to alleviate poverty and empower low-income families in their communities. The Ohio Association of Community Action Agencies represents 50 agencies around the state serving the needs of low-income people in all of Ohio’s 88 counties. CAAs provide education and training, emergency services, and other assistance programs to nearly 800,000 Ohioans annually.