



# News Release

204 N. First St., Suite C • PO Box 7 • Silverton, OR 97381 • [www.ocpp.org](http://www.ocpp.org) • 503-873-1201 • fax 503-873-1947

---

**For immediate release  
September 12, 2005**

**For More Information, Contact:  
Michael Leachman, 503-873-1201  
Chuck Sheketoff, 503-873-1201**

## **Oregon's Poor Families Lose \$861 Million to Welfare Reform**

*Oregon uses funds for helping poor families be self-sufficient  
to cover other budget holes*

(Silverton) – Total spending in Oregon on welfare reform programs - child care subsidies, employment services, cash assistance, and emergency assistance – has collapsed since welfare reform began in the mid-1990s, according to a report released today by the Oregon Center for Public Policy (OCPP). Because funding for these programs has not remained at 1993-95 levels, Oregon's low-income families have lost a total of \$861 million in support over the last decade.

“As Oregon families left the cash assistance caseload following welfare reform, Oregon could have devoted the savings to help low-wage workers build their skills and achieve true self-sufficiency,” said Michael Leachman, policy analyst with the OCPP. “Instead, Oregon has spent a large chunk of the savings filling other budget holes.”

The report documents that nearly a quarter of welfare reform-related spending in Oregon is going to pay for programs related to child protective services, not to promote self-sufficiency through traditional welfare services. Some of the savings from cutting self-sufficiency programs has been spent on K-12 education and the Oregon Health Plan.

“Facing a state budget under pressure from increasing costs and inadequate revenue, Oregon has taken advantage of the increased flexibility under welfare reform to siphon money away from self-sufficiency programs to fill budget gaps in other programs,” said Leachman. “When policy makers talk about welfare reform's ‘increased flexibility,’ they really mean ‘more shell games’.”

“The child protective services system is still seriously underfunded,” said Leachman, “but it has more money than it otherwise would because Oregon has raided the welfare reform funds to cover some of the holes in child protective services. This is the sort of choice the ongoing revenue shortfall has forced upon the state.”

“Rather than taking money from poor people to help poor people, Oregon should raise more revenue from the corporations and rich people who have seen their taxes decline,” he added.

## **Oregon's Poor Families Lose \$861 Million to Welfare Reform**

For immediate release, September 12, 2005

Page 2 of 2

The report points out that major spending cuts in self-sufficiency programs were produced by deliberate policy choices. "Oregon achieved substantial savings by reducing deliberately the number of low-income families who are eligible for assistance, and then spent the 'savings' to fill other budget holes," said Leachman. "These policy decisions had nothing to do with how well Oregon's poorest families were doing."

Since 1991, Oregon has required families to be deeper in poverty each year to be eligible for temporary cash assistance. By 2005, according to the report, eligibility shrank to 46 percent of the federal poverty level for a mother with two children. In 1991, it was at 66 percent of poverty.

"Because Oregon has chosen not to invest more in low-wage workers, poverty remains higher in Oregon's workforce than it otherwise would be," said Leachman. Poverty among working families with children in Oregon is nearly double what it was a generation ago, he said.

"Unless Oregon overcomes the ongoing revenue shortfall," said Leachman, "the future for Oregon's traditional self-sufficiency programs looks bleak." In the 2005-07 budget period, he noted, traditional self-sufficiency programs are being cut even more, despite Oregon's return to economic growth.

The 2005-07 budget cut field staff for these programs and further reduced funding that helps welfare recipients prepare for and find work. In addition, the 2005-07 budget does not cover the costs of anticipated caseloads in programs that provide cash assistance and child care subsidies and, as a result, the state welfare agency likely will have to cut these programs further.

The ***Oregon Center for Public Policy*** uses research and analysis to advance policies and practices that improve the economic and social opportunities of all Oregonians.