



Executive Summary

204 N. First St., Suite C • PO Box 7 • Silverton, OR 97381 • www.ocpp.org • 503-873-1201 • fax 503-873-1947

April 29, 2002

Oregon's Shrinking Safety Net: Welfare's Decreasing Role in Meeting the Needs of Families With Dependent Children During Recessions

by Michael Leachman and Charles Sheketoff

The last year's economic downturn has hit working Oregonians hard. In February 2002, there were nearly 86,000 more unemployed people in the State than there were a little over a year earlier, in December 2000, when the slowdown began. The total number of unemployed Oregonians more than doubled in 14 months.

The Temporary Assistance for Needy Families program, commonly known as welfare, provides monthly cash assistance to very poor families with children who are struggling through difficult times. During a recession, Oregonians with children who have lost their jobs and lack unemployment insurance must look to the temporary assistance program as a safety net to stabilize their families until better times arrive.

At first glance, it might seem that Oregon's temporary assistance system is responding effectively to the recession. The welfare caseload increased 27 percent from December 2000 to February 2002. Once put in perspective, though, it becomes clear that Oregon's welfare program is not doing the job.

Among its findings, this OCPP analysis shows:

- Welfare reform shrunk caseloads, not poverty. Following welfare reform, the number of Oregonians receiving temporary cash assistance fell to less than half its former size, while there were approximately 80,000 more poor Oregonians in 1999 than there were in 1989.
- This recession, the welfare caseload remains relatively small. In February 1992, Oregon was providing welfare benefits to 41,000 parents for the support of their children. In February 2002, the caseload was down to about 12,600.
- As the need increases, today's welfare safety net responds weakly. In the early 1990s, the number of recipients increased by nearly 4,000 the first 14 months of rising unemployment, half again the 2,600 recipients added over the first 14 months of the current downturn. The pace of unemployment growth is four times faster than the pace of temporary assistance caseload growth in this recession.
- If you've lost your job, the safety net is smaller. The total number of welfare cases during the early 1990s recession hovered between one-third to one-half the number of unemployed. The caseload now equals just 11 percent of the unemployed and is getting smaller.
- Unemployment Insurance does not make up for welfare's decline. Unemployed workers are no more likely to be receiving UI in this recession than during the recession of the early 1990s.

