



Long term outlook for selected public assistance caseloads in Oregon based on static public policy

A special report

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Executive Summary

The Office of Forecasting Research and Analysis (OFRA) produces semi-annual caseload forecasts for programs administered by the Department of Human Services (DHS). Two caseloads are directly affected by employment levels: Temporary Assistance for Needy Families (TANF, aka *Welfare*) and the Supplemental Nutrition Assistance Program (SNAP, aka *Food Stamps*). Both of these caseloads increased rapidly with the onset of the Great Recession, but they have been slow to decline. The increase in part-time work, lack of middle-wage jobs, and higher unemployment among the less-educated suggests that the relationship between employment growth and caseload decline is fundamentally different following the Great Recession than it was following the 2001 recession. Low-paying, part time work may represent the bulk of jobs currently available to clients on these caseloads. In many cases clients can be employed in low-paying jobs and still qualify for benefits.

This report presents long-term outlooks for TANF and SNAP based on the assumptions used in the Fall 2013 caseload forecast. The caseload forecast extends until June 2017, and this long term outlook extends for an additional six years to June 2023. The estimates provided here should not be thought of as a forecast of what the caseloads will be but rather one possible scenario that would unfold if all of the assumptions turn out to be true, 10 years from now.

- The long-term outlook indicates that neither the TANF nor the SNAP caseload will decline to pre-recession levels by June 2023.
- TANF declines to 25,000 families, about the same level as June 2009. In contrast, the TANF caseload was 18,000 in June 2007.
- SNAP declines to 344,000 households, about the same level as October 2009. In contrast, the caseload was 228,000 households in June 2007.

Introduction

The Office of Forecasting Research and Analysis (OFRA) produces semi-annual caseload forecasts for programs administered by the Department of Human Services (DHS). These forecasts are primarily used for biennial budgeting, so they extend no more than four years into the future.

Two caseloads are directly affected by employment levels: Temporary Assistance for Needy Families (TANF aka *Welfare*) and the Supplemental Nutrition Assistance Program (SNAP aka *Food Stamps*). The TANF program provides cash assistance to very poor families with minor children. The income limit is currently 40% of the federal poverty level (FPL) (\$9,400 annually for a family of four). SNAP provides benefits to low-income individuals to buy food. Most recipients qualify below 130% of FPL (\$30,600 annually for a family of four). The SNAP benefit group is a *household* which is defined as people who live, purchase, and prepare food together. The SNAP caseload consists of two components. The Aging and People with Disabilities (APD) portion includes households with a person 60 and older or a disabled person of any age. The Self Sufficiency Programs (SSP) portion includes households composed of non-disabled persons younger than 60.

TANF and SNAP increased rapidly with the onset of the Great Recession, but they have been slow to decline. This report presents long-term outlooks for these programs based on the assumptions used in the Fall 2013 caseload forecast. The caseload forecast extends until June 2017,¹ and this long term outlook extends for an additional six years to June 2023.

Employment Trends and Caseload Dynamics

Oregon's economy was severely affected by the Great Recession of 2008–2010, and it has yet to recover fully. Oregon lost nearly 150,000 jobs between December 2007 and December 2009, more than half of which disappeared during the six months ending in March 2009. SNAP and TANF case intakes *and* the duration of receipt spells increased with the onset of the recession, so the large and sudden loss of jobs resulted in a large and sudden increase in caseloads. This period is easily identified in the graphs that follow.

Post-recession job gains have been steady but slow. As of October 2013, Oregon's nonfarm employment stood at 1,677,200. This represents 84,500 more jobs than in October 2009, but 57,800 fewer jobs than in October 2007. While more than half of the jobs lost during the Great Recession have come back, SNAP and TANF caseloads have barely decreased because employment levels do not tell the whole story. There were nearly 2 ½ times more Oregonians working part-time due to business conditions in 2012 than in 2007, before the recession.² The 2012 unemployment rate was higher among Oregonians with high school or less education than it was among those with post-secondary education.³ Finally, middle-wage jobs that paid between \$25,000 and \$50,000 annually comprised 88% of Oregon jobs lost during the Great Recession. During the recovery, 58% of job growth occurred in high-wage jobs, 38% in low-wage jobs, and the remaining 4% in middle-wage jobs. This exacerbated the trend toward job or *wage polarization*, where jobs are low or high-wage rather than middle-wage.⁴ In contrast, job growth was more rapid and evenly distributed among wage levels after the 2001 recession.⁵ Most clients on the TANF or SNAP caseloads do not have post-secondary education, and some lost middle-wage jobs during the Great Recession. Low-paying, part time work may represent the bulk of jobs currently available to them. In many cases clients can be employed in low-paying jobs and still qualify for benefits.⁶

Assumptions

Case intakes to TANF and SSP SNAP are dependent on total employment and population, so they are forecast using the Oregon Office of Economic Analysis' (OEA) quarterly employment and population forecasts – specifically the ratio of total employment to working-age population (18 to 64). APD SNAP intakes are based on OEA's forecast population of 60 to 64 year olds. The increase in part-time work, wage polarization, and higher unemployment among the less-educated suggests that the relationship between employment growth and caseload decline is fundamentally different following the Great Recession than it was following the 2001 recession.

¹ <http://www.oregon.gov/dhs/ofra/ofradocuments/Fall%202013%20-%20Overview%20Tables.pdf>

² http://www.bls.gov/opub/gp/pdf/gp12_16.pdf, <http://www.bls.gov/opub/gp/pdf/gp07full.pdf>

³ http://www.bls.gov/opub/gp/pdf/gp12_15.pdf

⁴ <http://oregoneconomicanalysis.com/2013/10/24/report-job-polarization-in-oregon/>

⁵ <http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00008551>

⁶ In the summer of 2012, 38% of adults in SNAP households and 12% of adults in TANF families worked and still qualified for benefits.

The long term scenarios were developed by extending the Fall 2013 caseload forecast assumptions for an additional six years. Forecasts are less accurate as the horizon grows more distant. For example, more reliability can be placed on a forecast for next month than for six months in the future, and a forecast six months distant is more reliable than a forecast 120 months distant. Therefore, the estimates provided here should not be thought of as a forecast of what the caseloads will be but rather one possible scenario that would unfold if all of the assumptions turn out to be true, 10 years from now.

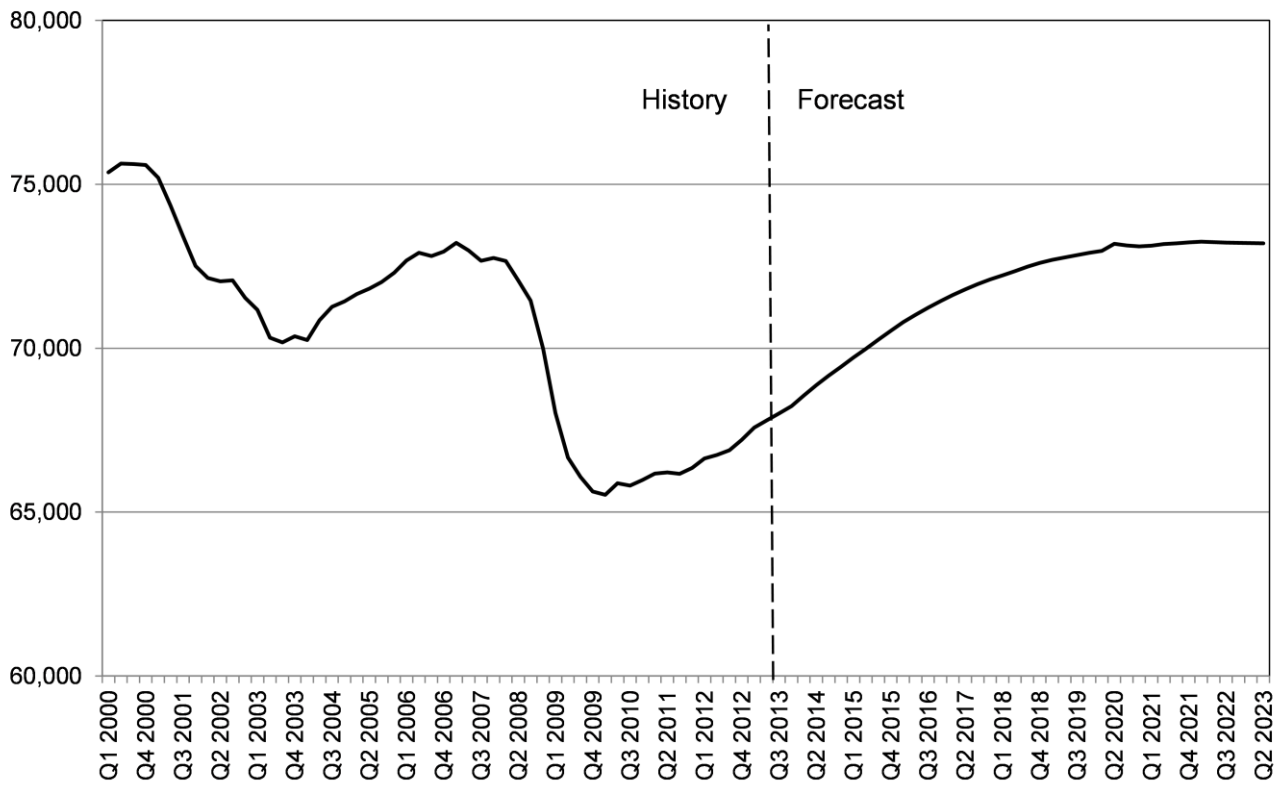
The specific assumptions that underlie the scenarios are:

- The OEA third quarter 2013 employment and population forecasts will be accurate through July 2023.
- The relationship between total employment and caseload intakes that existed in 2013 will continue unchanged through 2023. This includes the recent trends toward wage polarization, higher unemployment among the less-educated, and involuntary part-time employment.
- Time on caseload will continue to decline through 2015 as the labor market improves and thereafter be similar to 2005-6, prior to the Great Recession.
- TANF and SNAP policies will be unchanged through July 2023.

Results

Results are presented below in a series of figures and tables. For each program annual intakes, exits, and the resulting year-end caseload are shown along with the annual percent change for each measure. All caseloads decrease more rapidly through 2017 and more slowly thereafter. This is a reflection of the forecast of employment per working-age population. Employment is forecast to increase more rapidly through 2017. Thereafter the rate of growth decreases and then flattens (Figure 1).

Figure 1: Historical and forecast employment per 100,000 18 to 64 year olds – Oregon

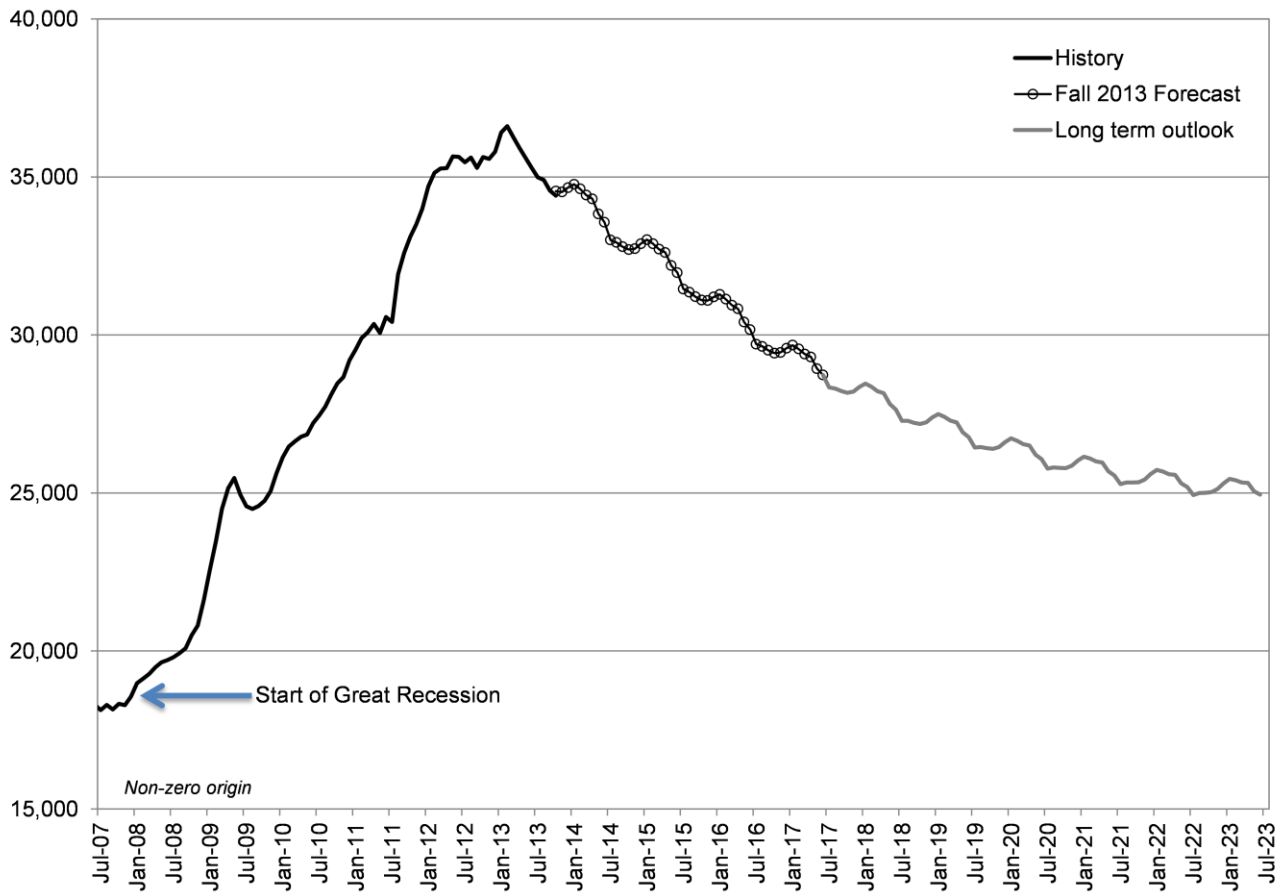


Source: OEA historical and forecast quarterly employment and historical and forecast annual population by age (annual population interpolated to quarters and employment per 100,000 population calculated by OFRA)

TANF

The TANF caseload underwent double-digit increases in fiscal years⁷ (FYs) 2009, 2010, and 2012. Most caseload growth in FY 2012 occurred at the beginning of that year during the fall of 2011. Caseload growth then stopped until a seasonal increase in early 2013. The caseload has decreased each month since then. The long term outlook for TANF is a slow and steady caseload decrease. This does not completely negate the rapid growth of the previous five years. By June 2023 the caseload would be 25,000 families, the same size as in June 2009 which was the lowest employment level of the Great Recession. In contrast, the caseload was 18,000 in June 2007, prior to the recession (Figure 2 and Table 1).

⁷ Oregon’s fiscal year starts July 1 and ends June 30. For example FY 2012 ran from July 1, 2011 to June 30, 2012.

Figure 2: TANF – Long term caseload outlook (families)**Table 1: TANF – Long term caseload outlook (families) – Annual cases opened and closed, year-end caseload**

Fiscal Year	Cases opened	Percent Change	Cases Closed	Percent Change	June Caseload	Percent Change
History						
2007	18,969		18,745		18,302	
2008	20,896	10%	19,489	4%	19,709	8%
2009	25,738	23%	20,498	5%	24,949	27%
2010	22,748	-12%	20,482	0%	27,215	9%
2011	26,558	17%	23,201	13%	30,572	12%
2012	29,201	10%	24,137	4%	35,636	17%
2013	28,131	-4%	28,477	18%	35,290	-1%
Fall 2013 forecast						
2014	26,754	-5%	28,479	0%	33,565	-5%
2015	24,380	-9%	25,972	-9%	31,973	-5%
2016	22,443	-8%	24,247	-7%	30,169	-6%
2017	21,340	-5%	22,777	-6%	28,732	-5%
Long-term outlook						
2018	20,587	-4%	21,679	-5%	27,640	-4%
2019	20,017	-3%	20,893	-4%	26,764	-3%
2020	19,601	-2%	20,298	-3%	26,067	-3%
2021	19,367	-1%	19,879	-2%	25,555	-2%
2022	19,233	-1%	19,601	-1%	25,187	-1%
2023	19,194	0%	19,435	-1%	24,946	-1%

SNAP

SSP SNAP intakes have been very responsive to changes in employment. Intakes increased by 35% in FY 2009 in response to the steep drop in employment that occurred during that year. There was little change in intakes over the following four years, and it was not until FY 2013 that exits finally outpaced intakes and the caseload began to decline. The SSP SNAP forecast and long-term outlook follow the same general pattern as TANF, but SNAP continues to be more responsive to employment than TANF. The SSP SNAP caseload is forecast to decline by 28% over the next four years. The long term outlook is for a slower decline of 23% between FY 2018 and 2023. By June 2023 the caseload would be 195,000 households, about equal to its size in December 2008 during the steepest job loss of the Great Recession. In contrast, the caseload was 162,000 in June 2007, prior to the recession (Figure 3 and Table 2).

APD SNAP has followed an uninterrupted growth trajectory for many years. The rate of growth increased slightly at the start of the Great Recession, which also coincided with the oldest of the baby-boom cohort attaining 60 years of age. The APD caseload was 66,000 and represented 29% of the total SNAP caseload in June 2007. By June 2013 it was 113,500 and represented 26% of the total. It is forecast to reach 134,400 and comprise 35% of the total by June 2017, the end point of the Fall 2013 caseload forecast. By the end of the long-term outlook horizon, the APD SNAP caseload would be nearly 150,000 and represent 43% of the total caseload (not shown).

When SSP and APD SNAP are combined the continued increase in the APD component partially masks the decline in the SSP component. While SSP SNAP declined over FY 2013, the increase in APD SNAP caused the total SNAP caseload to be flat for the year. If these competing trends continue, the total SNAP caseload would be 344,000 by June 2023. This is equivalent to the size of the caseload in October 2009, near the lowest employment level of the Great Recession. In contrast, the caseload was 228,000 in June 2007, prior to the recession (Figure 4 and Table 3).

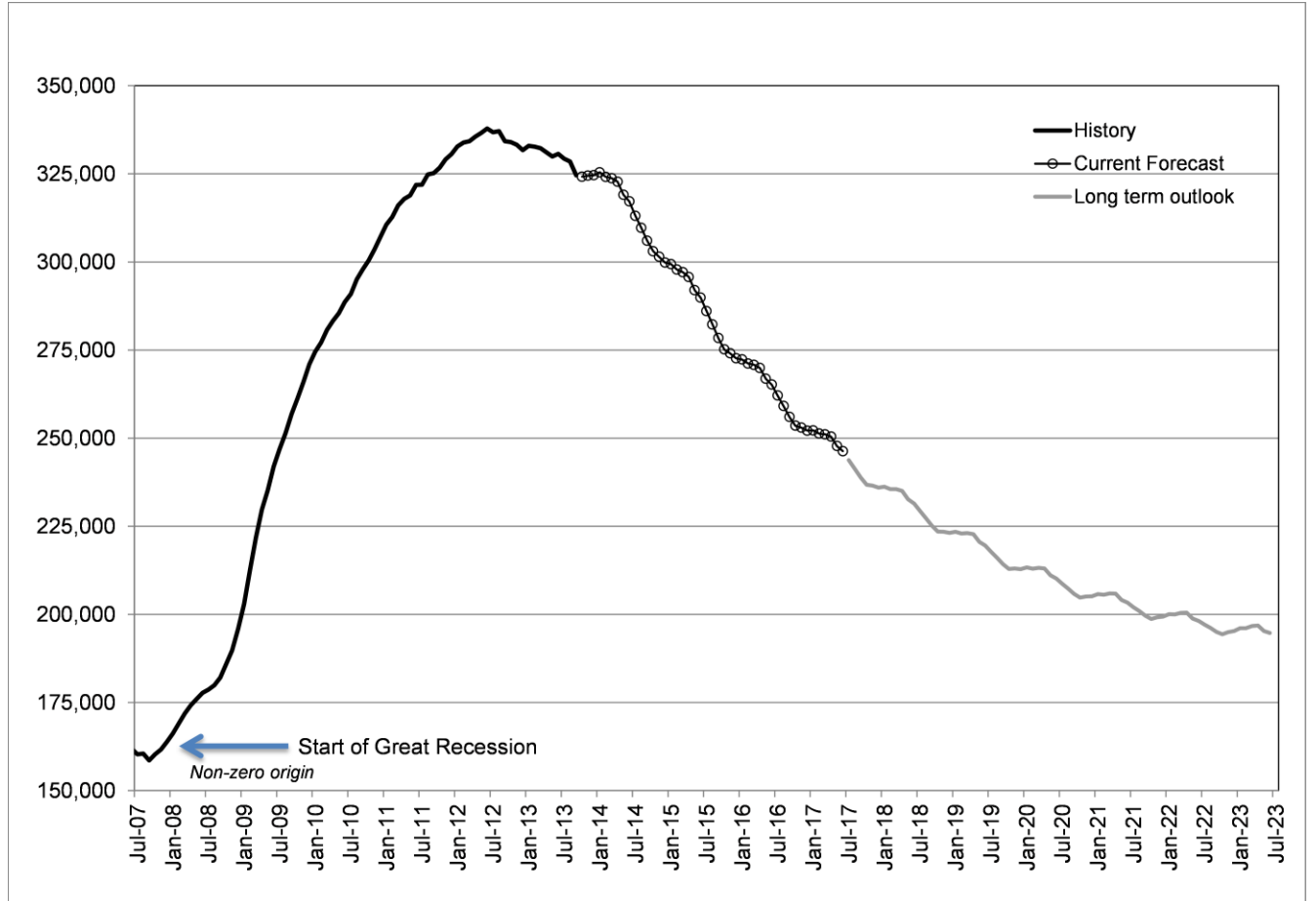
Figure 3: Self-sufficiency SNAP – Long term caseload outlook (households)

Table 2: Self-sufficiency SNAP – Long term caseload outlook (households)
Annual cases opened and closed, year-end caseload

Fiscal Year	Cases opened	Percent Change	Cases Closed	Percent Change	June Caseload	Percent Change
2007	123,390		119,514		161,898	
2008	135,290	10%	119,454	0%	177,734	10%
2009	182,114	35%	117,954	-1%	241,894	36%
2010	189,789	4%	143,051	21%	288,632	19%
2011	199,746	5%	166,537	16%	321,841	12%
2012	199,244	0%	183,232	10%	337,853	5%
2013	189,114	-5%	196,298	7%	330,669	-2%
Fall 2013 forecast						
2014	177,849	-6%	191,355	-3%	317,163	-4%
2015	156,341	-12%	183,634	-4%	289,870	-9%
2016	141,013	-10%	165,693	-10%	265,190	-9%
2017	129,064	-8%	147,943	-11%	246,311	-7%
Long-term outlook						
2018	120,624	-7%	135,473	-8%	231,462	-6%
2019	114,377	-5%	126,291	-7%	219,548	-5%
2020	110,095	-4%	119,482	-5%	210,161	-4%
2021	108,083	-2%	114,909	-4%	203,335	-3%
2022	106,928	-1%	112,097	-2%	198,166	-3%
2023	107,104	0%	110,554	-1%	194,716	-2%

Figure 4: Total SNAP – Long term caseload outlook (households)

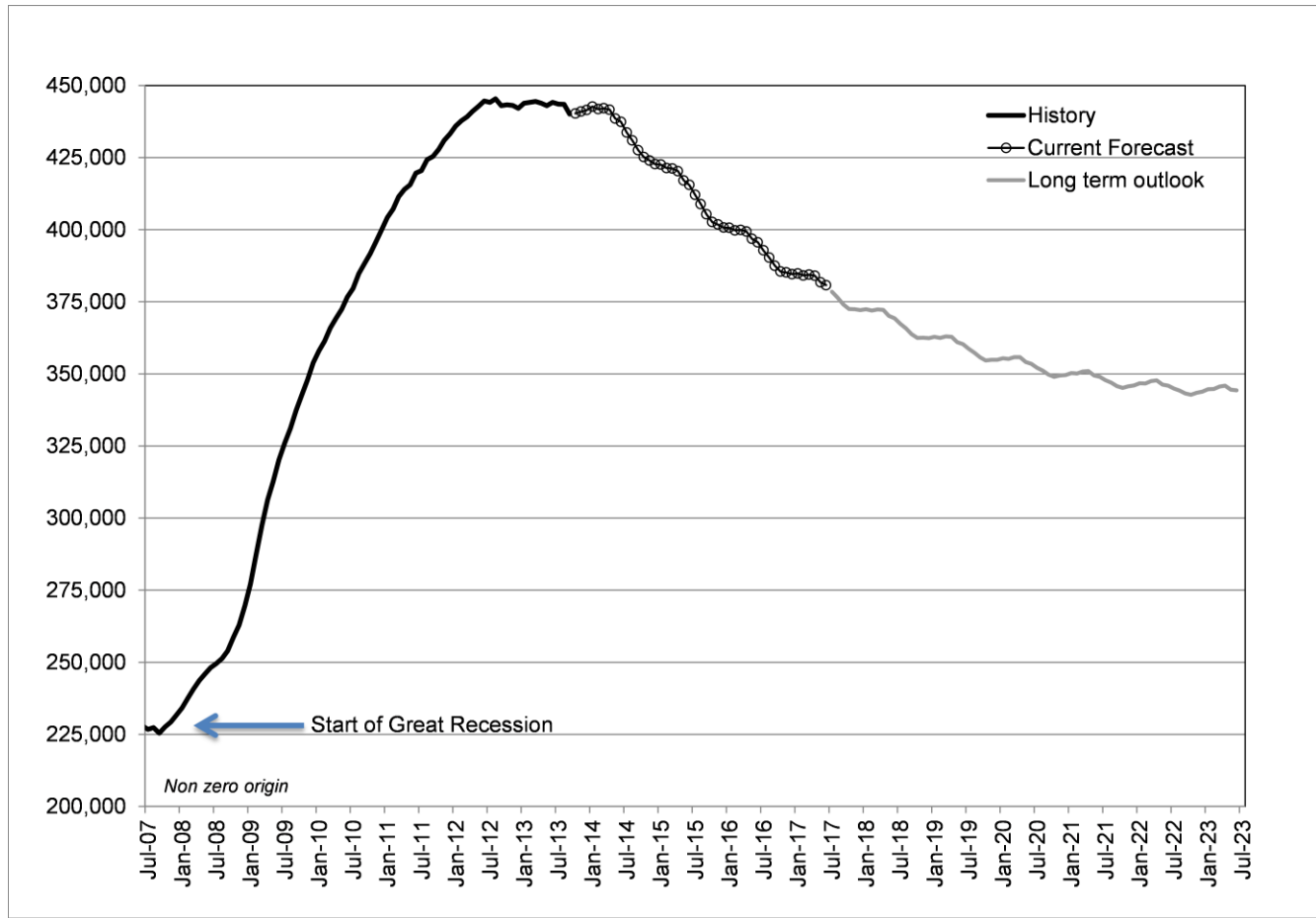


Table 3: Total SNAP – Long term caseload outlook (households)
Annual cases opened and closed, year-end caseload

Fiscal Year	Cases opened	Percent Change	Cases Closed	Percent Change	June Caseload	Percent Change
2007	142,215		134,260		227,983	
2008	139,984	9%	132,862	-1%	248,124	9%
2009	153,003	32%	129,300	-3%	320,264	29%
2010	201,440	4%	153,476	19%	376,608	18%
2011	209,820	6%	178,392	16%	419,587	11%
2012	221,371	0%	196,547	10%	444,577	6%
2013	221,537	-5%	211,691	8%	444,141	0%
Fall 2013 forecast						
2014	211,255	-5%	207,909	-2%	437,359	-2%
2015	201,127	-11%	200,951	-3%	415,509	-5%
2016	179,101	-8%	184,334	-8%	395,610	-5%
2017	164,435	-7%	167,744	-9%	380,752	-4%
Long-term outlook						
2018	152,886	-5%	156,088	-7%	369,306	-3%
2019	144,642	-4%	147,506	-5%	360,318	-2%
2020	138,518	-3%	141,170	-4%	353,485	-2%
2021	134,337	-1%	136,963	-3%	348,963	-1%
2022	132,441	-1%	134,434	-2%	345,878	-1%
2023	131,349	0%	133,101	-1%	344,268	0%