

Newly Poor in the Great Recession

Characteristics of Oregon households receiving food assistance

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Executive Summary

As Oregon's unemployment has risen during the current recession, so has the number of households receiving benefits through the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps). Anecdotal reports indicate that the current recession has disproportionately affected families with no prior history of poverty and two-parent households that are normally immune from poverty. Blue collar occupations and industries dominated by male employees have also experienced disproportionately higher unemployment rates. This report measures the degree to which these kinds of families and workers have been affected by the recession. We compare employment, earnings, and family composition of a cohort of Oregon households that started receiving SNAP benefits in fiscal year (FY) 2009 with a cohort from calendar year (CY) 2005.

- 138,000 households started receiving SNAP benefits in FY 2009 compared with 88,000 households in CY 2005, a 58 percent increase. The number of adult males receiving SNAP benefits increased by 73 percent: (83,000 in 2009 compared with 48,000 in 2005).
- 82,000 of the 2009 households were *new* SNAP beneficiaries, nearly as many households as the *entire* 2005 cohort. These *new* households had no record of SNAP receipt back to January 2000, the earliest data available.
- There were nearly twice as many households with multiple adults in 2009 compared to 2005.
- During the year prior to starting SNAP benefits, nearly twice as many households had full-time workers and more than twice as many households underwent a drop in quarterly earnings in 2009 compared with 2005. The average drop in quarterly earnings was just over one-third for each group.
- More than twice as many adults had been employed in manufacturing and nearly twice as many had been employed in construction in 2009 compared with 2005. Employment in these industries is overwhelmingly male when compared to overall employment. This explains some of the increase in overall male participation in the SNAP program during 2009.

Introduction

The Supplemental Nutrition Assistance Program (SNAP), formerly known as *Food Stamps*, is one of the country's largest public assistance programs. The program is administered by the U.S. Department of Agriculture Food and Nutrition Service (FNS). Nationwide, 15.2 million households were enrolled in the program during federal fiscal year 2009*. The Oregon Department of Human Services (DHS) administers the program in Oregon. As of March 2010, 366,000 Oregon households and 696,000 people were enrolled in the program.

The economic downturn that began in 2008 has been dubbed the nation's 'Great Recession.' Nationally, it is the worst since the Great Depression of the 1930s. Its 'greatness' in Oregon is not so clear. Oregon suffered a severe recession in the early 1980s. Whether the current or 1980s recession is Oregon's worst remains to be seen.

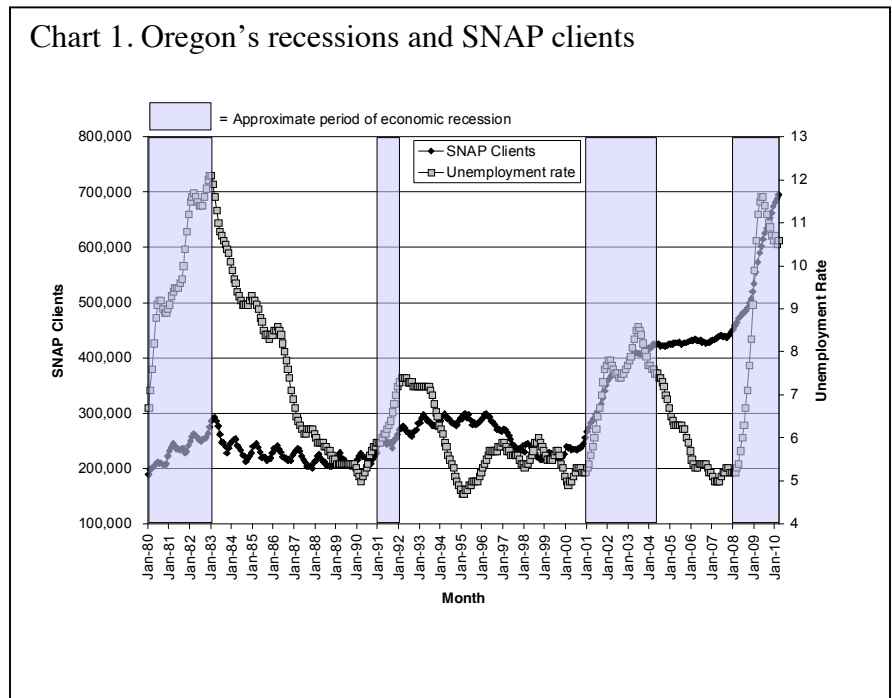
In Oregon and around the nation SNAP caseloads have soared as jobs have been lost. This report examines the composition, work, and earnings characteristics of Oregon households that started receiving SNAP during the current recession. These characteristics are compared with households that started a SNAP receipt spell during a period of relatively low unemployment. This comparison illustrates some of the characteristics of households that have found themselves newly poor in the Great Recession.

High unemployment, unprecedented increase in SNAP

Oregon's current recession is estimated to have started in March 2008. Since that time,

- Oregon's unemployment rate doubled (5.3 percent to 10.6 percent); total non-farm employment dropped by 148,000 jobs (8.5 percent).
- The number of persons receiving SNAP benefits in Oregon increased by 230,000 persons (49 percent). An increase of this magnitude is unprecedented in the state (Chart 1).
- Among all states, Oregon underwent the largest increase in SNAP caseload as a percentage of its population.¹

Chart 1. Oregon's recessions and SNAP clients



*October 1, 2008 through September 30, 2009.

The relationship of the economy to public assistance caseloads is well documented. There have been numerous studies of the determinants of SNAP caseload growth and decline. These studies untangle the influences of the economy, policy changes, and the degree to which eligible households participate in the program. The economy was found to be an important determinant of SNAP caseload changes in all of these studies.²

One of the goals of the SNAP program is to ensure that households with incomes low enough to qualify for benefits participate in the program. This *participation rate* is measured annually by the FNS. Oregon has been among the top ten states for several years. Oregon's rate was estimated to be 87 percent in 2007, fifth highest in the nation.³ This high participation rate suggests that the SNAP caseload provides a reasonable representation of Oregon's poor and low-income families in general.

Oregon's SNAP caseload declined during two of its last three economic recoveries. As Oregon's economy recovered from the 2001-03 recession the unemployment rate declined and total employment increased, but the SNAP caseload remained relatively constant. Between 2001 and 2004, Oregon's SNAP participation rate increased³ while its poverty rate decreased.⁴ These trends support the possibility that Oregon's efforts to increase its SNAP participation rate brought additional households into the caseload just as households displaced during the 2001-03 recession were gaining employment and leaving the caseload. Thus the caseload did not appear to 'recover' from the 2001-03 recession (Chart 1).

What kinds of Oregon households became poor during the Great Recession?

Oregon Department of Human Services' (DHS) semi-annual caseworker survey indicated a perception among staff that SNAP caseload growth during the current recession reflects an increase in two-parent, unemployed families and households with no prior poverty spells.⁵ This report examines in more detail the characteristics of households who started receiving SNAP benefits (i.e., a *cohort*) during Fiscal Year (FY) 2009*, a period that encompasses the steepest part of the downturn in the current recession. The FY 2009 cohort is compared to a cohort of households that started receiving SNAP during 2005, a period of relatively low unemployment. Households receiving SNAP benefits for senior citizens or disabled persons were excluded.[†]

*July 1, 2008 through June 30, 2009.

† Disabled persons that were excluded from this report included only individuals who met a narrow definition of disability such as receiving Social Security or veterans' disability benefits. Persons with a disability that did not meet these criteria could not easily be identified, and so they were included in the report.

More households and a higher percentage of first-time recipients

There were 88,000 households in the 2005 cohort and 138,000 in the 2009 cohort, a 58 percent increase. The 2005 cohort was composed of 165,000 persons, 37 percent (61,000) of whom were children. The 2009 cohort was composed of 259,000 persons, 35 percent (91,000) of whom were children. Males comprised 44 percent (48,000) of adults in the 2005 cohort and 46 percent (83,000) in 2009. The 2009 cohort is so much larger than the 2005 cohort that a

small proportional increase results in a very large numerical increase. Hence a two percentage point increase in *proportion* (44 to 46 percent) results in a 73 percent increase in the *number* of adult males (48,000 to 83,000). As will be shown later, the disproportionate increase in adult males among SNAP recipients is partially the result of job losses concentrated in industries that predominately employ males.

A random sample of 1,500 households was drawn from each cohort. The results that follow are based on those samples.

Household characteristics

A greater proportion of 2009 households were ‘new’ to SNAP. That is, there was no record of the household receiving SNAP benefits in Oregon since 2000. The number of *new* households seeking SNAP benefits in 2009 nearly equaled the *total* number of households seeking SNAP benefits in 2005 (Chart 2).

Chart 3 compares household composition. The number of households with children

Chart 2. Number of households starting a SNAP receipt spell in 2005 and 2009

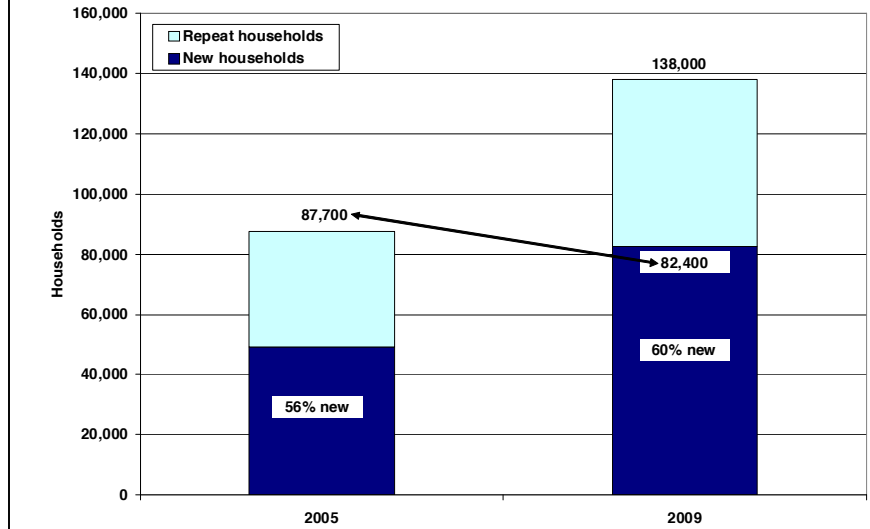
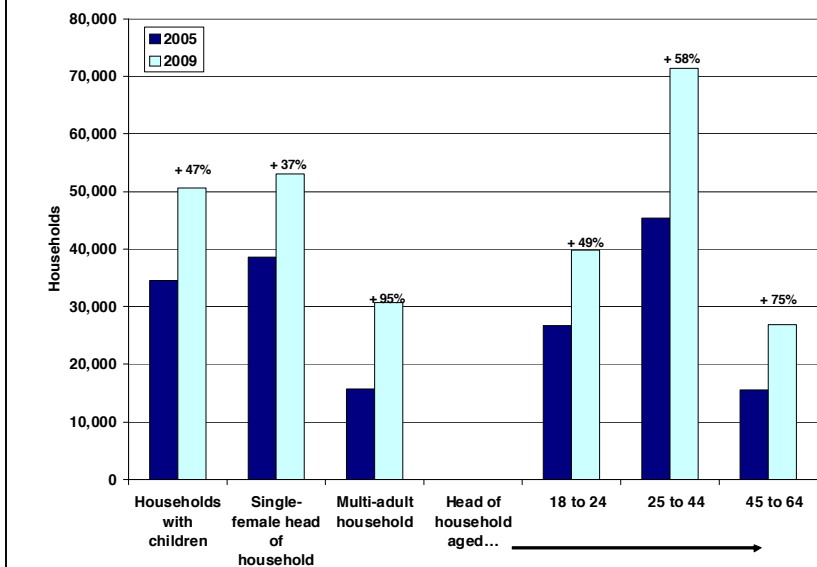


Chart 3. Household characteristics of SNAP cohorts in 2005 and 2009



grew by 47 percent between 2005 and 2009, increasing from 34,500 to 50,700. While the number of households headed by single females increased by 37 percent (from 38,700 to 53,000), the number of multiple-adult households nearly doubled (15,700 in 2005 to 30,600 in 2009). While there were still many more single-female headed than multi-adult SNAP households in 2009, the larger percentage increase among the latter indicates that they may have faced a rapid increase in income problems.

More households with full-time workers

Hours and earnings information from the Oregon Employment Department was assembled for adults in the SNAP sample cohorts. These data pertain to persons for whom Oregon unemployment insurance (UI) premiums were assessed, so employment history for persons who worked in some agricultural capacities, as ‘casual labor,’ were self-employed, or who worked out-of-state would not be included. Employment was analyzed for the year prior to the start of the SNAP receipt spell.

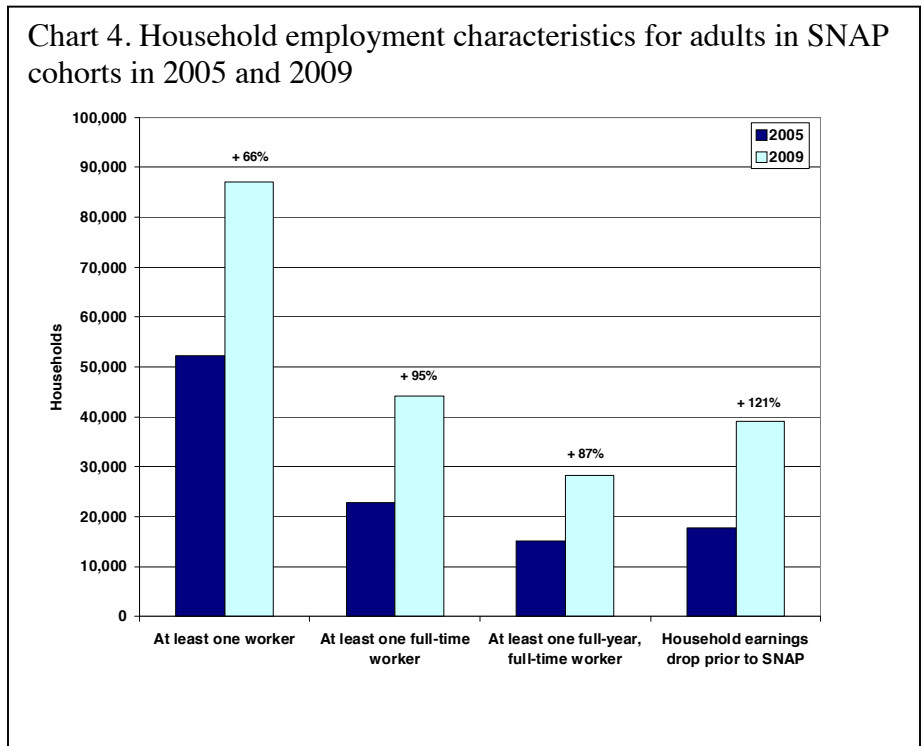


Chart 4 compares the work characteristics of households in the cohorts. The number of households with an adult member who worked at some point during the year prior to the start of the SNAP receipt spell increased by 66 percent (52,300 in 2005 to 87,100 in 2009). The increases were proportionally greater among households with full time work experience. Households with an adult that had worked full time for at least one calendar quarter nearly doubled (from 22,700 in 2005 to 44,200 in 2009). Households in which an adult had completed four consecutive quarters of full-time work during the year prior to the SNAP receipt spell also nearly doubled (from 15,200 in 2005 to 28,300 in 2009). The number of households that experienced a drop in earnings immediately prior to the SNAP receipt spell more than doubled (from 17,700 in 2005 to 39,200 in 2009). The average drop in quarterly earnings was just over one-third for each cohort.

Given the differences in full time work, it is not surprising that the two cohorts were strikingly different in their earning power during the year prior to starting SNAP. Households in the 2009 cohort averaged \$8,038 in annual earnings compared to \$6,270 for the 2005 cohort. The number of households in which earnings were at least \$10,000 in the prior year more than doubled (from 12,000 in 2005 to 26,400 in 2009).*

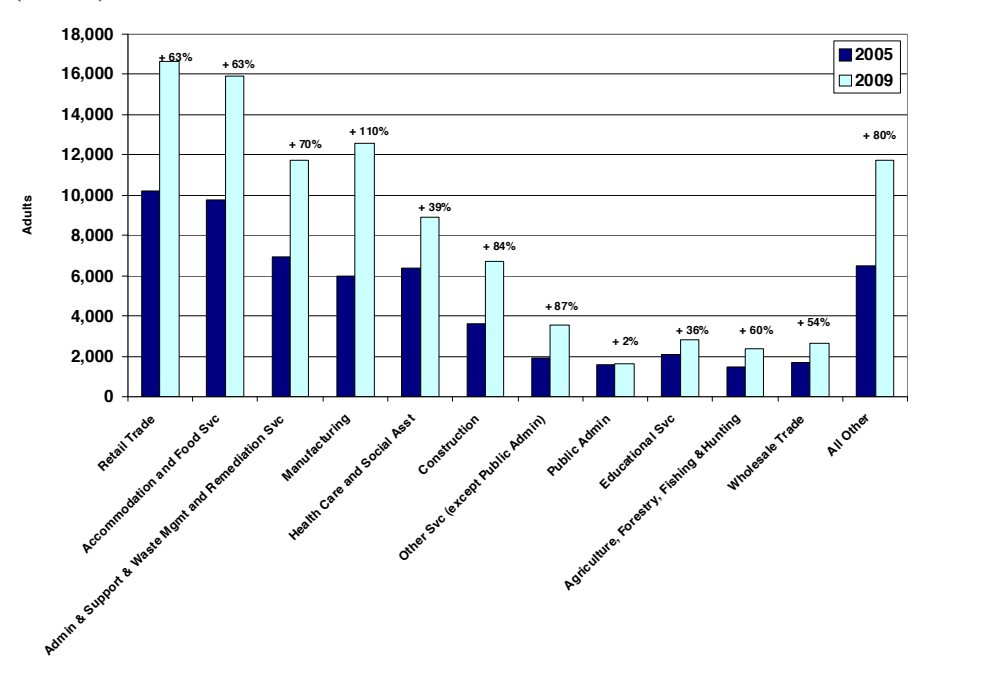
* All comparisons are in constant dollars.

among households in the 2009 cohort are indicators of the degree to which job loss fueled the creation of newly-poor and low-income families in Oregon.

Where did SNAP recipients work before they started receiving benefits?

Chart 5 compares economic sectors of employment for adult members of SNAP households. In both cohorts, nearly half of all adults who worked were primarily employed in one of three sectors: retail trade, accommodation and food service, and administrative support. The number of adults who had been employed in these sectors increased by 67

Chart 5. Major industry of employment during year prior to SNAP receipt (adults) in 2005 and 2009



percent, from 26,900 in 2005 to 44,300 in 2009. The number of adults who had been employed in the construction or ‘all other’* categories nearly doubled, while the number employed in manufacturing more than doubled (from 6,000 in 2005 to 12,600 in 2009).

The increase in those who had been employed in manufacturing or construction explains some of the increase in male participation in the 2009 SNAP cohort. In the combined cohorts, those who had been employed in manufacturing or construction were overwhelmingly male (69 percent and 93 percent, respectively). This distribution reflects overall Oregon employment in those sectors. Just over half of Oregon’s labor force during 2008 was male, but 73 percent of manufacturing employees and 83 percent of construction employees were male.⁶ The manufacturing and construction sectors have undergone severe job loss. These sectors were the last major employer for 38 percent of 2009 UI recipients, with 23 percent coming from manufacturing and 15 percent from construction. As a result, 64 percent of UI recipients in 2009 were men even though they represent just over half of Oregon’s labor force.⁷

There are other indications of male job loss in the 2009 SNAP cohort. In the 2005 cohort, 69 percent of men and 69 percent of women who had worked during the year prior to SNAP were also working during the quarter in which the SNAP receipt spell began. In the 2009 cohort, the share fell to 53 percent overall. In addition, the gender distribution was quite different: 58

* ‘All other’ includes mining & quarrying, transportation & warehousing, information, finance, insurance, real estate, management of companies & enterprises, arts, entertainment, & recreation.

percent of women and 49 percent of men who had worked in the year prior to SNAP were also working during the quarter in which the SNAP receipt spell began. With nearly 150,000 Oregon jobs lost during the current recession, this finding is not a surprise. Further, with unemployment more prevalent among men than women, it is also not surprising that fewer men than women in the 2009 cohort would be employed.

Description of SNAP recipients with no recent Oregon work history

In about 40 percent of households in both cohorts there was no adult with a record of Oregon employment in the year prior to receiving SNAP benefits. As previously mentioned, this does not mean that they did not work, but rather did not work in a capacity that required UI premiums to be paid by their employer. A subsample of households with no covered employment was examined for evidence of self-employed or out-of-state work. From this examination, an estimated 14 percent of 2009 households and 12 percent of 2005 households had adults that either worked out-of-state or were self-employed. These percentages are consistent with the pattern among those with Oregon employment records which showed a higher prevalence of full time workers in 2009 compared with 2005.

After taking into account self-employed and out-of-state workers, there was no employment history for 27 percent of 2009 households and 31 percent of 2005 households. Factors that had the potential to affect a person’s ability to work are summarized in Table 1. These include homelessness, incarceration, new household formation*, non-citizenship, caring for a child or disabled family member, or personal disability. Among households with no recent employment history, there was a smaller percentage in 2009 than in 2005 where homelessness, incarceration, non-citizenship, or new household formations were cited. However, with the exception of homelessness, the differences were within the margin of error. While homelessness in general may have increased during the current recession, some of that increase was the *result* of job loss rather than a barrier to work in the year prior to the SNAP spell.

Table 1: Characteristics of households with no work history during the year prior to SNAP receipt

Characteristic	2005	2009
Homeless	32 percent	20 percent
Incarcerated	15 percent	11 percent
Newly formed household (e.g. divorce)	15 percent	11 percent
Non-citizen	7 percent	5 percent
Disabled	15 percent	24 percent
Cared for child or disabled family member	7 percent	11 percent

Categories not mutually exclusive.

* New households were most often formed as the result of grown children leaving the parents’ home or a divorce/separation in which the newly formed SNAP household no longer contained a breadwinner.

There are several possible reasons for the increase in the percentage of households in which disability was mentioned. First, the Americans with Disabilities act was amended in 2008 and the definition of disability was clarified and expanded. Second, there was a 75 percent increase in the number of households in the 2009 cohort in which the head of household was 45 to 64 years old (Chart 3). Among this age group, 22 percent of men and 26 percent of women reported having a disability.⁸ So a wider definition of disability and a higher percentage of older adults in the later cohort both may have contributed to the increase in reported disabilities.

Conclusion

There is ample evidence of the economic effects of the Great Recession among households in the 2009 SNAP cohort. The large increases in the number of men and the number of multi-adult households are particularly striking because men typically have lower rates of poverty than women and households headed by more than one adult have lower rates of poverty than those headed by a single adult.⁹ The current recession has affected households that would normally be considered immune to falling into poverty. Time will tell whether the current recession will be as painful in Oregon as the early 1980s recession. The earlier recession brought about structural economic change in Oregon in which the once-dominant lumber and wood products sector underwent deep and permanent job loss. After its 1983 peak, five years elapsed before the SNAP caseload returned to its pre-recession level (Chart 1). Those experiences from a generation ago suggest that the economic pain meted out by the current recession may endure for many years to come.

Data and estimates

This report is based on Oregon Department of Human Services administrative data pertaining to SNAP payments or *allotments* from the Children, Adults, and Families Division. The data series includes households who received SNAP benefits on or after January 1, 2000.

For SNAP purposes, a *household* does not refer to a living arrangement per se, but a separate economic unit. That is, two adults could be sharing a domicile, but they purchase and prepare meals separately. If both persons were receiving SNAP, they would be considered separate households.

The total number of households, the total number of persons in them, the sex of those persons, and whether they were children or adults were tabulated for the 2005 and 2009 SNAP intake cohorts.

Random samples of 1,500 were taken from each of those cohorts. All proportional characteristics pertaining to households, persons, and employment were developed based on those samples. They are reliable within a margin of error of plus or minus 2½ percent. Where these proportions were multiplied by the total numbers of household or persons in each cohort, the resulting numbers should be considered mid-point estimates. Work characteristics of households with no covered employment on record are based on a subsample of 100 households from each year. They are reliable within a margin of error of plus or minus 4 ½ percent.

Repeat clients were considered to have started a new receipt spell if at least six months had elapsed since their last allotment.

Full-time work used the U.S. Bureau of Labor Statistics definition of 35 hours per week.

Notes

- ¹ Isaacs, J.B. (December 2009). *The Effects of the Recession on Child Poverty: Poverty Statistics for 2008 and Growth in Need during 2009*. Retrieved from http://www.brookings.edu/~media/Files/rc/papers/2010/0104_child_poverty_isaacs/0104_child_poverty_isaacs.pdf.
- ² U.S. Department of Agriculture, Economic Research Service (2008). *Recent research on Food Stamp and TANF receipt*. Retrieved from <http://www.ers.usda.gov/publications/efan02008/efan02008d.pdf>.
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- ⁴ U.S. Census Bureau (2010), *Percent of people in poverty by state* (various years) from <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2008/index.html>.
- ⁶ Oregon Department of Human Services (2010) *Fall 2009 DHS Caseload Forecast* from <http://www.oregon.gov/DHS/data/forecasts/2009/fall-final.pdf>.
- ⁶ Beleiciks, N. (October 2009). *Whose Recession is it Anyway?* Retrieved from <http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00006737>.
- ⁷ Wood, M. (April 2010). *A Portrait of Unemployment Insurance Recipients in 2009*. Retrieved from <http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00007010>.
- ⁸ Centers for Disease Controls and Prevention (2005), *Prevalence and Most Common Causes of Disability Among Adults --- United States, 2005* from <http://www.cdc.gov/Features/dsAdultDisabilityCauses/>
- ⁹ U.S. Census Bureau (2010), *Official Poverty Tables* (various years) from <http://www.census.gov/hhes/www/poverty/data/incpovhlth/2008/index.html>.

Acknowledgments

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