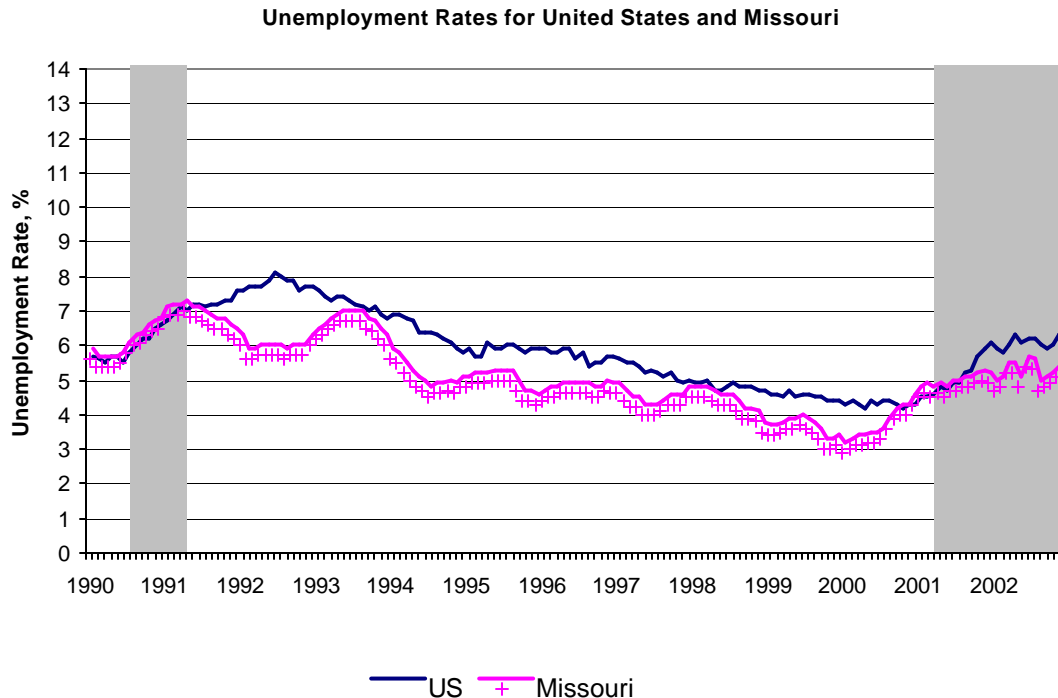


Missouri TANF White Paper

The Current Recession Will Likely Increase Missouri TANF Rolls

A major study of former welfare recipients in Missouri found that most made little or no economic progress during the recession that began in 2001. The study was based on interviews conducted with 500 former recipients of Temporary Assistance to Needy Families (TANF) who left the rolls in the 4th quarter of 1997. These “leavers” were first interviewed in 2000 and were interviewed again between March 2001 and February 2002. This analysis reports the likely impact of the recession that began in 2001 on the work effort of former Missouri TANF recipients.

A recession began in 2001, decreasing jobs and increasing unemployment in the United States and the State of Missouri.



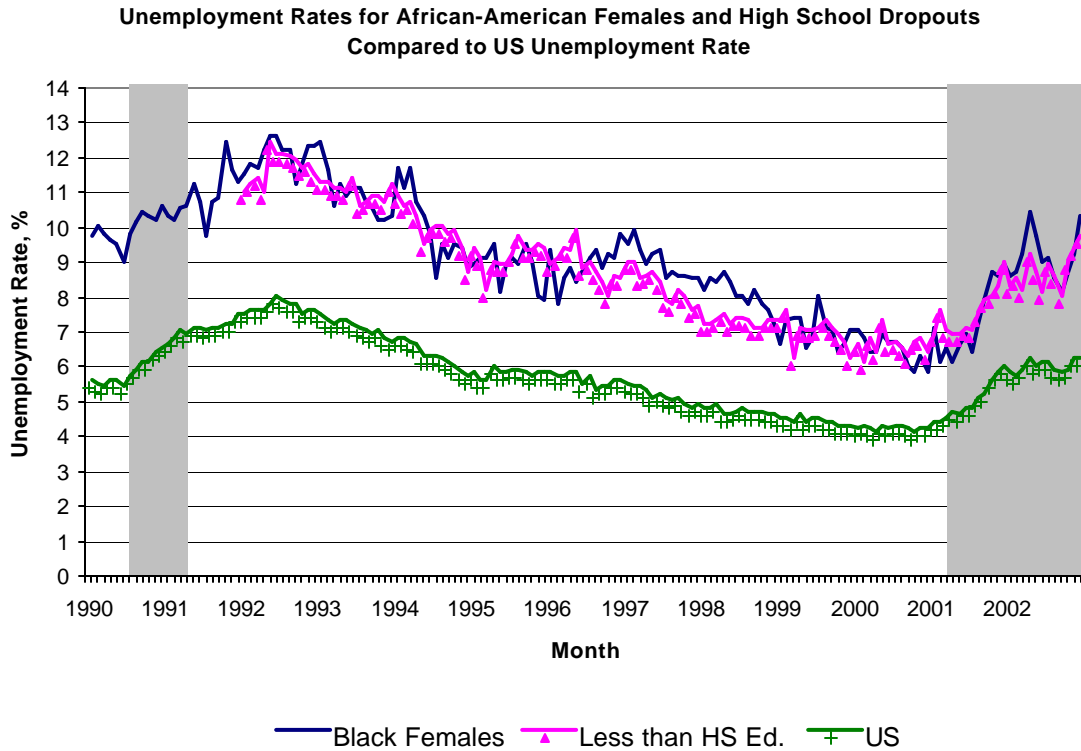
Source: Bureau of Labor Statistics: Civilian Unemployment Rate, US, Missouri, Seasonally Adjusted.
www.bls.gov.

Note: Shaded area denotes recession.

The current recession began in March 2001. Although the economy grew slowly in 2002, economists characterize it as a “jobless recovery.” The Bureau of Labor Statistics reports on trends in employment and unemployment. As of January 2003, the economy had lost over 1.75 million jobs (1.7 percent of the workforce) during the recession. In December of 2002 alone, the economy shed 101,000 jobs. Missouri has fared better than the nation as a whole—the state has lost almost 45,000 jobs (1.6 percent of the workforce) since employment peaked in January 2001.

The sharp decrease in employment has been matched by an equally sharp increase in unemployment. Unemployment in the nation was at an 8-year high of 6 percent in December 2002. Missouri's November unemployment rate (the most recent available) was 5.1 percent.

Unemployment disproportionately affects those who are part of the Missouri TANF caseload: African-American women and those with low levels of schooling.



Source: Bureau of Labor Statistics: Civilian Unemployment Rate, US, African-American Females, and Less than High School Education, Seasonally Adjusted. www.bls.gov.

Note: Shaded area denotes recession.

Compared with the nation as a whole, the unemployment rate is much higher for African-Americans and those with lower levels of schooling. In December 2002, the unemployment rate for African American women was over 10 percent, and the unemployment rate for those with less than a high school diploma was 9.5 percent. Table 1 shows that these groups make up a significant proportion of the Missouri caseload.

**Table 1: Subgroups of Missouri TANF Caseload
December 2002**

	Percent of the Caseload
African American Females	44%
Less than 12 Years of Education	46%

Source: Missouri Department of Social Services.

TANF Leavers did not make any economic progress between 2000 and 2001.

As shown in Table 2, there was no increase in the percent of former TANF recipients who had worked since their exit from the caseload in the 4th quarter of 1997—9 in 10 had worked at some time since their 1997 exit. No additional leavers began work for the first time between 2000 and 2001. While there was a 5-percentage point decline in the number working at the time of the interviews in 2000 and 2001, this decline was not statistically significant.

**Table 2. Work Effort
Missouri TANF Leavers
2000 and 2001 Interviews**

	2000	2001	Significance
Worked Since Exit	89%	89%	NS
Working at Interview	62%	57%	NS
Sample Size	438	438	

Note: Some 2001 Respondents were interviewed in early 2002.

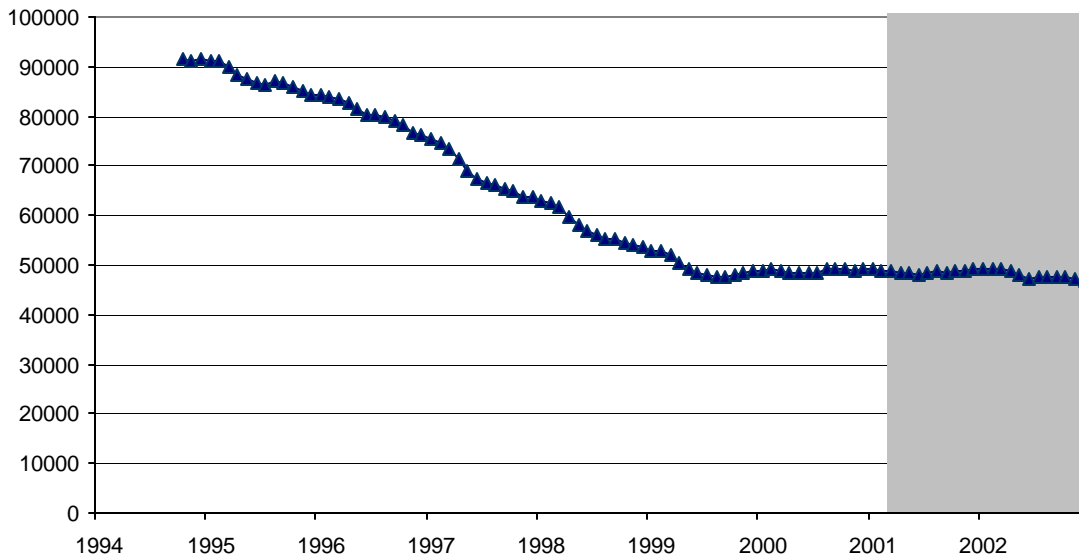
NS = Not statistically significant.

Source: Survey of Barriers to Employment Among Current and Former Missouri TANF Recipients.

The decline in Missouri’s TANF caseload ceased during the recession.

Welfare reform in 1996 up to the start of the current recession coincided with the highest levels of employment and economic growth in over thirty years. Between 1994 and 2002, Missouri’s TANF caseload fell by almost half. The dramatic decline in the caseload ended in 1999. Since that time, the caseload has been relatively stable, even during the 2001-2002 recession. The Center for Law and Social Policy found that TANF caseloads rose by 0.9% nationally during the third quarter of 2002. This was only the second quarterly increase in welfare rolls since 1994.

Missouri TANF Caseload



Source: Missouri Department of Social Services.

Note: Shaded area indicates recession.

As the recession continues, employment prospects for current and former TANF recipients and will get worse before they get better.

The “jobless” recovery is expected to continue. Employment has not grown substantially since March 2001, and economic growth in the fourth quarter of 2002 was anemic at best. Furthermore, unemployment will most likely continue to rise after the economy recovers. During the last recession, unemployment increased for 15 months after the recovery began. As the economy struggles to regain its footing, it is unlikely that economic growth will improve the work opportunities for current and former Missouri TANF recipients.

The University of Kansas

The study summarized in these policy briefs was conducted by researchers at the University Kansas School of Nursing and KU Policy Research Institute for the Missouri Department of Social Services and the Local Investment Commission. Funding for this study was provided through grants (00ASPE350A and 01ASPE364A) from the Office of the Assistant Secretary for Planning and Evaluation, U. S. Department of Health and Human Services. The policy briefs were prepared by Nancy Dunton, Ph.D., Jan Moore, M.S.W., Byron Gajewski, Ph.D., David Burress, Ph.D., Donna Ginther, Ph.D., Patricia Oslund, M.S., and Joshua Rosenbloom, Ph.D.

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