The Changing Composition of Minnesota's Safety Net

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August 2017
Overview

This research brief uses data from the Annual Social and Economic Supplement to the Current Population Study (CPS) to describe trends in the demographic and economic characteristics of social safety net recipients in Minnesota. The analysis shows that from 1990 to 2015, recipients of federal welfare, food assistance, and disability programs became increasingly diverse. In addition, although educational attainment increased among program recipients, trends in employment were similar and many participants remained in deep poverty. These trends suggest the need for new approaches that align with changing client needs.

Participation in Income Supports

Figure 1 shows trends in the percentage of Minnesotans participating in the Minnesota Family Investment Program (MFIP/TANF), the Supplemental Nutrition Assistance Program (SNAP), and the Supplemental Security Income Program (SSI). These three programs provide cash assistance to individuals with low income and/or resources. MFIP/TANF provides financial and employment assistance to low-income families with children and pregnant women; SNAP (formerly Food Stamps) provides food assistance to low-income households; and SSI provides cash assistance for low-income individuals who are aged, blind, or disabled.

Figure 1 shows that while participation in each program remained below 10 percent from 1990 to 2015, trends in participation differed across programs. The percentage of Minnesotans on SSI increased slightly, while MFIP/TANF use declined. SNAP use was cyclical, mirroring the health of Minnesota’s overall economy which is a common pattern throughout the country for that program.

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2 The Annual Social and Economic Supplement to the Current Population Survey (CPS) is a nationally representative survey that collects data on labor market outcomes and the economic and social wellbeing of Americans. The survey is administered monthly, from a sample of 60,000 households. In 2015, approximately 31 CPS respondents in MN reported receiving cash assistance, 44 reported receiving SSI, and 115 reported receiving food assistance. Due to the low sample sizes, we present annual data that actually reflects a three year moving average.
Relative to the United States as a whole, a smaller percentage of Minnesotans receive these programs. In 2015 11 percent of Americans received SNAP, 5 percent received SSI, and 2 percent received MFIP/TANF. During the same year, 8 percent of Minnesotans received SNAP, 3 percent received SSI, and 2 percent received MFIP/TANF.

Demographic shifts

Demographic shifts in Minnesota are rapidly creating a more racially and ethnically diverse state. From 1990 to 2015, the overall percent of Minnesotans of color nearly tripled from 5 percent to 15 percent (Figure 2). Similarly, the percentage of individuals of color participating in the programs increased over the 25 year period. By 2015, about half of MFIP/TANF recipients, 40 percent of SNAP recipients, and 30 percent of SSI users were non-white.

Figure 2: Race/Ethnicity of Program Recipients in Minnesota, 1990-2015

In addition, an increasing percentage of program participants are foreign born. In 1995, about ten percent of individuals on MFIP/TANF were foreign born U.S. citizens or non-citizens. This figure more than doubled by 2015, with similar increases in SNAP and somewhat smaller increases in SSI.

With respect to household formation, marriages rates for program participants fluctuated from 15 to 30 percent over the period, with recipients of SSI more likely than either MFIP/TANF or SNAP recipients to be married. These rates, however, are well below the overall state rate of 50 percent. Interestingly, the consistency in marriage rates for safety net participants also goes against state and national trend of decreased marriages.³

Economic characteristics

Individuals receiving government assistance through MFIP/TANF, SNAP, and SSI have typically had low rates of educational achievement and employment – a fact that is significant because education and employment can protect against poverty. The CPS data show that in Minnesota, rates of high school completion and employment are lower for program participants relative to the general population. However, such indicators have generally improved over time.

In 1990, 7 in 10 SSI and SNAP participants and 8 in 10 MFIP/TANF participants had a high school diploma. By 2015, such figures rose to approximately 8 in 10 for SSI, SNAP, and MFIP/TANF participants, just below the state average of 82 percent. College participation (attending some college or more) also trended up for all three groups: from 20 percent to 50 percent of SNAP recipients, 8 percent to 60 percent of MFIP/TANF recipients, and 20 to 50 percent of SSI recipients.

Figure 3 shows the percentage of program participants currently employed in 1990, 2000, 2010, and 2015. Perhaps due to increases in educational attainment and program requirements, the percentage of SNAP and MFIP/TANF participants actively working increased over the period. These gains, however, were modest. In spite of a tightening labor market, only 40 percent of SNAP participants and 30 percent of SSI and MFIP/TANF participants were employed in 2015.

Not surprisingly, program participants were far less likely to be in the labor force (employed or actively looking for employment), relative to the average Minnesotan. Moreover, unemployment was high for work-eligible program participants: unemployment in each of the programs was between 15 and 30 percent, well above the overall state rate of four percent.

SSI had lower employment and labor force participation rates than MFIP/TANF and SNAP. This is not surprising as the program has federal eligibility guidelines that limit work. From a policy perspective, however, this is notable, as SSI participation is the fastest growing portion of the social safety net.
While low income is necessary to receive MFIP/TANF, SNAP, and SSI, the deeper the poverty, the more difficult it is for families to leave the programs. For that reason, trends in the degree of poverty (measured as the percentage of participants at or below the Federal Poverty Level or FPL) are important to follow.

In spite of increasing education levels, the percent of program participants at or below the federal poverty level remained largely unchanged. For MFIP/TANF and SNAP, on average, that was around 60 percent during the period studied. Beginning in 2010, however, poverty levels started to trend downward for all three groups, reflecting an improved economy.

More troublingly, deep poverty levels (50 percent of FPL) rose across the three programs (see Figure 4; smoothed trend lines shown alongside data). For SSI, the percent of individuals in deep poverty also increased from zero percent in 1990 to six percent in 2015. For MFIP/TANF and SNAP, deep poverty peaked during the Great Recession at 33 and 25 percent, respectively.
Conclusion

From 1995 to 2015, social safety net participants in Minnesota became more diverse, following broader demographic currents. In spite of changing program requirements, education levels, and a tight labor market, employment and labor force participation among program participants remained low. The data also shows a consistent portion of Minnesotans on public assistance remain mired in deep poverty. Such changes in demographic and economic characteristics, alongside stagnating outcomes, suggest that programs must find new approaches to reach groups from diverse backgrounds to ensure participants are better able to create stable, self-sufficient households.

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Part of the Future Services Institute's FSI Briefs series

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