

VARIATION IN STATE SAFETY NET PROVISION

WEST COAST POVERTY CENTER

DIALOGUES ON POVERTY AMONG RESEARCHERS, POLICYMAKERS AND PRACTITIONERS

The West Coast Poverty Center's *DIALOGUES* projects bridge the worlds of academic research and real-world practice by bringing together researchers and policy practitioners to consider the implications of new research on critical poverty issues. This edition of the *DIALOGUES* features work by researchers Sarah Bruch, Marcia Meyers, and Janet Gornick about variation in state safety net provision.

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ABOUT US

The West Coast Poverty Center (WCPC) at the University of Washington works to bridge the gaps between research, policy, and practice to improve our collective understanding of, and responses to, the causes and consequences of poverty and inequality in the Puget Sound region and beyond. WCPC activities are made possible in part by support from the UW School of Social Work and the Paul G. Allen Family Foundation.

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Although the term “safety net” is commonly used, it implies a more coherent structure than the patchwork of programs that are available to support low-income Americans. It also obscures a great deal of variation across states and over time. Because of substantial state discretion in administering federal programs and in responding to low-income families, it might be more accurate to say that there are fifty different safety nets across the states. These safety nets vary substantially in the types and levels of assistance provided, as well as in the extent to which families access available benefits. As a result, where one lives can determine the strength - or weakness - of the “safety net” supports available to individuals during times of need.

In a multi-part research project, Sarah K. Bruch, Marcia K. Meyers, and Janet C. Gornick compare safety net policies across states during a period of expanding state discretion. The full project explores what predicts state policy choices across safety net policies and programs and what the consequences are for child/family economic security.

In July 2016, the West Coast Poverty Center hosted a Dialogue based on the longitudinal research project by Bruch, Meyers, and Gornick characterizing state-level safety net policies between 1994 and 2014. In this Dialogue, we explore findings about interstate variation in programs and policies and whether state safety nets have become more or less similar during this period. Five experts in safety net policy reviewed a summary of findings from the research and then discussed the project and its potential implications for policy and practice with one of the authors. In this brief, we present a summary of the researchers’ findings about variation in the safety net across states and programs, followed by highlights from the conversation with practitioners.

WHAT IS THE “SAFETY NET” AND WHY DOES IT VARY?^[1]

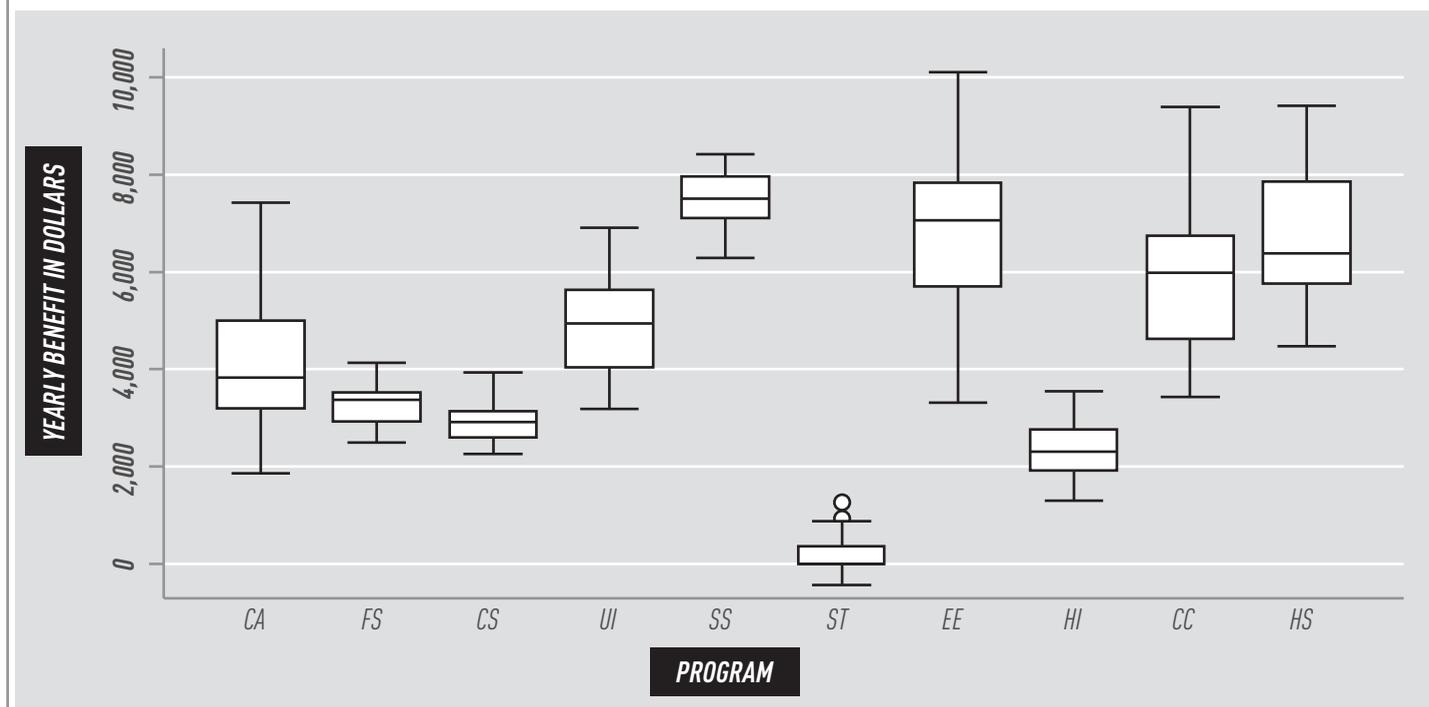
The economic, health and social benefits available to most working-age adults and their families consist of a patchwork of income transfers, in-kind assistance and services. Low-income individuals and families may be eligible for cash and assistance with child care costs, food aid, unemployment insurance, and health insurance, as well as tax credits in some states. Individuals often must apply separately for each of these benefits, and benefit eligibility rules, participation requirements, and recertification processes vary across programs.

Differences in local conditions, political cultures, and levels of resources contribute to variation in safety net provision. The level of federal control and federal funding rules are also likely to be significant drivers of variation in program rules and benefits across programs and across states. Variation may be promoted or constrained depending on what aspects of a program are decentralized (e.g., benefit levels or eligibility rules), as well as the federal-state relationship. Appendix Table A shows the degree of control states have over financing, program rules, and administration for each of these programs.

In exercising this flexibility, states make choices that affect how and how many eligible individuals access available benefits; in each of these programs and in the strength of the safety nets available across states this decentralized structure creates fertile ground for unequal responses to the similar needs of citizens.

[1] The research presented in this Dialogue is adapted and excerpted from a working paper entitled “Separate and Unequal? The Consequences of a Decentralized Social Safety Net in the US 1994-2014.” The full paper is available at <http://www.irp.wisc.edu/publications/dps/pdfs/dp143216.pdf>

ADEQUACY OF SOCIAL PROVISION - EXTENT OF STATE VARIATION - 2014



Note: CA=cash assistance; FS=food assistance; CS=child support; UI=unemployment insurance; SS=supplemental security; ST=state income taxes; EE=preschool and early education; HI=health insurance; CC=child care; HS=housing assistance. The white boxes indicate the inter-quartile range (25th & 75th percentiles), with the median highlighted. The length of the whiskers are at 1.5 times the IQR; values outside of that range are represented by dots. Cash-assistance based work training is not represented on the graph due to the extreme scale difference. The top range of spending per recipient is more than \$30,000.

COMPARING ACROSS STATES AND OVER TIME

In order to compare the levels of provision across states and over time, the researchers identified eleven programs that they see as constituting the core of safety net provisions for working-age adults and families and which provide some degree of state-level discretion: cash assistance, food assistance, health insurance, child support, child care, early childhood education, unemployment insurance, state income taxes, work assistance tied to cash assistance, disability assistance, and housing assistance. These programs vary in their specific target populations, but cover a wide range of supports available in every state in some form.^[2] An individual family might access one or more of these programs, but would not be likely to access all of them simultaneously.

To compare aspects of safety net provision across states, the researchers constructed measures of “adequacy” and “inclusion” to estimate the amount of spending per recipient/claimant and the share of potential recipients that are actually receiving benefits, respectively.^[3] For each type of assistance, **adequacy** is calculated by dividing total benefit spending (federal and/or state, as appropriate) by a state’s average or total caseload. **Inclusion** is calculated by dividing the number of actual program recipients in a state by the number of “potentially needy” individuals or families in the state. For means-tested programs, the estimate of the “potentially

needy” is the number of individuals or families who (a) fall into categorically eligible groups and (b) have market (or pre-transfer and tax) incomes below the federal poverty threshold. Although these estimates may not be identical to the population that would qualify for each program in a given state, they provide a consistent basis for comparing the extent to which social supports reach economically needy, program-relevant populations in different states and years.

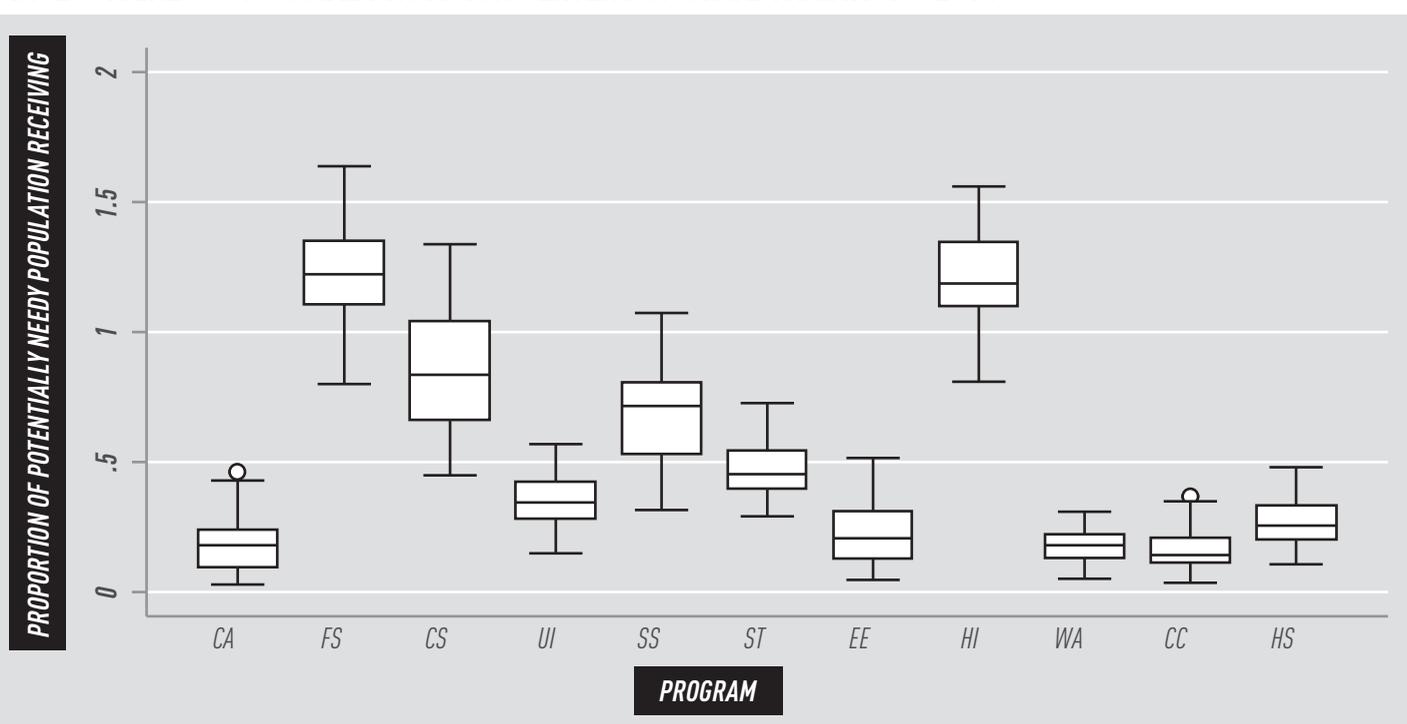
In the analyses that follow, states were compared against one another on their performance on each measure and then ranked from highest to lowest. The researchers compare states near the 90th percentile of the ranked list (“high-performing states”) with those near the 10th percentile (“low-performing states”) to get a sense of how much states vary on each dimension. This paper also analyzed change over time, asking whether states have pulled closer together or further apart in the inclusiveness and adequacy of each program between 1994 and 2014.

The researchers expect more variation in the adequacy of benefit levels in programs with more state responsibility for financing benefits: states might implement programs more evenly when the federal government covers the cost of benefits relative to programs for which states must finance benefits. Also, because states have more discretion in eligibility rules and administration than in benefit levels in most safety net programs, the researchers expect greater overall variation in inclusion (access to programs) than in benefit levels.

[2] More detail about each of these programs as well as a discussion about what supports for low-income individuals and families are not included in this definition is available in the full paper.

[3] See the full paper for details about the measures and data sources

INCLUSIVENESS OF SOCIAL PROVISION - EXTENT OF STATE VARIATION - 2014



Note: CA=cash assistance; FS=food assistance; CS=child support; UI=unemployment insurance; SS=supplemental security; ST=state income taxes; EE=preschool and early education; HI=health insurance; WA=targeted work-assistance; CC=child care; HS=housing assistance. The white boxes indicates the inter-quartile range (25th & 75th percentiles), with the median highlighted. The length of the whiskers are at 1.5 times the IQR; values outside of that range are represented by dots.

ADEQUACY

Figure 1 shows variation in the adequacy measures across states for each program in 2014. The adequacy of benefits varied the most for cash assistance, targeted work assistance, preschool and early education, and child care. The larger degree of variation can produce very different average benefits amounts across states (not shown). For example, with cash assistance benefits, a poor family receiving benefits in a low provision state would receive an average annual benefit of \$2,080, while a similarly poor family in a high provision state would receive an average annual benefit of \$5,614.

There was less variation across states in child support, food assistance, SSI, and unemployment insurance in 2014. Among programs with lower levels of variation, families would experience much less dramatic percentage differences in benefit levels across states. For example food assistance, a fully federally-funded program, has a relatively low level of variability in the adequacy of benefits: a family in a low-performing state would receive \$2,682, compared with \$3,649 in a high provision state, a 27 percent difference between the high and low states’ benefits.

Examining adequacy and inclusion across programs demonstrates rather large inequities in safety net provision in 2014. As expected, the adequacy of state benefits varies most in programs where states are spending their own funds or working with a limited pot of federal money for benefits. Two of the three programs with the greatest state-to-state variation in the adequacy of benefits - cash assistance and targeted work assistance - are part of the TANF program, a key feature of which is the flexibility states have in spending

the block-granted federal dollars. The two programs with the least variation in the adequacy of benefits are SSI and food assistance, both programs with federally-determined benefit levels.

INCLUSION

Inequalities between states are even more pronounced in the inclusiveness of social safety net programs (see Figure 2). The program with the largest degree of inequality in provision between states is cash assistance, where there was an 82 percent difference between inclusiveness in high and low provision states in 2014. However, rates of inclusion for cash assistance are low even among the more inclusive states, which reach 33 and 36 percent of poor families with children, while low-provision states reach only 6 percent of poor families with children. Child care assistance is another program with large variation in inclusion rates, reaching 9 percent of potentially eligible individuals in low-performing states and 29 percent in high performing states. Inclusion rates for unemployment insurance ranged from 23 percent of potentially eligible individuals in states near the 10th percentile to 49 percent in states at the 90th.

It is not surprising that cash assistance and child care show large variations in inclusiveness given that both are block-granted programs which give states discretion in spending and in developing their programs within broad federal guidelines. The programs with the least variation in the inclusiveness of receipt – food assistance and health insurance – are both programs with eligibility criteria determined at the federal level. Taken together, these findings suggest that federal funding, policy, and control work to reduce geographic inequalities in state provisions: the weaker the federal role, the fur-

ther apart the states are in the share of the needy they help and the level of assistance they provide.

CHANGE OVER TIME

The researchers also examined changes in adequacy and inclusion between 1994 and 2014 (not shown^[4]) to see whether states had converged or diverged in their levels of each. In five programs, states diverged over this period: the adequacy of targeted work assistance; and the inclusiveness of cash assistance, child care, preschool, and food assistance. In four programs, states converged during this time: the adequacy of child support and the inclusiveness of state taxes, targeted work assistance, and child support.

In addition to convergence and divergence, the researchers looked at how average levels of adequacy and inclusion had changed in each program between 1994 and 2014. This twenty year period of considerable economic turbulence and policy change produced substantial changes in average levels of provision. As shown in Figure 3, four programs showed substantial increases in both the amount spent per recipient (or in the case of taxes, the amount received by a poor family) and in the proportion of potentially eligible poor children and families receiving these benefits: preschool and early education, health insurance, state income taxes, and targeted work assistance. Only cash assistance declined in both the adequacy of the benefit and in the inclusiveness of the program. The remaining programs showed an increase in either adequacy or inclusion, but not both. The researchers see this as a reconfiguration of the safety net during that period. With the exception of cash assistance, states changed their levels of provision in safety net programs, but did not uniformly decrease access or generosity of benefits.

CHANGES IN AVERAGE LEVELS OF PROVISION, 1994 - 2014

FIGURE 3

		ADEQUACY	
		Increased	Decreased or did not change
INCLUSION	Increased	Preschool and early education Health insurance State income taxes Targeted work assistance	Food assistance Housing assistance SSI for disabled children
	Decreased or did not change	Child care assistance Unemployment Insurance	Cash assistance

CONCLUSIONS AND IMPLICATIONS

These findings reveal substantial variation across states and over time. The observed degree of inequality in social provision across states is substantively meaningful for families. These inequalities in social provision and redistribution mean that economically vulnerable families in some states can expect less support than in others. This is especially important when the social provision differences between states overlap with other forms of inequality. For example, other research has shown that states with higher proportions of African American residents have more punitive and less generous cash assistance programs.^[5] The authors argue that having a safety net that does less to assist economically marginalized families in already socially marginalized populations reinforces existing inequalities.

POLICY EXPERTS RESPOND

In July 2016 the West Coast Poverty Center invited five experts on state and national safety net policy (listed on page 6) to review and discuss the research and findings described above with one of the authors, Sarah K. Bruch, and a WCPC Facilitator.

Discussants agreed that the research provides strong evidence of significant state variation in the adequacy and inclusion of safety net programs designed to serve low-income people with similar needs. Participants felt that the research offers a novel, big-picture perspective across states and programs and that the findings are consistent with their deep expertise and experience. What follows are the key themes that emerged from the conversation as well as additional questions and recommendations regarding the research and its wider public use.

REACTIONS TO THE RESEARCH DESIGN AND RESEARCH QUESTIONS

Data and design challenges are inherent in defining the “safety net” and developing comparable measures across states.

As noted, the “safety net” is a collection of programs run at the local, state, and federal levels. The researchers had to make choices about which programs to include in their analysis and how to measure “adequacy” and “inclusion,” knowing that any set of decisions they made would have different implications for their results. While acknowledging the value of the research questions and the data set the researchers created, respondents highlighted the challenges of comparing across states and programs, as well as some specific consequences of the way the researchers structured their measures.

[5] See, for example, Soss, Joe, Richard C. Fording, and Sanford F. Schram. 2008. “The Color of Devolution: Race, Federalism, and the Politics of Social Control.” *American Journal of Political Science* 52(3): 536-553.

[4] Graphs are available in the full paper.

Data quality varies across states and programs. To allow comparisons across states and across programs, the researchers aggregate and summarize large amounts of data. Respondents, many of whom also analyze data across states within individual programs, noted that there are nuances in interpreting data for any given program. Even something as seemingly objective as total spending on a program by a state depends on how uniformly states interpret and implement federal reporting requirements.

The measures may be linked across programs. The measures the researchers created do not necessarily account for the many technical details of program design or interactions between programs, even though interactions between programs can influence whether states appear to be high provision or low provision. For example, eligibility for multiple programs is sometimes linked by state program rules. Families in states with higher TANF benefits would be eligible for a lower SNAP benefit and vice versa; higher TANF benefits would increase adequacy for that program in that state while decreasing it for SNAP. Respondents noted that such mechanical relationships between program rules are invisible in the measures.

Comparing the adequacy and inclusion of the “safety nets” available to families across states becomes even more complicated as states make additional policy choices such as increasing the minimum wage or providing state earned income tax credits that might affect adequacy or inclusion or otherwise interact with the rules of programs. For example, an increase in the minimum wage designed to improve economic security will affect eligibility for other programs that might also support family well-being.

Accounting for place-based variation is difficult. The researchers made decisions about how to address cost of living differences in their measures to try to increase comparability across states. While respondents agreed that it was important that the researchers accounted for differences in the cost of living across states in calculating their measures, they also noted that this made some states look “better” than expected. For example, a lower cost of living state might appear to show higher levels of inclusion for SNAP benefits. This result has little to do with state choices in program implementation. The researchers are transparent about these decisions and make it clear that the measures should be interpreted with these dynamics in mind.

Not all programs that affect poverty/economic well-being were included. The researchers focused on programs in which states exercise discretion. Participants also pointed out that certain programs, such as the Child Tax Credit and the Earned Income Tax Credit are important federal programs that do not allow for state variation. These programs and two other programs with strong federal standards, Medicaid (particularly in states that expanded Medicaid) and SNAP, reach a large share of people benefiting from the safety net. As a practical matter, the availability and consistency across these four programs may help compensate for the greater levels of variation across states allowed by the design of the other programs included in the measures.

No single approach fully captures the impact of safety net programs on well-being in the aggregate. Respondents discussed how

the researchers’ measures were an interesting way of characterizing the safety net’s scale and variability. Other relevant metrics or perspectives exist that might also help determine how well the safety net is meeting needs. One participant noted that more important than access to any one program or benefit, it is the mix or “bundle” of services which an individual or family receives that determines well-being.

Despite data and design challenges comparisons are helpful/illuminating. While the research necessarily constructs a definition of the safety net, respondents valued this specific characterization of the adequacy and inclusiveness of the safety net to describe variation across states. Such comparisons draw attention to the fact that a state’s safety net is determined through choices and that a different set of choices is possible (if not likely given a state’s budget constraints or political climate). One participant noted that she could use this type of information about relative state performance on these measures to educate state legislators about the impact of their choices.

REACTIONS TO THE FINDINGS ABOUT SAFETY NET VARIABILITY ACROSS STATES AND OVER TIME

With respect to the findings, participants agreed that the research documents an important and timely story about supports for low-income Americans and the way states have chosen to structure these programs.

Variation across programs and over time. The findings about overall limited adequacy and inclusion in most of the individual programs studied over time was consistent with participants’ expectations. This was particularly true regarding their experience with cash assistance (TANF) and the decline in both adequacy and inclusion for that program over the time period studied. Participants were more surprised by the level of variability in adequacy across states that the researchers found in SNAP, a program designed to provide less room for state policy discretion.

Program design, state flexibility, and the significance of state choices. Participants held a lengthy discussion about how state budget and policy priorities and choices interact with federal program rules and funding. The group commented on the research showing less variation in programs with strong federal eligibility rules and in which the federal government picks up more of the costs, such as SNAP and SSI. They compared these results to wide variation in TANF and child care, programs that offer significant flexibility around program rules but which are funded through federal block grants that provide a fixed amount of money to each state each year regardless of caseload levels or the number of potentially eligible people.

Participants pointed out how more children experienced poverty over the study period as the adequacy and inclusion measures for cash benefits declined. The TANF block grant lost value over time because it did not increase with inflation over the study period, giving states an incentive to keep caseloads and/or benefits down and spend money for other purposes. Fixed federal funding and

state budget constraints require states to prioritize how much funding they will contribute and the specific services they will provide toward achieving program outcomes. Some states invested the minimum amount required by the federal government while others invested more significantly. The interaction of state choices and federal rules and funding can cause meaningful differences for families, especially those trying to access multiple benefits.

Understanding the consequences and drivers of variability across states. Participants also discussed how different state “cultures” inform their policy choices and priorities even for programs with more fixed federal rules. A relatively low level of adequacy might be viewed as a problem by one state but consistent with another state’s dominant ideology about public assistance. In addition to variation across states in political climates and priorities, the group was interested in the relationship between state performance on the measures and the characteristics of potential recipients. For example, other researchers have found an association between states with more punitive program rules and less generous benefits and a higher proportion of African American recipients. The researchers noted that states with higher proportions of African Americans tend to have lower levels of program adequacy and inclusion for TANF. Bruch described ongoing analyses to further investigate whether or not this situation is specific to cash assistance programs or true across other safety net programs.

Addressing variability, particularly at the federal level. Participants discussed the role the federal government could play in addressing the significant variation in adequacy and inclusion across states and overall low adequacy and inclusion among safety net programs. Much of the variation the researchers see in their results came from explicit decisions to allow states more flexibility to modify safety net program rules. For most of the participants, the research may indicate the case for more and/or stronger federal standards. One suggestion was that states could retain flexibility in the design of programs but be required to maintain a particular level of spending on the programs and adhere to minimum federal standards around how dollars contribute to increasing adequacy and expanding inclusion.

IDEAS FOR FUTURE RESEARCH

Extending the research to include well-being. The discussants expressed interest in additional research showing how variation in spending and policy choices relates to measurable differences in family well-being. The author described their research currently underway on this issue. One participant suggested that understanding whether higher levels of adequacy and inclusion was associated with higher well-being outcomes might influence other states’ policy choices. Another participant suggested that states should be held accountable to outcome measures of family well-being rather than program process measures, such as caseload reduction. That type of cultural shift would substantially help structure programs to meet outcomes of well-being and reduce inequality.

Working toward a better understanding of individual state choices. More generally, after seeing these comparisons across states and programs, participants wanted to know more about what

influences individual state policy choices to better understand what levers would help adjust policy to improve well-being. This also relates to their interest in more information about the relationship between program adequacy and inclusion and populations of color in a state. While the former set of questions is outside the scope of the current research, the researchers are currently engaged in analyses predicting these type of state policy choices.

Deploying the research to inform policy. Participants felt strongly about the value of this work and that it should be widely disseminated and easily communicated, especially to policy audiences. Participants thought including more general information about how programs are currently structured in addition to further analyses about how these program structures relate to cross-state variation would be useful for policy discussions. Similarly, participants suggested that less technical writing would help translate and emphasize these important findings and tell the overarching story to a wide variety of audiences.

NEXT STEPS

Several members of the group expressed interest in sharing the findings within their immediate field of colleagues. They also expressed interest in bringing these findings together with similar lines of research to form a more comprehensive policy dialogue on economic well-being. Connecting multiple related research findings at once would help the policy field take a leap forward in their thinking and ideas to address well-being. The discussion ended with suggestions about specific research and issues related to safety net adequacy, inclusion, inequality, and family well-being outcomes that could be addressed in a convening of researchers and policy practitioners.

DIALOGUE PARTICIPANTS

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<i>Shannon Harper</i>	<i>Research Director</i>

APPENDIX A: LEVEL OF DISCRETION ON FINANCING, POLICY, AND ADMINISTRATION FOR SELECTED SAFETY NET PROGRAMS

CATEGORIZATION OF STATE DISCRETION BY PROGRAM	FINANCING	POLICY	ADMINISTRATION
<i>Cash Assistance* (Income support to very low-income families)</i>	<i>Medium</i>	<i>High</i>	<i>High</i>
<i>Targeted Work Assistance* (Training/work activities, including transportation costs)</i>	<i>Medium</i>	<i>High</i>	<i>High</i>
<i>Food Assistance</i>	<i>Low</i>	<i>Medium</i>	<i>Medium</i>
<i>Unemployment Insurance</i>	<i>Low</i>	<i>Medium/High</i>	<i>High</i>
<i>Supplemental Security Income (Income support for children with disabilities)</i>	<i>Low</i>	<i>Low</i>	<i>Medium</i>
<i>State Income Tax</i>	<i>High</i>	<i>High</i>	<i>High</i>
<i>Preschool/Early Education (Federal Head Start and state funded pre-K programs)</i>	<i>Medium/High</i>	<i>Medium/High</i>	<i>High</i>
<i>Child Care* (Public funding to subsidize care)</i>	<i>Medium</i>	<i>High</i>	<i>High</i>
<i>Child Support</i>	<i>Low/Medium</i>	<i>Medium</i>	<i>High</i>
<i>Child Health Insurance (Health care for children in low-income families)</i>	<i>Medium</i>	<i>Medium</i>	<i>Medium</i>
<i>Housing Assistance</i>	<i>Low</i>	<i>Low</i>	<i>Medium</i>

* The Temporary Assistance to Needy Families (TANF) Block grant funds cash assistance, targeted work assistance and a portion of child care funds. However, due to the high level of state discretion, many families receiving targeted work assistance are low-income families, but not necessarily families receiving cash assistance.