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PUBLIC WELFARE: UTILIZATION, CHANGE, APPROPRIATIONS, SERVICE

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Introduction

During the decade of the 1960's there was continually increasing interest in the programs of public welfare. This interest sprang from several sources. Citizens, always worried about welfare expenditures, developed resurgent concern. Recipients, long a quiet group, became more active, forming the National Welfare Rights Organization. And then there was the rediscovery of poverty as a social problem, and a realization that very many Americans were poor, many more than anyone had somehow realized.

The general interest in poverty and the measures used to relieve it had an effect on the academic community, generating some sustained and critical attention to public welfare by people other than those identified with the social work profession for the first time in many years.¹ Of particular interest were the rates of welfare utilization and the amount of money the client on welfare received. The purpose of this paper is to review literature in the area of welfare utilization analysis, to present some new data in the area, and to present a hypothetical model which accounts for some of the differences in the data, and provides an integration of the mechanism used by welfare agencies to deal with the multiple contingency situation they face.

Four Studies²

In an early report, Dawson and Robinson reviewed the public assistance programs within the context of state politics, and looked at welfare expenditures in relationship to socio-economic factors, "need", and some "political correlates." They found that social factors (urbanization, industrialization, foreign born, per capita income) were related positively to welfare expenditures. Using three measures of "need" (infant mortality, children without both parents, and youths not finishing schools), they found that "the extensiveness of welfare programs varies inversely with objective need."³

Gordon, looking at New York City, came to the conclusion that while there was much unmet need in the city "... the largest source of the increase in welfare stemmed from the increase in real grant levels..."⁴ This conclusion is based, however, upon a single city, and should be carefully considered as to its applicability to the

nation as a whole. It represents, further, the public fear of conservatives, as well as perhaps the secret concern of liberals, about the effects of benefits which become "too adequate."⁵

Collins, in an extensive study, covers all the welfare programs. At some points, her results are different from those of Dawson and Robinson. Specifically, for the ADC program, she finds that per capita income has negative relationships to the per capita ADC expenditures, in contradistinction to the positive relationships found by Dawson and Robinson⁶ on total welfare expenditure (although Collins continues to get negative results with four federally aided programs combined). Further, using a somewhat different measure of "need" (per cent of children living with mother only, 1960), Collins finds assistance positively related to need as opposed to Dawson and Robinson's negative relation.⁷

Perhaps the most complicated study is the one by Kasper. Looking only at General Assistance Rates, he attempts to develop a predictive model using residual unemployment ("the unemployment rate during the recent past"). These rather than the "differences in the average levels of payment in the states seem to be the major explanation of interstate variation in the proportion of the states' population receiving General Assistance."⁸

Looked at as a group, the studies are enlightening as well as puzzling. It is not surprising that beginning studies in a new area produce some contradictions. And it is not our purpose here to engage in critique. But there are some deficiencies which are common to them all, and which deserve consideration.

A primary area in which the current studies lack specificity is in providing regional controls. On many variables, the influence of region is well known. In the welfare field, one would not expect this influence to be any less.⁹ Therefore, in the data we present, four regions -- north central, north east, south, and west are also presented separately. The rather large differences we found not only in means but in correlation coefficients suggests this specificity would have been useful.

One other distinction seems necessary as well. Kasper anticipates it in his comment that "Although it seems there is a more clear-cut relation between the rates of GAP and the levels of payment in states which offer little assistance, we make no attempt at an explanation."¹⁰ The general level of the states' wealth certainly affects both the amount of need and the capacity of the state to meet need. Further, there is a "willingness" aspect observed through the degree to which a state is willing to tax itself to provide for welfare. While we have as yet no comprehensive measures of states on this variable, the very least one can do is divide the states into high and low

per capita income groups, and inspect, within each group, the interrelations of welfare and social variables. This we have also done.

A second area in which more discussion is needed lies in assessing the degree to which the program meets "needs." Dawson and Robinson, for example, argued that the program was not responsive to need as they measured it.¹¹ Yet prior to this type of analysis one is required to assess, in a macro-system sense, the degree to which the program is meeting its mission. Particularly, we need to know how adequately the program is meeting the "demand" for its service. In some cases, such as telephone service, there is relatively little distance between the demand and the supply. In other cases, such as public welfare, there is a great gap between the potential enrollees and the actual recipients. The dimensions and meaning of this gap need to be explored.

Thirdly, the studies generally use a kind of macro-micro analysis pattern looking at the broadest measures of social structure and predicting the mean grant level for an assistance program. There is, of course, nothing in principle wrong with this style of analysis. In this case, however, the mean grant level, or the recipient rate, are all variables which are connected to the county office.¹² To a degree at least, the relationships between the large scale system variables on the one hand and the average measures of use and payment on the other are mediated by an organizational level. People can be switched from one program to another if funding becomes problematic. At least one decision which administrators face is whether to fund many people at low levels or fewer people at higher levels.¹³ While we cannot now measure the impact of organizational structure directly, it is important theoretically to understand the interrelatedness of utilization, appropriation and, to an extent, service (as measured by caseload) because of their common organizational locus.

A fourth point worth taking into consideration is that welfare agencies in each state must and do secure a budget from the state legislature. Expenditure rates which exhaust this appropriation too soon may create problems. Kasper mentions this point in passing, noting that "...welfare agencies may be operating under a fixed budget."¹⁵ This may well introduce a series of constraints into the management of public assistance which has hitherto been unclear. In fact, as we will discuss later, it seems quite possible that the elasticity of the funds available for public welfare is much less than the elasticity of potential and actual demand.

Finally, the studies perhaps necessarily, miss the critical variable of change in the public welfare rates. During the sixties, and especially for the AFDC program, there were significant increments in the size of the programs. This increased pressure on the program

was alone sufficient to stimulate much discussion of the applicant rate, apparently under the assumption that these increments were "odd." But any study today would have to include a measure of the increments in the rates, as well as the level of the rates.

The purpose of this research report, then, is to add to the developing literature some exploration of the rates of public assistance in the various states in relation to each other, to the funding of public aid, to change in the number of applicants, and to the level of services provided under the program. In this case, service is defined as the number of cases per AFDC worker. In looking at these rates and their relationship to the societal (or state) context in which they exist, we shall attempt to take into account some of the difficulties with the previous studies.

Data and Method

For the fifty states and the District of Columbia a number of variables developed which were relevant to the public welfare system. We decided to focus on the AFDC program exclusively for several reasons. It is, of course, the program within which the largest average increments have occurred. Also, it is the program which, over all, is surrounded by the greatest controversy. The public is relatively willing to support the blind (Aid to the Blind), the aged (Old Age Assistance), the disabled (Aid to the Permanently and Totally Disabled). To a lesser degree, the public is willing to provide short term aid to people who are not covered by any federal category (General Assistance). Serious difficulty occurs, however, in the program for Aid to Families with Dependent Children with overtones of indolence and promiscuity which the public seems to instantly assert characterize the families. Finally, in a short treatment, looking at all five programs would have been prohibitive.

Basically the approach presented here is correlational. A regression study has been undertaken expanding on the data developed here.¹⁶

In line with the comments we made on the other studies, we have presented results for four regions (North East, North Central, South, and West). Also, because we believed that the fiscal capacity of the state was of importance in many ways for the welfare programs, we divided the states into two groups --High and Low -- on the basis of per capita income.¹⁷ Using the mean per capita income of \$3,200 per year as a point, we created two groups of 25 "rich" and 26 "poor" states respectively.

Findings

The Poverty Gap

As a first step in looking at welfare structure, we are

interested in knowing how closely the program comes to meeting the need for welfare assistance. There is no direct measure of people in need. However, the 1962 City-County Data Book does report the percent of families with incomes under \$3,000 in 1959. This figure can be considered to be a population at-risk, and although the entire number would not be eligible for assistance, many would be, or could be.¹⁸ Hence, it provides a well-known, uncomplicated measure of poverty in the state against which the efforts of the program can be considered. Since the AFDC program is for families, there is a nice articulation of populations. The relevant data are presented in Table 1.

Table 1 About Here

These data are quite striking. For the nation, 23.5% of the families had incomes under \$3000 in 1959. In 1967, there were 2.56 AFDC cases per 100 families. There is, of course, a discrepancy in the years. Nonetheless, there is still a significant gap, suggesting a rather large number of people who are in need, and who constitute a "pressure" on the public welfare system of a constant sort.¹⁹ It also means, as we shall see, that one can observe increases of 100% or more, and still be at a very low level of adequacy. It appears that our citizenry has never realized just how far from meeting needs the program was. People become shocked at large increments in utilization, large from the perspective of the program, but small in respect to the potential user.

The results by region and income are interesting as well. It is immediately clear that there are large differences in the distribution of poverty throughout the state groups, ranging from a low of 15.8% in the North Eastern States to a high of 32.9% in the Southern States. And, by definition, states high in per capita income have less poverty than those with low per capita income, 16.0% to 30.4%.

The rates of utilization, however, show some interesting shifts. Despite the fact that high and low per capita income states have radically different rates of poverty, their rates of assistance utilization are almost identical. This suggests that, regardless of benefit levels, poor states are making a relatively greater effort or are forced by the pressure of the greater numbers in need to do more. The correlation coefficients between the level of poverty and level of utilization suggest a similar theme. Interestingly enough, poor states show a positive relationship (.300) between level of poverty and utilization, while rich states show a negative one (-.269). It implies that within poor states, as the proportion of poor increases, there are modest increases in those on assistance.

In rich states, however, as the proportion of poor increases, the number on assistance shows a slight decrease. As we shall see later, there is apparently some trade-off between rate and benefit. Within poor states, increasing levels of utilization is associate with lower grants; within rich states, increasing utilization levels brings higher grants.²⁰

It is not the case that poor states actually do more than rich states. Their greater "response" is relative, and at a very low level. Hence the greater poverty gap becomes an element of pressure in the system, to which there must be some response, and there is. But the response is actually quite inadequate.

Pressure and Adjustments

Pressure on the state welfare system comes, in one way, through the number of people using welfare. It has increasingly come as well through increased applications and thus increased welfare utilization. There has been considerable speculation about the cause of the increments experienced during the 1960's. Some have argued that the political pressure developed by the National Welfare Rights Organization has been a potent factor. Others have seen loosening eligibility through court decision and agency rule changes as key. Still others have argued that better benefit levels themselves have made welfare a better bargain, and induced people to leave whatever they were doing and become a welfare recipient. Doubtless each, as well as other factors are involved. However, two factors -- state climate as represented by region, and the massive pressure on the program as a result of the poverty gap seem of first order salience. Relevant data are presented in Table 2, which shows the interrelationships by region and state income of utilization and change.

Table 2 About Here

It is clear overall that the rate of increase in use of the AFDC program between 1964 and 1969 was very heavy. Nationally, there was a sixty percent increase, ranging from a low of 56% in the south to a high of 80% in the northeast. Interestingly enough, the rate in rich states was 20% higher than in poor states (69% to 51%).

These rates of increase are high, and one can easily see how, taken independently of any sense of the location of the total program in the system, they would be alarming. However, despite the magnitude of these rates, the AFDC program meets only a small amount of the potential demand. Significantly enough, that area with the greatest poverty -- the south -- shows the second lowest rate of increase (56%)

while the northeast and west, with relatively lower rates of poverty, show relatively higher increments (80% and 62%, respectively). It appears that a poor person living in the south would do well to make the investment (if he could) to travel north. These regional differences make clear that the fight over residence requirements makes some real differences to the state and potential users.

It should be remembered, however, that the large rate of increase evidenced in the northeastern group would not bring its welfare rates (See Table 1) up to that of the south, even if the south had had no increments. In this sense, it is the west, with the second lowest rate of poverty, the second highest rate of utilization and the second highest rate of increment, which becomes the area doing the relative most.

The correlation coefficients between increments and the level of poverty and utilization are presented in Table 2 as well. Nationally and regionally, there are only modest relationships between utilization and increments. However, in the northeast and west, change is positively related to utilization (.228 and .121) while in the north central and south groups, the relationship is negative (-.302 and -.258). One factor which the former state groups have in common is relatively low poverty levels, suggesting that perhaps wealthier state groups would be more tolerant of increments. This notion is supported by the coefficients in the rich and poor state groups. Within the rich states, there is a positive relationship between use and increment (.460) while in the poor states the relationship is negative (-.359). It may well be that poor states have certain maxima which can't be exceeded for financial reasons. Thus, in the poorer states, a higher level of utilization means that there is little room for change and increase. In the rich states, however, it could be that higher rates of use inspire more to use welfare, something for which the richer states have a higher tolerance. They may have as well a somewhat greater willingness to "help out" based upon a more adequate fisc.²¹

This rate of change then, combined with the level of utilization, creates a pressure on the public welfare system. It is important to keep in mind though, that the weight of those increases, even at levels which exceed 50% is simply a slight manifestation of an immense latent pressure, which, to some extent, welfare administrators had been dealing with all along. However, rates of use and change are only one component of the situation. Another important part is how much people receive.

Appropriations

The adequacy of the program depends not only upon how many people are receiving some payment, but on the amount of the payment they are receiving. And the payment, as we and others have suggested, is related to the level of utilization and the degree of change. Relevant data are presented in Table 3.

Table 3 About Here

For the nation, in 1968, the average welfare appropriation, per person, under the AFDC program was \$37.00. There are, as expected, important regional variations. Grants range from a high of \$49.34 in the northeastern states to a low of \$25.12 in the south. One sees as well, the expected difference between rich and poor states. Despite the similarity of rates, the grants in the poor states average \$29.49 as opposed to the grants in the wealthy states of \$44.84.

The correlation coefficients are equally interesting. First, there does appear to be a relationship, though in varying intensity, between the grant and the degree of change. For the nation and the sub-divisions represented here, there is a positive correlation between these two variables. It ranges from a low of .044 in the west to a high of .724 in the northeast. We should immediately note, however, that the quick assumption that increased grants bring more people into welfare deserves the closest scrutiny. Indeed, it appears equally plausible that as more people apply and are accepted, more needs present themselves, resulting in higher grants. It is doubtless true, and wrong to deny, that a better benefit picture makes the program more appealing; but we should not use this "common sense" argument without thought, especially because the relationship between appropriation and utilization present a somewhat different picture.

For the nation, and several of the subdivisions, the relationships between utilization and appropriation are negative. It suggests an inverse relationship between the level of use and the grant. Where grants are lower, utilization rates would be higher. However, the relationship is not quite this clear. While an inverse relationship may characterize some areas, it does not characterize all. In regions with the highest, and lowest grants, there is a positive relationship between rates and grants. Using the rich and poor states as a basic pattern (southern states merge into the poor states) higher levels of utilization are positively related to grants for such states while in poor states the reverse is true. Generally, one might think of a situation in which the grant acts as a control in the rate of use. However, in the more wealthy states, there is greater ability to provide more adequately and hence, this control does not become operational. Indeed, as welfare departments attempt to improve the adequacy of their appropriations, this may well act to bring in some others, which may, over time, require the invocation of controls.²² We come back once again to one of the central difficulties faced by the assistance program -- it is so far from meeting needs that it continually faces a qualitative-quantitative dilemma.

"Service"

One aspect of program quality, of course, is the adequacy of the grant. Another one, and one much in dispute, is personal counseling

service implicit in the use of a caseload administrative structure. We cannot, of course, assess the quality of the interaction between worker and client. However, using the assumption that the smaller the caseload, the more helpful the worker is likely to be, we can look at caseload levels. It would be appropriate to do this because caseload is something of interest to the welfare professionals as well. Relevant data are presented in Table 4.

Table 4 About Here

It should be understood, in considering the data of Table 4, that Federal guidelines for reimbursement require that a caseload of 60 is necessary. Hence, the national average of 65 shows the influence of this policy. And the range is only between 58 and 74. Further, it is useful to remember that the correlations behave in the opposite way than we are used to because the lower the caseload, the better things supposedly are. Hence the negative signs in many of the numbers.

Looking at Table 4, several points become clear. First, there is overall a "positive" relationship between appropriations and caseload, between increasing clients and caseload, viz., as the appropriations increase and the number of people serviced increases, the caseload decreases.

What is also interesting is that the level of utilizations is less clearly related to service than the previous variables. In four cases, there is a positive (negative) relationship. In the remaining three cases, caseloads increase as utilization increases. And finally, the relationship between the level of poverty and the provision of service is quite clear -- as poverty increases, so does caseload, with the single exception of the north central state group.

The rich and poor states show an expected pattern. As the former group provide higher grants, experience higher utilization and greater increments, service improves. Poor states have a similar pattern interrelationship to appropriations and change, but shift on utilization and poverty levels, where service deteriorates as they increase.

In general, it seems reasonable to conclude that positive orientations toward the provision of service are related to positive orientations toward adequate funding, toward greater tolerance for increased use and higher levels of use. If an area is positively disposed on one, it is likely to be positively disposed on another at least up to a point. Service, like the other variables in this respect, seems negatively related to the level of poverty. This general group of findings suggests that we should look at the ability and willingness of the states to fund welfare programs.

The Willingness and Ability of States

The concept of "willingness" and ability, however important, are difficult to measure. As a beginning attempt, we have used three measures -- the personal income per capita, 1968, state and local taxes, per capita, 1967, and public assistance expenditures, amount per \$1000 personal income. Generally, it seems that the broadest measure of ability would be the wealth of the state. Willingness could be assessed by the amount that was actually expended, in relation to income. However, intermediate between the ability and the willingness measures is something which in a sense assesses both ability and willingness -- taxes, measured here by state and local taxes, per capita. In general, it seems that the first consideration in the amount which the state makes available for welfare would be the wealth of the state. The level of wealth, and the general willingness of the state to tax itself for any and all purposes, provides the pool of money from which the welfare money must come.²³ Given the tax funds, public welfare interests, as other interests, must compete for allocations. Data relevant to these considerations is presented in Table 5. It becomes clear immediately that there are important differences in the capacity of the states to provide money for public welfare purposes.

Table 5 About Here

Indeed, the differences to us validate the initial separation of states into rich and poor. In the rich states, the mean personal income per capita is \$3,697 while in the poor states it is \$2,768. This difference, of just under \$1000 per capita, is a very great one, and certainly means that poor states are not just in a statistically different group from rich ones, but have significantly less resources. In terms of state and local taxes, the rich states show greater willingness to pay more. State and local taxes are \$334 per capita in the rich states, and \$155 in the poor ones. And there is the expected difference in the amounts of welfare expenditures in relationship to the wealth of the state. More is expended in rich states than in poor ones. This simply suggests that rich states are not only more able to spend money, but more willing. It may well be that the greater ability is the cause of the greater willingness. It may also be that in a situation of relatively greater security, people are inclined to be a little more "charitable." The correlational data support this contention to a degree. The correlations between wealth and taxation are considerably stronger for poor states than for rich, which implies that poor states tax themselves relatively more than rich ones, although less in dollar amount. However, the relationship between tax and welfare monies is just the reverse. In that case, the rich states exhibit a stronger relationship between tax and welfare monies (.570) than poor states (.152). This suggests that rich

states are relatively more willing to spend for welfare than poor states.²⁴

Ability and willingness, however, need to be translated into actual welfare-tangible figures. Hence, we must look at these variables in relationship to poverty in general and then to utilization, change, appropriation and service. Relevant data is presented in Table 6.

Table 6 About Here

Initially, it is clear that poverty is negatively related to both ability and willingness. This finding is almost tautological, given the definitions, but is not as absolute and complete as one might have expected. For example, the level of poverty accounts for approximately 64% of the variance of per capita tax in poor states, and 4% of the rich states. Yet the level of poverty has essentially the same relationship and a very modest (though negative one) one on expenditures.

The relationship of utilization to ability and willingness is an interesting one. Nationally, there is essentially no relationship between utilization and ability. Yet as we break it down it appears that in rich states, ability and utilization is positively related (.554) and in poor states, it is negatively related (-.428). It seems that within wealthy states, as wealth increases, so does utilization. However, within poor states, increments in wealth are related to decreases in utilization. Given the fact that there is a positive relationship (.240) within the poor state group between public assistance expenditures per capita and the average appropriation, it could well be that poor states try to provide somewhat more money, at the expense of greater scope. This interpretation is supported by the correlations with change. Both ability and willingness have weaker relations in poor states than in rich ones.

Perhaps the most clear-cut relations would be expected between the fiscal indicators of ability and willingness at the state level and the actual appropriations. And indeed, the correlations are quite strong, as social science data go. Perhaps the interrelationships between ability and willingness can begin to be understood by inspecting the line of relationships between per capita income and appropriations. Overall, the relationship nationally of .657 implies that a reasonable relationship exists between state wealth and appropriation. Looking at the rich and poor controls, however, it seems that rich states have a weaker correlation than poor states (.125 vs. .516), suggesting that the wealth of a state is far less important

in determining grant levels in rich than in poor.²⁵ These data support the previous inference that the wealthier states go for broader coverage, while the poorer states try to increase the grants (recalling that wealthier states have higher grants anyway).

The willingness to tax seems to be a powerful variable in relationship to appropriations, judging from the strength of the relationships. In states with a high per capita income, the relationship is lower than in the less fortunate states (.494 to .730). Again, it implies that willingness counts more when the ability is low.

Discussion and Implications

The results seem to make clear that one of our original suspicions, that studies of public welfare appropriations and utilization require regional and contextual controls seems amply supported. Even the apparently simple question of whether or not the program is meeting "needs" becomes complicated. In the overall sense, there is a clear gap between potential enrollees and the actual cases receiving assistance. Yet within this context, poor states apparently are trying, though inadequately, to respond. The difficulty lies in the fact that the poorer the state, the greater the need, and the less the resources with which to meet the need. The distinction between rich and poor states, with the different welfare behavior they express, bears this out. And it explains part of Kasper's finding, that relationships are more clearcut in states with little assistance.²⁶

To us, one of the most salient factors in the research is the gap between people receiving aid and those who potentially could use some aid. The existence of this large gap has, we think, a host of implications for the welfare system, implications which are largely ignored by other analysts.

First, it upsets the illusion that, because a program exists to help alleviate poverty, it must come somewhere close to the goal. As has been previously noted, we as a country simply have not come to grips with the real extensivity of financial need. Hence, as we think about the problem, we are surprised at extant levels of utilization, annoyed at the level of appropriations, and aghast at large increases in either. Automatically, we assume that people are leaving the work force in droves, that there is widespread cheating, that people are receiving too much money, and that social workers are "soft" and "bleeding hearts." The fact that over twenty percent of American families in 1959 were surely poor, and that this figure itself underrepresents the number of children in need, somehow never permeates. And we have all been guilty of "under recognition." It seems most appropriate, therefore, to consider appropriations, utilization and change within a framework of great pressure and for practical purposes, almost complete inadequacy. Welfare administrators simply do not have the resources to deal with the problems of financial need in the context

around them. The exact nature of this context, along such dimensions as the extensiveness of need, the level of utilization to which the state has become accustomed, the willingness and ability of the states to provide welfare funds, may differ, and does differ. It is for that reason that studies which consider the overall rate on a macroanalytic basis become contradictory. For hypothetical purposes, let us present an overall model of welfare operations which can perhaps account for some of the variations and uncertainties.

We shall begin with the understanding that the basic element in the welfare system is the money which the state has to use. The sources of welfare monies are three -- federal, state, and in some general assistance programs, local. And for purposes, here, the sources are only state and federal. There are different calculi involved in each of the funding sources. The basic element is that the federal monies come on a case supplement basis, with a limit per case but theoretically no total dollar limit. State money is part of the total state budget, passed upon by the legislature.

Based upon some estimates of "need" the state welfare department will submit its requests to the legislature, along with the other departments in the state. At this point, several considerations external to welfare enter. Welfare appropriations must compete with other programs for a limited amount of state dollars. In poor states, the problem of competition becomes especially acute, and even more serious because the poor do not have representatives in the state capitols lobbying for their interests.²⁷ Further, our general ideology about the poor means that welfare administrators would be unlikely to ask for an amount which would have adequacy and extensivity. There is a sort of subjective limit to budget increases which is difficult to surmount, and this general hesitance only augments a specific hesitancy insofar as the welfare program is concerned. After some wrangling, a budget is accepted. Generally, it is what the department received the previous year, plus or minus a small amount.²⁸ This appropriation is surely less than would meet need. But this is the money available, and this is the money with which the administrator must work.

One very important feature of the state allocation is that it appears relatively inelastic, viz., that there is relatively great difficulty in getting additional appropriations if the money runs out. There is no way other than calling a special session of the legislature. Invoking an extraordinary session of the appropriations machinery is a risky business under the best of circumstances. To do so for a group which is unpopular simply opens the whole situation up to "flack" at best, and could result (and has) in punitive changes in the program aspects governed by the state.²⁹ For most practical purposes, then, the fiscal inelasticity means that the state department of welfare has to live within, or very close to, the budget approved by the legislature. This in turn means that the state budget is an effective parameter on state welfare spending. Given the set amount of money,

the state department can give more people less or fewer people more. If it gives more people more dollars and begins to run out, then it's in trouble.

The fiscal inelasticity, however, would not be a serious problem if the program were closely articulated to the need for its services. In that case, there would be small overruns which could probably be handled by the state departments of social services without much trouble. However, the situation with public welfare is exactly the opposite. We have shown that there is a serious chasm between those people helped by the program, and those who might be potential enrollees of the program. Certainly, there are important proportions of people who could be on welfare, but who, at any given moment in time are somehow "making out" without applying. This group constitutes a direct pressure on the organization (See Table 1). Then there is a larger proportion who at any given moment in time may not be eligible, but who, depending upon even slight changes in their personal and social circumstances, could well become eligible. Both these groups are very elastic. Hence, the elasticity of the "demand" or "need" is great, depending upon a variety of factors which the departments of social services cannot control. This is suggested by Table 2 which shows rather modest correlations between prior use and change. We thus have a situation where, depending on economic conditions, the presence of a strike, a spell of inclement weather, or whatever, can bring a number of additional people to the doors of the public welfare office making application for welfare benefits.

One further problem needs noting. Welfare administrators and professionals, like other people running programs, constantly seek to improve their program. One type of improvement in the program is to make the grants higher, and to cover more needs in existing grants. However, as this is done it is likely to make the program more attractive, and hence, draw more people from "making out" status onto the roles. This is perhaps one of the reasons for the positive correlations between change and appropriation, relationships which are higher than between change and utilization. It does seem that states try to respond, though poor states do so more inadequately. This can explain in part the bitter truculence which often erupts when clients and state fiscal officers get together. The clients point to the real, palapable inadequacies of the program, in both adequate and coverage terms. Officers of the state point to the degree of responses in both these terms which has been made, and to the limitations of the state fisc. Both are right. Across the board, intrastate increments in appropriations and increments in enrollees (change) are positively correlated (Table 3). It is true as well (Table 2) that the relationships between intrastate increments (change) and poverty are all negative. In sum, then, the department of social services operates in a situation defined by minimum to low elasticity on the fiscal ("supply") side, and medium to high elasticity on the need ("demand") side. Attempts to make the

program more fiscally adequate for the recipients means that such increases in supply as the administrators can negotiate will make the program more attractive to nonenrollees, increasing applicant rates, and putting stress on the ability of the program to meet demand at the new, higher level. Negotiating these troubled waters is one of the main jobs of state welfare administrators and their county counterparts.

Several options are available to welfare personnel in dealing with the complex situation of differential elasticity which we have been discussing. One pattern we observe is an inverse relationship between the rate of use (between states) and the grant. This obtains in northcentral states and in western states, and in low income states, and, in a mild way, for the nation as a whole (Table 3). This is the difficult choice between helping more people with fewer dollars, or fewer people with more dollars. Steiner comments

To put it another way, states may either stretch a fixed state appropriation to cover whatever number of categorical assistance applicants are found eligible.... But this does not assure payment to the client of a fixed amount because state funds may be finite and states may therefore pay clients less than fully budgeted need. States may not establish waiting lists in public assistance, but they may divide their money into smaller shares for more people.³⁰

Another alternative, of course, is to seek more money. Success here depends on the ability and willingness of the state to provide more money, and there is some evidence from the tables that the more wealthy the state is, the more likely it is to be able and willing to increase coverage and benefits. However, there are, we are sure, maxima here which even wealthy states will not exceed. Especially as economic conditions cause higher prices and lower tax revenues, competition for the tax dollar will increase. If historical examples are followed, welfare is almost surely one of the first to endure "economies."³¹ This is virtually certain to be true when the "effect" of programmatic improvements is to create increments in the number of people using welfare, or the number of people using welfare brings forth new needs. This appears to be the case in high income states. Those states which have higher appropriations have higher use. However, it should also be noted that there are positive relationships between utilization and appropriation in the south and the northeast, the poorest and richest segments of the country, respectively. It suggests that the relationship between appropriations and utilization is curvilinear. In poor states with high poverty and low benefits, needs are great, and increments in utilization and grants are positively related. Increments in appropriation are not great. In the northeast which is the wealthiest area and spends the most for welfare, increments also bring more people onto the roles. In one case, greater pressure operates; in the other, greater willingness. So for diffe-

rent reasons, the poorest and the richest attempt to secure more money, while those in the middle effect some kind of "trade-off" between grants and appropriations.

Summary and Conclusions

One point should now be clear, viz., that easy answers to the question of "response to need" will simply not be forthcoming. The programs of welfare assistance in this country, which operate through the state and county welfare departments, (and these do not include all "welfare" programs by any means), attempt to meet need insofar as they can respond to it. However, the picture is a complex one, and must begin with an understanding of the great gap between program enrollees and potential needy. Within this context, it appears that attempts are made, within the state itself (and county), to balance needs, resources, adequacy, extensivity into a sort of continuing calculus. Hypothetically it appears this calculus is one of negotiating between inelastic fiscal support and an elastic need for welfare aid.

In developing the final picture for any state, the ability and willingness of the state to provide welfare benefits seems to be a factor. In general, states with relatively lower poverty levels and higher incomes have a greater willingness to provide benefits, which in turn results in more adequate coverage and greater rates of increase. It is probably better to be poor in a rich state than in a poor one.

In any case, it is the complexity of the interrelationships, rather than their simplicity that is impressive. It is clear that one program alone does not provide sufficient data -- we must ultimately consider all the programs -- federally aided and general assistance as well as such federal programs as housing, veterans benefits, etc. We can expect to find interprogram adjustments as the states try to balance out help to the various categories of eligibles. Our early thought that direct relationships between macro economic and social indicators and simple rates ignored the transactional activities of the welfare department seems to be borne out, and points to intensive study of the local welfare unit as a key element in much of the welfare process.

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FOOTNOTES

1. For one good study, see (Steiner, 1966).
2. Dawson and Robinson (1965:371-410); Gordon (1969:64-88); Collins (1967:97-173); Kasper (1968:86-110).
3. Dawson and Robinson (1965:402).
4. Gordon (1969:83).
5. Indeed, this old fear prompted the principle of "less eligibility" in Europe and England. In the words of Baron von Vought, of Hamburg, Germany, written in 1776, "It was our determined principle to reduce this support lower than what any industrious man or woman in such circumstances could earn; for if the manner in which relief is given is not a spur to industry, it becomes undoubtedly a premium to sloth and profligacy..." in Karl de Schweinitz, England's Road to Social Security (New York: Barnes & Nobel, 1961), 92. In 1968, Kasper speculates that "Perhaps one result of receiving welfare assistance for a long period of time (or living in a neighborhood with many welfare recipients) is an increased preference for leisure relative to work." Kasper (1968:87, fn. 2 & Table 5:156).
6. Collins (1967:126 Table 6); Dawson & Robinson (1968:404 Table 10).
7. Collins (1967:126 Table 6); Dawson & Robinson (1968:402 Table 9).
8. Kasper (1968:109).
9. Kasper (1968:94). He uses a dummy variable, 1 = eastern and northern states; 0 = rest.
10. Kasper (1968:109). Klatzky (1970) looks specifically at the level of wealth of a state as a basis for differentiation of functions between state employment agencies. And Presthus (1964) notes differences in the stratification structure of a community relates to its ability to mobilize resources.
11. Dawson & Robinson, (1968:402 Table 9).
12. This is the usual case, although there are some states which have the federal programs separate from the General Assistance Program, etc.
13. For example, Banfield comments: "And by keeping the effective demand for benefits within manageable bounds, it (the welfare bureaucracy) could also make feasible higher payment levels than could otherwise be allowed without swamping the system." He adds

in a footnote "...that generosity." Banfield (1969:100).

14. A study is underway which has distributed extensive questionnaires to a national sample of county welfare directors. As the results become available, we will have a better understanding of this "transactional organization". For some study of these areas, see Sarri, et. al. (1970). Also, see Rosemary Sarri, Wolfgang Grichting and John E. Tropman, "Client Careers in State Departments of Social Welfare" unclassified report, Social and Rehabilitation Service, Department of Health, Education and Welfare (March 1969).
15. Kasper (1968:94). In our judgement he misses the significance of this point, however.
16. In a larger study, the author has welfare rates for all five programs for a sample of 350 counties within the United States. The research is currently in process. And looking at the inter-correlation matrix of the five programs for all counties, 1969, shows that the rates of utilization are positively correlated. Hence, one indicator program can be selected with a somewhat greater feeling of confidence. See, Sarri, et. al. (1970:167 Table 3:11), and Tropman (1974, 1975).
17. High states are: Alaska, California, Colorado, Connecticut, Delaware, Washington, D.C., Hawaii, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Washington, Wisconsin.

Low states are: Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Kentucky, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wyoming.
18. This figure has some "two adult" families, which would be ineligible but would tend to underreport families with large numbers of children who would be eligible.
19. Using the suggested figures by Mollie Orshansky (viz., \$3,000 for a family of 4) 38.9 million persons (22.1% of the population) were in poverty in 1959. By 1966, this figure dropped to 15.4% which still constitutes a formidable pressure on the public aid system. Encyclopedia of Social Work, (1970) Table 16, p. 1580.
20. See Table 3.
21. Also, they tend to be the states with higher costs of living.
22. That is, that rich states may be more willing and able to tolerate higher grants than poor states, but they are not without any limit at all.

23. Welfare money, of course, comes from the state and the federal government. However, the federal supplement comes on a per case basis, and hence, the basic calculus is determined by the amount of money the state provides.
24. Phillip Booth notes that the contrast between the condition of poor and rich is more visible and more extreme in rich, rather than poor states, leading perhaps to more public support.
25. The different marginal matching ratios between Federal and State grants may have an impact here.
26. Kasper (1968:94).
27. There may be a "pecking order" for programs as well, with certain ones, education for example, having first priority.
28. See, Wildavsky (1964).
29. One special device favored by state legislatures is the ceiling or upper limit on a grant for one or another program.
30. Steiner (1971), p. 23.
31. The actual budget may not be cut, but it may have to service more people. One first step legislators often take is to redefine need. Several states (New York, for example), have reinstated residency requirements.

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TABLE 1: Level of Poverty and Level of Utilization of Aid to Families With Dependent Children for the Nation and Subdivisions

Poverty (a)	Nation	Northeast	North-Central	South	West	High Per Capita Income	Low Per Capita Income
Percent of families with incomes under \$3000, 1959 ¹	23.45	15.8	22.1	32.9	17.1	16.0	30.4
Utilization (b)							
AFDC cases per hundred families, 1967 ²	2.56	1.04	1.89	2.92	2.66	2.54	2.59
Correlation							
Poverty and utilization, r _{ab}	.12	-.06	.21	-.00	.11	-.27	.30

¹ City-County Data Book - 1967 (Washington: United States Government Printing Office, 1968) Variable 29.

² Calculated for each state using number of husband/wife families for July, 1967 in Current Population Reports, p. 25, #425 and AFDC families (cases) Welfare In Review 5, 9 (November-December 1969) p. 28.

TABLE 2: Percent Change, Aid to Families With Dependent Children (AFDC) Cases For a Five Year Period, Between June, 1964 and June, 1969, For All States and the District of Columbia

Change (c)	NATION AND SUBDIVISIONS					Low Per Capita Income
	Nation	Northeast	North-Central	South	West	
Percent of change, AFDC utilization, between June 1964 and June 1969 ¹	+60.0	+80.0	+47.0	+56.9	+62.4	+51.3
<u>Correlations</u>						
Utilization and change r_{bc}	-.01	.23	-.30	-.26	.12	.46
Poverty and change r_{ac}	-.32	-.10	.01	-.43	-.56	-.42

¹ Calculated for each state from figures in Welfare in Review for June 1964, 2, 9 (September, 1964) and June, 1969, 7, 9 (November & December, 1969).

TABLE 3: Level of Appropriations Per Person
AFDC Program for the Nation and Subdivisions

<u>Appropriations (d)</u>	<u>NATION AND SUBDIVISIONS</u>					<u>Low Per Capita Income</u>
	<u>Nation</u>	<u>Northeast</u>	<u>North-Central</u>	<u>South</u>	<u>West</u>	
Grant per recipient, 1968	\$37.00	\$49.34	\$42.54	\$25.12	\$38.93	\$44.84
<u>Correlations</u>						
Appropriations and change r_{cd}	.33	.72	.37	.31	.04	.26
Appropriations and utilization r_{bd}	-.06	.51	-.10	.13	-.04	.26
Appropriations and poverty r_{ad}	-.32	-.06	.21	-.00	.11	-.27

¹ Average Grant, per recipient, Welfare in Review, 6, 6 (November & December, 1968) p. 29.

TABLE 4: Level of Service to AFDC Families
(Caseload) for the Nation and Subdivisions⁷

Service (s)	NATION AND SUBDIVISIONS							Low Per Capita Income
	Nation	Northeast	North-Central	South	West	High Per Capita Income	71	
Cases per worker, 1967 ¹	65	58	60	74	62	58	71	
<u>Correlations</u>								
Service and appropriations ^x								
Service and change ^{ed}	-.64	-.91	-.32	-.82	-.11	-.30	-.70	
Service and change ^{rec}	-.40	-.68	-.23	.42	-.62	-.44	-.32	
Service and utilization ^{reb}	.03	-.65	.47	-.03	-.15	-.49	.20	
Service and poverty ^{rea}	.63	.60	-.17	.73	.48	.03	.65	

¹ Public Welfare Personnel Annual Statistical Data, National Center for Social Statistics, Social and Rehabilitation Service, Department of Health, Education and Welfare (MS Report #E-2, F-967). Note that while decreasing caseloads mean that service is better, this relationship arithmetically produces minus (-) signs on many of the numbers. Hence, these "negative" correlations are socially "positive".

TABLE 5: Ability, Willingness and Response of States in Funding Welfare for the Nation and Subdivisions

<u>Ability and Willingness</u>	<u>NATION AND SUBDIVISIONS</u>						<u>Low Per Capita Income</u>
	<u>Nation</u>	<u>Northeast</u>	<u>North-Central</u>	<u>South</u>	<u>West</u>	<u>High Per Capita Income</u>	
<u>Personal income per capita 1968 (f)</u> ¹	\$3,224	\$3,573	\$3,350	\$2,868	\$3,329	\$3,697	\$2,768
<u>State and local tax per capita 1967 (g)</u> ²	\$294	\$322	\$303	\$243	\$335	\$334	\$155
<u>Expenditure, 1967 on public assistance per \$1000 or 1966 personal income (h)</u> ³	\$41	\$51	\$39	\$32	\$45	\$48	\$34
<u>Correlations</u>							
<u>Personal income, per capita and state and local taxes, per capita r fg</u>	.77	.70	.16	.94	.71	.37	.71
<u>State and local taxes per capita, and welfare expenditures r gh</u>	.51	.84	.38	.08	.53	.57	.15
<u>Personal income per capita and welfare expenditures 1966 r fh</u>	.31	.53	-.01	-.06	.37	.07	.01

1 Statistical Abstract 1969 (Washington, D.C., U.S. Government Printing Office, 1969) #469. The national figures are state means.

2 Ibid, #

3 Welfare In Review, 6, 1, (January, February, 1968) Back Cover.

TABLE 6: Correlations Between Ability and Willingness Indicators and Utilizations, Change, Appropriations and Service for the Nation and Subdivisions

<u>Correlations</u>	<u>NATION AND SUBDIVISIONS</u>						<u>Low Per Capita Income</u>
	Nation	Northeast	North-Central	South	West	High Per Capita Income	
Poverty and Wealth r_{af}	-.84	-.91	-.86	-.92	-.76	-.56	-.77
Poverty and Tax Effort r_{ag}	-.79	-.42	-.16	-.90	-.73	-.22	-.83
Poverty and Welfare Effort r_{ah}	-.27	-.31	.02	.03	-.22	-.10	-.01
Utilization and Wealth r_{bf}	.01	.38	.09	.05	.14	.55	-.43
Utilization and Tax Effort r_{bg}	.10	.69	-.22	.22	.17	.56	-.22
Utilization and Welfare Effort r_{bh}	.42	.83	.50	.35	.52	.65	.25
Change and Wealth r_{cf}	.40	.22	-.12	.54	.52	.41	.32
Change and Tax Effort r_{cg}	.42	.65	.22	.46	.47	.54	.17
Change and Welfare Effort r_{ch}	.21	.43	-.07	-.14	.39	.32	-.08
Appropriation and Wealth r_{df}	.66	.81	.01	.74	.21	.13	.52
Appropriations and Tax Effort r_{dg}	.77	.90	.77	.69	.37	.49	.73

TABLE 6: (continued)

<u>Correlations</u>	<u>NATION AND SUBDIVISIONS</u>						<u>Low Per Capita Income</u> .24
	<u>Nation</u>	<u>Northeast</u>	<u>North- Central</u>	<u>South</u>	<u>West</u>	<u>High Per Capita Income</u> .60	
<u>Appropriations and Welfare Effort r dh</u>	.52	.72	.57	.27	.52	.60	.24
<u>Service and Wealth r ef</u>	-.57	-.77	-.17	-.61	-.32	-.43	-.62
<u>Service and Tax Effort r eg</u>	-.55	-.83	-.03	-.57	-.25	-.28	-.55
<u>Service and Welfare Effort r eh</u>	-.35	-.79	.13	-.12	-.53	-.43	-.18