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THE WELFARE CALCULUS
ALLOCATIONS AND UTILIZATION WITHIN THE AMERICAN STATES

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Introduction

Within the history of the American states, the attitude toward "welfare" had been fundamentally ambivalent. On the one hand there is a great thrust in this country toward charity, and toward helping the poor. Much is given each year to United Funds across the country (860 million in 1972-73), and the Christmas listing by the New York Times of the 100 "neediest cases" results in much spontaneous offering of aid. On the other hand, Americans are singularly suspicious of institutionalizing this impulse. These suspicions leave the United States behind other comparable countries in providing social welfare benefits. Indeed, so suspicious are we about helping the poor that, for a long time, we really knew very little about them. As late as 1958, Galbraith's volume THE AFFLUENT SOCIETY celebrated the most pervasive myth about America - that we were wealthy with cases of need in the minority (Galbraith, 1958). Figures collected by the Census one year later - in 1959 - revealed that 23.4%¹ of the American families had incomes of less than \$3,000. Seemingly, we just did not want to acknowledge the amount of poverty. Rainwater comments that "Perhaps so long as economic exploitation of the poor was central to the working of the economy, no broad awareness was possible" (Rainwater, 1969:9). For whatever reason, we were unaware.

It is not surprising, therefore, that the absence of public awareness was matched by insufficient scholarly attention to problems of poverty.

Social scientists have been very slow to provide detailed information on what has become apparent as the central fact about the American underclass - that it is created by, and its existence maintained by, the operation of what in other ways is the most successful economic system known to man (Rainwater, 1969:9).

¹ This is an average of state figures.

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Whether or not one agrees with the second part of Rainwater's assertion, and Piven and Cloward (1971) certainly do, his initial point is surely correct. And what is true generally about poverty was true to an even greater extent about welfare. There is not available a general public analysis which shows where welfare fits in relationship to poverty in general or to potential clients in particular, even though techniques for this kind of analysis are available (Reiner, 1968). Perhaps least is known about the topic of major interest here - welfare rates and welfare grants, and their relationship to each other and general social structural variables, although some work has been done (Dawson and Robinson, 1965; Gordon, 1969; Collins, 1967; and Kasper, 1968).

This general lack of appropriate public and scholarly attention left the country quite unprepared for the rate and cost spiral which affected the AFDC program, especially during the 1960's. The basic response of the country was that there must be many "chiselers" somewhere, the trends were deplored singly and collectively, the citizenry reemphasized the importance of work, social workers were damned, and the program itself was faulted. Although the Nixon Administration used the impetus generated by this upheaval to propose a new welfare system, little information was generated on the whole problem. Indeed, most of the few pieces available were done during that period (Schorr, 1968).

Welfare Grants and Welfare Utilization

The purpose of this paper is to look specifically at welfare grants and welfare utilization as a first step in providing greater comprehension about the welfare system and its relationship to the poor. There are a number of reasons for this focus. The welfare rates and grants are the specific elements which, as we noted, fall continually under public scorn. Whatever feelings and attitudes exist on the part of the general public become translated into the level of utilization the state is willing to endure, and the amount of money the state is willing to provide. And it is these rates and grants specifically which cause outcry. Additionally, if, as we suspect, the welfare program does serve some macroscopic functions in the social structure, then along with some variations within and between states, there should be some uniformities as well. Hence, we are interested in seeing if welfare utilization and grant level can be accounted for in a sociological way.

There are several theories currently available which can account for the level of welfare use in a state and/or the amount of the welfare grant. The most obvious one is advanced by Collins (1967) *viz.*, that these variables respond to the amount of need in the state. Hence, the greater the need, the higher the level of use and the higher the grant.

A second explanation, and somewhat more general, sees the welfare program as an attempt to "buy off" the poor in relationship to the level of demands/violence within the state. This argument

advanced by Piven and Cloward (1971) is a version of the old "bread and circuses" approach by which elites keep masses occupied and tractable. Galbraith goes a step further along these lines by suggesting that the political importance of the poor has diminished as the actual number of poor has diminished, specifically, from being a majority of a population to being a minority. Hence, as the number of poor decreased, grants should decrease.

The fourth explanation, and the most general one is also advanced by Piven and Cloward (1971) and is, in some ways, a response to the detail demanded by Rainwater (1969). It is argued that the function of welfare is that of "regulating the poor" in such a way as to keep a low-wage work force available.

Each of these explanations has a problem. The relationships between "need" and welfare rates and grants is tenuous at best (Dawson and Robinson, 1965). While there is no questions that urban riots and violence had some effect on the system, as well as the strident demands from "welfare mothers," rates and grants went up all over, in every state. Additionally, one should keep in mind the possibility, which I think is very real, that urban violence, welfare protest, and increased welfare utilization and aid were not causally related to each other, but all the relatively simultaneous consequences of a general loosening of traditional norms within the decade of the sixties. In other highly "normatized" areas such as marriage and sex, a similar relaxing of traditional norms was observed.

Galbraith's hypothesis does not account for the fact that the political situation of the poor has always been "poor," apparently regardless of their number. Further, in this interest group "pluralized" society, a group which comprised 20% of the population would surely be significant. And finally it turns out that, as the proportion of poor decline, grants go up, something which goes contrary to Galbraith's hypothesis.

Could welfare regulate the poor? Quite possibly. Yet most of the people on welfare are old (Old Age Assistance), blind (Aid to the Blind), disabled (Aid to the Disabled), or mothers and children (Aid to Families with Dependent Children). Sociologically, an interesting observation about these categories is that they are, in a sense, free from the "mobility contest" (Turner, 1961). And it has never been clear in our system to what extent work norms obtained vis-a-vis women. Furthermore, until recently, there was a very large gap between the number of "poor" and those on welfare, a condition which still obtains in poor states today. Hence, one would have to question the notion that welfare maintains a low wage work force when people do not even seek the benefits to which they would be entitled.

Because of the problems, one is led to look for explanations of welfare rates and grants in the middle range of theory (Merton, 1958). One such explanation might be that welfare serves, in a Durkheimian sense, to solidify majority norms of work, and to reflect a less dominant, but present, norm of charity. In terms of welfare rates and grants, one would expect them to be sufficient to satisfy the charitable impulse, yet low enough to be undesirable (Tropman, 1971). Durkheim comments about collective sentiments that "The community as a whole must experience them more vividly, for it can acquire from no other source the greater force necessary to control these individuals who formerly were the most refractory" (Durkehim, 1950).

Welfare as Less Eligibility

These two impulses - charity and scorn - generate a pattern of welfare utilization and appropriation which has been identified for some time, and specifically as early as 1834 in the English poor law reform. The principle is "less eligibility." It means that the condition of the poor shall be "less eligible" than the condition of the lowest laborer. The original language states:

It may be assured that, in the administration of relief, the public is warranted in imposing such conditions on the individual relieved as are conducive either to the benefit of the individual himself, or the country at large, at whose expense he is to be relieved.

The first and most essential of all conditions, a principle which we find universally admitted, even by those whose practice is at variance with it, is that his situation on the whole shall not be made really or apparently as eligible as the situation of the independent laborer of the lowest class (De Schweinitz, p. 123).

Hosbawn comments that:

The residuum of paupers could not admittedly be left actually to starve, but they ought not to be given more than the absolute minimum, provided it was less than the lowest wage offered in the market - and in the most discouraging conditions. The poor law was not so much intended to help the unfortunate as to stigmatize the self-confessed failures of society (Piven and Cloward, p. 34 n. 67).

One might only add that the avoidance of welfare even by those who would be entitled, might be, in fact, the avoidance of engaging in such a self-confession.

If we look in some detail at the "less eligibility" statement, we know that part of the requirement, viz., "...his situation on the whole..." is met by the general stigma which attaches to welfare recipients. What remains is the way in which the actual levels of "relief" are set, both in terms of the actual monies received (grants) and the number of people enrolled on the program (rates of utilization). Since these two variables interact, we might expect to find that as rates of use go up, the amount per recipient goes down. Indeed, we would expect that these two areas would be the ones where the state could exercise the operational controls required by the less eligibility principle. Something like this was anticipated in a report on "Workfare" which appeared in the New Republic.

Because states must contribute a share of the federal welfare payment, those with the largest welfare budgets were beginning to worry that welfare would bankrupt them. California and New York launched drives to get the "chiselers" off the rolls; they began searching for a way to reduce welfare costs by changing the standards of eligibility (New Republic, July 7 and 14, 1973).

And Steiner comments that:

States may not establish waiting lists in Public Assistance, but they may divide their money into smaller shares for more people (Steiner, 1971).
...states may either stretch a fixed state appropriation to cover whatever number of categorical assistance applicants are found eligible or fix benefit amounts and meet those amounts by making supplementary appropriations where necessary (Steiner, 1971:23).

The dilemma, then, is clear. If states are to meet the less eligibility criteria, then some measures must be taken to insure that welfare is not too easy to get (monitoring of the rates) and that the grants are charitable but undesirable (monitoring the grants).

Could such manipulation occur? It could. It is already known that grant levels may be changed. Perhaps even more important is the extent to which the state is willing or able to add to the basic grant special grants for special circumstances - clothing, etc. Some states operate on an as needed basis, and some states simply operate on a flat grant basis for special needs. In any case, it is clear that the grant level can be adjusted to meet less eligibility criteria.

Rate manipulation is another problem. As noted, wait listing is prohibited, and any needy person presenting himself who is eligible is to be offered aid. Yet herein lie a host of possibilities. Steiner devotes an entire chapter to the "politics of eligibility" (Steiner, 1965, Ch. 5). It is also known that the number of potential enrollees in the program is considerable as compared to the actual enrollees (Piven and Cloward, 1971). Further, eligibility determination may take a long or short time, and people may be removed from the rolls by administrative act, even though they have a right to a fair hearing concerning the action. In short, if states operate on the less eligibility principle, they have the opportunities to adjust the system consistent with such a principle.

There remains an additional point. Less eligibility, as it has been described, is a relative concept. It implies, first, an upper parameter, but not a lower one, for welfare activities. Secondly, and important here, is the fact that states vary greatly in the number of poor they have to provide for, and the resources they have with which to make that provision. The differences in state situations creates different pressures which the state has to consider. In poor states there is likely to be a pressure toward extensivity - that is, to help many people, even with only a little help. In richer states, as the number of poor decrease and the wealth increases, there is likely to be a pressure toward intensivity - that is, to improve the condition of the individual recipient. We would assume that states would respond in this way - poor states by increasing the level of enrollment in the program, and rich states by increasing the level of the grant.¹ These hypotheses are illustrated in Figure 1, which contains the 8 variables used in this analysis.

At this point, a summary is in order. In looking at some data on rates and grants in welfare, we would expect to see the following: 1) that grants meet a "less eligible" calculus; 2) that as rates get too high, grants are adjusted to continue the overall less eligible condition; the converse may also occur;² 3) that less eligibility operates as a maximum parameter; 4) that rich states tend to increase grants while poor states are pushed to increase rates.

¹It must be remembered that these increases are really differences in relative rates, since both rates and grants increased during the sixties.

²It is possible that if grants become high, they may be lowered or more people may be enrolled, thus lowering the average.

Methodology

For purposes of analysis here, eight variables are used, collected for each state, excluding Washington, D.C. The four dependent variables are:

Rates and Grants

1. Welfare Utilization, 1966¹ (cases per 100 families)
2. Welfare Utilization, 1971² (cases per 100 families)
3. Grant - 1968 (Mean monthly payment)³
4. Grant - 1971 (Mean monthly payment)⁴

These dependent variables will permit inspection of rates and grants at two points in time, even though the utilization and grant figures do not match exactly. The independent variables are as follows:

Need

5. Poverty - 1959⁵
6. Poverty - 1969⁶

¹ The rate was calculated from figures in Welfare in Review, 1967 and the Statistical Abstract, 1968.

² The figure was calculated from figures in Welfare in Review, 1972 and the Statistical Abstract 1972.

³ Average Grant for January, 1968, Welfare in Review, November, December, 1968.

⁴ Average Grant for June, 1971, Welfare in Review, September October, 1971.

⁵ City-County Data Book, 1962. Poverty there is defined as the % families with means less than \$3,000, 1959.

⁶ Statistical Abstract, 1972. Different levels are given for families of different sizes. Farm incomes are set at 85% of the povcut figure. For all families, the total non-farm povcut in 1969 was \$3,410. The comparable figure in 1959 was \$2,719 for all families. See Tables 538 and 542. However, as we shall see, the correlation between them is very high, so the change in definition does not make a great deal of difference, to mention nothing of the ten year time difference. Using the recalculated figures for 1959 (\$2,719 rather than \$3,000) for all families, the United States contained 22.1% poor as opposed to 23.4%.

Ability

7. Per Capita Personal Income - 1968 (Statistical Abstract, 1969)
8. Per Capita Personal Income - 1970 (Statistical Abstract, 1972)

The mode of analysis is correlational, in which we seek to examine the relationships between several variables taken two at a time. It is certainly recognized that more complex forms of analysis would perhaps be useful, and in another paper we plan to explore some of these. However, for purposes here, the correlational approach seemed appropriate. Additional data is presented in terms of average values.

As suggested earlier, we reasoned that the amount of poverty in a state and the ability of that state in terms of wealth to provide benefits would be important considerations. For this reason, the degree of poverty or the degree of state affluence might be important as an influence on the mentality of state toward the provision of benefits. Hence, we thought it appropriate to dichotomize the states by poverty and by ability. This was done. It turned out that there were only three of the 25 poorest states which were not also in the 25 high poverty states (Kansas, Nebraska, Missouri). Examining the correlation coefficients overall, the "high poverty" states behaved almost identically to the "poor" states. Hence, it was arbitrarily decided to present the data only by rich and poor divisions. Basic information data for these variables is present in Table 1.

TABLE 1
Mean Values of Basic Welfare Variables, Utilization, Grant,
Need, and Ability, for the Nation and Subdivisions

<u>Basic Variables</u>	<u>Means</u>		
	<u>Nation</u>	<u>Rich</u>	<u>Poor</u>
<u>Utilization</u>			
Welfare Utilization 1966	2.4%	2.38	2.48%
Welfare Utilization 1971	5.6%	5.95	5.36%
<u>Grant Per Recipient</u>			
Grant 1968	\$37.00	\$44.00	\$30.00
Grant 1971	\$45.70	\$55.00	\$35.00
<u>Need</u>			
Poverty 1959	23.46%	16.8%	30.0%
Poverty 1969	11.60%	8.0%	15.%
<u>Ability</u>			
<u>Per Capita</u> Personal Income 1968	\$3,198.00	\$3,640.00	\$2,752.00
<u>Per Capita</u> Personal Income 1970	\$3,698.00	\$4,137.00	\$3,259.00

Two additional calculations are included as points of reference. First, because less eligibility is often referred to in terms of the minimum wage, a calculation of the per capita results of different levels of the minimum wage, assuming a family of four, is presented. The per capita figures are presented because there is often a confusion between individual and family income on this point.

It should be noted that the minimum wage is quite difficult to ascertain. It is currently \$1.60 for non-farm and \$1.30 for farm workers. This yields either two levels or an average of \$1.45. It is significant that raises in the minimum wage have been proposed and defeated in congress. Most recently the senate passed a bill permitting a pay floor for non-farm workers of \$2.20.

Secondly, the per capita value of the poverty cutoff was calculated, in order to inspect the relationship between per capita grant levels and the povcut line. Here again, per capita was calculated in order to avoid the individual/family confusion.

Findings

Let us begin with the first major contention - that welfare allocations are provided on a less eligible basis. Several standards which grants could be "less eligible than" are available. Most common, and the one referred to by Hobsbawn, is that the grant should be below the minimum wage. Relevant data are presented in Table 2. Overall, in the nation, grants are below even the

TABLE 2

Per Capita Value of Different Levels of the Minimum Wage,
and the Proportion of States Where Grant Exceeds the Minimum Wage

Assumed Minimum Wage, per hour	Monthly Total (160 hours)	Minimum Wage Per Person, Per Month Family of Four	Proportion of States Where AFDC Grant, Per Recipient Exceeds the Minimum Wage					
			1968			1971		
			<u>Nation Rich Poor</u>			<u>Nation Rich Poor</u>		
			10%	20%	0%	36%	68%	12%
\$1.30	208	\$52.00	04	08	0	24	40	08
1.45	232	58.00	02	04	0	18	32	04
1.60	256	64.00	00	00	0	02	04	00
1.70	272	68.00	00	00	0	00	00	00
1.80	288	72.00	00	00	0	00	00	00
1.90	304	76.00	00	00	0	00	00	00
2.00	320	80.00	00	00	0	00	00	00
2.10	336	84.00	00	00	0	00	00	00
2.20	342	88.00	00	00	0	00	00	00

lowest minimum wage, supporting this interpretation of less eligibility. However, rich states, by 1971, has an average of \$55.00 per recipient, surpassing the lowest (rural) per capita minimum, (although rich states tend to be urban) and 18% were paying more than the \$64.00 non-farm per capita minimum. Hence, the less eligibility hypothesis is sustained, with exceptions.

A second approach would be to look at the per capita value of the poverty cutoff as the minimum which the poor can be below. Such a measure stands in danger of suggesting that a poverty relief program is, technically at least, a poverty creating one. Relevant data are presented in Table 3.

TABLE 3

Mean Monthly AFDC Grant Per Recipient,
Mean Value of Poverty Cut off (Povcut) Per Capita
by Year, Nation and Subdivision

Year	Nation and Subdivision	Mean AFDC Grant, Per Recipient	Mean Value of Povcut, \$ <u>Per Capita</u>
1968*	Nation	\$37.00	\$ 72.50
	Rich	44.00	(72.50)
	Poor	30.00	(72.50)
1970	Nation	\$45.70	\$ 75.00
	Rich	55.00	(75.00)
	Poor	35.00	(75.00)

* Poverty Data as 1969

• To secure the mean, monthly value of Povcut we took the total non farm requirement for 1969 and 1970, divided by 4, representing average family size, and then by 12 for the monthly figure.

For both 1969 and 1970, the per recipient grants fall markedly below the per capita povcuts. Indeed, even using the rural povcut, at 85% of the povcut figure, the grants would not even come close. On this measure, the less eligibility hypothesis is also sustained.

There is, however, a third approach we might wish to take, one which looks at less eligibility as a moving point, always in some low but fairly constant relationship to how "other people" in the state are doing, financially. One way to such a measure would be to look at the AFDC grant, per recipient, as a proportion or the per capita personal income of the state. Relevant data are presented in Table 4. Perhaps this table most clearly illustrates the operation of less eligibility. Despite great increases in

TABLE 4

Mean Monthly AFDC Grant Per Recipient as a
Proportion of Monthly Per Capita Personal
Income by Year for Nation, and Subdivision

Year	Nation and Subdivision		
	Nation	Rich	Poor
1968	13.87%	14.49%	13.06%
Monthly P.C. Inc.	266.55	303.67	229.33
1970	14.84%	15.99%	13.37%
Monthly P.C. Inc.	308.22	344.80	271.63

welfare enrollments, and increases in grant levels, the relationship between the average grant per recipient to the per capita personal income remains very similar for rich and poor states and the nation, and at two points in time. More detail on this point is provided in Table 5. The data in Table 5 reveal elements

TABLE 5

Mean Monthly Grant, Per Recipient, AFDC, 1971, and Percent
Grant is of Monthly Personal Income, Per Capita, 1968 and 1970

RICH STATESPOOR STATES

	Grant 1968	Grant 1971	1968 % Per Capita	1971 % Per Capita		Grant 1968	Grant 1970	1968 % Per Capita	1971 % Per Capita
Alas	38.10	69.70	.11	.18	Ala	15.20	15.50	.08	.07
Cal	45.60	57.40	.14	.16	Aris	28.80	32.20	.12	.11
Col	39.80	52.20	.14	.16	Ark	19.20	26.60	.10	.11
Conn	52.00	69.10	.15	.17	Fla	15.20	24.50	.06	.08
Dela	32.20	35.60	.10	.10	Ge	24.90	28.20	.11	.10
Haw	44.40	71.60	.15	.19	Ida	46.80	51.20	.21	.19
Ill	44.00	58.30	.13	.16	Ky	28.50	32.30	.13	.13
Ind	32.60	42.30	.11	.13	La	23.60	20.40	.11	.08
Iowa	49.20	52.90	.17	.17	Mo	29.70	40.40	.12	.15
Kan	44.00	55.90	.16	.18	Miss	8.50	13.50	.05	.05
Md	39.00	43.20	.13	.12	Mont	37.00	40.20	.15	.14
Mass	55.80	69.30	.18	.19	MT	43.40	64.60	.16	.22
Mich	45.20	63.00	.15	.19	NE	30.80	31.80	.14	.12
Minn	54.00	72.20	.20	.23	NC	25.80	31.60	.12	.12
Mo	24.60	31.10	.09	.10	ND	47.90	62.80	.20	.24
Nebr	36.80	45.70	.14	.15	Okla	34.40	38.30	.14	.14
Nev	30.90	32.10	.09	.08	SC	18.40	19.70	.09	.08
NJ	58.20	64.60	.18	.16	SD	44.40	48.20	.18	.18
NY	71.80	67.00	.21	.17	Tenn	26.40	29.71	.12	.12
Ohio	37.50	44.50	.13	.13	Tex	20.40	29.90	.08	.10
Ore	40.20	31.10	.15	.15	Utah	38.20	50.20	.16	.19
Pa	38.60	62.60	.14	.19	Vt	46.80	62.80	.19	.22
RI	47.80	54.80	.16	.17	Va	30.90	47.80	.12	.16
Wash	47.60	57.20	.16	.17	WV	25.60	27.10	.12	.11
Wisc	50.30	64.50	.18	.21	Wyo	38.00	43.00	.15	.15

concealed by the averages displayed in Table 4. The range of ratios runs between a low of .05 to high of .23.

There is now confidence that less eligibility acts as both an upper parameter in specific cases, and as a general rule overall. Empirically, it appears that 25% of the per capita personal income is the limit for AFDC grants. Interestingly enough, in 1970, this would be \$77.00, or only \$2.00 more than the per capita povcut. Hence, the 25% figure links to another measure of less eligibility - that the grant should not go over the povcut level.

If less eligibility operates as it appears to operate and the welfare budget has limitations to it, we would expect, as noted previously, to see negative relationships between rates and grants. While the processes which may govern both would be admittedly different, the simultaneous control which the state welfare department has over both would suggest at least some attempt to use one to control the other. Relevant data is presented in Table 6. As

TABLE 6

Correlation Relationships between Mean Monthly AFDC Grant,
Per Recipient and Rate of Utilization, by Year, Nation, and Subdivisions

Rate and Grant	Nation	Rich	Poor
Rate 1966/Grant 1968	-.12	.25	-.34
Rate 1971/Grant 1971	-.05	.22	-.53
Rate 1966/Grant 1971	-.22	.25	-.50
Rate 1971/Grant 1968	-.02	.09	-.45

can be seen for the nation there is a low level intercorrelation in the direction hypothesized. The rich/poor breakout suggests a reason for this low level. All rich-state correlations are positive between rate and grant. All poor-state correlations are negative between rate and grant, and reasonably strong. Apparently, and one would expect this, rich states are able to maintain a less eligibility posture with modest increases in both rates and grants, while poor states must sacrifice one or the other.

Given these results, it is clear that the third general area of investigation - the extent to which states respond differentially on the basis of need and ability, has already received some support. Rich and poor states are responding to the grant/utilization picture in systematically different ways. Specifically, we suggested that states with greater need would respond by enrolling more people, and states with less need and more ability would respond by increasing grants. If this hypothesis obtains, we should find that the relationship between rates of utilization at two points in time is stronger in rich states than in poor, (indicating greater change in rates in poor states). Also, we should find that the relationship between grants at two points in time is stronger in poor states than in rich (indicating a greater change in grants in rich states). Relevant data is presented in Table 7. Indeed, the high national correlations break out exactly in the direction expected by the differential response hypothesis.

TABLE 7

Correlation Relationships between Rates of Utilization 1966 and 1971 and Mean Monthly AFDC Grant, Per Recipient, 1968, and 1971, by Nation and Rich and Poor States

<u>Rates and Grants</u>	<u>Nation</u>	<u>Rich</u>	<u>Poor</u>
Rate 1966/Rate 1971	.72	.82	.64
Grant 1968/Grant 1971	.89	.74	.92

The correlations are all, of course, high. Relatively speaking, however, the lower ones are exactly in the direction predicted by the differential response hypothesis.

Differential response to "situations in the state" relates us back to the model developed in Figure 1. Specifically we hypothesized that as poverty proportions increased states would respond with an increase in rates, and as ability increased states would respond with an increase in grants. Relevant data is presented in Table 8.

TABLE 8

Correlation Relationships between Rates of Utilization
1966 and 1971; Mean Monthly APDC Grants, Per Recipient,
1968 and 1971, State Need and State Ability

	<u>Nation</u>	<u>Rich</u>	<u>Poor</u>
<u>Rate and Need</u>			
Rate 1966/Pov 1959	.16	-.32	.33
Rate 1966/Pov 1969	.34	-.06	.52
Rate 1971/Pov 1959	-.01	-.48	.42
Rate 1971/Pov 1969	.16	-.06	.56
<u>Grant and Need</u>			
Grant 1968/Pov 1959	-.72	-.34	-.68
Grant 1968/Pov 1969	-.74	-.40	-.73
Grant 1971/Pov 1959	-.74	-.36	-.70
Grant 1971/Pov 1969	-.78	-.37	-.80
<u>Rate and Ability</u>			
Rate 1966/Per Cap. 1968	-.10	.36	-.47
Rate 1966/Per Cap. 1971	.03	.42	-.14
Rate 1971/Per Cap. 1968	.15	.52	-.45
Rate 1971/Per Cap. 1971	.29	.53	-.06
<u>Grant and Ability</u>			
Grant 1968/Per Cap. 1968	.68	.35	.60
Grant 1968/Per Cap. 1971	.57	.35	.10
Grant 1971/Per Cap. 1968	.70	.26	.69
Grant 1971/Per Cap. 1971	.61	.32	1.28

For the nation, the correlations point in the direction of the hypothesis. As poverty increased, states responded with increased rates, although at low levels, while grant levels are strongly, and negatively associated with poverty increments. However, while increments in ability are positively and strongly associated with increments in grants, they are also positively, but mildly, with increments in rate.

Some potentially different interpretations emerge when we look at the rich/poor state breakout. The poor states present the clearest picture. As poverty increases there, they respond with increased rates and decreased (relatively at least) grants. As ability increases, they respond with decreased rates and increased grants.

The rich states are more complex. As need increases in rich states, both rates and grants go down. As ability increases, rates and grants go up. Further, in rich states, rates seem unrelated to recent measures of need (poverty 1959). These correlations behave very differently even though the two measures of need are highly inter-correlated (+.94). Overall, and in poor states especially, the differential response hypothesis seems to be sustained. In rich states another pattern seems to be developing.

Discussion and Implications

Overall the three main hypotheses - less eligibility, rate and grant manipulation, and differential response, have been sustained by the data. In the less eligibility case, three separate types of comparisons were used, and in each case, grants fell generally below the less eligibility line. Empirically, we can suggest that less eligibility could be set at less than 25% of the per capita personal income of a state. This conceptualization permits the less eligibility figure to rise as states become fiscally better-off.

Given what appears to be a maximum, however, does not set the range or the levels within which rates and grants operate. It was hypothesized that need and ability would be very salient factors. And indeed, rich states do have the looser relationships

between grants, and poor states between rates, which would be required. Yet the poor states seem to present the clearest picture of adjusting rates and grants to keep within overall limitations, and the clarity of the poor state pattern emerges even more strongly in assessing the differential response hypothesis. Hence, in terms of differential response, the hypothesis is of limited value in explaining rich-state behavior. Several additional possibilities present themselves.

Firstly, it may be that rich states are simply more complex systems than poor states. The increase in complexity would result in lower correlations on a few specific measures because of the extensive inter-linking with other factors. One would assume, under this explanation, that as poor states became richer, they too would evidence a decreasing clarity of interrelationships.¹ However, the rich-state values are not a great deal lower than the poor-state values. As revealed in Table 8, the median rich-state correlation, regardless of size, is .355, while the median poor-state level is .485. The evidence is in the direction of the complexity hypothesis, but not conclusively.

A second explanation might relate to the fact that rich states are approaching less eligibility maximum. When this happens, even though they have less need and greater ability to respond, they may begin to peak out. Hence, as need increases, within rich states, rates and grants are trimmed to meet less eligibility parameters (New York reduced its grant between 1968 and 1971). New York may have reached a maximum figure, because it alone, in 1968, had a grant (\$71.80) which was over the minimum wage @ \$1.60/hr. (\$64.00 per person per month, family of four) and within 80¢ of the 1968 povcut (\$72.50). It shared at 21% the highest grant/per capita personal income ratio. Like New York, the other high state "regressed to the mean" by 1971, but was able to do so with a higher grant.

Certainly at this point questions remain. Three are of importance here. On an empirical level, one might ask about the elements within the state which affect less eligibility levels below the maximum. There is clearly a variation, one which runs from payments at 8% of per capita personal income to a high of 23.0% (1970). Clearly we could look into social factors which account for this variation. Such factors as social class, migration, unemployment, political culture (Beer, 1969), and the structure of the state's decisional apparatus might be relevant here, and indeed, we already have some developing evidence on this point. Additional empirical work will be helpful in this area.

¹This hypothesis was suggested by William Birdsall.

Secondly, assuming that the less eligibility hypothesis holds up, one might then ask about the cause of less eligibility itself. Why should a nation as wealthy as ours take the view, or act in the way implied in less eligibility? If people are poor, why should we not help them out of poverty, rather than seeing to it that they always remain in poverty? An exploration of this question requires another paper. However, the elements of an answer may be, as we suggested, Durkheimian in nature, focusing on the reinforcement propensities of success that derive from dislike of the poor. The less eligible poor automatically confer eligibility and legitimacy on the non-poor. Similar to the functions of crime, the functions of dislike of the poor may serve to increase the solidarity of the non-poor group, and reinforce the mythologies which support the existing order.

Finally, there is perhaps a larger question posed by those data. We are faced with a real and interesting policy conundrum in the need/ability squeeze. As states have more need they have less ability. Apart from the tautology, there may be, here, a general property of systems which is of a serious sort. Most generally, the more a system needs aid the less able it is to provide that aid for itself. A recent thesis on urban renewal has substantiated this same point for cities in developing urban renewal programs. The more a city needs some renewal, based upon measures of dilapidation etc., the less able it is to pull together a project proposal (Hudson, 1973). It is especially clear that poor states, which have no "reserves" in terms of a wealthy populace which can be convinced to provide more tax revenue, must continually manipulate rates and grants in order to make out. And we are considering here only one social program. When others, such health, education, the penal system, etc., are included, the situation may become truly grievous. The theoretical question, then, is the extent to which a "need ability squeeze" is a general property of systems. From a policy viewpoint, the question of how assistance is best provided under such conditions becomes critical. In the case of welfare, the Federal government is already providing grant-in-aid help, but not enough, or in the right manner, to remove poor states from this situation.

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FIGURE I

A Display of Welfare Variables

