

Geographic Inequality in Social Provision: Variation Across the U.S. States

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All errors are our own.

Abstract

In recent years, “inequality” has received an extraordinary amount of attention in political, policy, and academic circles. In the U.S., this attention has been overwhelmingly national in scope. The national focus misses a crucial axis of American inequality, one that has received inadequate attention – that is inequality by geography, specifically inequality across the U.S. states. We assess the role of state governments in social policy provision, directing attention to the consequences of policy decentralization. Using a unique dataset, we examine the magnitude of cross-state variation in the generosity of benefits and the inclusiveness of safety net provisions. We find substantial inequality across states in social provision and conclude that this constitutes a meaningful form of inequality – inequality in the treatment of similar needs and claims by people who happen to live in different states. We argue that this form of inequality deserves more sustained attention, particularly in regard to policy design. One pressing reason that cross-state policy inequality deserves increased attention is that, in some program areas, states’ policy features are strongly associated with their racial and ethnic composition. Thus, cross-state policy variation can contribute to, and exacerbate, consequential racial/ethnic disparities.

1. Introduction

Over the past decade, inequality has gained increasing prominence in academic and policy circles. Importantly, one of the most significant shifts in the study of inequality is a growing appreciation of geographic inequality, specifically inequality across the 50 U.S. states. Sparked in part by the landmark work of Raj Chetty and his colleagues which has demonstrated that geography matters – where a child is born, or where an economically-vulnerable family lands, for whatever reason, shapes their wellbeing, and ultimately their life chances (Chetty, Hendren, and Katz 2016; Chetty and Hendren 2018; Chetty et al. 2020). Growing attention to the geographic aspects of inequality has focused greater attention on distributional inequalities within and between particular settings and jurisdictions (country, state, or local area). Central to understanding these distributional inequalities is the role of policy and policy variation.

The recent economic and public health crises – from the Great Recession of 2008 to the current COVID-19 pandemic – shine a bright light on these geographic inequalities and raise important political and policy questions about the extent of government or public responsibility for provision in relation to market or family responsibilities (Titmuss 1958; Esping-Andersen 1990), and just as importantly, what level of government might best take on that public responsibility (Beland and Chanal 2004; Obinger, Castles, and Leibfried 2005; Freeman and Rogers 2007).

At the intersection of these concerns is the reality for economically vulnerable families who may be more or less subject to economic dislocations and business cyclicalities, not just because of their demographic and employment characteristics, but also because of their place of residence and the ways they are positioned in relation to a shifting, geographically variable safety net (Bitler, Hoynes, and Kuka 2017; Laird, Parolin, Waldfogel, and Wimer 2018; Parolin 2019).

In this study, we examine social policy provision focusing on how provision – as measured by the generosity of benefits and inclusiveness of receipt – varies across the fifty U.S. states. Inequality in social provision, we argue, should be viewed as an important case of unequal responses to citizens' needs. We draw on three types of arguments in making the assertion that cross-state variation is a form of inequality. First, from an equity perspective, the argument is that citizens with similar needs should have access to the public supports that match those needs (i.e., horizontal equity). Second, from a rights-based perspective, the argument is that social or economic rights, and claims to basic resources based on these rights, should have the same standing as civil and political rights, and thus must be universally granted as part of a nation-based social contract (Blank 1997; T.H. Marshall 1964). Finally, there are systemic justice perspectives, which argue that it is necessary to recognize that both historically and in the current moment social policies reflect local norms and structures of inequality in labor relations (Piven and Cloward 1971), gender relations (Gordon 1994; Orloff 1996), and race relations (Lieberman 1998; Quadagno 1994), and therefore that policies must be redesigned to disrupt the reinforcement of existing inequalities.

In addition to demonstrating the magnitude of cross-state inequality in social provision, we discuss how this form of inequality is related to policy design, specifically, the degree to which the policies are decentralized in terms of administration, financing, and rule-making. Finally, we explore the degree to which geographic variation in social policy provision map onto the

geographic distribution of racial and ethnic groups across the US states. Combining these, we highlight stark differences in two social policies – SSI for disabled children and TANF cash assistance – which represent contrasting policy designs (i.e., low levels of state discretion in SSI compared to high levels of state discretion in TANF), and opposite associations with racial composition. To preview, we find that, in the case of the high state discretion policy (TANF), there are strong negative associations with the prevalence of Black residents, whereas in the case of the low state discretion policy (SSI), there are strong positive associations with the prevalence of Black residents. This pattern of social provision and racial composition across programs with different decentralized policy designs provides evidence that policies with greater state and local discretion provide opportunities for the enactment of discriminatory local preferences resulting in racial disparities in access to safety net programs (McDaniel et al. 2017; Michener 2019).¹

Our paper is organized as follows: In Section 2, we place our work within relevant research literatures, and lay out our central research questions. In Section 3, we present our data sources and, in Section 4, our analytic approach and methods. In Section 5, we provide a descriptive analysis of the magnitude of cross-state variation in social provision, using a unique dataset that captures two key dimensions of safety net policies – generosity of benefits and inclusiveness of receipt – across 10 critical programs that comprise key safety net policies for economically-marginalized families in the U.S. In Section 6, we explore the association between social provision and the racial and ethnic composition of states. We present conclusions in Section 7.

2. Examining Social Safety Net Policies and Poverty among U.S. States

Unequal by Design

Multiple factors shape patterns of policy provision. A central claim in our work is that it is crucial to recognize the ways in which U.S. social policy is structured, and to consider the systematic consequence of those structures. In the U.S., as in many high-income countries, the welfare state encompasses tiers of assistance, with each serving different categories of persons (Fraser and Gordon 1992). These tiers vary with respect to coverage, eligibility, benefit levels, financing, and the like (Meyers 2007). The programs in the top tier include centralized, contributory, federal benefits such as “social security”²; these are standardized, or uniform, “from coast to coast”. The programs in the middle tier are those that are provided by employers, mainly occupational pensions and health insurance. The publicly-provided programs in the bottom tier are narrowly targeted, and means-tested (i.e., conditioned on low income and/or assets), and mainly funded by general revenues.

This tiered structure of provision is not unique to the U.S.; all welfare states use these mechanisms to some degree. What is somewhat unique to the U.S. is the degree to which the bottom-tier programs – the means-tested programs – have been, across their histories,

¹ It is important to note that, in many cases, social safety net programs are actually administered at local levels – e.g., by county or city government agencies – especially when there is explicit second-order devolution. However, the empirical work in this study includes uses indicators of state level social policy provision and levels of state discretion. These state-level measures are, of course, affected by decisions and policies operating at lower levels.

² The official name for what is referred to, in the U.S., as “social security” is Old-Age, Survivors, and Disability Insurance (OASDI).

decentralized (Finegold 2005; Bruch and Gordon 2020). While the programs in the top tier are financed, administered, and authorized at the federal level, the majority of programs in the bottom tier involve some degree of devolved authority, or discretion, granted to lower levels of government. Many of the programs that comprise the social safety net were developed during the New Deal Era of the 1930s and the War on Poverty and Great Society of the 1960s with policy designs that reflected the negotiated settlements of federalism and deference to local control (Lieberman 1998; Mettler 1998).

Since the 1990s, there has been a shift away from direct cash assistance for the poor, to a patchwork of state-managed categorical programs and services designed to facilitate participation in the paid labor market (Heinrich and Scholz 2009; Danziger 2010). This shift to a work-based safety net has been accompanied by paternalistic policy designs with specific behavioral regulations including work requirements and drug tests, increased surveillance and monitoring of clients, and punitive sanctions for noncompliance (Mead 1986; Soss et al. 2011; Grant et al. 2019), all of which have both reflected cultural ideas about deservingness among target populations in need (Schneider and Ingram 1993; Moffit 2015; Shaefer, Edin, Fusaro, and Wu 2020).

In recent decades, federal policymakers have also shifted policy authority downward, increasing the scope of state (and local) discretion across a number of programs. That means that subnational governments, primarily states, play key roles in administration, financing, and/or policymaking regarding rules, eligibility, and benefit levels. One of the most wide-ranging examples of this increasing devolution of policy was the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) which reworked the safety net for economically-vulnerable families with children, most notably by replacing a federally-mandated entitlement with a discretionary, conditional right to cash assistance managed by state authorities (Grogger, Karoly, and Klerman 2002). During this same period, federal lawmakers made other changes in the balance of federal and local control over assistance for low-income households, including imposing stricter requirements on states to collect child support obligations and creating incentives for states to expand child care and health insurance programs (Capizzano, Adams, and Sonenstein 2000; Cancian and Meyer 2006; Bansak and Raphael 2007).

The result is a patchwork of safety net programs that are jointly funded and/or managed by federal, state, and local authorities each representing negotiated settlements of US federalism that structure joint governance by federal and state authorities (Peck 2002) and degrees of subnational discretion (Bruch, Meyers, and Gornick 2018). Table 1 displays the extent of state discretion across 10 safety net programs in terms of financing, administration, and rule-making embedded in the current program design. For financing, state discretion is coded as low when federal funds represent the bulk of the program funding and/or there are federal eligibility and benefit rules, and high when the program is funded by state or local sources and/or states have authority over the use of federal funds. Regarding policy and administration, discretion is coded as low when federal guidelines or mandates are highly prescriptive, and high when the policies allow for state and/or local governments to make determinations related to eligibility, benefit levels and/or in relation to administrative matters such as application and recertification processes and sanctioning (for more information on the coding, see Bruch et al. 2018).

< Table 1 >

While twenty years ago scholars noted that the decentralized structure of the safety net was one of the under-appreciated features of social provision in the US (Howard 1999; Pierson 1995), more recently scholars have explored a wide range of consequences of having a decentralized safety net. These include whether devolved authority has increased the responsiveness to cyclicity or need (Bitler and Hoynes 2010; Gais, Boyd, and Dadayan 2012; Bitler and Hoynes 2016; Hardy, Smeeding, and Ziliak 2018), whether providing states with rule-making authority leads to fiscal federalism’s prediction of a “race to the bottom”, and/or whether widespread policy learning has taken place via “laboratories of democracy” (Schram and Soss 1998; Berry and Berry 1999; Volden 2002; Shipan and Volden 2008); while others have assessed the extent and nature of cross-state variation in policy and policy outcomes, analyzing how that is associated with demographic variation across states. Below we review some of this recent work on cross-state policy variation to contextualize the current study.

Beginning with the post-welfare reform period, an increasing number of scholars have examined social policy variation across the US states. Using a variety of measures of social provision, scholars have demonstrated substantial inequalities in provisions across states in the generosity and duration of benefits, the inclusiveness or coverage of eligible populations (Meyers, Gornick, and Peck 2001; Bentele and Nicoli 2012; Campbell 2014; Hahn et al. 2017; Bruch et al. 2018), in social service provision (Allard 2009; Lobao and Kraybill 2009), and in state and local spending (McGuire and Merriman 2006; Gais 2009) and taxes (Newman and O’Brien 2011). Many scholars also leverage these cross-state differences in social policies to explore the consequences of one or more safety net policies for child poverty and family well-being (Schaefer et al. 2020; Hardy, Hill, and Romich 2019; Laird et al. 2018; Hoynes and Schanzenbach 2018; Bitler et al. 2017, Bitler et al. 2015).

Another implication of decentralized safety net policies that has garnered attention is the relation between geographic inequality in social provision and the distribution of racial, ethnic, or immigrant populations. This has been explored in various ways. For example, there is a long line of research on state safety net policies, which demonstrates that states with larger Black populations in particular have less generous and more exclusionary and punitive social safety net policies (Soss et al. 2001; Fellowes and Rowe 2004; Soss et al. 2011; McDaniel et al. 2017), more regressive state and local taxes (Newman and O’Brien 2011; O’Brien 2017) and spend less on cash assistance (Parolin 2019). There is also compelling work that identifies the role of explicit and implicit racial attitudes and beliefs as an important factor in policymaker and program administrator decisions (Maynard-Moody and Musheno 2003; Keiser, Mueser, and Choi 2004; Watkins-Hayes 2009; Lipsky 2010; Einstein and Glick 2017; Chang et al. 2020). At the local level, there is also a body of scholarship that has demonstrated a pattern by which cities and counties with greater racial and ethnic diversity spend less on public goods and services (Alesina, Easterly and Baqir 1999; Garrow 2014; Anderson 2017; An, Hero and Levy 2018). All of these areas of research point to the importance of understanding how systemic racism and other exclusionary ideologies and beliefs intersect with decentralized program designs in ways that contribute to geographic inequality in social provision.

This Study: Main Contribution and Central Research Questions

While there is increasing research at the state level, our understanding of social provision has been slowed by the absence of high-quality, detailed, and comparable (harmonized) state policy data. In this paper, we address this gap in our understanding of social safety net policy. We contribute conceptually and empirically to our understanding of the role of subnational governments (states) in social provision, directing attention to the consequences of safety net decentralization—especially inequalities in social provision.

We make two important distinctions. First, we identify social safety net programs that have some degree of state discretion in financing, rule-making, or administration. Second, we create comparable empirical measures of two key dimensions of social provision: generosity, a measure of spending per recipient; and inclusion, the share served among the “potentially needy” (that is, persons who are financially needy and broadly in the targeted category).³

With those distinctions in place, our analyses and results are structured around three research questions:

Question 1. What is the magnitude of cross-state variation in the generosity of benefits and the inclusiveness of safety net provisions across the U.S. states?

Our first empirical analyses (see Section 5) concern policy variation in social provision. Historically, as we have noted, there has been a lack of sufficiently detailed state-level data on safety net programs. That has made assessing policy variation – that is, policy inequality – across states surprisingly difficult. To tackle this question (and the subsequent two questions), we use a unique dataset that contains comparable state-level policy measures.

By using comparable measures of key dimensions of policy provision, we are able to provide a broad portrait of the safety net that is available for low-income families, across the U.S. states. These measures also allow us to assess cross-state inequalities in social policy provision, across multiple programs.

Question 2. How is cross-state variation in the generosity and inclusiveness of safety net programs associated with variation, across programs, in levels of state discretion in financing, rule-making, and administration?

Our analyses of cross-state policy variation include an assessment of the association, across programs, between cross-state variation and the extent to which state policy-makers have discretion in program design (also reported in Section 5).

Question 3. How is cross-state variation in the generosity and inclusiveness of safety net programs associated with variation in the racial and ethnic composition of the U.S. states?

³ In this paper, we use the terms “inclusion” and “inclusiveness” interchangeably.

Our final empirical analyses (see Section 6) concern the association between social provision and the racial and ethnic composition of states' populations. We draw on research briefly reviewed above to explore patterns of association between key dimensions of social provision, across our ten programs, and measures of states' racial and ethnic composition. We then address this question, in more detail, with respect to two programs: TANF (representing high state-level discretion) and SSI for disabled children (an exemplar of programs with low state-level discretion). These analyses allow us to identify, overall, the relationship between racial/ethnic composition and social provision and to analyze how that relationship varies across safety net programs.

The links between states' social provision and their racial and ethnic composition are complex and multidirectional. Prior research has indicated that racial/ethnic composition shapes policy outputs; in general, states with larger percentages of Black residents provide more meager social protections. Our analyses are motivated, however, by a related but different concern: associations between policy features and racial/ethnic composition reveal yet another crucial form of disparity in the U.S. In short, Blacks and members of other marginalized populations, are not randomly distributed across states. It may be that they are concentrated in states that provide less generous and less inclusive safety nets. Our final empirical analyses explore this possibility.

3. Data

Data on Social Provision in the United States

The social provision data used in this paper are from the State Safety Net Policy (SSNP) dataset, which includes yearly state-level estimates of the generosity and inclusiveness of ten safety net programs from 1994 through 2018. The safety net programs included in these data are programs in which states have discretion (albeit to widely varying degrees) in financing, rule-making, and/or administration, and that influence the economic resources of economically-marginalized working-age adults and their dependents either directly (by providing cash) or indirectly (by providing other goods or services). The ten programs are: cash assistance (AFDC/TANF), food assistance (Food Stamps/SNAP), child health insurance (Medicaid and CHIP), child support enforcement, child care subsidies (CCBG/CCDF and TANF), early childhood education (Head Start and state pre-K programs), Unemployment Insurance (UI), targeted work assistance through AFDC/TANF, child disability assistance (SSI),⁴ and state income taxes.

The SSNP dataset has been assembled from publicly-accessible state and federal administrative records, and original population estimates calculated using the Annual Social and Economic

⁴ Though Supplemental Security Income (SSI) is a means-tested program that provides cash assistance to all low-income individuals with a disability, who are blind, and who are aged 65 and older, we focus on SSI benefits for disabled children. We focus on the disabled child benefits in SSI, child health insurance through Medicaid and CHIP because our primary focus is on social provision targeted at economically vulnerable families with children. For more details on the specific details of the social provision measures, see Table 2.

Supplement (ASEC) of the Current Population Survey.⁵ To compare aspects of safety net provision across states, we constructed, for each of the ten programs, measures of two key dimensions of social provision – the generosity of benefits and the inclusiveness of receipt.

Generosity is calculated by dividing total benefit spending by a state’s caseload or number of recipients. The generosity measures are adjusted to constant (2018) dollars using the Bureau of Labor Statistics’ Consumer Price Index Research Series (CPI-U-RS). To account for cost-of-living variation across states, the generosity measures are adjusted using the Bureau of Economic Analysis’ Regional Price Parities by State and Metro Area (RPPs).⁶

Inclusion is calculated by dividing the number of actual program recipients in a state by the number of potentially needy individuals or families in the state. For means-tested programs, the estimate of the potentially needy is the number of individuals or families who (a) fall into categorically-eligible groups and (b) have market (pre-tax-pre-transfer) incomes below the federal poverty threshold, or below some percentage of the threshold depending on the income eligibility criteria of the program. (These measures are estimated using three-year moving averages from the ASEC).⁷

Table 2 provides a description of the construction of each policy indicator including data sources.⁸

< Table 2 >

⁵ The SSNP dataset was created by Marcia Meyers, Sarah Bruch, and Janet Gornick and is currently maintained by Sarah Bruch. ASEC data were obtained from the IPUMS-CPS database (Flood, King, Rogers, Ruggles, and Warren 2018).

⁶ The BEA RPP’s are available for states and metro areas on a yearly basis. They are a weighted average of the price level of goods and services for the average consumer in one geographic region compared to all other regions in the U.S. This adjustment is a full basket adjustment at the state level, incorporating sources of income beyond simply geographically-adjusted rents. See the Appendix for more information about the BEA RPP cost-of-living adjustment.

⁷ The potentially needy population denominators differ from estimates of the potentially eligible population which incorporate additional program- and state-specific eligibility criteria (see Urban Institute’s TRIM3 for example). We have chosen to calculate the potentially needy population defined by broad categorical criteria of programs in order to capture the depth of program receipt in the economically needy population. This approach allows for comparability over time within programs; our measure of the potentially needy, over time, is independent of changes in program eligibility rules. See the Appendix for more information about the estimation of the population denominators.

⁸ In cases where there is a missing value for an observation (a state) or year, values are imputed using neighbor averages (i.e. average of year before and after the missing value). As with most administratively reported data, there is quite a bit of variability in the data obtained from many of the sources used in the construction of these policy indicators. To help reduce this type of measurement variability, the indicator values are top and bottom coded at two standard deviations from the mean for that year, and are “double-smoothed” by first using three year moving averages in the construction of the numerators and denominators as well as “smoothing” the final indicator using three year moving averages.

These measures of generosity and inclusion are calculated yearly starting in 1994 and going through 2018, for each of the ten types of assistance for all fifty states.⁹ The SSNP data are unique in providing comparable measures across programs over an extended period of time.

Population Demographics

We use the American Community Survey 5-Year Estimates for 2014-2018 to examine the associations between the generosity and inclusion policy indicators and demographic characteristics of the state population including the percent Black or African American, the percent Black or Hispanic, and the percent of the population with a “historically marginalized” racial/ethnic identity defined as Black or African American, Hispanic, Native American or American Indian, or Hawaiian or other Pacific Islander.¹⁰ These category labels are set by the ACS.

4. Analytic Approach and Methods

To assess the magnitude of variation in safety net provision, we first look at cross-state variation or inequality in levels of generosity and inclusiveness, using the absolute values observed at different points in the distribution of states. For each of the 10 programs, we identify and compare levels (of policy generosity and inclusiveness) at the median, near the top (the 90th percentile state), and near the bottom (the 10th percentile state). We also estimate the level of cross-state variation/inequality using a summary inequality statistic – the Gini coefficient.¹¹

To examine the association between state racial and ethnic composition and social provision, we estimate Pearson correlations. We estimate these correlations for each of the generosity and inclusion policy indicators separately, as well as for generosity and inclusion indexes that capture cross-program averages.

5. Results – Social Provision and Levels of State Discretion

Cross-State Inequality in Social Provision

Table 3 displays the 50 state medians, 10th and 90th percentiles, standard deviations, and Gini coefficients, for the generosity and inclusion indicators for each program, in 2018.

< Table 3 >

We find that there is substantial cross-state inequality in safety net provision across all ten programs. To give this cross-state inequality substantive meaning, it is helpful to examine the

⁹ The first year of data for child care is 1998, and the last year is 2017. Child health insurance generosity is calculated from 1994 through 2013.

¹⁰ The U.S. Census Bureau must adhere to the 1997 Office of Management and Budget (OMB) standards on collecting and reporting race and ethnicity. The ASC categories used here reflect these standards.

¹¹ Gini coefficients are calculated in Stata using the “inequal7”.

variation in the levels of generosity and inclusiveness of programs. If the variation is limited, then the case can be made that while there are inequalities in provision across states, the magnitude of that variation is not problematic. However, if the variation is substantively large, then it provides strong evidence that this is meaningful for families in terms of what they receive and the likelihood of receiving it.

Figure 1 displays the range of cross-state variation in generosity for each of the safety net programs in terms of the dollar amount per recipient, spent on benefits or on service provision. Figure 2 displays the range of cross-state variation in inclusion for each of the safety net programs in terms of the proportion of the potentially eligible that receive assistance.

< Figures 1 and 2 >

The two programs with the greatest cross-state differences in the generosity of benefits are TANF cash assistance and preschool/early education. In TANF cash assistance, the average benefit received by families at the 50 state median was just above \$4,000 in 2018 compared to families receiving approximately \$2,000 in states near the 10th percentile and almost \$6,500 in states near the 90th percentile. The difference between the average amount spent on benefits for families in the most and least generous states is substantial (more than \$4,000) representing more than a doubling of the benefit received by those at the lower end of the generosity distribution. In preschool/early education, the average amount spent per child at the median is about \$8,700. However, the amount spent per child at the 90th percentile is double that spent at the 10th percentile (almost \$11,000 compared to about \$5,300).

These two programs also vary widely in terms of inclusion. In TANF cash assistance, only 5 out of 100 poor families with children receive cash assistance in states near the 10th percentile, while approximately 40% of poor families with children receive cash assistance in states near the 90th percentile. Notably, even in the top end of the inclusion distribution, fewer than half of poor families with children receive TANF cash assistance. Inequality in inclusion is even more dramatic across states at the 90th percentile compared to those near the 10th percentile: 43% of three-and-four year olds in preschool/early education compared to fewer than 10% - a difference of more than 30 percentage points.

Regarding Unemployment Insurance, unemployed workers receive an average of about \$5,200 in states near the median of the cross-state distribution, only about \$3,500 in states near the 10th percentile, and double that amount (about \$7,000) in states near the 90th percentile. Again, these are substantial disparities in average benefits received by unemployed workers at different locations within the generosity distribution. In terms of inclusiveness, fewer than 15% of unemployed workers receive Unemployment Insurance in states near the bottom of the inclusion distribution, whereas three times that share (45%) receive benefits states near the top of the inclusion distribution.

One of the programs with the least cross-state inequality is food assistance (SNAP). However, even in a program characterized as having relatively little cross-state inequality, the variation in average benefits received and the inclusiveness of receipt is not negligible. The average amount received varies from approximately \$2,600 in states near the 10th percentile, compared to just above \$3,600 in states near the 90th percentile, representing a difference of approximately \$1,000 (about a third of the average benefit amounts). There is also substantial variation in the inclusion

of low-income families in SNAP: there is a 30 percentage point difference in the rate of inclusion between states near the 10th and 90th percentiles (0.785 compared to 1.189).¹²

Figure 3 displays the Gini coefficient for the generosity and inclusion indicators for all 10 programs ordered by levels of state discretion. The greatest cross-state inequality in benefit generosity is found in the two TANF-based programs – work assistance and cash assistance (*Gini coefficients* = 0.548 and 0.234 respectively) followed by three programs with “medium” levels of state discretion: Unemployment Insurance (*Gini coefficient* = 0.152), preschool/early education (*Gini coefficient* = 0.139) and child health insurance (*Gini coefficient* = 0.139). The lowest levels of cross-state inequality in benefit generosity are found for the two programs with low levels of state discretion: food assistance (*Gini coefficient* = 0.076) and Supplemental Security Income (*Gini coefficient* = 0.049).¹³

< Figure 3 >

The greatest cross-state inequality in the inclusiveness of receipt is again found in the two TANF-based programs – cash assistance (*Gini coefficient* = 0.394) and work assistance (*Gini coefficient* = 0.359). Preschool/early education, and child care, both programs with medium levels of state discretion, have the next highest level of cross-state inequality in terms of inclusion (*Gini coefficient* = 0.319 and 0.287 respectively). The two programs with the least cross-state inequality in the inclusiveness of receipt are food assistance (*Gini coefficient* = 0.096) and child health insurance (*Gini coefficient* = 0.079).

These results demonstrate that, across a wide range of safety net programs, cross-state inequality in benefit levels and inclusiveness is substantively large enough to represent meaningful variation. Living in one state versus another is hugely consequential for the social safety net one will encounter. These results also demonstrate that, on average, there is greater cross-state inequality in provision in programs with greater levels of state discretion in financing, rule-making, and/or administration.¹⁴

¹² In states near the 90th percentile, the inclusion measure indicates that over 100% of families with pre-tax-pre-transfer incomes less than 130% of the poverty threshold are receiving food assistance. This results from several factors, including the fact that the income measure we are using is not parallel to how income and assets are valued for program eligibility, and that states can get federal CHIP matching funds for child coverage up to 300 percent of the federal poverty level (FPL).

¹³ We do not interpret the Gini coefficient for state income tax generosity. The state income tax generosity measure includes negative values (which indicate tax liabilities) and zero values (which indicate that a single family of three does not owe any taxes or receive any tax benefits at the poverty line). Inclusion of negative and zero values in calculating the Gini coefficient can yield values greater than one. To our knowledge there is not a standard normalization approach or agreement about whether it is appropriate to adjust the Gini coefficient by binding the values to be between zero and one in situations where these represent real values (see Raffinetti, Siletti, and Vernizzi 2016 and Battisti, Porro, and Vernizzi 2019 for a discussion of this issue). We also use caution in interpreting the generosity values for cash assistance-based work assistance due to both the extremely large amounts reported by some states, and the widely varying values reported by states (see Burnside and Schott 2020 for an excellent analysis of state spending of TANF block grants).

¹⁴ In previous work, Sarah Bruch, Marcia Meyers, and Janet Gornick explored how the levels of cross-state inequality in provision are related to the levels of state discretion in financing, administration, and rule-making

6. Results – Social Provision and Racial and Ethnic Composition

Next we turn to the examination of the associations between the racial and ethnic composition of states and cross-state variation in social provision. Table 4 displays the correlations between the generosity and inclusion policy indicators and three alternative measures of state racial and ethnic composition: percent Black, percent Black and Hispanic, and percent “historically marginalized” (which includes Black, Hispanic, Native American or American Indian, and Hawaiian and other Pacific Islander).

< Table 4 >

A few patterns of association stand out. First, there are negative associations between the generosity and inclusion indexes (which present averages across programs) and each of the racial and ethnic composition measures that capture the prevalence of these three populations. The strongest (statistically significant) associations are between the percent Black, and the percent Black and Hispanic, and the generosity index ($r = -0.45$ and $r = -0.37$ respectively).¹⁵

The second notable pattern is that the most consistent sequence of negative associations between social provision and racial and ethnic prevalence is between the percent Black in a state and the generosity and inclusion indicators. In the case of generosity, there are three statistically significant negative correlations with the percent Black: cash assistance ($r = -0.29$), Unemployment Insurance ($r = -0.38$), and preschool/early education ($r = -0.32$). In the case of inclusion, there are also three statistically significant negative correlations: cash assistance ($r = -0.38$), Unemployment Insurance ($r = -0.32$), and targeted work assistance ($r = -0.34$). There are also statistically significant negative associations between the percent Black and Hispanic and preschool/early education generosity and child support inclusion. There are also four statistically significant negative associations between the percent of historically marginalized populations and social provision: preschool/early education generosity ($r = -0.36$), cash assistance inclusion ($r = -0.28$), child support inclusion ($r = -0.39$), and child care inclusion ($r = -0.31$).

The third notable pattern is that the programs that have statistically significant negative associations with concentrations of racial and ethnic populations in states all have high or medium levels of state discretion. The association between preschool/early education generosity and the racial and ethnic population of states in part maps onto the wide variation in the extent to which state and local governments (i.e., school districts) provide funding for state preschool programs (Magnuson and Waldfogel 2005). Regarding the Unemployment Insurance program states have discretion with respect to eligibility, generosity, and duration of benefits, and administration. The negative associations between the generosity and inclusiveness of Unemployment Insurance programs and the percent Black in a state indicates that programs in states with higher percentages of Black residents provide less generous benefits and are less inclusive in terms of receipt of these benefits. These negative associations between race and policy provision are consistent with the exclusion of Blacks from New Deal programs, resulting

looking specifically at how this has changed over time from 1994 to 2014 (Bruch, Meyers, and Gornick 2018). The current analysis updates those analyses using the most recent data available (2018).

¹⁵ We describe the results for the generosity index that does not include the work assistance program due to the much higher dollar values in this program.

from the exemption of occupations in which Blacks were disproportionately employed (i.e., agricultural and domestic service), and with recent evidence of inequalities in receipt during the Great Recession (Katznelson 2006; Nichols and Simms 2012). In the case of cash assistance, the strong association between the racial or ethnic composition of the real or imagined target population has been well-documented (Gilens 2009).

The fourth notable pattern is the positive associations between the generosity and inclusiveness of the SSI program, serving disabled children, and the percent Black in a state. In fact, these are the only statistically significant positive associations found. This represents a stark contrast to the strong negative associations between the percent Black and the generosity and inclusiveness of the TANF cash assistance program. Although our data cannot establish a clear explanation for these positive correlations, SSI generosity and inclusiveness are both likely higher among states with a higher percentage of Blacks in part because Blacks have higher rates of child disability and poverty (Newacheck et al. 2003; Goyat, Vyas, and Sambamoorthi 2017; Laird et al. 2018), and because Blacks have lower average incomes (Semega et al. 2020), average SSI benefits (which are based in part on the parents' deemed income) would be higher on average. SSI provisions may also be higher in states with larger shares of Black residents, in part, due to the corresponding lower levels of generosity and inclusiveness of TANF (Schmidt and Sevak 2004; Parolin and Luigjes 2019), that applications for SSI are higher in states with lower AFDC benefits (Soss and Keiser 2006), and that states have strong fiscal incentives to draw down federal benefit dollars (Miller and Keiser 2013; Duggan et al. 2015).¹⁶

Figures 4 and 5 display indicators for TANF and SSI, respectively, with generosity on the vertical axes and inclusion on the horizontal axes. Both figures color-code the state abbreviations to indicate the level of the states' Black populations. Comparing these two figures reveals a marked contrast with respect to the exposure or access of Blacks to TANF and SSI programs that vary in their generosity and inclusion. Regarding TANF, we see that states with higher percentages of Blacks fall into the lower left quadrant of the graph, corresponding to states that are less generous and less inclusive than most states. In contrast, in the SSI figure, states with higher percentages of Blacks cluster in the top right quadrant, which includes states with more generous and inclusive programs on average.¹⁷

< Figures 4 and 5 >

While variation across programs in the correlation between generosity and/or inclusion with percent Black could be due to a number of factors, variation in program design, especially in relation to the amount of state discretion in financing, rule-making, and administration, is strongly implicated. These programs differ dramatically in how benefits are determined, with TANF allowing states to set their own benefit levels and determine the amount of spending on direct cash benefits, compared to SSI programs serving disabled children, in which benefits are

¹⁶ Consistent with this previous research, there is a negative correlation between TANF cash assistance generosity and SSI inclusion ($r = -0.29$), indicating that there is greater inclusion of poor children in SSI in states with less generous cash welfare benefits.

¹⁷ In results not shown, we also find that there is a strong correlation between the disabled child population and SSI inclusion ($r = 0.49$), however, the correlation between the disabled child population and the Black population is rather small ($r = 0.21$).

determined and provided by the federal government with optional state supplements.¹⁸ The two programs also differ in terms of how eligibility is determined. With TANF, state and local administrators are permitted to determine eligibility based on state-specific guidelines, while SSI eligibility is based on determinations of disability, which are specified in federal guidelines based on medical standards (Erkulwater 2006, 2014).

The correlations found here are consistent with the previous research reviewed in our introduction to this chapter, which has demonstrated that states with higher percentages of Blacks have less generous and less inclusive cash assistance benefits (see McDaniel et al. 2017), spend less of their TANF block grants on basic cash assistance (Parolin 2019), and have greater rates of sanctioning of Black clients (Soss et al. 2011). This literature demonstrates, with overwhelming evidence, the racial disproportionality in the TANF program, providing a marked contrast to what we know about the SSI program that serves disabled children. Our results suggest that, likely due to state fiscal incentives as well as a policy design that allows for less local discretion, there is more racially equitable access and benefit provision in the SSI compared to TANF.

6. Discussion/Conclusion

The decentralized nature of the social safety net for economically-vulnerable families with children is one of the most important structural features of the U.S. welfare state. Our research establishes that the extent of cross-state variation in the generosity and inclusiveness of safety net provision is extensive, thus constituting a crucial form of inequality – inequality in the treatment of similar needs and claims by people who happen to live in different states.

We argue that this form of inequality deserves more sustained attention, particularly with regard to policy design and reform. In designing social policies, there is a clear trade-off between uniformity through national provision, reflective of equality in social rights and equity considerations, and variability through state or local provision, indicating substantial inequality in rights and a lack of centralized effort aimed at equity in provision (Obinger, Castles, and Leibfried 2005). As Aaron Wildavsky (1985) famously noted, “federalism means inequality” – and our work confirms that.

While more research is needed on the consequences of the U.S.’ decentralized safety net, there is compelling evidence now that these consequences are troubling, especially because policy variation is associated with states’ racial and ethnic composition. The implications of policy decentralization for the patterning of racial inequality in the U.S. are most visible, as we have shown, in the disparity between the two programs that we examined closely: TANF and SSI.

One of our key conclusions is that, among programs that operate with greater levels of state discretion, states with higher concentrations of Blacks and historically marginalized populations

¹⁸ State supplements for child SSI benefits in 2018: 18 states and the District of Columbia do not provide state supplements for child SSI beneficiaries (Alaska, Arizona, Arkansas, Delaware, District of Columbia, Florida, Indiana, Kansas, Maryland, Mississippi, Missouri, North Carolina, North Dakota, Ohio, South Carolina, Tennessee, Texas, Virginia, and West Virginia). <https://web.archive.org/web/20180820170000/https://www.ssa.gov/ssi/text-child-ussi.htm>

provide lesser benefits and serve fewer needy individuals. As we noted earlier, links between states' social provision and their racial and ethnic composition are complex. Our motivating concern was that correlations between policy features and racial and ethnic composition might lead to an insidious form of disparity: Blacks and members of other marginalized populations, due to their patterns of residential location, may receive less generous and less inclusive social protection. Our empirical results have deepened that concern.

When analyzing potential improvements to the U.S. safety net, it is crucial that we better understand the role of state and local policymakers and administrators, as well as the equalizing role that the federal government and/or more uniform policy designs can play in ensuring equal protection and rights. Both of these analytic perspectives are increasingly pressing; the effects of the COVID-19 pandemic, and the concurrent economic and social crises, have already revealed familiar patterns of racial inequality, with respect to both health outcomes and economic insecurity (Gould and Wilson 2020).

It is imperative that social policy scholars and policy-makers consider the inter-relationships between decentralized program designs, inequalities in social provision, and disparities with respect to race and ethnicity. We encourage further research that would help to identify program designs that manage the dynamics of federalism in order to ensure more equitable access to social provision – from coast to coast and across racial/ethnic groups.

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Table 1. Categorization of Safety Net Programs by Levels of State Discretion

	<i>Financing</i>	<i>Policy</i>	<i>Administration</i>
Cash Assistance	High	High	High
State Income Tax	High	High	High
Targeted Work Assistance	High	High	High
Child Care	Medium	Medium	High
Preschool/Early Education*	Medium/High	Medium/High	Medium/High
Child Support	Medium	Medium	High
Unemployment Insurance	Medium	Medium	Medium
Child Health Insurance	Low	Medium	Medium
Supplemental Security Income	Low	Low	Low
Food Assistance	Low	Low	Medium

Note: Low=limited state discretion; High=a great deal of state discretion. Authors' coding based on program design features distributing federal and state responsibilities and authority (see Bruch, Meyers, and Gornick 2018 for more details on discretion coding).

* Combines programs operating with different forms and degrees of state discretion: state funded Pre-K programs, over which states have full control, plus the federal Head Start program that is funded and managed directly by federal agencies.

Table 2. Social Safety Net Policy (SSNP) Measure Descriptions and Data Sources

Program	Dimension	Measure Construction
Cash Assistance	Generosity	From 1994 to 1996, average yearly cash benefit in AFDC. From 1997 to 2014, calculated as state and federal dollars spent on cash benefits in TANF program ¹ divided by the monthly average number of recipient families. ²
	Inclusion	From 1994 to 1996, numerator is monthly average number of families receiving AFDC. ³ From 1997 to 2014, numerator is monthly average number of families receiving TANF. ² Denominator is number of pre-tax and transfer poor families with children (at 100% Federal Poverty Level [FPL]).
Child Support	Generosity	Child support distributions per child support case in which a child support collection was made on an obligation. ⁴
	Inclusion	Number of child support cases for which a collection was made on an obligation ⁴ divided by the number of single parent families with children.
Food Assistance	Generosity	Expenditures on benefits divided by the number of participating households. ⁵
	Inclusion	Number of households with children participating ⁶ divided by the number of pre-tax and transfer poor families with children (130% FPL).
Unemployment Insurance	Generosity	Average weekly benefit received multiplied by the average number of weeks of receipt. ⁷
	Inclusion	Number of recipients in all program divided by the total number of unemployed. ⁷
Supplemental Security Income	Generosity	Average yearly child disability benefit received (includes federally administered state supplementation payments). ⁸
	Inclusion	Number of children < 18 receiving SSI ⁸ divided by the number of pre-tax and transfer poor children < 18 (200% FPL)
State Income Tax	Generosity	State income tax that a single-parent family of three pays when their income is at the poverty line. ⁹
	Inclusion	Proportion of poor single parent families of 3 (100% FPL) under state income tax threshold for single parent family of 3. ⁹
Preschool and Early Education	Generosity	Federal and state expenditures on Head Start and state pre-K divided by the number of children enrolled in Head Start and state pre-K. ¹⁰
	Inclusion	Children enrolled in state pre-K and Head Start divided by the number of children 3-4 years old. ¹⁰
Targeted Work Assistance	Generosity	Federal and state expenditures on work related activities including transportation divided by the number of participating families. ¹¹
	Inclusion	From 1994 to 1996 is number of JOBS participants divided by average number of families receiving AFDC. From 1997 to 2013 is number of families meeting work requirements divided by average number of families receiving TANF. ¹²

Child Health Insurance	Generosity	Federal and state expenditures on Medicaid child eligibles (94-98) beneficiaries (99-12) and SCHIP enrollees divided by the number of Medicaid child eligibles (94-98) beneficiaries (99-12) and SCHIP enrolled children. ¹³
	Inclusion	Medicaid eligibles (94-98) beneficiaries (99-12) and SCHIP enrolled children ¹⁴ divided by the under 18 pre-tax and transfer poor population (300% FPL).
Child Care	Generosity	Total spending (CCDF and TANF) on child care per child served by TANF and CCDF. ¹⁵
	Inclusion	Number of children served by TANF and CCDF ¹⁴ divided by the number of pre-tax and transfer poor children under 13 (100% FPL).

¹ Green Book 1994-96; ACF TANF Financial Data 1997-2014. Starting in 2000 includes State Separate Program expenditures.

² Green Book 1994-96; OFA Caseload Data 1997-2014. Starting in 2000 includes State Separate Program caseloads.

³ Green Book 1994-96 AFDC average monthly family recipients.

⁴ OCSE Annual Report to Congress 1994-2014.

⁵ USDA Food and Nutrition Service Food Stamp Program Data 1994-2014.

⁶ USDA, Food and Nutrition Service, Characteristics of Food Stamp Households Annual Reports 1994-2014.

⁷ Department of Labor Employment and Training Administration Unemployment Insurance Data Summaries 1994-2014.

⁸ Social Security Administration SSI Annual Statistical Reports 1994-2014.

⁹ To calculate the state income tax liability or refund for a single-parent family of three at the poverty line and the state income tax threshold at which a single-parent family of three has a tax obligation, we follow a methodology first used by the CBPP and continued by the NCCP which uses the online NBER TAXSIM tax calculation tool. TAXSIM is a microsimulation tool that provides estimates of state and federal income tax liabilities from survey data. This tool is used to calculate the state income tax liability or refund for a single-parent family of three at the poverty line by inputting the U.S. Census Bureau annual poverty thresholds for families of different compositions. The results provided by TAXSIM are an estimate of the state and federal tax liability for a family of a given composition when their income is at the poverty threshold. To obtain the state income tax threshold at which a single-parent family of three has a tax obligation, we input records of single-parent families of varying incomes for all fifty states. Each state contains one single-parent family record with an income between \$0 and \$65,000, with each differing from the prior record by increments of \$100. The results provided by TAXSIM we then use to compare against the records we use as input to identify the income value in any given state at which a single-parent family would obtain a tax obligation to obtain our threshold.

¹⁰ Children's Defense Fund 1994 and 1999; National Institute for Early Education Research State of Preschool 2002-2014; ACF Head Start Fact Sheets 1994-2009.

¹¹ Green Book 1994-96; ACF TANF Financial Data 1997-2014.

¹² Green Book 1994-96; HHS ACF TANF Work Participation Rates Data 1997-2013. OFA Caseload Data 1997-2014. Starting in 2000 includes State Separate Program caseloads.

¹³ DHHS Centers for Medicare and Medicaid Services, Medicaid Statistical Information Services National MSIS Tables 1994-2012; Kaiser Family Foundation State Health Facts 1998-2009; Centers for Medicare and Medicaid Services CMS-21 CHIP Expenditure Reports 2010-14.

¹⁴ Congressional Research Service Report (Gish Report) 1992-2000; Green Book 1992-2001; ACF CCDF State Expenditure Data 2003-2014; ACF TANF Financial Data 1997-2014.

¹⁵ ACF CCDF Data Tables 1998-2014. ACF TANF Financial Data 1997-2014.

¹⁶ U.S. Dept. of HUD, VMS Data 1996-2014.

Table 3. U.S. Social Safety Net Policy Indicators: Distribution Statistics, 2018

	<i>Median</i>	<i>Standard Deviation</i>	<i>Gini Coefficient</i>	<i>10th Percentile</i>	<i>90th Percentile</i>
<i>Generosity</i>					
Cash Assistance	\$4,155	1945	0.234	\$2,006	\$6,409
Child Support	\$3,169	486	0.082	\$2,642	\$3,918
Food Assistance	\$3,235	433	0.076	\$2,595	\$3,671
Unemployment Insurance	\$5,200	1414	0.152	\$3,542	\$7,055
Supplemental Security Income	\$8,149	711	0.049	\$7,052	\$8,989
State Income Taxes ^a	\$64	581	^c	-\$149	\$1,197
Preschool/Early Education	\$8,756	2076	0.139	\$5,319	\$10,853
Targeted Work Assistance	\$17,199	36,835	0.548	\$4,931	\$54,632
Child Health Insurance ^b	\$2,082	575	0.139	\$1,690	\$3,260
Child Care ^b	\$6,206	1507	0.123	\$5,171	\$8,743
<i>Inclusion</i>					
Cash Assistance	0.174	0.145	0.394	0.054	0.408
Child Support	0.817	0.240	0.160	0.586	1.182
Food Assistance	1.013	0.176	0.096	0.785	1.189
Unemployment Insurance	0.255	0.116	0.237	0.127	0.455
Supplemental Security Income	0.037	0.012	0.174	0.020	0.055
State Income Taxes ^a	0.347	0.116	0.184	0.233	0.542
Preschool/Early Education	0.237	0.144	0.319	0.081	0.427
Targeted Work Assistance	0.151	0.117	0.359	0.045	0.363
Child Health Insurance	1.117	0.158	0.079	0.911	1.295
Child Care ^b	0.160	0.111	0.287	0.096	0.345

Note: Values are reported in 2018 constant dollars. Generosity measures are cost-of-living adjusted using the BEA RPPs, see Appendix for more information.

^a State income tax values are calculated only for the 41 states that have state income taxes.

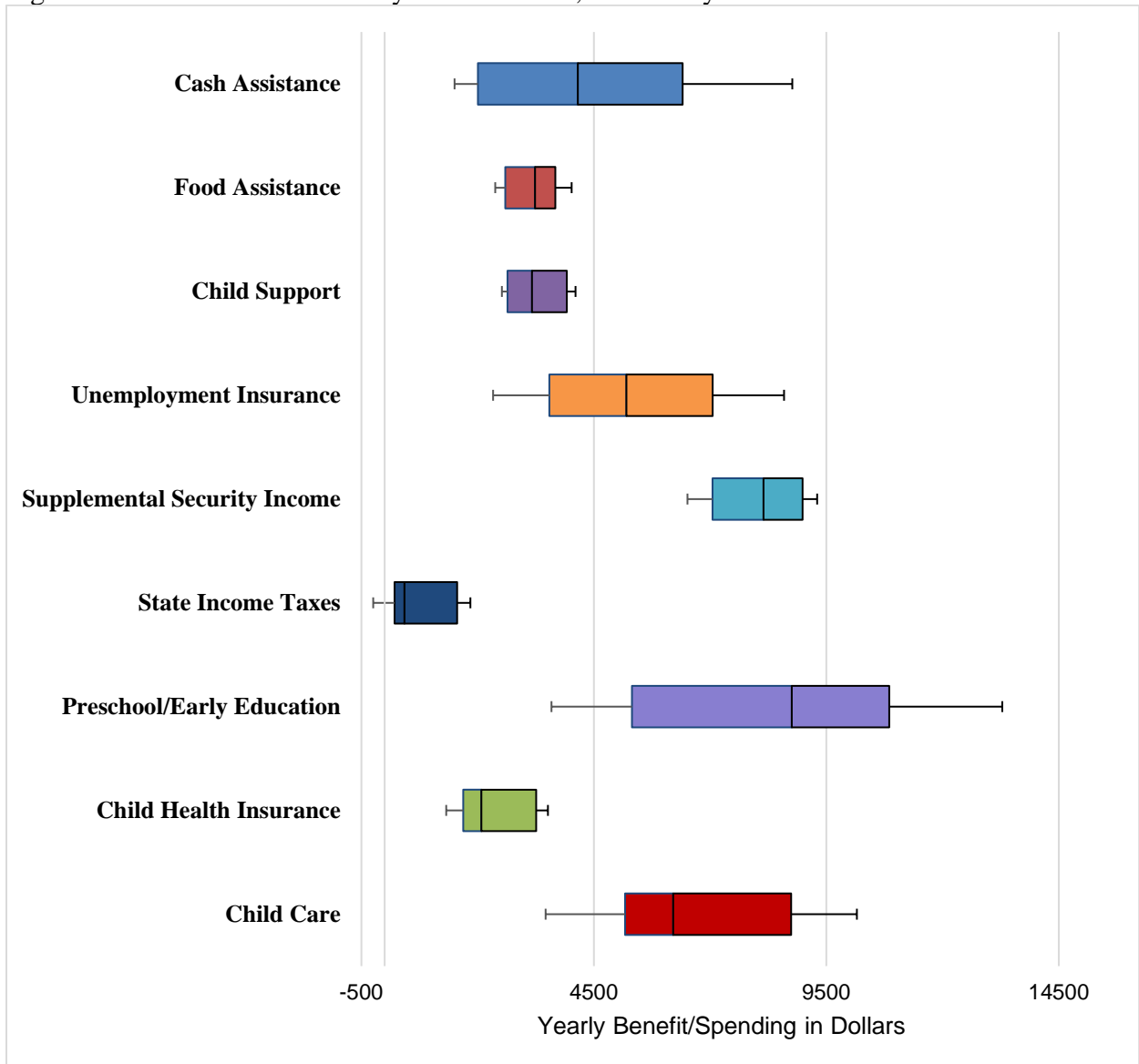
^b Last year of data is 2013 for child health insurance generosity, and is 2017 for child care generosity and inclusion.

^c The state income tax generosity measure includes several negative values (which indicate tax liabilities) therefore no Gini coefficient is calculated (see De Battisti et al. 2019 and Ostasiewicz and Vernizzi 2017 for a discussion of this issue).

Table 4. U.S. Social Safety Net Policy Indicators: State Population Correlations

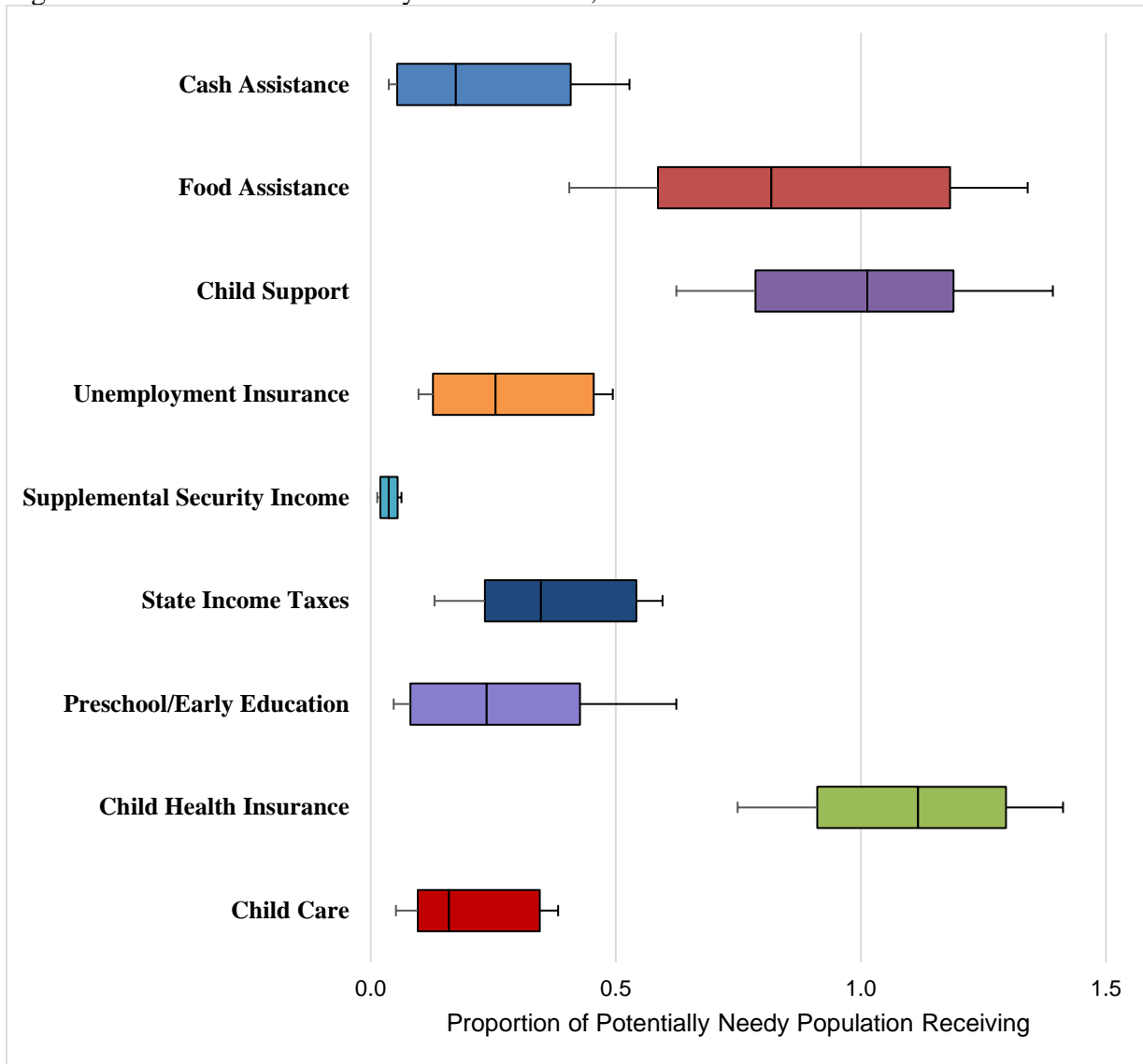
	<i>Black</i>	<i>Black & Hispanic</i>	<i>Historically Marginalized</i>
<i>Generosity</i>			
Index No Jobs (Average)	-0.45*	-0.37*	-0.25
Cash Assistance	-0.29*	-0.24	-0.15
Child Support	-0.17	-0.01	0.01
Food Assistance	0.17	0.05	0.15
Unemployment Insurance	-0.38*	-0.07	-0.02
Supplemental Security Income	0.31*	0.01	-0.03
State Income Taxes ^a	-0.26	-0.07	-0.10
Preschool/Early Education	-0.32*	-0.42*	-0.36*
Targeted Work Assistance	0.14	0.06	0.04
Child Health Insurance ^b	-0.13	-0.20	-0.14
Child Care ^b	-0.07	-0.11	-0.10
<i>Inclusion</i>			
Index (Average)	-0.21	-0.18	-0.19
Cash Assistance	-0.38*	-0.27	-0.28*
Child Support	-0.13	-0.41*	-0.39*
Food Assistance	0.19	0.20	0.18
Unemployment Insurance	-0.32*	-0.08	-0.03
Supplemental Security Income	0.52*	0.24	0.12
State Income Taxes ^a	-0.10	0.18	0.14
Preschool/Early Education	0.14	0.10	0.05
Targeted Work Assistance	-0.34*	-0.23	-0.22
Child Health Insurance	0.072	0.18	0.16
Child Care ^b	-0.19	-0.26	-0.31*

Figure 1. State Variation in Safety Net Provision, Generosity Indicators 2018



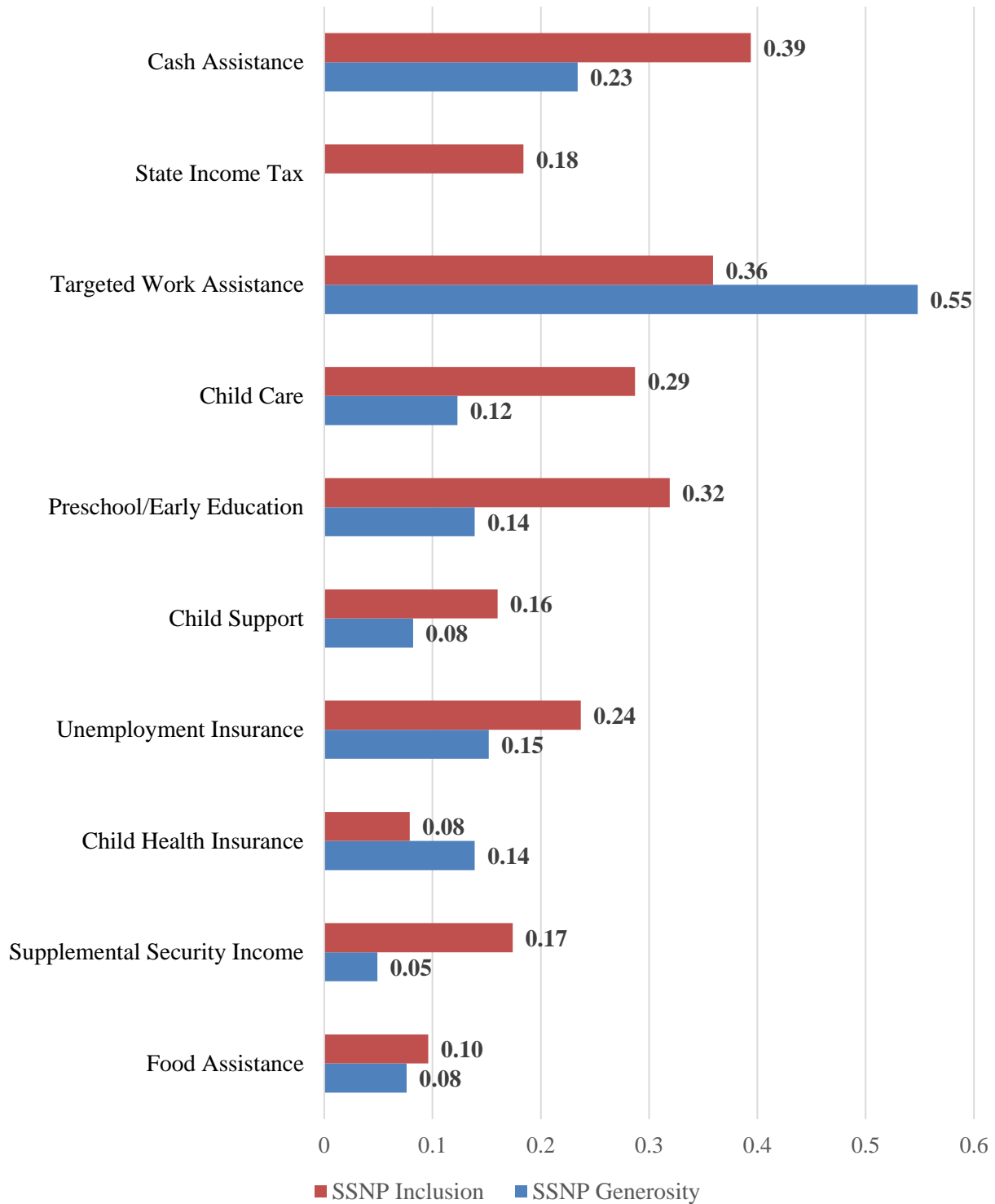
Note: The ends of the colored boxes represent the 90th and 10th percentile values. Cash-assistance based work training is not represented on the graph due to the extreme scale difference.

Figure 2. State Variation in Safety Net Provision, Inclusion Indicators 2018



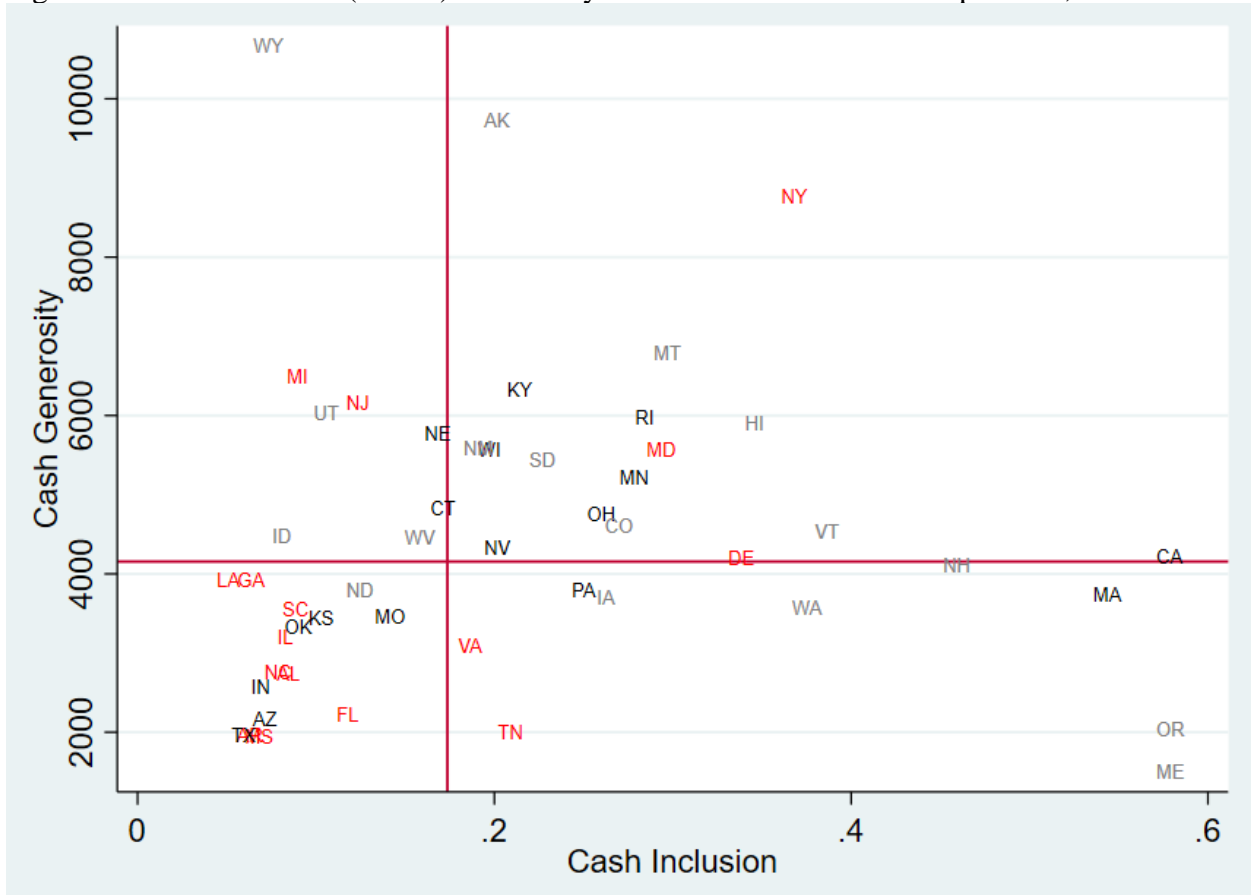
Note: Note: The ends of the colored boxes represent the 90th and 10th percentile values.

Figure 3. Cross-State Inequality in Safety Net Provision Generosity and Inclusion, 2018



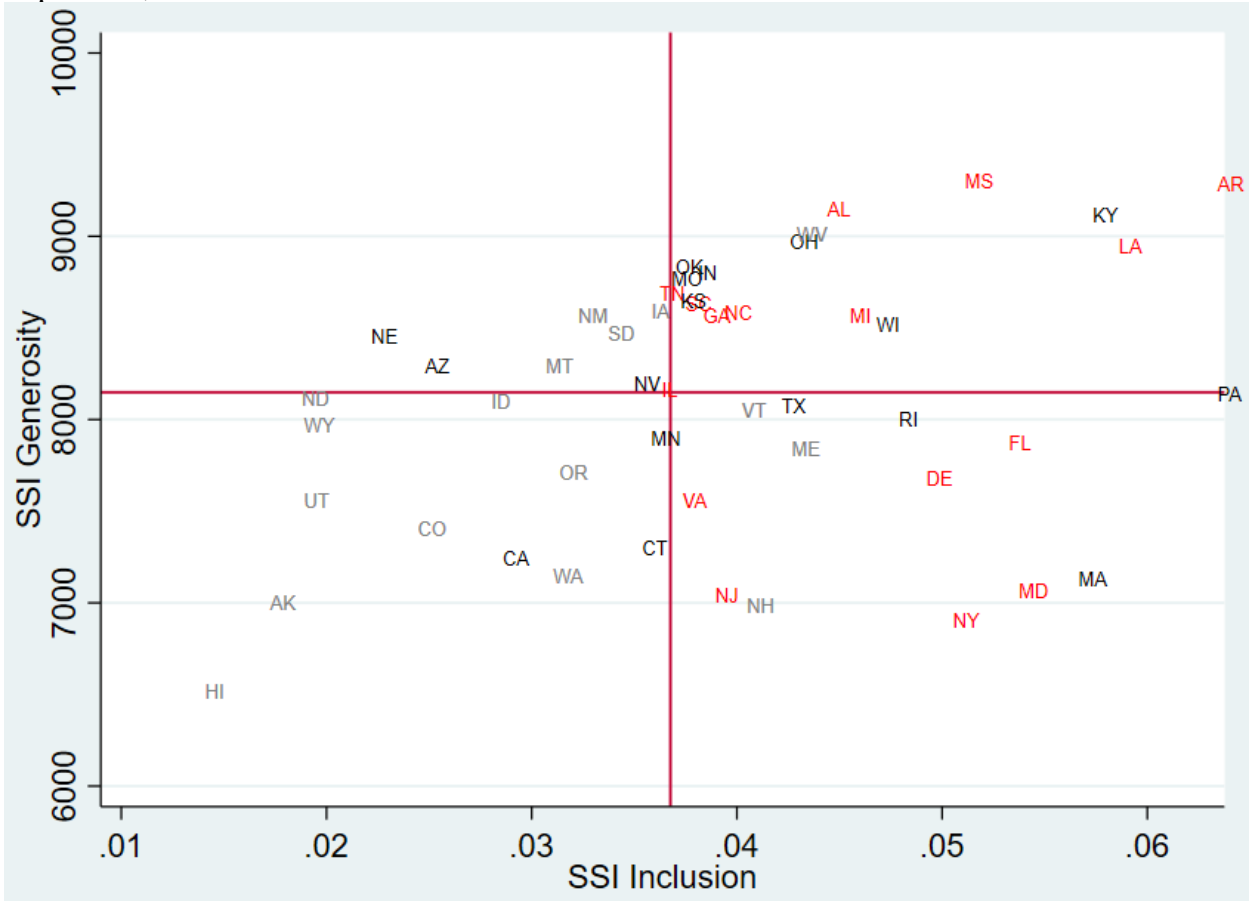
Note: Programs are ordered by overall level of state discretion in financing, administration, and rule-making. The state income tax generosity measure includes several negative values (which indicate tax liabilities) therefore no Gini coefficient is calculated.

Figure 4. Cash Assistance (TANF) Generosity and Inclusion and Black Population, 2018



Note: States are classified by Black or African American population percentages (red indicates high i.e. top third of the distribution, black indicates medium/middle tertile, gray indicates low/bottom tertile of the distribution). The red lines in the graph represent the 50 state median values of inclusion and generosity.

Figure 5. Child Supplemental Security Income (SSI) Generosity and Inclusion and Black Population, 2018



Note: States are classified by Black or African American population percentages (red indicates high i.e. top third of the distribution, black indicates medium/middle tertile, gray indicates low/bottom tertile of the distribution). The red lines in the graph represent the 50 state median values of inclusion and generosity.

Appendix

Geographic Cost-of-living Adjustments

In the social provision analyses, we use the Bureau of Economic Analysis (BEA) Regional Price Parities by State and Metro Area (RPP). The RPP's are annual price indexes that are designed to measure the geographic difference in cost-of-living using a weighted average of the price of goods and services for the average consumer in one geographic region compared to all other regions in the U.S. We use the RPP's to adjust the generosity indicators (dollar amount spent per recipient) for all programs. Specifically, we use the aggregate state-level "all items" RPPs which cover all consumption goods and services including housing rents, and apply the adjustment to the entire generosity value.¹⁹

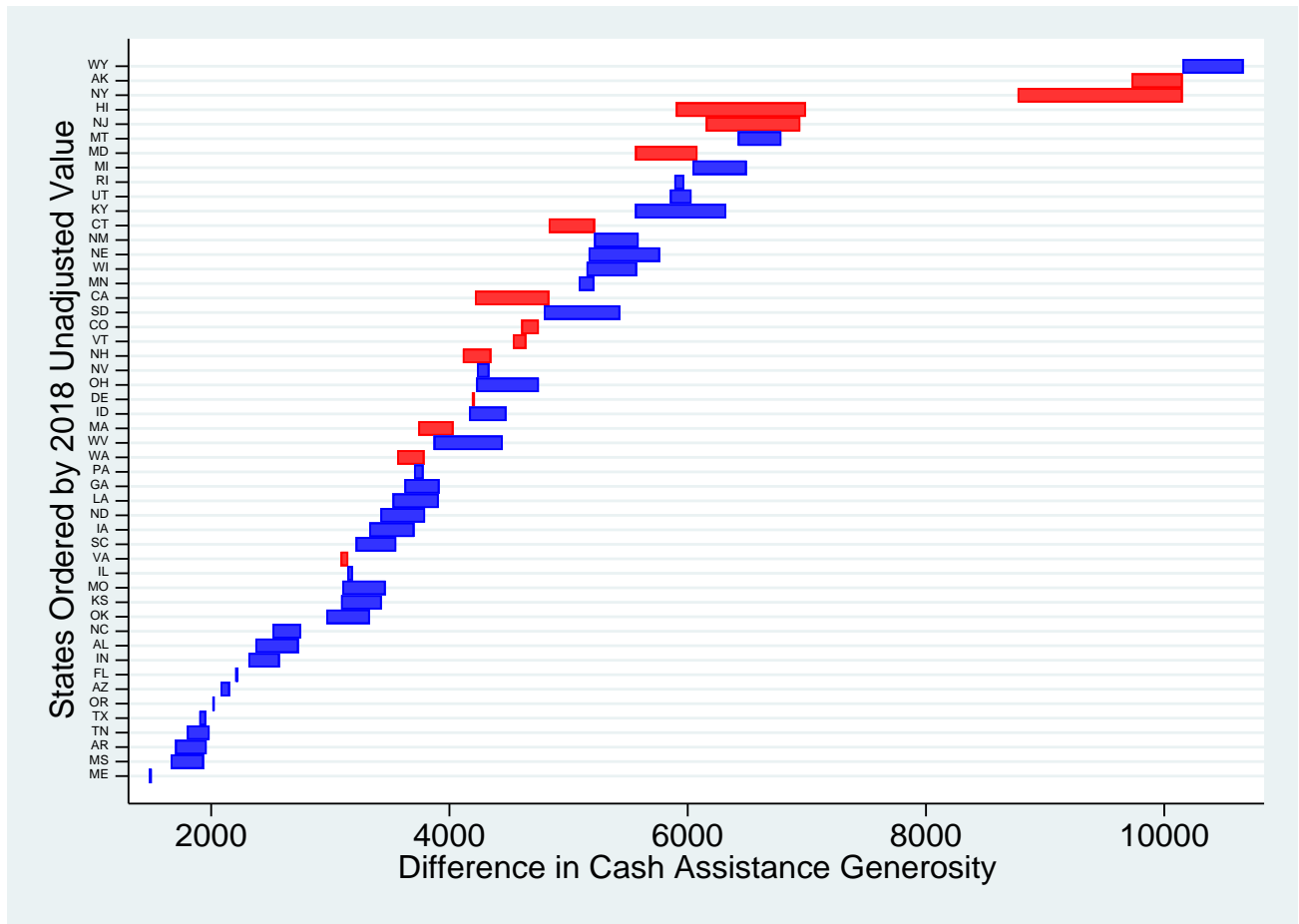
We use the BEA RPP cost-of-living adjustments for two primary reasons. First, the RPP adjustment is a full basket adjustment, incorporating state-level differences in costs beyond geographically-adjusted rents. Second, the state-level BEA RPP are at the same level of geography as the generosity policy indicators. This differs from the SPM adjustments which are based primarily on Department of Health and Urban Development (HUD) Fair Market Rents (e.g. 40th percentile rent and utilities), which are applied to household survey data at the family level.²⁰

Figure A1 compares the generosity indicator for cash assistance with and without the BEA RPP geographic cost-of-living adjustment (COLA). For the vast majority of states, applying the RPP COLA increases the value of the generosity indicator. In the graph, blue bars indicate an increase in value when comparing the adjusted and unadjusted values. The largest decreases in value are observed in states with more generous cash assistance benefits (represented by red bars). Applying the RPP COLA reduces the extent of cross-state variation (from a Gini coefficient of 0.253 without the adjustment to 0.234 with the adjustment).

¹⁹ The BEA RPPs are available yearly beginning in 2008 through 2017. For years prior to 2008, we adjust the generosity indicators using the five year average of 2008-2012 RPPs. For 2018, we adjust using the 2017 value.

²⁰ For more information on geographic differences in the cost of living using the SPM, see Nolan et al. 2016.

Figure A1. Cost-of-living Adjusted (COLA) Compared to Non-COLA Cash Assistance Generosity, 2018



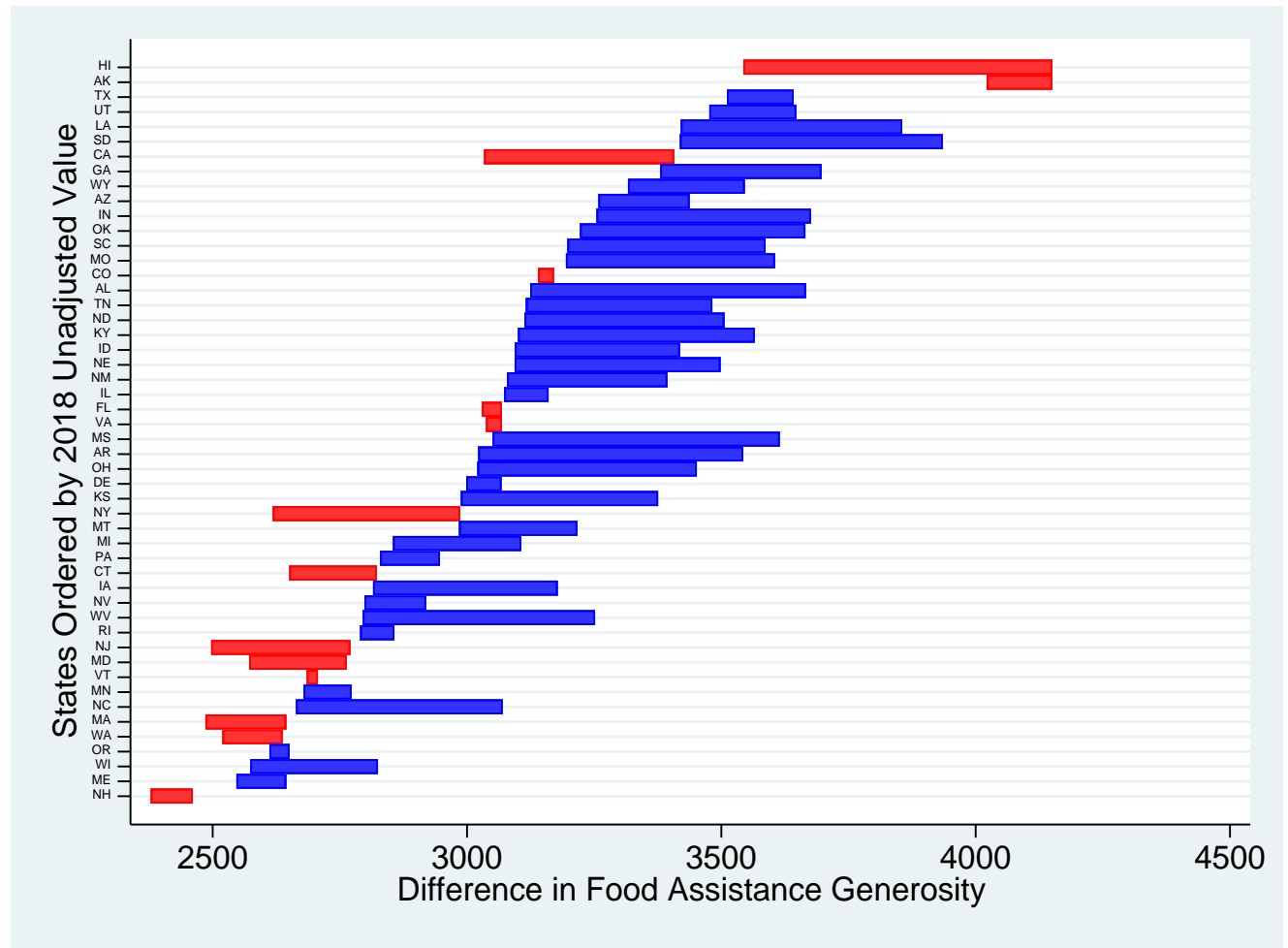
Note: The cost-of-living adjustment (COLA) uses the Bureau of Economic Analysis' Regional Price Parities by State and Metro Area (RPP). Red indicates a decrease in the generosity value for that state after applying the RPP COLA. Blue indicates an increase in the generosity value for that state after applying the RPP COLA.

The decrease in cross-state inequality observed for cash assistance is also observed in six of the ten programs (see Table A1). However, in four programs cross-state inequality is greater when using the COLA measures compared to the non-adjusted measures (food assistance, SSI, state income taxes, and cash assistance-based work assistance). To get a sense of why cross-state inequality is increased in some programs it is helpful to look at the difference between the indicators for individual states. Figure A2 displays the COLA and non-COLA adjusted generosity indicator for food assistance. As can be seen in the graph, many of the states that have values that are decreased with the application of the adjustment are states that have the lowest generosity value without the adjustment. This pattern results in pulling the bottom end of the distribution further down, and in so doing increases cross-state inequality.

Table A1. Cross-State Inequality in Generosity of Social Provision, Cost-of-living Adjusted (COLA) Compared to Non-COLA, 2018

Program	Generosity (Gini Coefficient)	
	Adjusted	Unadjusted
Cash Assistance	0.234	0.253
Child Support	0.082	0.101
Food Assistance	0.066	0.053
Unemployment Insurance	0.152	0.170
Supplemental Security Income	0.049	0.015
State Income Tax	0.886	0.874
Preschool and Early Education	0.139	0.146
Targeted Work Assistance	0.548	0.541
Child Health Insurance	0.139	0.143
Child Care	0.123	0.133

Figure A2. Cost-of-living Adjusted (COLA) Compared to Non-COLA Food Assistance Generosity, 2018



Population Denominator Estimates

To ensure that our population estimates are accurate, we compared these estimates to the closest possible counts from the Census and American Community Survey (ACS). We tabulated state-level counts of three- and four-year old children (used as the denominator for the early childhood education inclusion indicator) and single parent families (used as the denominator for the child support enforcement inclusion indicator) using Census data compiled for the years 1990 and 2000 and the ACS 2006-2010 five-year estimate, both from IPUMS-USA (Ruggles et al 2010). These state-level population counts were then compared to the estimates obtained from the CPS ASEC. In comparing the CPS ASEC to the Census and ACS counts of these two populations, we found that the percentage difference was generally 15% or below across states, ranging from five to nine states across years that exceed this threshold. The reason for this disparity is that the CPS person-level and household-level weights do not take marital status or this specific age group into account.

Additionally, we compare two poverty estimates from the ASEC against comparable Census and ACS figures, those of children under 18 in poverty and estimates of poor families. We compute similar percentage differences between these estimates and counts from the Census and ACS and find that the differences more often exceed the 15% threshold, and in certain states across years the percentage difference can exceed 80%. The considerable disparity between Census and ASEC counts for these poverty estimates is likely due both to the issue raised above in relation to the demographic counts, and to the differences in income definitions used for assessing poverty.