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# Geographic Inequality in Social Provision

## Variation across the US States

Sarah K. Bruch, Janet C. Gornick,  
and Joseph van der Naald

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### 16.1 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 US 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, shapes their wellbeing, and ultimately their life chances (Chetty and Hendren 2018; Chetty, Hendren, and Katz 2016; 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

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We would like to acknowledge two institutions for developing and disseminating data and/or analysis tools that enable us and other researchers to study low-income households in the United States. We acknowledge IPUMS-CPS, for providing harmonized CPS microdata; and the National Center for Children in Poverty (NCCP), for providing information that allowed us to generate our state-level income tax measures. We would also like to recognize Marcia Meyers for her vital contributions to the development of our policy dataset—the State Safety Net Policy (SSNP) dataset—and to the larger project that sparked this chapter. We also thank David Johnson and participants of the CRIW-NBER workshop for providing insight commentary and suggestions for the analyses. All errors are our own. For acknowledgments, sources of research support, and disclosure of the authors' material financial relationships, if any, please see <https://www.nber.org/books-and-chapters/measuring-distribution-and-mobility-income-and-wealth/geographic-inequality-social-provision-variation-across-us-states>.

jurisdictions (country, state, or local area). Social policy and policy variation are central to our understanding of these distributional inequalities.

The recent economic and public health crises—from the Great Recession of 2008 to the COVID-19 pandemic—shine a bright light on these geographic inequalities and raise important political and policy questions not just about the extent of government or public responsibility for provision in relation to market or family responsibilities (Esping-Andersen 1990; Titmuss 1958) but, just as importantly, about what level of government might most efficiently, effectively, or equitably take on that public responsibility (Beland and Chantal 2004; Freeman and Rogers 2007; Obinger, Castles, and Leibfried 2005). Such jurisdictional or geographic inequalities are especially important for economically vulnerable families. Not only do the demographic and employment characteristics of poor families leave them disproportionately exposed to economic dislocations and business cycles (Bitler, Hoynes, and Kuka 2017; Moffitt and Ziliak 2020), but their place of residence and the ways they are positioned in relation to a shifting, geographically variable safety net offer a disparate and uneven policy response (Jusko and Weisshaar 2019; Laird et al. 2018). A bright light has also been pointed at not only the racially disproportionate impact of these economic and public health crises but also the multifaceted ways that racism is embedded in the design and implementation of social safety net policies (Alexander and Stivers 2020; Carten 2016; Michener 2019; Soss, Fording, and Schram 2011).

In this study, we examine how social policy provision measured by the generosity of benefits and inclusiveness of receipt—varies across the 50 US 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, 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, 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; Marshall [1949] 1964). Finally, from a systemic justice perspective, 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] 1993), gender relations (Gordon 1994; Orloff 1996), and race relations (Lieberman 1998; Quadagno 1994; Soss, Fording, and Schram 2011); proponents of this perspective argue 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 show how this form of inequality is related to policy design; specifically, to 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 maps onto

the geographic distribution of racial and ethnic groups across the US states. Combining these, we highlight stark differences in two social policies—Supplemental Security Income (SSI), for disabled children, and Temporary Assistance for Needy Families (TANF), cash assistance for poor families—which represent contrasting policy designs and opposite associations with racial composition. To preview our conclusions, we find that, in the case of TANF, in which states have substantial policy and administrative discretion, there are strong negative associations with the prevalence of Black residents, whereas in the case of SSI, in which state discretion is minimal and federal standards prevail, 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 suggests 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).<sup>1</sup>

Our chapter is organized as follows: In section 16.2, we situate our work within relevant research literatures, and lay out our central research questions. In section 16.3, we present and describe our data sources and, in section 16.4, our analytic approach and methods. In section 16.5, 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 US. In section 16.6, we explore the association between social provision and the racial and ethnic composition of states. We present conclusions in section 16.7.

## 16.2 Examining Social Safety Net Policies and Poverty among US States

### 16.2.1 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 US social policy is structured and to consider the systematic consequence of those structures. In the US, as in many high-income countries, the welfare state encompasses tiers of assistance, each serving different categories of persons (Fraser and Gordon 1992). These tiers vary with respect to coverage, eligibility, benefit levels, and financing (Meyers 2007). The programs in the top tier include centralized, contributory, federal benefits such as “social security”;<sup>2</sup> these are

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 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 US, as “social security” is Old-Age, Survivors, and Disability Insurance (OASDI).

standardized, or uniform, “from coast to coast.” The programs in the middle tier are those subsidized by public policy but 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 US; all welfare states use these mechanisms to some degree. What is somewhat unique to the US is the degree to which the bottom-tier programs—the means-tested programs—have been, across their histories, decentralized (Bruch and Gordon 2022; Campbell 2014; Finegold 2005). 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 labor market (Danziger 2010; Heinrich and Scholz 2009). 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 (Grant et al. 2019; Soss, Fording, and Schram 2011), all of which reflect cultural ideas about deservingness among target populations in need (Schneider and Ingram 1993; Steensland 2006).

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 increasingly key roles in administration, financing, and/or policymaking regarding rules, eligibility, and benefit levels. One of the most wide-ranging examples of this 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 (Bansak and Raphael 2007; Cancian and Meyer 2006; Capizzano, Adams, and Sonenstein 2000).

**Table 16.1** Categorization of safety net programs by levels of state discretion

	Financing	Policy	Administration
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 <sup>a</sup>	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

*Notes:* 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).

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 16.1 displays the extent of state discretion across 10 safety net programs in terms of financing, administration, and rule-making 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 and 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, Meyers, and Gornick 2018).

The welfare reforms of the mid-1990s sparked renewed scholarly interest in the decentralized structure of the safety net (Howard 1999; Pierson 1995) and in the wide-ranging consequences of social policy devolution. This scholarship has examined whether devolved authority has increased the responsiveness to cyclicity or need (Bitler and Hoynes 2010, 2016; Gais, Boyd, and Dadayan 2012; 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" (Berry and Berry 1999; Schram and Soss 1998; Shipan and Volden 2008; Volden 2002). It has also studied 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 period since the welfare reform, 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, in the inclusiveness or coverage of eligible populations (Bentele and Nicoli 2012; Bruch et al. 2018; Hahn et al. 2017; Meyers, Gornick, and Peck 2001), in social service provision (Allard 2009; Lobao and Kraybill 2009), and in state and local spending (Gais 2009; McGuire and Merriman 2006) 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 (Bitler, Hoynes, and Kuka 2017, Bitler and Karoly 2015; Hardy, Hill, and Romich 2019; Hoynes and Schanzenbach 2018; Laird et al. 2018; Shaefer et al. 2020).

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 (Fellowes and Rowe 2004; McDaniel et al. 2017; Soss, Fording, and Schram 2011; Soss et al. 2001), more regressive state and local taxes (Newman and O'Brien 2011; O'Brien 2017), and spend less on cash assistance (Parolin 2021). 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 (Chang, Lanfranconi, and Clark 2020; Einstein and Glick 2017; Keiser, Mueser, and Choi 2004; Lipsky 2010; Maynard-Moody and Musheno 2003; Watkins-Hayes 2009). At the local level, there is also a body of scholarship that has demonstrated a pattern where cities and counties with greater racial and ethnic diversity spend less on public goods and services (Alesina, Baqir, and Easterly 1999; An, Levy, and Hero 2018; Garrow 2014). 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.

### 16.2.2 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 chapter, we address this gap in our understanding of social safety net policy. We contribute con-

ceptually 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.

To do this, we first 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: (1) generosity, a measure of spending per recipient; and (2) inclusion, the share served among the “potentially needy” (that is, persons who are financially needy and broadly in the targeted category).<sup>3</sup> Working from that framework, 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 US states?

Our first empirical analyses (see section 16.5) concern policy variation in social provision. Historically, as we have noted, there has been a lack of sufficiently detailed and comparable 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 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 US 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 policymakers have discretion in program design (also reported in section 16.5).

**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 US states?

Our final empirical analyses (see section 16.6) 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

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



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 the relationship between racial/ethnic composition and social provision, and to analyze how that relationship varies across safety net programs with different levels of state discretion. The results provide evidence of how, once accorded discretion, states with substantial Black populations use this discretion in ways that limit the generosity and inclusiveness of social provision.

## 16.3 Data

### 16.3.1 Data on Social Provision in the United States

The social provision data used in this chapter are from the State Safety Net Policy (SSNP) dataset, which includes yearly state-level estimates of the generosity and inclusiveness of 10 safety net programs from 1994 through 2018. This dataset contributes to efforts to examine the safety net using measures that are comparable across programs and over time, efforts that have been hindered in part by the difficulty of collecting comparable data over time for multiple programs that are administered through different entities at the state and local levels. The SSNP dataset helps to advance understanding of safety net provision by drawing the broad range of programs for economically marginalized families into a common frame of analysis based on rigorous measures of performance that are consistent across programs, years, and states.

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 10 programs are: cash assistance (Aid to Families with Dependent Children [AFDC] and TANF), food assistance (food stamps; Supplemental Nutrition Assistance Program [SNAP]), child health insurance (Medicaid and Children's Health Insurance Program [CHIP]), child support enforcement, child care subsidies (Child Care and Development Block Grant [CCDBG], Child Care Development Fund [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),<sup>4</sup> and state income taxes.

The SSNP dataset has been assembled from publicly accessible state and

4. Though 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

federal administrative records, and original population estimates calculated using the Annual Social and Economic Supplement of the Current Population Survey (CPS ASEC).<sup>5</sup> To compare aspects of safety net provision across states, we constructed, for each of the 10 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 for Urban Consumers 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's (BEA) Regional Price Parities (RPPs) by state and metro area.<sup>6</sup>

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 (1) fall into categorically eligible groups and (2) have market (pretax and pretransfer) 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 CPS ASEC).<sup>7</sup>

Table 16.2 provides a description of the construction of each policy indicator including data sources.<sup>8</sup>

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economically vulnerable families with children. For more details on the specific details of the social provision measures, see table 16.2.

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

6. The BEA RPPs 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 US. This adjustment is a full basket adjustment at the state level, incorporating sources of income beyond simply geographically adjusted rents. See the online appendix (<http://www.nber.org/data-appendix/c14438/appendix.pdf>) 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 (Urban Institute's TRIM3, for example; see present volume, chapter 15, section 15.3.1). 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 online appendix (<http://www.nber.org/data-appendix/c14438/appendix.pdf>) 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 and by "smoothing" the final indicator using three-year moving averages.

**Table 16.2 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 <sup>a</sup> divided by the monthly average number of recipient families. <sup>b</sup>
	Inclusion	From 1994 to 1996, numerator is monthly average number of families receiving AFDC. From 1997 to 2014, numerator is monthly average number of families receiving TANF. <sup>b</sup> Denominator is number of pretax and pretransfer poor families with children (at or below 100 percent of 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. <sup>d</sup>
	Inclusion	Number of child support cases for which a collection was made on an obligation <sup>d</sup> divided by the number of single parent families with children.
Food assistance	Generosity	Expenditures on benefits divided by the number of participating households. <sup>e</sup>
	Inclusion	Number of households with children participating <sup>d</sup> divided by the number of pretax and pretransfer poor families with children (at or below 130 percent of FPL).
Unemployment insurance	Generosity	Average weekly benefit received multiplied by the average number of weeks of receipt. <sup>g</sup>
	Inclusion	Number of recipients in all program divided by the total number of unemployed. <sup>g</sup>
Supplemental Security Income	Generosity	Average yearly child disability benefit received (includes federally administered state supplementation payments). <sup>h</sup>
	Inclusion	Number of children < 18 receiving SSI <sup>h</sup> divided by the number of pretax and pretransfer poor children < 18 (at or below 200 percent of FPL)
State income tax	Generosity	State income tax that a single-parent family of three pays when their income is at the poverty line. <sup>i</sup>
	Inclusion	Proportion of poor single-parent families of three (at or below 100 percent of FPL) under state income tax threshold for single-parent family of three. <sup>i</sup>
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. <sup>j</sup>
	Inclusion	Children enrolled in state pre-K and Head Start divided by the number of children 3–4 years old. <sup>j</sup>
Targeted work assistance	Generosity	Federal and state expenditures on work related activities including transportation divided by the number of participating families. <sup>k</sup>
	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. <sup>l</sup>
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. <sup>m</sup>
	Inclusion	Medicaid eligibles (94–98), beneficiaries (99–12), and SCHIP-enrolled children <sup>n</sup> divided by the under 18 pretax and transfer poor population (at or below 300 percent of FPL).

Child care	Generosity	Total spending (CCDF and TANF) on child care per child served by TANF and CCDF. <sup>o</sup>
Inclusion	Number of children served by TANF and CCDF <sup>n</sup> divided by the number of pretax and pretax transfer poor children under 13 (at or below 100 percent of FPL).	

<sup>a</sup> Green Book 1994–96; ACF TANF Financial Data 1997–2014. Starting in 2000 includes State Separate Program expenditures.

<sup>b</sup> Green Book 1994–96; OFA Caseload Data 1997–2014. Starting in 2000 includes State Separate Program caseloads.

<sup>c</sup> Green Book 1994–96 AFDC average monthly family recipients.

<sup>d</sup> OCSE Annual Report to Congress 1994–2014.

<sup>e</sup> USDA Food and Nutrition Service Food Stamp Program Data 1994–2014.

<sup>f</sup> USDA, Food and Nutrition Service, Characteristics of Food Stamp Households Annual Reports 1994–2014.

<sup>g</sup> Department of Labor Employment and Training Administration Unemployment Insurance Data Summaries 1994–2014.

<sup>h</sup> Social Security Administration Supplemental Security Income Annual Statistical Reports 1994–2014.

<sup>i</sup> 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 Center for Budget and Policy Priorities and continued by the National Center for Children in Poverty 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 US 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.

<sup>j</sup> Children’s Defense Fund 1994 and 1999; National Institute for Early Education Research State of Preschool 2002–14; ACF Head Start Fact Sheets 1994–2009.

<sup>k</sup> Green Book 1994–96; ACF TANF financial data 1997–2014.

<sup>l</sup> 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.

<sup>m</sup> 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.

<sup>n</sup> 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.

<sup>o</sup> ACF CCDF data tables 1998–2014; ACF TANF financial data 1997–2014.

<sup>p</sup> US Department of Housing and Urban Development, VMS data 1996–2014.

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.<sup>9</sup> The SSNP data are unique in providing comparable measures across programs over an extended period of time.

### 16.3.2 Population Demographics

We use the American Community Survey (ACS) 5-Year Estimates for 2014–18 to examine the associations between the generosity and inclusion policy indicators and demographic characteristics of the state population, including the percentage of the population who are Black or African American, the percentage who Black or Hispanic, and the percentage who have a “historically marginalized” racial/ethnic identity defined as Black or African American, Hispanic, Native American or American Indian, or Hawaiian or other Pacific Islander.<sup>10</sup> These category labels are set by the ACS.

## 16.4 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.<sup>11</sup>

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.

## 16.5 Results: Social Provision and Levels of State Discretion

### 16.5.1 Cross-State Inequality in Social Provision

Table 16.3 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.

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 US 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.”

**Table 16.3** US Social Safety Net Policy indicators: Distribution statistics, 2018

	Median	Standard deviation	Gini coefficient	10th percentile	90th percentile
<i>Generosity</i>					
Cash assistance	\$4,155	1,945	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	1,414	0.152	\$3,542	\$7,055
Supplemental Security Income	\$8,149	711	0.049	\$7,052	\$8,989
State income taxes <sup>a</sup>	\$64	581	<sup>c</sup>	-\$149	\$1,197
Preschool/early education	\$8,756	2,076	0.139	\$5,319	\$10,853
Targeted work assistance	\$17,199	36,835	0.548	\$4,931	\$54,632
Child health insurance <sup>b</sup>	\$2,082	575	0.139	\$1,690	\$3,260
Child care <sup>b</sup>	\$6,206	1,507	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 <sup>a</sup>	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 <sup>b</sup>	0.160	0.111	0.287	0.096	0.345

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

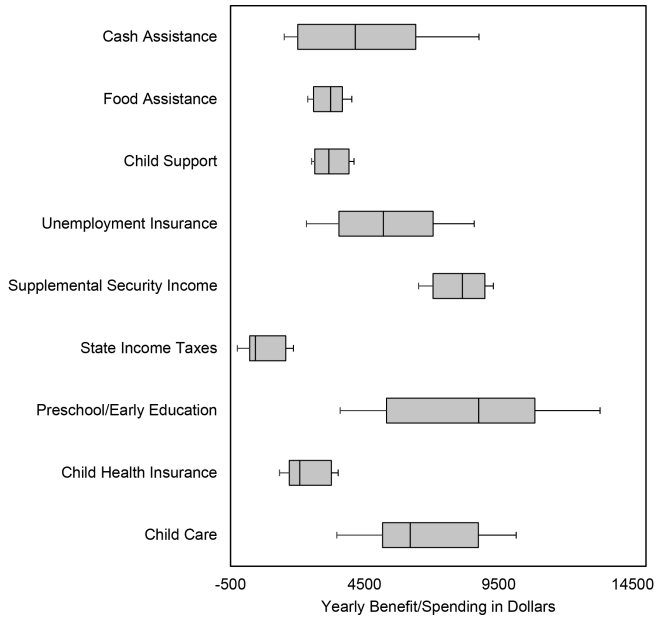
<sup>a</sup> State income tax values are calculated only for the 41 states that have state income taxes.

<sup>b</sup> Last year of data is 2013 for child health insurance generosity, and 2017 for child care generosity and inclusion.

<sup>c</sup> The state income tax generosity measure includes several negative values (which indicate tax liabilities) therefore no Gini coefficient is calculated (see Battisti, Porro, and Vernizzi 2019 and Ostasiewicz and Vernizzi 2017 for a discussion of this issue).

We find that there is substantial cross-state inequality in safety net provision across all 10 programs. To give this cross-state inequality substantive meaning, it is helpful to examine the 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 16.1 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 16.2 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.

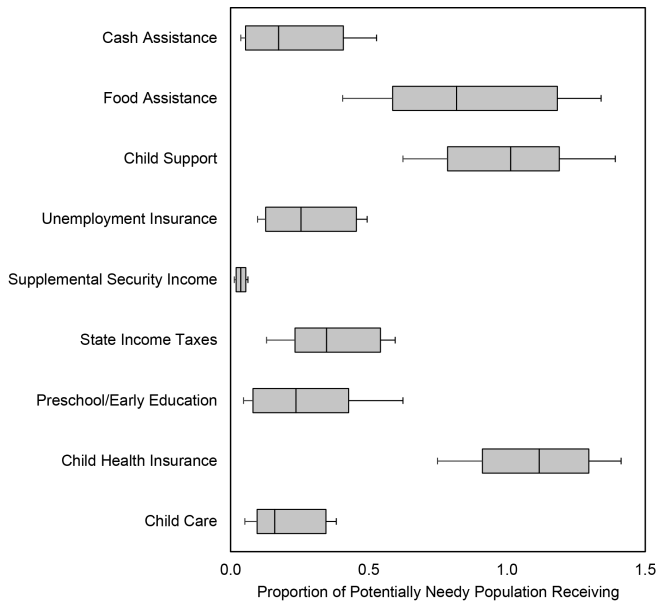


**Fig. 16.1 State variation in safety net provision, generosity indicators, 2018**

*Note:* The ends of the 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.

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 five out of 100 poor families with children receive cash assistance in states near the 10th percentile, while approximately 40 percent 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 percent of three-



**Fig. 16.2 State variation in safety net provision, inclusion indicators, 2018**

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

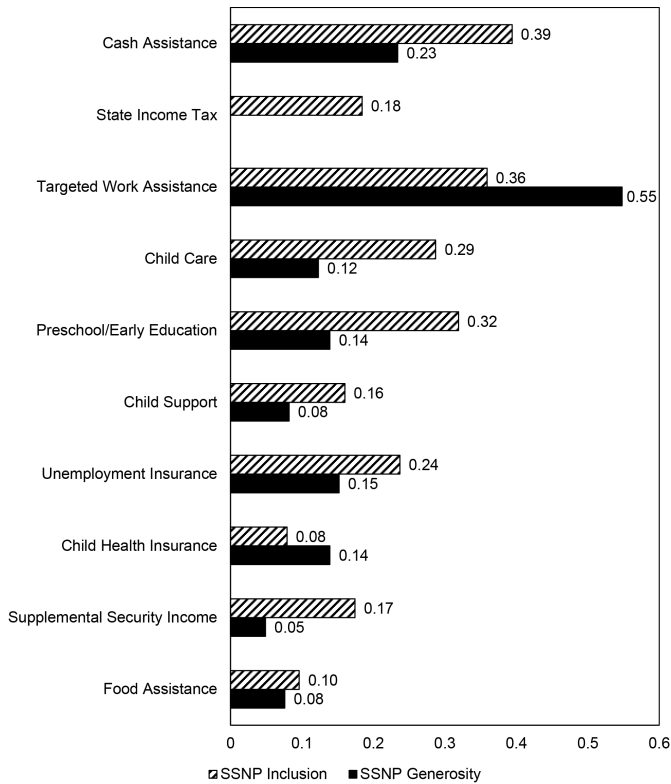
and four-year-olds in preschool or early education compared to fewer than 10 percent—a difference of more than 30 percentage points.

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.<sup>12</sup> In terms of inclusiveness, fewer than 15 percent of unemployed workers receive unemployment insurance in states near the bottom of the inclusion distribution, whereas three times that share (45 percent) 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 to just above \$3,600

12. The generosity of benefits measure reflects the benefit level and benefit duration. It is important to note that the resulting average benefits reflect state choices related to benefit calculation and duration, but also the underlying wage structure and industrial composition of the state.





**Fig. 16.3 Cross-state inequality in safety net provision generosity and inclusion, 2018**

*Notes:* 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.

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).<sup>13</sup>

Figure 16.3 displays the Gini coefficients 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

13. In states near the 90th percentile, the inclusion measure indicates that over 100 percent of families with pretax and pretransfer incomes less than 130 percent 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).

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 SSI (Gini coefficient = 0.049).<sup>14</sup>

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 coefficients = 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.<sup>15</sup>

## 16.6 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 16.4 displays the correlations between the generosity and inclusion policy indicators and three alternative measures of state racial and

14. 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 2015, and Battisti, Porro, and Vernizzi 2019 for discussions 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).

15. 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 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).

**Table 16.4** US social safety net policy indicators: State population correlations, 2018

	Black	Black and Hispanic	Historically marginalized
<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 <sup>a</sup>	-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 <sup>b</sup>	-0.13	-0.20	-0.14
Child care <sup>b</sup>	-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 <sup>a</sup>	-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 <sup>b</sup>	-0.19	-0.26	-0.31*

\* indicates the correlation between racial/ethnic population composition and policy indicator is statistically significant ( $p < 0.05$ ).

<sup>a</sup> State income tax values are calculated only for the 41 states that have state income taxes.

<sup>b</sup> Last year of data is 2013 for child health insurance generosity and 2017 for child care generosity and inclusion.

ethnic composition: percentage of the population who are Black, percentage who are Black and Hispanic, and percentage from “historically marginalized” groups (which includes Black, Hispanic, Native American or American Indian, and Hawaiian and other Pacific Islander).

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 percentage of the population who are Black, the percentage who are Black and Hispanic, and the generosity index ( $r = -0.45$  and  $r = -0.37$ , respectively).<sup>16</sup>

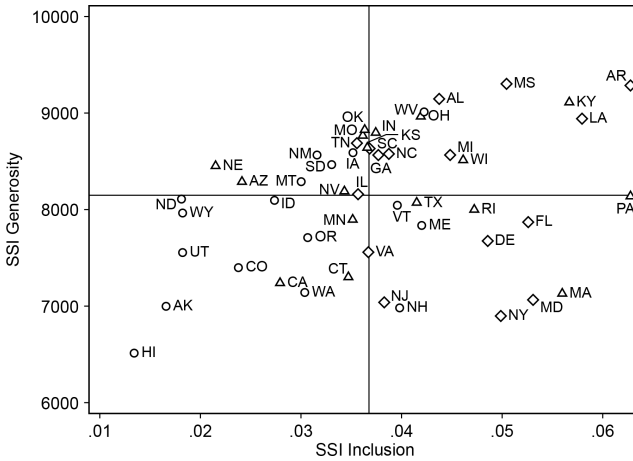
16. We describe the results for the generosity index that does not include the work assistance program due to the much higher dollar values in this program.

The second notable pattern is that the most consistent sequence of negative associations between social provision and racial and ethnic prevalence is between the percentage of the population of a state who are Black and the generosity and inclusion indicators. In the case of generosity, there are three statistically significant negative correlations with the population percentage who are Black: cash assistance ( $r = -0.29$ ), UI ( $r = -0.38$ ), 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 Black and Hispanic population percentages and preschool/early education generosity and child support inclusion. There are also four statistically significant negative associations between the percentage 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 minority 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 UI programs and the Black percentage of the population 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 from the exemption of occupations in which Blacks were disproportionately employed (such as agricultural and domestic service), and with recent evidence of inequalities in receipt during the Great Recession (Katznelson 2005; 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 1999).

The fourth notable pattern is the positive associations between the generosity and inclusiveness of the SSI program, serving disabled children, and the percentage of the Black population 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 percentage of the population who are 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





**Fig. 16.5 Child Supplemental Security Income (SSI) generosity and inclusion and Black population, 2018**

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

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.<sup>18</sup>

While variation across programs in the correlation between generosity and/or inclusion with percentage of the population who are 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 determined and provided by the federal government with optional state supplements.<sup>19</sup> The two programs also differ in terms of how eligibility is determined. With TANF, state and local administrators are permitted to

18. 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 ( $r = 0.21$ ).

19. 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>.

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 the population who are Black 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 2021), and have greater rates of sanctioning of Black clients (Soss, Fording, and Schram 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 SSI compared to TANF.

## 16.6 Discussion and 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 US 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, the findings we present in this chapter demonstrate that the United States’ decentralized safety net leads to cross-state inequalities in public supports for citizens with similar needs. That is an important finding, because this policy variation is associated with states’ racial and ethnic composition, such that social policies reflect and reinforce localized structures of inequality. The implications of policy decentralization for the patterning of racial inequality in the US 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 a higher proportion of Blacks

and historically marginalized populations provide lesser benefits and serve fewer needy individuals. That is, while program design provides all states the same degree of discretion, that discretion is used in ways that reflect the state's racial composition. 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 support that conclusion.

When analyzing potential improvements to the US 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).

The patterned forms of inequality fostered by a decentralized US safety net, evidence for which we present in this chapter, resonates with the concerns of social policy experts who have recently called for greater equity, inclusiveness, and generosity in social provision. As Heather Hahn and Margaret Simms (2021) recently argued, "Providing a more equitable and generous safety net benefiting everyone who needs economic support would help address the nation's history of structural racism and would be a critical step toward recognizing that poverty is the result of systemic barriers, not individual choices." It is imperative that social policy scholars and policymakers consider the interrelationships 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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