Daniels: A Matter of Fairness

A Matter of Fairness:
The Equity of Urban General Assistance

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General assistance is the "safety net" of the welfare system. Yet, most general assistance programs reflect the goals of cost containment more clearly than the goal of equity. Data from a 1982 survey of general assistance programs provide the basis for a causal analysis. The substantial variation across states seems based on willingness to provide services, rather than need. State welfare commitment is the most influential explanation on general assistance coverage, although per capital income, percent metropolitan, political culture, and percent unemployment also have some effect. Perhaps centralization at the federal level will provide equitable coverage; however, the current political environment makes such an outcome unlikely without major changes in public opinion.

General assistance is the "safety net" of the welfare system. If a potential recipient is ineligible for federal programs, or if considerable delays in processing are likely to occur, the recipient may receive some form of general assistance. The program varies from state to state, encompassing a wide range of benefit levels and eligibility requirements. Payments can be in the form of cash, vouchers, vendor payments, or in-kind goods and services. Generally, the aid received usually does not exceed that available under Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI) and is usually much less.

The limited aid, the restrictive eligibility requirements, and the dramatic variation in state-by-state program characteristics are a product of the exclusively state and local locus of general assistance and the nature of its clientele. Because general assistance is drawn entirely from state and local funding sources and is administered exclusively by state or local agencies, the leveling influence of federal grants-in-aid rules is not present. General assistance also has a limited clientele. Since 1935 control of aid to the most deserving and least politically controversial categories has rested with the national government (Browning, 1986; Katz, 1986; Paterson, 1986). Aid to other individuals and couples has been left to the states and localities. Generally, such aid has been limited because these clients have been considered undeserving under traditional criteria (Katz, 1986).

This article examines the equity of urban general assistance in the United States as it existed in 1982, the most recent year for which comprehensive data were available. Most public assistance research has focused on AFDC and SSI. By contrast, very little is known about the characteristics of general assistance. This neglect is unfortunate.
Although general assistance covers significantly fewer recipients than AFDC and SSI, these programs vary more with state and local policy decisions on welfare because they are relatively free from federal influence.

THE MEASUREMENT AND DESCRIPTION OF GENERAL ASSISTANCE

The most recent and complete information on general assistance programs was gathered by Urban Systems Research and Engineering, Inc. (USRE) for the Office of Evaluation and Technical Analysis Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (DHHS, 1983). This survey covered the program characteristics, administrative structure, caseload, benefits, and other components of existing programs.

The DHHS survey has been transformed into a data set by the author. To summarize the wealth of information available in the 1982 survey, a number of scales were developed. The most relevant for this study are the scales of inclusiveness, generosity, flexibility, and coverage.

State and local general assistance programs normally employ nine different types of inclusiveness conditions: categorial, income, asset, relative responsibility, tier and recovery, residence, employability, work-related, and special. The variable with the most immediate impact on eligibility is the income ceiling (fixed or maximum payment) used to screen initial applicants. Therefore, the income eligibility standard will be used throughout this analysis as an indicator of inclusiveness.

The generosity scale refers to the generosity of the average payment. The scale is the average annual general assistance benefit (accounting for duration requirements) provided to employable and unemployable recipients expressed as a percentage of the annual minimum Supplemental Security Income grant for 1982. Because the most typical general assistance client is unemployable (DHHS, 1983), the generosity figure for unemployable recipients will be used here.

Flexibility is measured by an additive scale of four variables: the malleability of the cost components (payments based on actual or fixed costs), the variety of different needs considered in the cost calculation (basic maintenance, shelter, medical, clothing, utilities, miscellaneous general needs, and special needs), the number of variations allowed in the payment amount (family size, living arrangements, region, shelter costs, and miscellaneous forms of variation), and the different forms which payment can take (cash, voucher, or voucher). The scale ranges from 0 to 100.

A considerable portion of a state's poor population is covered by the federal public assistance programs, AFDC and SSI. However, this percentage varies dramatically from state to state. The coverage of general assistance can, therefore, be expressed as the percentage of the AFDC- and SSI-eligible poor population in a state covered by general assistance. This variable ranges from 0 to 113 percent.

THE SOURCES OF VARIATION IN GENERAL ASSISTANCE COVERAGE

The previous section summarized the indicators developed to measure important characteristics of the state general assistance programs. At the next level, the substantial variation across individual urban programs in the states needs explanation. If equity is a legitimate standard for evaluating programs, comparable clients should be treated comparably. At a minimum, variations from the standards of equity should reflect genuine demographic, social, and economic differences in the target populations in the various states. Unfortunately, the variation in coverage is substantial. The mean of the coverage variable is 9 percent with a standard deviation of 19 percent. The variable ranges from 0 (15 states) to 113 (Michigan), although none of the states except Michigan has coverage higher than 35 percent. Such variability hardly seems the result of simple socioeconomic and demographic differences.

A CAUSAL MODEL OF WELFARE POLICY

A useful way to conceive of the process of policy influence is as a funnel moving from the more general factors to the more specific factors. At the most general level are factors representing the social, economic, and political environment in which policy-making occurs (Plotnick and Winters, 1985; Tompkins, 1975; Uslaner and Weber, 1975; Wright, Erikson, and McIver, 1987). These environmental factors in turn influence more immediate social and economic factors, such as poverty and unemployment. In combination, these social, economic and political variables influence general political opinion in the state. At the next level are such factors as the general policy activism of the state decision-makers. Beyond this general policy activism is the level of state commitment to welfare policy. All of these factors impinge directly on program standards of general assistance. Ultimately, these influences should shape the state's general assistance coverage.

The exogenous factor is economic development. High levels of economic development are generally required to promote the expansion of social policy at the cross-national level (Wilensky, 1975). Tompkins's (1975) and Plotnick and Winters's (1985) analyses of state welfare expenditures suggests that the same thing holds true for American states.

But economic development does not act alone. The economy interacts with and ultimately influences the social fabric of a polity as
well. The ethnic composition, the degree of urbanization, and the educational level (in short, the social diversity) of a state's citizens all shape their response to public problems. In general, social diversity seems to be necessary for redistributive policy (Uslaner and Weber, 1975; Plotnick and Winters, 1985).

Political culture is also a relevant influence on policy decisions. Aaron Wildavsky (1987) has suggested that political preferences and policy decisions are endogenous to the political culture. However, these cultures do not exist in a vacuum; they only draw their identities from comparison to other political cultures. For the purposes of this study, the traditional, individual, and moralist categories developed by Daniel Elazar (1984) to describe the cultures of the American states seem relevant. In the traditional cultures participation is limited, and most political actors pursue policy goals which aid the dominant strata of society. In the individualist cultures, the free market dominates and policy decisions tend to reflect the net social welfare of individual policy preferences. In the moralist cultures policy decisions tend to mirror collective judgments about the rightness or goodness of public policies. Structured this way, moralist cultures would be more likely to pursue redistributive goals, whereas traditionalist cultures would be far less likely to do so. Individualist cultures fall in the middle.

Operationalizing economic, social, and political culture is somewhat more difficult than discussing their impacts on policy decisions. Economic development has been modeled using state per capita income, unemployment, poverty rate, migration rate, industrialization, and a number of other indicators in previous research. The indicator which seems most theoretically relevant for welfare policy is the state per capita income (Dye, 1966; Collins, 1967). High levels of state per capita income demonstrate a capacity for redistribution. Social culture or social diversity is represented by an indicator of urbanization. Urban cultures also tend to be highly diverse cultures; the relationship between urbanization and ethnicity is especially high. The actual indicator used is the percentage of the state population which live in metropolitan areas. This variable is closer conceptually to what most researchers mean when they talk about urbanization than the urban places standard also used by the Census Bureau.

Political culture is operationalized using a model developed by Sharkansky (1969) from Elazar's (1984, 3rd ed.) data. Moralist cultures receive a score of one, individualist cultures a score of zero, and traditionalist cultures a score of -1. Combination cultures receive a score equal to the average of their two cultural scores.

The influence of economic, social, and political culture is mediated next through two channels. A capacity for redistribution is insufficient; the need must also exist (Dye, 1966). There are two indicators of need for redistributive aid, unemployment and poverty. Generally speaking, states with higher levels of poverty and unemployment will demonstrate greater need for general assistance. These states will also be those with lower levels of per capita income, less urbanization, and more traditional political cultures.

Relying on Wildavsky's (1987) discussion of the impact of political culture on preferences, the three culture indicators and the two need indicators shape the general state ideology that is, the general attitude of the state's voters toward redistribution. The more liberal the state's voters, the more likely that the state government will develop redistributive policies. This concept is operationalized using the state ideology variable developed by Erikson, McIver, and Wright (1987). The scores have been multiplied by -1 to make the liberal coefficients positive.

The influence of the previous variables is then directed through the state government's commitment to liberal policies. That is, states with high per capita income, high levels of urbanization, moralist political cultures, high unemployment rates, high levels of poverty, and high levels of opinion liberalism should also have high commitment to liberal policies. But, the effects of the environmental variables should be funneled through opinion liberalism (Wright, Erikson, and McIver, 1987). State policy liberalism is measured using the policy liberalism variable developed by Klingman and Lammers (1984).

One component of a state's policy liberalism is its commitment to welfare policy. That is, states with a high commitment to education and other social policy goals should have an equally strong commitment to welfare. The difficulty arises in measuring this commitment. Some authors have developed indicators of welfare effort such as welfare expenditures per $1,000 of per capita income (see, e.g., Wilensky, 1975). However, these measures are at best indirect. They do not describe the impact that such policies have on the recipients. To arrive at a more valid measure of welfare commitment, this study combines each state's AFDC and SSI population and expresses the total as a percentage of the total poor population in the state. Higher levels of coverage are associated with higher levels of commitment to welfare policy.

At this point, the funneling process focuses on the specific characteristics of urban general assistance. The program standards associated with each urban general assistance program should also have some influence on the liberalism of the program's coverage of the state AFDC population. More liberal and generous levels of the prior variables in the system, funneled through stronger welfare commitment, should produce more inclusive generous, and flexible program standards. These standards, in turn, should maximize coverage. In addition, the program standards should influence one another. More inclusive eligibility requirements should be associated with more generous benefits delivered in more flexible forms. The indicators of
inclusiveness, generosity, and flexibility are the income eligibility scale, the generosity scale for unemployables, and the flexibility composite.

The entire path model is presented in Figure 1. Based on the previous discussion, all paths are expected to be positive, except the six paths from income, urbanization, and political culture to poverty and unemployment. The central fact to note about the diagram is the centrality of state welfare commitment. Consistent with the funneling model, most of the influence of the causally prior variables is siphoned through the jurisdiction’s willingness to commit state resources to redistribution.

**FIGURE 1**
PATH MODEL OF GENERAL ASSISTANCE COVERAGE

![Path Model Diagram]

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_1$</td>
<td>State per capita income</td>
</tr>
<tr>
<td>$X_2$</td>
<td>Percent metropolitan</td>
</tr>
<tr>
<td>$X_3$</td>
<td>Percent unemployed</td>
</tr>
<tr>
<td>$X_4$</td>
<td>Percent poor</td>
</tr>
<tr>
<td>$X_5$</td>
<td>State opinion liberalism</td>
</tr>
<tr>
<td>$X_6$</td>
<td>State policy liberalism</td>
</tr>
<tr>
<td>$X_7$</td>
<td>Political culture</td>
</tr>
<tr>
<td>$X_8$</td>
<td>State welfare commitment</td>
</tr>
<tr>
<td>$X_9$</td>
<td>General assistance inclusiveness</td>
</tr>
<tr>
<td>$X_{10}$</td>
<td>General assistance generosity</td>
</tr>
<tr>
<td>$X_{11}$</td>
<td>General assistance flexibility</td>
</tr>
<tr>
<td>$X_{12}$</td>
<td>General assistance coverage</td>
</tr>
</tbody>
</table>

THE STATISTICAL MODEL

The statistical procedure used to estimate this model is path analysis. A path analysis model requires the development of a series of simultaneous equations to fully represent the paths in the diagram. For the model in Figure 1, a simultaneous equation is developed for each of the 11 endogenous variables. The predictors include all variables causally prior to the particular variable under examination.

The theoretical model predicts that several standardized regression coefficients will be zero, or not significantly different than zero. These coefficients include all direct paths from per capita income, urbanization, political culture, unemployment, and poverty to policy liberalism and subsequent variables in the model. The direct paths from

### TABLE I
DIRECT PATH COEFFICIENTS FOR THE MODEL OF GENERAL ASSISTANCE COVERAGE

<table>
<thead>
<tr>
<th>$X_1^a$</th>
<th>$X_2^b$</th>
<th>$X_3^c$</th>
<th>$X_4^d$</th>
<th>$X_5^e$</th>
<th>$X_6^f$</th>
<th>$X_7^g$</th>
<th>$X_8^h$</th>
<th>$X_9^i$</th>
<th>$X_{10}^j$</th>
<th>$X_{11}^k$</th>
<th>$X_{12}^l$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

NOTE: All entries are standardized beta coefficients (path coefficients). The coefficients are the residual paths for each endogenous variable.


# Significant at the .10 level.
* Significant at the .05 level.

opinion liberalism and policy liberalism are also restricted to the immediately subsequent indicator.

Each of the simultaneous equations was estimated using multiple regression. The data were standardized; therefore, the path coefficients are the standardized beta coefficients.
RESULTS

Table 1 generally supports the funneling model of influence, although significant deviations are apparent. Of the 27 paths predicted to be significant, 15 are significant and bear the proper sign. Two coefficients have the wrong sign (urbanization to unemployment and generosity to coverage), but only one of these is significant. Most of the influence of the prior variables is funneled through welfare commitment.

However, much of the impact of prior variables in the causal model is direct, rather than indirect as implied by the logic of the initial design. Of the 40 paths predicted to be zero or insignificant, five (or 12.5 percent) were significant. An additional seven coefficients had absolute values larger than .200. However, much of this impact was concentrated in the equations for policy liberalism and state welfare commitment. Many of the earlier variables proved to have direct influences on these two variables not anticipated in the earlier model.

Unfortunately, the analysis is not completely definitive. The error terms suggest that some of the equations are poorly specified. Percent metropolitan, political culture, percent unemployment, and income inclusiveness have error terms larger than .800. Less than 36 percent of the variance in these equations is explained. Part of the problem may be misspecification, the exclusion of important variables. This possibility is significant for percent metropolitan whose residuals deviate significantly from normality. The deviation is less serious for the other variables. Measurement error in the indicators may be the culprit here.

Direct influences do not paint the entire picture. If a model is correctly specified, the simple correlation between each casual prior variable and the endogenous variable under examination can be broken down into three components, direct influence, indirect influence (through subsequent variables), and spurious influences (through earlier variables). The true effect of the variable is measured by combining the direct and indirect influences into effect coefficients (through subsequent variables), and spurious influences (through earlier variables). The true effect of the variable is measured by combining the direct and indirect influences into effect coefficients (Lewis-Beck, 1977). This analysis has been performed for the correlations between the first 11 variables in the model and general assistance coverage. The results are presented in Table 2.

The most influential variable in explaining coverage is state welfare commitment. Most of this influence is exercised directly, rather than indirectly through subsequent variables. The indirect paths contribute very little to the overall impact of the variable. Note also that the effects of prior variables act to mask some of the overall influence of commitment.

No other variables approach welfare commitment's unambiguous influence. The next most influential variables are percent unemployment and percent metropolitan. The indicators of economic

### Table 2

<table>
<thead>
<tr>
<th>INDEPENDENT VARIABLE</th>
<th>Total</th>
<th>Spurious</th>
<th>Indirect</th>
<th>Direct</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Income</td>
<td>.243</td>
<td>*</td>
<td>.093</td>
<td>.120</td>
<td>.213</td>
</tr>
<tr>
<td>Percent Metropolitan</td>
<td>.356</td>
<td>.027</td>
<td>.400</td>
<td>.077</td>
<td>.396</td>
</tr>
<tr>
<td>Political Culture</td>
<td>.267</td>
<td>.056</td>
<td>.052</td>
<td>.181</td>
<td>.200</td>
</tr>
<tr>
<td>Percent Unemployment</td>
<td>.399</td>
<td>.081</td>
<td>.052</td>
<td>.388</td>
<td>.440</td>
</tr>
<tr>
<td>Percent Poor</td>
<td>-.228</td>
<td>.205</td>
<td>.025</td>
<td>-.058</td>
<td>.038</td>
</tr>
<tr>
<td>State Opinion Liberalism</td>
<td>.366</td>
<td>.283</td>
<td>.311</td>
<td>-.228</td>
<td>.083</td>
</tr>
<tr>
<td>State Policy Liberalism</td>
<td>.326</td>
<td>.154</td>
<td>.259</td>
<td>-.071</td>
<td>.188</td>
</tr>
<tr>
<td>State Welfare Commitment</td>
<td>.629</td>
<td>-.140</td>
<td>.169</td>
<td>.640</td>
<td>.867</td>
</tr>
<tr>
<td>Inclusiveness Scale</td>
<td>.357</td>
<td>.144</td>
<td>.047</td>
<td>.146</td>
<td>.193</td>
</tr>
<tr>
<td>Generosity Scale</td>
<td>.033</td>
<td>.420</td>
<td>.033</td>
<td>-.115</td>
<td>-.042</td>
</tr>
<tr>
<td>Flexibility Scale</td>
<td>.411</td>
<td>.250</td>
<td>*</td>
<td>.231</td>
<td>.281</td>
</tr>
</tbody>
</table>

NOTE: All figures except the first column are calculated from standardized path coefficients. Asterisks (*) are used to indicate components of the correlation which are not relevant given the variable's position in the causal sequence.

and social development have similar overall effect on general assistance coverage. However, the resemblance is superficial. In fact, unemployment tends to bypass the entire causal model, exercising its influence directly on coverage. The effects of urbanization tend to be funneled through opinion liberalism, policy liberalism, and welfare commitment. Political culture (or political development) and per capita income are less important indicators. Their influences are primarily direct, because their substantial impacts on other indicators in the causal model tend to be both positive and negative, canceling their indirect impact on coverage.

The effects of program standards are disappointingly small. Inclusiveness has virtually no effect at all. The impact of generosity is, contrary to expectations, still negative after the addition of indirect effects. Flexibility has the most consistent effects. States with flexible general assistance programs also tend to have broad coverage. Overall, however, program standards contribute little to the explanation of variance. Welfare commitment appears to be equally responsible for differences in generosity, flexibility, and coverage without many intervening causal connections.

CONCLUSIONS

General assistance has always had contradictory objectives. On the one hand, general assistance programs are supposed to provide a
means of protecting individuals and families not covered by federal programs. On the other hand, the legislators and administrators of general assistance programs have always been obsessed with the bottom line, with cutting costs and making programs operate more efficiently. In most cases, the latter motives have been dominant.

The conclusions of this study reinforce the prevalence of this "bottom line" philosophy. Relying on data gathered for the Department of Health and Human Services in 1982, several scales of general assistance program standards and coverage were developed. The causal model developed above suggests that, at least in 1982, urban general assistance failed the standard of equity. In essence, to be equitable, deviations in assistance should be the result of factors which are beyond the control of administrators and legislators. Hence, variations in general assistance benefits should be the result of such factors as the ability to pay and variations in need. The causal model suggests another explanation, however. Although such factors as per capita income, urbanization, political culture, and percent unemployed have substantial influences, the dominant influence on general assistance coverage in 1982 was state welfare commitment. In effect, the coverage provided for federally-eligible poor recipients was a direct consequence of the state’s coverage of the AEDC- and SSI-eligible population. While some of the decision to cover AEDC and SSI recipients rested with demographic factors and distribution of need, much of this influence was factored out by the causal model. What remained was essentially the willingness of the state policy-makers to cover general assistance recipients. Under such circumstances, the substantial deviations in coverage across states cannot be called equitable.

The judgment concerning equity is not surprising given the decentralization of general assistance policy. What is not so clear is what to do about it. Perhaps the only solution is centralization at the federal level. Certainly this approach has proven the only viable one in other industrial democracies for providing adequate and equitable aid to the poor population. But, the current political climate in the United States makes this option unlikely. Any improvement on the current hodgepodge of federal, state, and local welfare programs may well rest, as the causal model suggests, on substantial shifts in public opinion and governmental policy commitment.

ENDNOTES

1The political entities surveyed by USRE included the fifty states and the District of Columbia. Puerto Rico, Guam, and the Virgin Islands were excluded.

2A number of weaknesses in the data set should be noted. However, first, for several states the information has become out-of-date. For example, Nebraska’s general assistance program was locally-funded and locally administered in 1982. However, in July 1984, the administration (but not funding) of virtually all county programs was centralized in the Nebraska Department of Social Services (Nebraska Association of County Officials and Nebraska Department of Social Services, 1984). Thus, the conclusions reflect the general assistance system as it existed in 1982. Second, because many states (45 percent) did not have state-wide standards, USRE only gathered information about local programs in the state’s largest county. Thus, any conclusions are restricted to variations across the largest urban areas of each state. Conclusions cannot usually be generalized to rural general assistance programs.

3For a complete explanation of the scaling procedures, see Daniels (1989a, 1989b).

4Curiously, each of these scales (which range from 0 at the most restrictive to 12 at the most inclusive, except special conditions which range from 0 to 4) operates relatively independently of the others across the 50 states. A factor analysis of the nine factors produces a correlation matrix not significantly different from an identity matrix.

5A number of methodological decisions have to be made. One approach is to use multiple indicators for each concept and rely on analysis of covariance structure models to sort out the causal and reliability questions. This study does not take this approach because the number of variables involved in such a multiple indicator approach quickly places a great deal of statistical stress on data sets with only 51 cases. Therefore, the model used here is the more traditional recursive path analysis model. This model requires the identification of single indicators for each of the concepts.

6Some criticism has been aimed at the validity and reliability of this scale (Monroe, 1982; Schiltz and Rainey, 1978). However, a regression of the three dummy variables representing the moralist, individualist, and traditionalist states on the factor scores from a unidimensional scale derived from the interrelationships of several measures of Democratic voting, region, and the presence of moralist and individualist religions in a state produces a score of 1.07 for traditionalist states, .36 for individualist states, and .60 for moralist states. While these figures differ from the scores assigned above, the difference has little statistical impact.

7The overall impact of the poor model specification is unclear; however, because percent metropolitan has a substantial influence on subsequent variables in the equations and is potentially misspecified, the potential for distortion may be present. The other variables may increase overall random measurement error and attenuate the relationships somewhat without disturbing the interrelationships.

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**Book Reviews**


New technologies have made a major contribution to economic growth in the United States throughout this century. In the last few decades, however, the American technological edge over other nations has eroded in industry after industry. With declining competitiveness and the lagging economy prominent issues in a presidential election year, voters are seeking information with which to evaluate candidates' positions, and would-be officials are searching for insights and proposals to guide a new administration. The four volumes review here will be, and have already been, helpful to both groups.

These mainstream reports have much in common. They reject technology policy as one factor among a number of others, that affect economic competitiveness. They find significant strength in the economy, but, while reassuring they suggest that these areas of stress have reduced the urgency with which contemporary problems are addressed. They believe that the United States remains the world leader in research and basic science, but that the U.S. economy has fallen behind in the commercial application of new technologies. The reports examine these issues in distinctive ways.

The Competitiveness Policy Council's *Building a Competitive America* has the broadest scope of the four reports and is the most conventional. This Council was created by the Omnibus Trade Competitiveness Act of 1988 and is chaired by Fred Bergsten, composed of twelve members from government, business, labor, the public appointed by the President, the bipartisan leadership of the House, and the bipartisan leadership of the Senate.