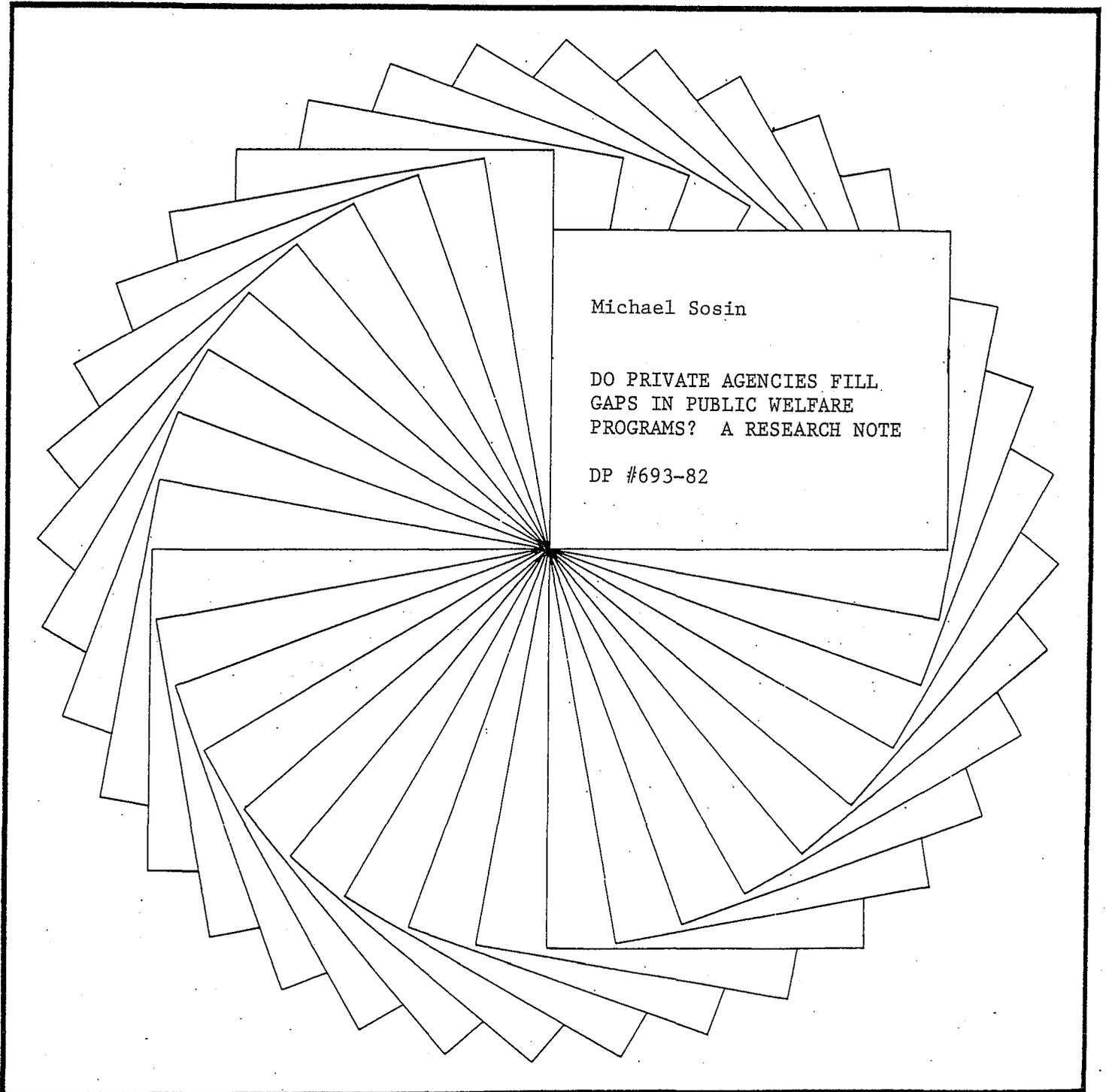




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Do Private Agencies Fill Gaps in Public
Welfare Programs? A Research Note

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ABSTRACT

This paper examines the hypothesis that private agencies tend to provide more aid when the public welfare network is less extensive-- i.e., that private agencies fill the gaps left by public welfare. Using data involving county emergency assistance programs, the research indicates that the private effort is indeed somewhat larger when the public network is smaller. The best predictor of the private emergency effort, however, is the extensiveness of private services in general, which is linked to the abundance of community financial resources and not to the extensiveness of the public welfare network.

Do Private Agencies Fill Gaps in Public
Welfare Programs? A Research Note

Many scholars believe that private agencies play an important role in American social welfare efforts (Grønberg, 1982; Manser and Cass, 1976; McMillen, 1945), and one claim is that they provide services that the public sector is unwilling or unable to offer (Kramer, 1981). It is thought that private agencies can carry out this "gap-filling" role owing to their ability to mobilize resources from small groups of committed citizens, and thus to provide services that only a segment of the community might favor.

This claim has important policy implications. For example, it seems to be part of the current argument in government that private agencies may be able to compensate for a reduction in the overall level of public welfare services. However, the few empirical studies of private agencies do not focus on the gap-filling role (Kramer, 1981; Terrel, 1979; Hartogs, 1978; D'Agostino, 1974; Perlmutter, 1971; Lambert and Lambert, 1970). It is thus unclear whether private agencies actually compensate for inadequacies in the public welfare effort.

Theoretical considerations suggest that the programs provided by private agencies may not compensate for a lack of public services and may instead reflect other community conditions. Stinchcombe (1965) argues that communities differ in their ability to provide the material and personal resources needed to sustain organizations--that is, communities

may have different "capacities" to organize. Perhaps the provision of social services by private agencies depends more on the resource base than on the nature of the public network.

The services provided by private agencies might also be related to the level of need found in the community. Perhaps communities with more extensive social problems--such as higher levels of poverty or dependency--have more private social services, regardless of the activity of the public sector. In this sense public and private agencies may simply deal with the same types of problems, not taking the activities of each other into account.

The examination of whether the private agency network fills gaps, responds to the capacity of a community to organize, or reacts to the level of need demands a number of complicated studies. This research note does not claim to answer all of the questions. Rather, it begins to assess the relation between private agencies and public agencies in one area of service: the provision of emergency financial assistance. It uses some existing data to provide tentative information concerning the research questions, and to suggest the implications of the limited tests for further research and policy analysis.

BACKGROUND

Emergency financial assistance may be defined as cash or cash-equivalent aid that is designed to meet temporary or unusual needs of individuals and families. These needs may be the result of an unusual

event such as a fire. They may also be the result of an unexpected sudden expense such as a medical problem. Emergency needs may also arise when individuals or families temporarily run out of cash and cannot meet day-to-day expenses. In fact, at least as far as the public sector is concerned, it appears that demand for emergency aid is greater when there are more individuals in poverty and thus more who are likely to run out of cash on occasion (Handler and Sosin, 1980).

Most communities have public emergency programs that meet only a portion of the existing need. For example, the Aid to Families with Dependent Children program (AFDC) has an emergency component. But only half of the counties in the country provide this program, and in other localities families with small children may not be able to obtain emergency aid from public sources. In some communities where the above program exists, public emergency assistance may not be available for single individuals, the elderly, those without children, and those whose incomes fall above the AFDC state standard for emergency assistance (Handler and Sosin, 1980).

Because the public provision of emergency aid tends to be incomplete, private programs must fill gaps in the public system if emergency needs are to be adequately met. Accordingly, the research questions that motivate this paper are important in emergency assistance: to what extent do private agencies respond to limits in public emergency assistance programs, and to what extent do other community factors play a role in the private provision of emergency aid?

A TWO-STEP MODEL

Many private organizations that dispense emergency aid also provide other services. In a sense, the emergency aid network depends upon the existence of a pool of private agencies, some of which decide to deal with emergency matters. Accordingly, it is necessary to develop a two-step view of the provision of emergency aid. The first step is the existence of private agencies, some of which might dispense emergency aid. The second step is the provision of aid by the existing agencies. In other words, the research must first determine why some communities have a more extensive private effort in general, and it then must consider conditions under which the existing agencies dispense emergency aid.

In the first stage of the research, it must be determined whether the extensiveness of private agencies relates to the factors mentioned in the introduction. Thus, the gap-filling hypothesis suggests that there will be a more extensive private network when the public network is less well developed. However, alternate possibilities exist. Private resources may be more extensive when community resources are greater, or when there are higher levels of need for services.

The second step of the inquiry must be to discuss determinants of the private provisions of emergency aid. The same general hypotheses apply. Perhaps private agencies provide more extensive emergency aid when there is a less extensive public emergency network, as the gap-filling notion suggests. A second possibility is that private agencies

tend to provide more extensive emergency aid when community resources are larger. A third possibility is that when the need is greater, more private emergency aid will be provided, regardless of the public effort.

It is also necessary to determine the relation between the general extensiveness of the private network and the extensiveness of the private provision of emergency aid. One would expect a relation: when there is a larger private network, it seems likely that emergency aid, like many other services, will be more extensively provided. But the size of the relation, controlling for other factors, is unclear and must be tested.

It is important to establish the relationship between the general extensiveness of the private network and the provision of emergency aid in order to search for indirect effects. For example, if the extensiveness of private services is greater when the public effort is smaller, and if there is a large relation between the extensiveness of private services and the provision of private emergency aid, indirect support for the gap-filling hypothesis exists. In such a case, the existence of fewer public resources apparently leads indirectly to the provision of private emergency assistance. It apparently affects the general extensiveness of private resources that are sometimes used to provide emergency aid. Such indirect relations are particularly important when one deals with a program like emergency assistance that tends to be a small component of the services that many existing agencies attempt to provide; a key question is why the agencies exist.

DATA AND METHODS

The research questions can be addressed with the help of a survey of county welfare administrators conducted in 1979. The survey, part of a study of emergency assistance programs, was sent to a stratified random sample of the heads of local agencies. There were 240 responses, representing 63 percent of the administrators to whom questionnaires were sent. The sample includes only counties with at least 25,000 inhabitants, and the average reporting county has a population of about 100,000. The reporting counties have a similar population and geographic location as the sample, overall (Handler and Sosin, 1980). In addition to this data set, certain characteristics of the community were gathered (as will be noted below) from census reports.

This survey was not directly designed to assess the extent of gap-filling. But it contains information that can be used in this exploratory attempt to deal with a very important issue. Admittedly, the survey provides only tentative information. Nevertheless, few other data exist, and this source contains measures (although sometimes imperfect) of the relevant variables for the study. The variables are: the extensiveness of the public network, the capacity to organize, the level of need, and the nature of the private network.

Measures of the Public Network

The executives were asked to report whether each of a list of public agencies existed in their community. Some of these items help measure the

extent of the public system of services--that is, the number of different public services that are found in the community. For present purposes, the relevant service providers on the list are a public housing agency, a public agency that dispenses housing subsidies, a public senior citizen's center, a public low-cost or free meal program, and locally subsidized public transportation.

While not all of these agencies are necessarily staffed by government employees, all are governmentally controlled in the sense that financial support stems mainly from the government and the very existence of the agency stems from a governmental initiative (Kramer, 1973). Thus, the list can be used as one partial measure of the extent of public services (perhaps the most imperfect in the paper). This paper will rely on a scale that sums the number of these agencies. It averages 3.8

Some may find this measure of extensiveness too limited to be satisfactory. Therefore, the total community expenditures on public welfare programs is used as an alternate measure. These data were gathered from the County Year Book. Statistical analyses for this paper were also completed using per capita welfare expenditures. These are not reported in this paper because they mirrored the results obtained for overall welfare expenditures.

Another important variable is the availability of public aid to meet emergency needs. The variable may be operationalized from responses to a question concerning which emergency assistance programs exist in the community. Possible programs include the use of Title XX service

money to meet emergency needs, a food stamp emergency program, emergency general assistance, the federally financed AFDC-Emergency Assistance program, a federally funded emergency program to meet fuel needs, a state fuel program, an emergency program for Supplemental Security Income clients, an AFDC special needs program that meets such needs as medically required special diets, and a state or local program not accounted for otherwise. The extensiveness of the public emergency aid effort can be measured as the number of such programs available in any community, which averages at 5.5.

Capacity and Need

Demographic data can be used to obtain variables relating to the capacity of the community to organize and the need for emergency financial assistance. Both sets of variables come from the City-County Data Book published in 1979. According to Stinchcombe (1965), the capacity to organize depends upon personal and financial resources. Relevant variables involve the average income in the community, the population size, the percentage of the county that is urban (representing the density that might be needed to organize), and the percentage of economic activity devoted to manufacturing (the size of the industrial base might relate to a general ability to begin organizations, according to the capacity view).

Three variables are indicators of need: the percentage of the population living at or below the poverty line, the percentage of the population that is at least sixty-five years old, and the percentage of the

population below 18 years of age. These three measures concern general levels of need that might affect the demand for services. The measure of poverty indicates financial need, while the size of the young and old groups seems to indicate potential dependency, which may increase the need for services. The measures seem particularly relevant to emergency assistance where needs apparently relate to levels of poverty and dependency (Handler and Sosin, 1980).

The Private Network

The study also requires measures of the private effort: the extensiveness of the private network, in general, and the extensiveness of the private emergency assistance effort. To operationalize these variables, executives (in the survey mentioned above) were asked whether each type of agency on a list was available in the community, and whether each dispensed emergency aid.

Table 1 reports the executives' responses to the checklist. The responses concerning the extent of emergency aid provided was originally reported on a four-point scale, but to reduce the response bias caused by varying perceptions, the replies are categorized as to whether each type of agency was thought to dispense at least "some" emergency aid or not. (It should be noted that the table reports the percentage of all reporting executives as to whether each type of agency dispenses at least some emergency aid, whether the agency was said to exist, or not.) Scales concerning the extensiveness of the private effort can

Table 1

Executives' Perceptions of the Availability of
 Private Agencies and Emergency Aid
 N = 181

Agency	Percentage of Communities with Agency	Percentage of Communities in Which Agency Provides Emergency Aid
Church-related services	97%	31%
Salvation Army	89	48
Free clothing center	77	46
Sectarian social services	67	33
Non-sectarian social services	56	32
Other religious missions	39	32

be developed from the responses. One scale measures the extent of the private network as a whole by summing the number of types of agencies that are present in the community. The second measures the extensiveness of the emergency assistance network by summing the number of agencies that provide at least "some" emergency aid.

Given the nature of the research, the list naturally focuses on agencies that may dispense emergency aid, and the analysis of the data described below is only relevant to this group of agencies. In addition, the list does not refer to the number of agencies of each type, just to the availability of any agency of the described character. The list should be expected to reduce the possible correlation of larger communities with more agencies, because the existence of multiple agencies of the same type in larger communities is not measured. As has been mentioned, the random sample tends to include many smaller communities, so this problem may not be highly important.

Methods

Regressions are used to address the research questions. The determinants of the private service network are developed by regressing the measure of the extensiveness of the private effort on the extensiveness of public agencies, public welfare expenditures, all of the variables representing the capacity to organize, and all of the variables representing the needs of the community.

The determinants of the private emergency aid network are determined by regressing the extensiveness of the private emergency aid network on

the number of public emergency assistance programs, all of the variables representing the capacity to organize, all of the variables representing community need, and the extensiveness of the private network in the community.

There are two differences in the independent variables in the equations. First, different measures of the nature of the public effort are used. When the dependent variable is the total range of private agencies, it is appropriate to look at measures of the range of public welfare services as independent variables. But when the dependent variable is the private emergency aid network, the appropriate measure is the extensiveness of the public emergency aid network.

A second difference is that the equation involving the private emergency aid network also includes the measure of the extensiveness of the private services network, in general. As has been mentioned, this variable is included to determine whether emergency programs are more common because there is a larger private service network in the community.

For each analysis, a step-wise regression is used and only the statistically significant variables are reported in the regression equations. The results are given in the following tables. The correlations are also reported in the tables.

ANALYSIS AND RESULTS

The Extensiveness of Private Agencies

Table 2 reports the correlation and regression coefficients involving the extensiveness of private agencies in the community.

Table 2

Determinants of the Extensiveness of the Private Welfare Service Network

Variable	Correlation Coefficient (Cases)	Final Equation: Standardized Regression Coefficients	Final Equation: Removing Number of Public Agencies, Standardized Regression Coefficients
Public Effort: Extensiveness of Public Services	.44* (114)	.36*	
Public Effort: Welfare Expen- ditures	.13 (152)		
Capacity: Population	.05 (181)		
Capacity: Urbanization	.45*(181)	.19*	.36*
Capacity: Percentage of Economy in Manufacturing	-.01 (181)		
Capacity: Average Income	.35* (181)		
Need: Percentage in Poverty	-.27* (181)	-.26*	-.17*
Need: Percentage over 65	-.12 (181)		
Need: Percentage under 18	-.11 (181)		
		$R^2 = .35$	$R^2 = .22$
		$N = 114$	$N = 181$

* Statistically significant at the 5% level.

As the regression notes, three variables are related to the extensiveness of private agencies to a statistically significant degree. There is a more extensive private network when there is a lower percentage of the population in poverty in the community, when urbanization is more complete, and when there is a more extensive public network. These significant relations, when placed in the context of the hypotheses, can help assess the research questions.

1. The core research question is whether private agencies fill gaps in the public network. Judged by the extensiveness of private agencies, the gap-filling hypothesis is not supported. First, there is no statistically significant relation between public welfare expenditures and the extensiveness of the private network. In addition, there is a more extensive private network when there is a more extensive public network, and this flatly contradicts the gap-filling hypothesis. That is, if gaps were being filled, there would be more private resources when the public sector is less well developed, and the opposite is the case.

Perhaps the one significant relation implies a reversed causal relationship. Many of the listed public resources may be products of the War on Poverty years, whereas many private agencies may have existed long before that time. It is therefore possible that private agencies acted as pressure groups in the formation of the public agencies. An alternate explanation is that the existence of private agencies represents a community ideology that also favors the formation of public resources. In any case, there is no evidence that private agencies are established to compensate for a lack of public resources.

2. A second prediction is that there will be a more extensive private network when community resources are greater. This prediction receives some support. Most directly, the private network is more extensive when urbanization is more complete. This may indicate that there are more donors and clients for any given agency when a community is more urban, as the population is more dense and a larger number of individuals live within reasonable distance from the agency.

Indirect support for this "capacity" argument also exists. There are more private agencies when the percentage of the population in poverty is lower. This, of course, is the opposite of the needs-based prediction that agencies will be more common when needs are higher. Perhaps a lower poverty rate indicates that there are more individuals with incomes high enough to support private agencies. Indeed, there is a large simple correlation between the average income of the community and the extensiveness of the private network. Average income does not enter the regression because it is so highly correlated with the percentage of the population in poverty ($r = -.72$), and the latter variable is found in the final equation. Both apparently measure the same thing--the ability to finance private agencies.

The population size and percentage of the economy devoted to manufacturing do not relate to the extensiveness of private services. Perhaps these characteristics of the community do not increase the capacity to organize in any significant manner. The capacity to organize manufacturing enterprises may not carry over to private agencies, and the

size of the population (within the population range of surveyed counties) may be irrelevant in determining the extensiveness of services. As has been noted, the data set is made up in a way that is not very sensitive to the number of agencies of any given type, and this may also play a role in the lack of a relation involving the total population.

3. Finally, the needs-based hypothesis is not supported. First, the percentage of dependent individuals does not relate, in a statistically significant manner, to the extensiveness of the private network; there are no relations between the dependent variable and the percentage of the population under eighteen years old, or the percentage over sixty-five. Further, as has been mentioned, private services are more extensive when the proportion of the population in poverty is lower, rather than higher. Apparently, the extensiveness of private services relates more to the availability of existing resources than to the level of need for services.

It has already been suggested that the extensiveness of the public network may be an effect, not a cause, of the extensiveness of the private network. Accordingly, it is appropriate to withdraw the variable representing public resources from the regression equation. The result of the effort is reported in the last column of Table 2. As the table makes clear, the other two statistically significant variables remain in the equation and no additional variables enter the regression.

In sum, the regression result involving the extensiveness of private agencies supports the importance of the capacity of the community to

organize. There is no evidence that agencies form more often when community needs are greater. There is also no evidence for the gap-filling hypothesis--that private agencies develop to compensate for a lack of public resources.

The Emergency Financial Effort

Table 3 reports the correlation and regression coefficients involving the extensiveness of the emergency effort of private agencies. Three variables have statistically significant relations with the dependent variable in the regression. The private emergency effort is larger when there are fewer public emergency programs, when the population is larger, and when there is a more extensive private network. The results speak to each research question.

1. The data offer some support for the gap-filling hypothesis; the extensiveness of the emergency aid network is larger when there is a less extensive public emergency network. It thus appears that private agencies take note of the level of public resources for emergency aid and supplement the more inadequate systems to a slightly greater degree. When there are fewer public programs, more private agencies apparently pick up the slack.

Many possible reasons for this "gap-filling" behavior are possible. Private agencies may be directly reacting to demand expressed by clients. Or they may be reacting to their knowledge of the nature of the public effort. In any case, some reaction to the behavior of government is indicated.

Table 3

Determinants of the Extensiveness of the
Provision of Private Emergency Assistance

Variable	Correlation Coefficient (Cases)	Final Equation: Standardized Regression Coefficient
Public Effort: Public Emergency Aid	-.14* (156)	-.18*
Capacity: Population	.15* (182)	.15*
Capacity: Urbanization	.14* (182)	
Capacity: Percentage of Economy in Manufacturing	-.02 (182)	
Capacity: Average Income	.11 (182)	
Need: Percentage in Poverty	-.09 (182)	
Need: Percentage over 65	-.01 (182)	
Need: Percentage under 18	-.16* (181)	
Number of Private Agencies	.39* (181)	.43*
		R ² = .23
		N = 156

* Statistically significant at the 5% level.

2. Only one variable representing the capacity argument relates (to a statistically significant degree) to the dependent variable; the private emergency aid network is more extensive when the community has a larger population. Unfortunately, this relation is very difficult to interpret. One possibility is that, while the private emergency aid network is more extensive in communities in which the population is higher, the network meets an identical proportion of need as it does in smaller communities. An alternate possibility is that a larger population leads to increased ability to establish programs to meet such specialized needs, so that the private agencies provide more emergency aid relative to the need for emergency assistance. This data set is not precise enough to test the alternate possibilities. In either case, it appears that population in some way increases the extensiveness of the private emergency aid network, whether the increase results in a more sufficient amount of aid or not.

3. Because the needs-based variables do not enter the regression, it appears that the need for resources in the community does not affect the extensiveness of the private emergency effort. Perhaps private agencies do not directly aim their services at the greatest need. Needs may be so great that many different services will attract clients. Agencies may be free to decide which need to focus on, regardless of the level of any one social problem in a community.

4. There is a statistically significant relation between the extensiveness of private agencies and the extensiveness of the private provision

of emergency aid. In one sense the relation is nearly tautological; when there are more agencies in the community the total amount of aid provided by the agencies will tend to be larger even if each demonstrates only an average propensity to provide emergency aid. Nevertheless, the relation is large, and seems to suggest that the existence of extensive agencies in a community is a key to ensuring that the private emergency aid network will be larger.

The relation between the extensiveness of the private network of agencies and the extensiveness of the private emergency assistance effort is by far the strongest in the regression. It explains 18 percent of the variance in the extensiveness of private assistance. Taken together, the other two statistically significant variables explain only about 5 percent. Thus, gap-filling and the capacity to organize in the community appear to be of only limited importance. The extensiveness of agencies has greater importance: more extensive aid is likely to be provided when there are more types of agencies that potentially can offer emergency financial assistance.

In sum, as far as can be determined from the data, private emergency aid is apparently more extensive due primarily to the existence of a wide range of private resources. It responds to the level of public resources and the capacity to organize to a far smaller degree.

The Indirect Relation

The data seem to indicate that the income level and urbanization of the community affect the extensiveness of private agencies in a community.

The extensiveness of private agencies, in turn, relates to the provision of emergency aid. There is therefore an indirect relation between the income and urbanization level and the extensiveness of the emergency aid network in private agencies. One important chain might be that urban communities with high average incomes have more extensive agencies, and the existence of these agencies contributes to the extensiveness of the emergency aid network.

In contrast, because the extensiveness of the private network does not depend on the public social welfare effort, there is no indirect relation supporting the gap-filling hypothesis. That is, existing private agencies apparently tend to provide more emergency aid when the public effort is lower, but the overall extensiveness of the private emergency network does not indirectly depend on the overall size of the public welfare effort. Gap-filling seems to occur because of the way existing agencies target services; it apparently does not occur due to the development of more agencies, some of which dispense emergency aid, to compensate for a small public social welfare network.

INTERPRETATION

Is the gap-filling hypothesis supported? These data provide some evidence for it. There is a negative relation between the extensiveness of the public emergency aid system and extensiveness of the private emergency effort. This apparently suggests that, when public emergency aid is less sufficient, community agencies notice the problem and attempt to provide more emergency aid. The commonly stated claim that private

agencies provide services that public agencies do not receive at least some support.

However, the extent of this gap-filling is quite limited. The emergency assistance effort is most closely associated with the measure of the general extent of the private service network. And the network is more extensive when the community has a higher capacity to organize, not when the public network is less extensive, or even when levels of needs are higher.¹ There is even some evidence that public and private agencies are more extensive at the same time. Thus, while existing agencies may fill gaps, the overall network apparently does not increase in size to compensate for a small public effort.

These results contain one unhappy irony. Those communities with a larger capacity to organize have a more extensive service network, and thus more emergency aid. Yet these are communities with a higher average income and fewer individuals in poverty. Communities with more need seem to have a smaller capacity to organize services to meet this need.

The findings seem to have quite straightforward explanations. For example, the strong role of the capacity factor may occur because private agencies are highly dependent on financial support from individuals and corporations in the community. Under those circumstances it is only natural that services can be more plentiful when donations are easier to come by.

Once in operation, private agencies must carry out services that the donors approve. This may explain the limited extent of gap-filling

and the failure of needs-based variables to demonstrate statistically significant effects. The services donors demand do not necessarily deal with the most severe needs or the largest gaps in the public network. For example, if donors desire counseling services and not emergency assistance (Cloward and Epstein, 1967), these services will tend to be provided, almost regardless of the degree of need.

These explanations do not completely describe the results of the analysis. The data also suggest that owing either to demands of donors or agency priorities, compensation for the lack of public services can, at times, occur; agency decision-making seems to be partly based on an awareness of public resources. But, given the small size of the relation, it seems that this is only one of a number of motivating factors that account for the nature of private services from existing agencies (population size also plays a role), and it does not account for the overall extensiveness of the private effort. Apparently, donor-related issues are more important to private agencies than issues involving the extensiveness of public resources.

CONCLUSION

Owing to the limits of the data and the focus on one issue, the results and interpretation are obviously tentative. More evidence is necessary concerning a number of points. For example, the limits of private agencies in filling gaps in public services in this one area, emergency assistance, should be compared with results from other types

of services. In addition, the claim that donors play a strong role in determining agency services must be examined by in-depth studies of how the priorities of private agencies are developed. Finally, in a more general way organizational studies of how private agencies form priorities will provide useful information concerning the nature of services. For example, the services an agency provides might be partly related to the historical period in which the agency developed, the religious orientation, or ties to professional groups such as a school of social work. Gap-filling may vary with the mission of an agency, or it may be that the level of the private provision of services depends mostly upon the above factors, thus accounting for the limits in the level of gap-filling.

Despite the need for further research, this research note in a tentative way suggests findings that have implications for policy. Currently the emphasis in government is on expanding the role of private agencies. One assumption is that, when the public effort is reduced, private resources will pick up the slack. However, the research calls the argument into question. To be sure, there is some evidence that existing private agencies increase their emergency assistance effort when the public effort is less extensive. But this small relationship is overwhelmed by the importance of the extensiveness of the private sector in general. And, in terms of the measures used in this paper, the extensiveness of the private sector does not depend upon the level of public services.

At best, the data suggest that if there are gaps in one area of services, existing private agencies may, to some extent, attempt to

fill them. However, if many types of services are reduced in the public sector at one time, it is unlikely that the private agencies can take up the slack; the entire range of private agencies apparently does not increase when the public effort is less intense. It seems unlikely that private agencies can fill rather large gaps in public programs caused by an overall reduction in the level of public services.

NOTES

¹To be sure of the results, an attempt was made to use other possible measures of social problems and needs. These included migration, the crime rate, and ethnic diversity. None entered either regression equation.

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