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## *Transcript of Webinar*

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**Title: The Decentralization of the U.S. Safety Net**

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Welcome to the Institute for Research on Poverty's Webinar Series. I'm your host, Steve Cook.

Our presentation today is on the decentralization of the U.S. safety net. Joining us are Sarah Bruch, asst. prof. of sociology at the University of Iowa, Marcia Meyers professor of social work and public affairs at the University of Washington, and Janet Gornick, professor of political science and sociology at the City University of New York.

In addition to thanking our presenters for sharing their research with us today, IRP would also like to thank the Office of the Assistant Secretary of Planning and Evaluation at the Dept. of Health and Human Services for their support of this webinar series.

We'd like to encourage the audience to participate in today's presentation. You will notice the Q & A box at the bottom of your screens. You can submit questions anytime throughout the presentation; we've reserved time at the end of the webinar for our presenters to respond.

Now, Sarah will start us off.

*Slide 2*

Thanks for giving us this opportunity to present some of the recent findings from our work on the implications or consequences of having a decentralized safety net in the US in this webinar format.

Although there are three of us on the call today, in the interest of simplifying the presentation Marcia and I will be presenting the main findings of the paper and Janet will join us for your questions at the end during the Q and A.

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In today's presentation we will start by discussing the motivation for why we focus on the decentralized safety net, and describe some of the key features of the current structure of the decentralized safety net. We will then describe the data and measures that we use in our work, detail a number of research questions we explore using this data, and discuss some of the main findings. We will end by discussing some of the implications from our work.

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One of the most under-appreciated features of the US welfare state is the extent, impact, and implications of having a largely decentralized safety net. For working age adults and children, there are few truly national or universal benefits. Instead these families rely primarily on limited and localized safety net programs that are administered and financed, at least in part, by state governments.

One of the primary motivations for us engaging in research on the decentralized safety net is a concern that having social provision structured in this way creates fertile ground for unequal responses to citizen needs.

Among academics and policy researchers, this concern is expressed as equity-related arguments which suggest that all citizens should have access to equivalent public assistance when in need, or economic rights-based arguments which claim that access to basic economic resources should have the same standing as citizenship rights. (Blank quote)

The concern about unequal responses to citizen needs was heightened by the significant changes made to safety net policies in the welfare reform era of the 1990s. The Personal Responsibility and Work Opportunity Act (PRWOA) 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. 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.

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In the late 2000s, the concern about unequal responses to people's needs was further magnified by the Great Recession... Jason DeParle writing in the NYT captured this sentiment well in a piece during the height of the economic downturn in 2009. Noting that, "The most vulnerable victims of the Recession confronted "a jumble of disconnected programs that reach some and reject others, often for reasons of geography or chance rather than difference in need" (Jason DeParle 2009).

This quote captures the fundamental weakness in having a decentralized safety net -- that the safety net programs available to economically-vulnerable families are determined in large part by the state they happen to reside in -- so much so that the saying "pick your parents well" can now be expanded to "and hope they live in a state with a robust safety net."

In our view, this is a form of inequality that deserves our attention.

In recent years -- especially since 2008 -- "inequality" has received an extraordinary amount of attention in political and policy circles. During the 2012 and 2016 election cycles, candidates from both political parties raised inequality as a condition worthy of concern. Several candidates organized their campaigns around crafting effective institutional and policy responses to high and/or rising inequality.

This contemporary "national conversation" about inequality has focused almost exclusively on disparities in outcomes. Attention has focused on inequalities of income and wealth, as well as differentials in access to employment, to quality schooling, to safe neighborhoods, and to affordable health insurance. It is also common to equate inequality with inter-group disparities, that is, with the differences in outcomes between African Americans and whites, between women and men, between old and young, between the more and less educated, between immigrants and the native born -- and so on.

In our view, in the US, there is another enormously consequential axis of inequality, one that has received inadequate attention in contemporary academic and policy circles – that is inequality by geography, specifically inequality across the 50 US states.

Policy scholars have long studied cross-state policy variation, including both levels and trends, often utilizing this variation as a methodological tool for policy evaluation. However, state-to-state policy variation is rarely conceptualized as a form of inequality per se. Yet, in our view, that is precisely how it should be viewed.

As our empirical work demonstrates, the decentralized policy structure in place in the US leads to a condition that can be characterized as unequal public responses to common citizen needs. In practice, that means that where a child is born, or where an economically-vulnerable family lands, for whatever reason, potentially shapes their resources, their wellbeing, and ultimately their life chances.

In other words, one's state of residence matters – and it matters a lot.

#### *Slide 6*

Safety net provision for economically needy, nondisabled working-age adults and their dependents is a patchwork of income transfers, in-kind assistance, and services, all of which are funded with a combination of Federal, state and local tax revenues, and managed either jointly by Federal and state governments or wholly at the state or local levels.

To examine the consequences of having a decentralized safety net, we created a unique dataset that has been assembled from publicly-accessible state and federal administrative records and original population estimates calculated using the Annual Social and Economic Supplement of the Current Population Survey.

The data includes eleven federal-state programs. The programs are: cash assistance (AFDC/TANF), food assistance (Food Stamps/SNAP), child health insurance (Medicaid and CHIP), child support enforcement, child care subsidies (from CCBG/CCDF and TANF), early childhood education (Head Start and state pre-K programs), unemployment insurance, targeted work assistance through AFDC/TANF, child disability assistance in the SSI program, housing assistance (Section 8 vouchers), and state income taxes which captures the tax liability threshold and credits for low-income families.

You will notice that programs such as the federal EITC and Child Tax Credit are not included. The programs that we include are those in which states have some form of discretion – in financing, administration, or policymaking.

#### *Slide 7*

To compare aspects of safety net provision across states, we constructed measures of two key dimensions of social provision – the adequacy of benefits and inclusiveness of receipt.

For each type of assistance, adequacy is calculated by dividing total benefit spending (federal and/or state) by a state's average or total caseload.

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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, first, fall into categorically eligible groups and, second, have market (or

pretransfer and tax) incomes below the federal poverty threshold which is estimated from the Annual Social and Economic Supplement of the Current Population Survey.

These measures of adequacy and inclusion are calculated yearly starting in 1994 and going through 2014, for each of the 11 types of assistance for all fifty states. These data are unique in providing comparable measures across programs over an extended period of time.

However, it is important to point out that these measures are not measures of the actual benefits received by recipients, or the share of ELIGIBLE individuals or households who are served. They are estimates from aggregate state-level reports of spending on benefits and caseloads, and of categorically-matched potentially eligible low-income families.

What our measures DO provide are reasonably COMPARABLE estimates of the “outputs” of different programs across different states over time. Another way to think of them is as estimates of the AVERAGE likelihood that someone in need will receive assistance from a particular program in a particular state and the AVERAGE benefit or cost for the service they receive.

This allows us to conduct one of the only longitudinal studies of multiple programs that make up the “safety net” in different states.

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In this working paper we begin by asking two basic questions that have been surprisingly hard to answer in the past, due to the lack of comparable, state level data for these programs.

The first is, What is the magnitude of cross-state variation in the adequacy and inclusiveness of safety net provisions?

Second, Does the magnitude of cross-state variation correspond to the extent or type of state discretion?

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To assess the MAGNITUDE of variation in safety net provision we first look at variation in LEVELS of adequacy and inclusiveness, using the absolute values observed at different points in the distribution of all 50 states

For each program, we compare levels at the middle – or hypothetical average state – and levels near the top at the 90<sup>th</sup> percentile and those near the bottom at the 10<sup>th</sup> percentile. This tells us something about the RANGE of variation in LEVELS of adequacy and inclusion, between states near the top and bottom of the distribution – those with the most and least adequate and inclusive provisions.

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We can't actually compare these ranges directly across different programs because ranges reflect absolute values - higher absolute values will have bigger ranges and smaller values smaller ranges.

So we calculate a standardized value, which is the Coefficient of Variation or COV, calculated as the standard deviation divided by the mean.

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To answer the second question, about whether these standardized measures of state variation correspond to the extent and type of discretion that states exercise, we needed to come up with a way to sort or rank the PROGRAMS by the extent of devolved authority.

To do this, we turned to the substantial literatures on federalism, intergovernmental policy making, and program implementation to consider various ways in which POLICY DESIGN influences the level and type of discretion for subnational government actors - including legislators, elected officials, administrators, managers and even front line workers

We developed a typology for the 11 programs that considered three dimensions of POLICY DESIGN that shape the extent and type of discretion exercised at the state level -

I am sorry we don't have time today to go through this exercise in detail – maybe that is another webinar.

Very quickly, the first dimension is the structure of AUTHORITY AND RESPONSIBILITY FOR financing programs. All of the programs in the safety net for working age families have some degree of shared responsibility for financing, with the exceptions of SNAP food assistance, for which federal government pays for benefits and administrative costs, and state tax policies benefitting the poor, for which states make the tax expenditures. But in between these extremes we find a complex mix of funding arrangements that differ across and even within areas of assistance, from individual entitlements for child SSI – which provide relatively little discretion for subnational actors - to block grants for TANF cash assistance and child care subsidies that give state policymakers broad authority about the use of funds.

A SECOND area of POLICY DESIGN that influences state discretion – and state to state variation – is the extent and type of authority that states have to set policy for program eligibility, conditions of receipt, benefit levels and so on. This varies from programs operating with federally established rules for eligibility and benefit determination, as in SSI and SNAP, to those that leave these and other decisions to states, within broad program guidelines or performance standards.

Finally, the most difficult to observe levels of state discretionary action and state variation are those in program administration. Once again, policy design in each program shapes the types of decisions and actions left to state and local actors – Do they do outreach? How hard is it to apply? How much paper work do you need to turn in and how often? How hard is it for providers to get reimbursed?

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We argue that while ALL of the safety net programs for this population are decentralized, they do DEVOLVE AUTHORITY and DISCRETION to state policy makers to the same extent or in the same way.

Using our three dimensions, we construct a typology that arrays the programs in roughly three tiers of devolved authority and opportunities for state level discretion

The programs with the least amount of state discretion, or most centralized funding and policy authority, are child SSI and Food Assistance through SNAP.

A middle tier has a mix of programs that are state administered but have been under fairly specific federal rules since the 1990s – child support collections, unemployment insurance, Section 8 housing assistance, and child health insurance through Medicaid and CHIP.

A final tier of programs operate with the greatest amount of state discretion, from state tax policies, which are entirely state controlled, to the TANF Cash Assistance and Child Care Block Grants, including Targeted Employment services for TANF recipients, and early education programs – which are a mix of federal Head Start with state supplements and state Pre-K programs.

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So, given this categorization, we formulate four general expectations about cross-state policy variation.

First, considering the adequacy of benefits:

We expect LESS cross state variation in adequacy of benefits when states are not responsible for financing and do not have much discretion over policy

And correspondingly we would expect to see MORE variation in programs for which states have authority to set benefit levels, the amount and type of services provided, time limits and so on.

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Second, considering inclusion

We expect to observe MORE variation in the inclusiveness of receipt than in the adequacy of the benefit in most programs, regardless of overall levels of discretion

Why? State-level policy officials have only partial control over benefit levels in many programs, – such as health care – in which the cost of services is a function of both government actions and market processes.

They have substantially more control over the less visible process through which potential recipients are informed, apply for assistance, are determined eligible for assistance, and so on.

Finally, and related, we expect that state inequality in inclusiveness will be highest in programs for which states have high levels of authority in both **policy** and **administration** – key tools for controlling access to assistance

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We find that there is substantial cross-state variation in safety net provision across all eleven programs.

Looking first at the magnitude of cross-state variation in the adequacy of benefits, you can see in Table 2 the 50 state mean, standard deviation, coefficient of variation, 10<sup>th</sup> and 90<sup>th</sup> percentiles, and the absolute difference between the 10<sup>th</sup> and 90<sup>th</sup> percentiles.

For example, a family receiving cash assistance in a state at the 50 state average, received almost \$4,000 in assistance while a family in a state at the 10<sup>th</sup> percentile received less than \$2,000, and a family in a state at the 90<sup>th</sup> percentile received almost \$6,000. Clearly these are substantively large differences – the difference between the 10<sup>th</sup> and 90<sup>th</sup> percentiles is almost \$4,000.

In Unemployment Insurance, an unemployed worker received an average of about \$4,800 in a state at the 50 state average, only about \$3,200 in a state at the 10<sup>th</sup> percentile, and about \$6,200 in a state at the 90<sup>th</sup> percentile. The difference here between 10<sup>th</sup> and 90<sup>th</sup> percentile is almost \$3,000.

In terms of what a three person family with two children can expect to receive or pay in state income taxes, the average is receiving about \$250 but in the 10<sup>th</sup> percentile state this same family would have a tax liability of almost \$150, which is much different than in the 90<sup>th</sup> percentile state where this family would receive a tax return of over \$1000.

As expected, we observe greater variation in the adequacy of benefits in those programs for which states have greater financing responsibility and control.

To compare the cross-state variation across programs, we use the coefficient of variation because as Marcia mentioned, it is scale invariant and so isn't affected by the differences in the absolute values of the benefits across the programs.

The COV measures are largest – ranging between 0.18 and 0.87 - in six programs that have “medium” or “high” levels of state discretion in funding. For example, state income taxes are financed entirely at the state level and reflect state policy choices regarding refundable tax credits for low-income families and minimum thresholds for tax liability.

Three of the other programs with substantial cross-state variation – targeted work assistance, cash assistance, and child care – are funded with the federal TANF block grant and state matching funds, which gives states substantial discretion over the level and allocation of funds for various activities.

In contrast, two programs with the least cross-state variation – food assistance in SNAP and Supplemental Security Income for disabled children – are largely or entirely federally funded, leaving states with limited discretion for determining total spending or individual benefit levels.

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Turning to look at inclusiveness of receipt, we also find substantial cross-state variation.

For example, in cash assistance, the mean is 19 out of 100 poor families receiving cash assistance, but at the 10<sup>th</sup> percentile that is only 6 out of 100, and at the 90<sup>th</sup> percentile it is 37 out of 100 poor families receiving cash assistance.

Similarly, early childhood education is experienced by 23 out of 100 poor 3 and 4 year olds in the average state, but by only 7 in the state at the 10<sup>th</sup> percentile, and 59 out of 100 in the 90<sup>th</sup> percentile state.

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Our second expectation about the relationship between levels of state discretion in financing, administration, and policymaking was that, in most programs, variation would be greater in the inclusiveness of receipt than for the adequacy of the benefit.

Figure 1 shows this to be the case in 8 of the 11 programs. Here the coefficient of variation is being graphed with the gray bars representing inclusion and black bars representing adequacy.

For example, the COV for cash assistance adequacy is 0.40 whereas for inclusion it is much larger 0.63. This is also true of child support, food assistance, unemployment insurance, supplemental security income, early childhood education, child care, and housing assistance.

The extent of cross state variation by program also conforms to our third expectation, that variation would be greatest in programs over which states exercise discretion in policymaking and administration.

Four of the eleven programs are characterized as having high levels of both policy authority and administrative flexibility - cash assistance, early childhood education, child care, and targeted work assistance - and these programs are also among the most variable across states.

High levels of state variation in the TANF-related programs is not surprising given the explicit devolution of authority to set eligibility criteria and rules in the TANF block grant.

The variation in inclusiveness of early childhood education programs reflects the combination of Head Start, a federally administered program, and state initiated and managed pre-K programs, which vary dramatically across states.

In contrast, the programs with the least variation in the inclusiveness of receipt – food assistance and child health insurance – are both subject to federal eligibility criteria and require states to seek waivers for significant deviations from these criteria.

Variation in the children's SSI program is also substantial, suggesting that factors such as outreach and the local administration of intake and eligibility determination may be highly influential.

So, as expected, we find that the magnitude of cross-state inequality corresponds closely to the level of state and local authority for financing, policy and administration. The highest levels of inequality are observed in those programs for which states have the highest level of financial responsibility and greater policy and administrative autonomy especially in regard to the inclusiveness of program receipt.

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We now turn to examine changes over time. One of the concerns about having a decentralized safety net is that states will compete against each other creating a race to the bottom dynamic for social provision. A related concern is that devolving authority to lower levels of government may be used as a strategy to shift the burden of provision and retrench programs in a less visible way.

So our first question asks, has there been a race to the bottom or retrenchment in safety net provision in the post-welfare reform era?

The second question we ask is, has there been increasing divergence or convergence in cross-state variation in safety net provision?

Although we know there is substantial cross-state variation, it is an outstanding empirical question as to whether there has been increased variation in social provision across the states in the post-welfare reform era; a convergence as states learn and respond to similar economic conditions; or a persistence of initial state differences.

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Looking first at the adequacy of benefits, this figure shows the average benefit received per recipient from 1994 to 2014 for the six cash and near cash safety net programs: cash assistance, food assistance, SSI, child support, UI, and state income taxes.

The lines represent the 50 state average for that program in that year.

The first pattern to note is that using per recipient measures of spending shows much less dramatic changes during this time period than measures of aggregate spending on programs.

Historically, the safety net program that has received the most attention is cash assistance. For many “welfare” was the cornerstone of the safety net, at least until the elimination of its status as an entitlement. In fact, since the mid-1990s and the passage of PRWORA, the importance of cash assistance as a key feature of social provision has eroded substantially – from an average yearly benefit of over \$6,000 to less than \$4,000, a decrease of 33 percent.

The only other cash or near cash program that declines in this period is child support.

However, for the remaining cash and near cash programs there are relatively unchanging or increasing levels of adequacy. Both SNAP and SSI start and end the period at very similar levels in terms of the adequacy of benefits.

In contrast to the relatively consistent level of benefits in SNAP and SSI, benefits in the Unemployment Insurance Program (UI) and average state tax benefits increased during this period. For UI this increase was substantial with an average increase of \$1,005 for the average unemployed worker, receiving \$3,778 in 1994 to \$4,782 in 2014. The increase in state taxes was also substantial – from a tax liability of \$80 in 1994 for a poor family of three to a benefit of \$241 in 2014.

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This mix of program trajectories (contraction, stasis, and expansion) among the cash and near cash programs is contrasted with across the board expansions in the five programs that provide in-kind goods or services for low-income families.

The steepest increase is seen in the cash assistance-based work training program with an increase in reported spending per work program participant of over \$9,000. While most accounts of the health insurance programs have emphasized the skyrocketing overall aggregate spending levels, the spending per recipient for child health insurance through Medicaid and the Children’s Health Insurance Program rises substantially but less dramatically during this period, from an average of \$1,236 per enrolled child in 1994 to \$2,278 in 2014.

There were also substantial increases in spending per child in child care and public pre-K. In the case of child care, there was a 74 percent increase in the amount spent per child care voucher – from \$3,592 in 1998 to \$5,881 in 2014. In the case of early childhood education, there was an increase of 51 percent in the amount spent per child – from \$4,505 to \$6,583.

The program with the smallest increase in per person spending was in housing assistance (Section 8) which only increased by 10 percent from 1996 to 2014.

Conclusion = only program with major decline in per recipient benefit is cash assistance and as found by others, evidence of shift toward providing services not cash, however, other cash or near cash programs (SNAP, SSI, state income taxes, and UI) all remained steady or increased the adequacy of their benefit over time.

*Slide 22 - Inclusiveness of Receipt*

Turning to the inclusiveness of receipt – this figure shows the changes over time for the cash and near cash program. Trends in these measures reflect both changes in caseloads and in people who are in need of assistance. If one only examined spending per recipient or aggregate spending, the story of how the safety net changed would be substantially different than one that examines both adequacy and inclusiveness.

The inclusiveness of social provision has experienced even more dramatic changes than the adequacy of benefits over this time period in most programs.

The most dramatic retrenchment in access to the safety net is seen in the cash assistance program. This weakening of the safety net represents a decline in inclusiveness of 68 percent.

However, cash assistance represents the only cash or near-cash program that saw a decline in inclusiveness; the remaining five programs all experienced increases of varying amounts.

The largest increase in inclusiveness is seen in child support collections with the inclusion rate doubling in the late 1990s and remaining steady with around 80 percent of single parent families receiving collections in the average state.

SSI for disabled children, and state income taxes each increased their inclusiveness as well – by 35 and 25 percent respectively.

The trajectory for UI was marked by two increases during recessionary periods followed by a marked decline since 2010 such that the inclusion rates in 1994 do not differ much from those in 2014 (34 and 35 percent respectively).

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The last set of trends over time in average levels of provision are the trajectories for inclusiveness in in-kind benefit or service safety net programs.

The increase in health insurance receipt for poor children has been remarkable during this time period. In fact, the rate of inclusion of children under 300 percent of the poverty line begins in 1994 at 46 percent, but increases in the average state to 85 percent by 2012.

Early childhood education also increased substantially (58 percent), which represents a change of 15 to 23 percent of poor 3-4 year old children in early childhood education. However, this increase coincides with a decline in child care inclusiveness which declined from 20 to 17 percent of poor children under 13 receiving child care assistance from 1998 to 2014.

Conclusion of these trends: only one program experienced dramatic declines in inclusiveness, however even with the remaining programmatic increases in inclusion, only child health insurance, SNAP and child support are received by more than 50 percent of those in need.

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Now that Marcia has gone through the changes in levels, our second question about change over time is about changes in the extent of cross-state variation.

Has there been increasing divergence or convergence in safety net provision across the states?

To examine changes in cross-state variation we examine changes in the COV.

Overall, we find limited evidence of convergence, and several examples of states pulling further apart.

At the beginning and end of the period, states were relatively tightly clustered in measures of adequacy with COV values for most programs in the 0.12 to 0.35 range. The COV changed significantly in only two programs over the total period: states pulled much further apart in spending per participant in targeted work assistance for TANF recipients, and states pulled somewhat closer together in the value of SSI benefits.

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State provisions were more diverse, and changes in the COV more marked, in the inclusiveness of their provisions. COV values ranged between 0.13 and 0.39 in 1994 and between 0.15 and 0.59 by 2014. During this period, states diverged to a significant degree in the inclusiveness of three programs: cash assistance, early childhood education, and child care. They pulled closer together in only one, child support collections.

It is notable that three of the programs in which we observe substantive divergence in the magnitude of cross state variation – cash assistance, targeted work assistance and child care –were directly affected by the welfare reforms of the 1990s which granted states greater flexibility.

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However, the location of change within the total distribution of state efforts varied. States pulled further apart on the adequacy of targeted employment assistance due to very large increases spending in a few states which you can see by the large increase found at the 90<sup>th</sup> percentile.

The divergence in the inclusiveness of cash assistance and child care, in contrast, was driven largely by especially steep reductions in states that began the period with low levels of provision. In the case of cash assistance, states near the 10<sup>th</sup> percentile had reductions in rates of inclusion of over 80 percent whereas the states that began the period with high rates of inclusion had reductions of around 50 percent.

Divergence in early childhood education resulted from nearly the opposite change, with low provision states contracting slightly while those near the 90<sup>th</sup> percentile nearly doubled the share of poor children served.

It is equally notable that the single program for which we observe significant convergence across the states – child support inclusion – was also addressed in the PRWORA legislation. In this case, rather than increasing state flexibility Federal lawmakers increased expectations for state performance, along with administrative funds for meeting new standards. In this case, we see evidence of some “catching up” through increased effort by states around the 10<sup>th</sup> percentile of the distribution of all states, but an even greater increase in efforts by states near the top of the distribution.

Our examination of the magnitude and location of change in state variation suggests that, rather than changing course to experiment with new approaches, states continued in their original trajectories – high provision states expanded social benefits and lower provision states contracted the adequacy or inclusiveness of assistance.

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Further confirmation of this analysis of the state distribution is provided by analyzing individual state changes – examining the number of states that move in the same direction, and examining the similarity in how states are ordered or ranked over time.

The measure of how many states change in the same direction over this time period is referred to as a measure of “synchronicity.”

To measure rank concordance we use a Kendall Coefficient of Rank Concordance which ranges from zero, which indicates no association between the ranks, to one which indicates perfect concordance.

Overall, both of these measures indicate that, in the vast majority of social safety net programs, states moved up or down together and maintained their rankings relative to each other.

The measure of how many states moved in the same direction shows that in most cases at least 30 of the 50 states change in the same direction. The measures of rank concordance also indicate substantial consistency in the rank ordering of states over time with two-thirds of all measures indicating a rank concordance of at least 0.80.

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The extent to which states move in the same direction is demonstrated even more clearly using a specific example – food assistance.

In this figure, we are showing you the changes over time in the adequacy of food assistance benefits. States are ordered top to bottom according to the average food assistance benefit received by a poor family in each state in 1994. Each panel of the figure displays the change in benefit for a five year period. A blue bar represents an increase during the period, and the left edge of the bar is the starting value. A red bar represents a decrease and the right edge of the bar is the starting value.

What this figure shows very clearly is that in the early period of welfare reform in the mid-1990s, the average food assistance received by families declined in all but one state. This decline is in large part an indirect consequence of welfare reform which led to a dramatic decrease in participation in cash assistance in the late 1990s which also impacted participation in Food Stamps.

From 1999 to 2009 the average food assistance received increased substantially in all states reflecting the increased outreach and simplified application and recertification process which increased the length of time households receive assistance, and a temporary increase in benefits in the 2009 American Recovery and Reinvestment Act (ARRA).

The last period from 2009 to 2014 show a reversal of this increase in benefit adequacy with all 50 states showing a reduction in benefits received reflecting the ending of the temporary ARRA increases in benefits.

What this example makes clear is that the lack of change in cross-state variation is explained in part by states tending to change over time together – in this case in response to federal policy changes. In most cases it is not true that the state laggards further retrench their programs and state leaders expand their programs. Instead it is more accurate to think of states as moving somewhat together in the same direction.

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The decentralized safety net is the only source of assistance for most working-age individuals and families in economic need in the US. It is not generous – in either benefit levels or in the share of those in need who are assisted.

And state to state variation is one of most crucial yet least carefully studied structural design features of the U.S. welfare state. Arguably, we don't have US safety net – we have 50 different safety nets.

Variation is substantial and meaningful in the adequacy of benefits.

It is even more extreme in the share of all potentially needy individuals and families meeting basic categorical eligibility criteria who actually receive any assistance.

We would argue that this level of variation is a form of inequality – inequality in the treatment of similar needs and claims by people who happen to live in different states.

#### SLIDE 30

We would also argue that the extent of state to state variation is shaped by policy design.

All safety net programs are decentralized, but some are more decentralized than others –

we find the magnitude of cross-state inequality corresponds closely to the level of state and local authority for financing, policy and administration. The highest levels of cross-state variation are observed in those programs for which states have the highest level of financial responsibility and greater policy and administrative autonomy especially in regard to the inclusiveness of program receipt.

The consequences of devolution can also be seen over time.

Most notably, the devolution of authority under PRWORA-increased state discretion in all three of the programs funded in part by the TANF block grant (cash assistance, targeted work assistance, and child care) there was subsequent divergence in either the adequacy of benefits or inclusiveness of receipt.

This dynamic is underscored by a rare exception: In the one program, child support, in which the PRWORA imposed new and more stringent federal requirements, state outcomes converged.

In the programs for which states pulled further apart, we find there is little evidence to support the optimistic prediction that states would use their greater authority to launch a variety of innovative approaches to improving safety net programs that have been the target of criticism by liberals and conservatives alike.

In most programs, rather than changing course to experiment with new approaches, states continued in their original trajectories – high provision states expanded social benefits and lower provision states contracted the adequacy or inclusiveness of assistance.

So I think those are our formal comments. We would like to thank our audience, acknowledge the support that we've gotten and answer any questions that have come up.

#### SLIDE 31

Thank you, Marcia, and Sarah Janet. That was a very interesting and provocative discussion. For those with questions, just a reminder that you can type those into the Q&A box at the bottom of the presentation screen and we will have our panelists answer as many as we can get to.

First I'd like to start off with a question – so I know most of the analysis here was looking at kind of comparing individual programs, so comparing food assistance and comparing cash assistance. Have you done any work that look at kind of a cumulative, maybe talks about the way the full package of the safety net is rising or declining across states over time?

This is Marcia, I'll jump in on that one. It's a good question and it's a complicated one because, first of all, when you look at the – in response to the questions about the overall increase or decrease or expansion or retrenchment, what looking at it program by program shows us is that it's really what we're calling a retooling. There isn't a single trend. Cash assistance contracted, services expanded. So, how do you characterize that overall? It's not actually additive because you can't pay your bills with an access to health insurance, however that should reduce out of pocket expenses. So, it's hard to say overall that there's an expansion or retrenchment. I think we would say that there's a retooling and it's kind of surprising I think, given a lot of the rhetoric that there were quite substantial expansions in some areas of the safety net overall, on average.

The second part of that that we may be thinking about is could you put it together as a package at the state level and there, again, we're working on this and it's a matter of thinking about multiple dimensions. There really isn't a single dimension of generosity or of liberalism. There are multiple dimension on which states have more and less inclusive and have expanded or contracted assistance and that is work that will be forthcoming.

We'll look forward to that.

We always do. It's needed and we're doing it.

So obviously this research and these questions come in an era when we're hearing a lot about the possibility of devolving more discretion to states and programs, talking about block granting food stamps or block granting Medicaid. Do you have any thoughts about the likely results of those kind of policy changes, any thoughts about evidence that should go into policymakers' considerations in making those kind of policies?

This is Janet. I'll just jump in to say that's a complicated political question of course. I think it's worth backing up to say what I think most of us know already. It's very hard to predict what's coming in the next few years. I think there seems to be a pretty clear disjuncture between the language and the interests of the president elect and of course the leaders in both the House and Senate that the President Elect has, I think by most accounts expressed very little interest in widespread social policy cutting or retrenchment, in some cases I think he has talked about protecting entitlements. So I think to some extent it depends on who's dominant and whether this agenda is captured by, we know, a much more active agenda in Congress, which would be much more in the direction of decentralization and cutting. So, I think we don't really know, I would say everybody should be ready. One thing is clear though if I could say this is there's a lot of research from across the states and across countries that links the results of these programs to outcomes. We know that cash assistance programs are crucial in reducing poverty. We know that in-kind programs reduce poverty through reducing expenditures. I think there is a large amount of knowledge – I often say this in political settings. Understanding how these programs work is not

rocket science. We actually know a lot about how they function and what the outcomes are. The much more complicated questions involve political will. So I think that turns us to the questions about framing and language and trying to turn what we've been talking about here today into language and stories and narratives that are more useful outside of the academic setting. So we might be able to say a little more about that, but again there's very little mystery about the effects of these programs. I think for those of us in the academic world, it's sort of frustrating to hear otherwise in the political sphere.

Yeah, I'll have to agree with that. Anything else that Sarah or Marcia wanted to add on that?

I would add that I think we do know a lot about how these programs work in general to increase and support economic wellbeing and security for families. What we haven't known is how variable they are. And I don't think we've really grappled with the extent of variability and inequality across states or even grappled with the question of whether variability is in itself a good or a bad. I think there's a robust debate and there has been for many decades about, well, is this a way that states are more responsive needs and local political interest or is this a form of inequality and load shedding? I think that we haven't really grappled with the two ways we might think about state to state variation. And one is a normative question about inequality and literally this question is a question about, you get such a different package of assistance if you live in a different part of the country. And second is the impact. Again here we do have research that suggests that suggests the more centralized, the more uniform the program, the more effective it is at ensuring economics security. We often contrast the Social Security programs for the elderly with the safety net programs of the working age. It's a pretty dramatic policy experiment and lesson in the value of more centralized programs.

So this research obviously has a whole lot of overlap and relevance to the work that's been done on migration towards welfare magnets and I think most of that evidence seems to indicate that there's not a lot of people moving to take advantage of more generous benefits in states, maybe a little bit but not much. Does that fit with your understanding? Do you think they might reach a threshold where that change is if divergence becomes great enough?

This is Marcia again. I think it actually – I would agree that the preponderance of evidence suggest that people don't move to get higher benefits and one of the things that strikes me is the sheer complexity of the safety net. This isn't a program that you go and apply for or a program that your family member or friend might tell you is more generous in the next state. It's a whole kind of patchwork of programs that you might or might not be eligible for depending on your income and your work and your family structure at a certain point in time, so I think one of the things that this points to is the sheer complexity of the safety net. It would take a genius to actually figure out that you would actually be better off moving 20 miles across a state border. You know, we're spending our careers trying to figure out – and we're not geniuses – we haven't figured it out. I think that's another way of understanding the concern that there's a strategic location in residence relocation to take advantage of these benefits is also challenged by the low levels and low likelihood of receipt in all these programs and also the complexity of knowing just what programs you may or may not be able to get in another state.

Well thank you very much. I think we've reached the end of our time but this has been very interesting and we look forward to more of this work and future work on this topic. So thank you very much for joining us and thank you to our audience.

A reminder that a recording of today's webinar will be available on the IRP web page starting tomorrow.

Before we leave, we invite you to join IRP for future webinars. To enroll for our next webinar, you can click on the link on your screen right now! On Wednesday January 18th James Guszczka of Deloitte Consulting and Justin

Sydnor from the Wisconsin School of Business will present “Linking Data Science and Behavioral Science to Build Better Public Policy”.

Registration info and information about future webinars will also be available on the IRP webpage. So long.