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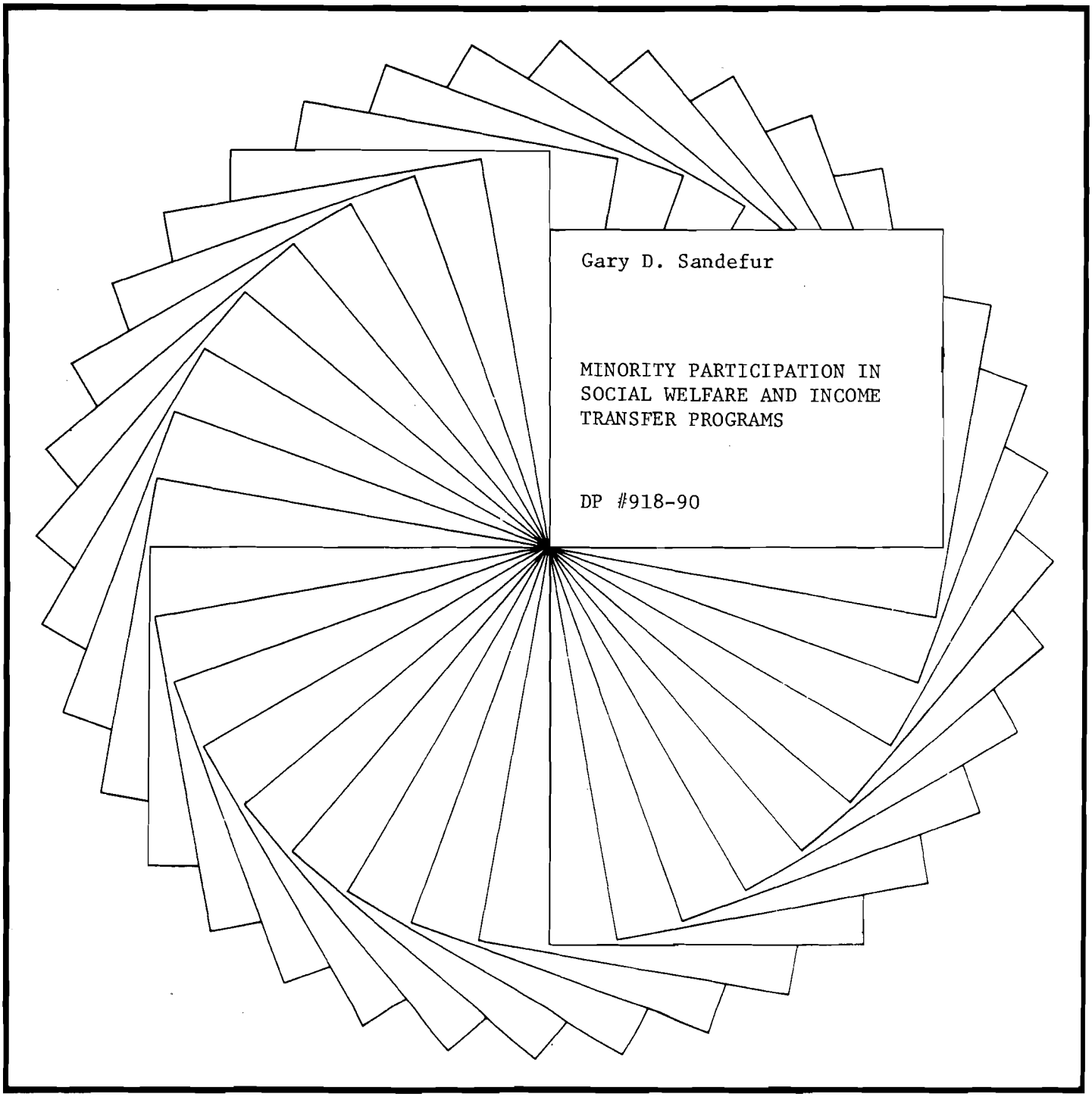

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Minority Participation in Social Welfare and Income Transfer Programs

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Abstract

Members of minority groups in the United States are more likely to be poor than are white non-Hispanic citizens. This is the case both before and after they have received transfers from federal, state, and local governments. They are eligible for the same social insurance programs and transfer programs as the rest of the population.

This paper reviews the research that has been carried out on the circumstances of minority groups, examines the extent to which minority groups make use of social insurance and welfare programs, and assesses the effectiveness of these programs in enabling members of minority groups to escape poverty.

The paper closes with a list of major research questions that have not yet been addressed and suggests new research approaches.

Minority Participation in Social Welfare and Income Transfer Programs

Most Americans know that members of minority groups are more likely to be poor than are non-Hispanic white Americans, and most social scientists know that the percentage of individuals and families below the poverty line varies considerably across the different minority groups. Previous research has shown that blacks and Puerto Ricans have higher poverty levels at present than do individuals of Mexican or other Hispanic descent.[1] We also know that poverty is more prevalent among American Indians who live on reservations than among American Indians who live elsewhere.[2] Other research shows that the poverty rate among Mexicans and American Indians has declined during the past 25 years while that among Puerto Ricans has increased.[3]

In addition, there is considerable variation across groups in factors known to be associated with poverty. Families with single female heads are more common among blacks and Puerto Ricans than among Mexicans, other Hispanics, and American Indians. Female headed families are significantly more likely to be poor than are families headed by couples. On the other hand, American Indians and the Mexican-origin population tend to have larger families than do blacks and Puerto Ricans, and poverty tends to increase with family size.

Federal, state, and local governments have responded to minority poverty with a variety of programs. First, the minority poor are the targets of the same programs directed at all citizens. These include social insurance programs such as social security and unemployment compensation. The basic principle of social insurance is that individuals and/or their employers pay into a system which then provides benefits at retirement or in times of need, such as death of the breadwinner or temporary unemployment. Another set of programs focuses on the poor. There are the public assistance programs, including Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI). These programs are available to an individual whose income is below a certain level and who meets other eligibility requirements. The costs of these programs come entirely out of general tax revenues.

Some social insurance and public assistance programs provide cash benefits. This is the case for all of the programs mentioned above. Other programs provide in-kind benefits (i.e., goods and/or services instead of cash). Medicare, the health insurance program for the elderly, is the

most prominent example of an in-kind social insurance program. Medicaid, the health care program for the poor, and Food Stamps are the two most prominent examples of in-kind public assistance programs.

In addition to these programs that are directed at eliminating or alleviating the effects of poverty among all Americans, other programs targeted at minority group members have indirect effects on poverty. Many of these programs grew out of the civil rights legislation of the 1960s. These include affirmative action in education and employment. Other programs are directed at specific minority groups. At the federal level, these include a large set of American Indian programs that developed through the historical government-to-government relationship between Indian tribes and the federal government, bilingual programs designed to enable those who do not speak English to attend school and vote, and special programs for Asian, Haitian, Cuban, and other immigrants. At the local and state level, numerous special programs are designed to meet the needs of specific minority groups, often those who have just recently arrived in an area.

We know very little about the levels of participation of different minority groups in these programs or their effectiveness in helping minority group members to escape from poverty. This paper begins to fill that gap. It has four major parts. First, it provides background information on the major minority groups and major social welfare programs in the United States. Second, it reviews what we know about the participation of minority groups in the major social insurance and public assistance programs and presents some original analyses with data from the 1981 and 1986 Current Population Surveys. Third, it assesses the effectiveness of social insurance and public assistance programs in reducing minority poverty. This assessment is based on a summary of previous work in this area and new computations using the 1981 and 1986 March Current Population Surveys. Finally, the paper outlines some major research questions that have not been addressed and suggests data and approaches that might be used to examine some of these issues.

I. BACKGROUND INFORMATION ON GROUPS AND PROGRAMS

A. A Social and Demographic Profile of Minority Groups

Understanding the role of social welfare programs in the lives of members of minority groups is easier if one knows the basic compositional characteristics of each group. We will focus on what are generally regarded as the disadvantaged minority groups in this country: blacks, Hispanics, and Native Americans or American Indians.[4]

Blacks continued to be the largest minority group in the 1980s. The population figures in Table 1 show that in 1980 there were 26.1 million blacks in the United States. The Hispanic population is made up of several distinct ethnic groups. The largest of these groups is the population of Mexican descent.

Table 1 also contains some basic descriptive information on the geographical distribution of minority groups in the United States in 1980. The regional distribution of groups is important because of the regional differences in the rules, regulations, and benefit levels for some programs. In general, the South has traditionally had higher rates of poverty, more stringent program eligibility criteria, lower rates of participation in social programs, and lower levels of benefits.

Panel A gives the regional distribution of groups in 1980. Approximately 53 percent of blacks and 65 percent of Cubans lived in the South. The West contained 54 percent of Mexicans and 50 percent of Native Americans. Most Puerto Ricans (74 percent) lived in the Northeast. The distribution of non-Hispanic whites across regions is much more even than that of the minority groups. The largest white population resides in the South (31 percent) and the smallest in the West (18 percent). Analyses of regional migration patterns over the past half century, however, show that whites have been moving to the West, and more recently to the South.

Individuals in metropolitan areas generally are better able to visit the necessary offices to arrange financial assistance than those in nonmetropolitan areas. On the other hand, residence in central cities often brings with it new sets of problems and complications. The groups vary a good deal in terms of their distribution in metropolitan and central city areas (Table 1, Panels B and

Table 1

The Distribution of Minority Groups and Whites in the United States, 1980

Group	Total (millions)	Northeast	North Central	South	West
A. Distribution by Region					
Blacks	26.1	18%	20%	53%	08%
Cubans	.8	22	04	65	09
Mexican	8 .7	01	09	35	54
Puerto Rucans	2.0	74	10	09	07
Other Hispanics	3.1	27	07	22	43
Native	1.5	06	18	27	50
Whites	180.3	23	29	31	18
B. Percentage in Metropolitan Areas by Region					
Blacks		98%	96%	67%	97%
Cubans		98	93	97	98
Mexicans		89	86	79	89
Puerto Ricans		98	96	91	91
Other Hispanics		97	84	85	81
Native Americans		79	49	51	49
Whites		82	68	65	81
C. Percentage in Central Cities by Region					
Blacks		74%	77%	44%	60%
Cubans		48	54	37	39
Mexicans		49	58	56	39
Puerto Ricans		83	80	34	38
Other Hispanics		70	44	39	40
Native Americans		39	26	19	22
Whites		25	22	22	30

Source: U.S. Bureau of the Census, Census of the Population: 1980, General Population Characteristics, and General Social and Economic Characteristics (Washington, D.C.: GPO, 1983).

C). In the South, which is the area of the largest concentration of blacks and Cubans, 67 percent of blacks lived in metropolitan areas and 44 percent lived in central cities, and 97 percent of Cubans lived in metropolitan areas and 37 percent lived in central cities. Eighty-nine percent of the Mexicans in the West lived in metropolitan areas, and 39 percent of them lived in central cities. Puerto Ricans are the most likely to live in central cities. In the Northeast, 98 percent of Puerto Ricans lived in metropolitan areas, and 83 percent lived in central cities. Native Americans are the least likely to live in central cities; in the West, 49 percent lived in metropolitan areas and only 22 percent lived in central cities.

Table 2 displays basic social and demographic characteristics that may be related to participation in social welfare programs. The first row gives the percentage of each group in 1980 that was foreign-born. Foreign-born individuals may have more difficulty gaining access to social welfare programs for several reasons. Their eligibility for some social insurance programs may be limited because of the restricted amount of time they may have spent in the U.S. labor force. For example, the receipt of social security is tied to the length of participation in the labor force and to the amount earned during that period. Immigrants, especially those who arrive in the United States in middle age, are at a disadvantage relative to those who have spent their entire working lives in the American labor market. Furthermore, immigrants are less familiar with application procedures for public assistance than are the native-born. In addition, for some, an inability to speak English impedes their communication with program staff. Illegal immigrants may be reluctant to apply for public assistance for fear of deportation. On the other hand, the public perception is that the foreign-born are more likely to need and use public assistance.

Relatively few whites, blacks, and Native Americans in 1980 were foreign-born. Over one-third of Mexicans, over three-fourths of Puerto Ricans, and over 60 percent of other Hispanics in 1980 were foreign-born.[5] I classify as foreign-born Puerto Ricans born in Puerto Rico. Although they are citizens of the United States at birth, in other ways their experiences may be similar to those who move to this country from Mexico or Central or South America. If nativity and language impede participation in social programs, one would expect the Hispanic groups to participate less in social programs than the other groups.

Table 2

Selected Social and Demographic Characteristics of Minority and Nonminority Families: 1980 and 1985

	White		Black		Mexican		Puerto Rican		Other Hispanic		Native American	
	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985	1980	1985
Percentage Foreign-Born	4.8% [a]		3.4% [a]		35.6% [a]		80.9% [a]		61.2% [a]		3.2% [a]	
Percentage in Types of Families												
Couples	86.3	84.8	57.0	51.2	78.8	75.7	60.8	52.1	75.3	74.8	80.1 [b]	
Female head	10.6	12.0	37.0	43.7	16.4	18.6	34.8	43.9	19.8	20.0	16.1 [b]	
Male head	3.2	3.2	6.0	5.1	4.9	5.8	4.4	4.0	4.9	5.2	3.8 [b]	
Family size	3.2	3.1	3.7	3.5	4.1	4.1	3.7	3.6	3.5	3.4	3.8 [b]	

Source: Gary D. Sandefur and Marta Tienda, "Policy and the Minority Experience," in Divided Opportunities, ed., Sandefur and Tienda (New York: Plenum, 1988).

[a]The Current Population Surveys do not distinguish between the native-born and foreign-born, so it is impossible to determine the percentage of these groups who were foreign-born in 1985.

[b]The Current Population Surveys contain insufficient numbers of American Indians to furnish data for 1985.

The need for and participation in social welfare programs also vary with type and size of family. Families with single female heads have lower incomes on average and are more likely to be eligible for public assistance than those headed by couples. The data in Table 2 document the prevalence of female-headed families among blacks and Puerto Ricans. The need for assistance from social welfare also increases with family size. The table shows that minority-group families are significantly larger on average than are white families. Mexican families are the largest.

Table 3 displays information that allows us to look more closely at the composition of the poor among whites, American Indians, blacks, and Hispanics in 1980 and 1985. These data are based on the March Current Population Surveys of 1986 and the Public Use Microdata Sample from the 1980 Census of the Population. The Current Population Surveys contain insufficient numbers of American Indians to allow an analysis of this group in 1985.

The figures show that in 1980, over one-half of the black poor lived in families headed by a single female head relative to 38 percent of the Hispanic poor, one-third of the American Indian poor, and one-fourth of the white poor. Half of the Hispanic poor and close to half of the American Indian and black poor were under 18 in 1985, relative to a little over one-third of the white poor.

The panel for 1985 displays the composition of the poor by family type for individual Hispanic groups. Approximately the same percentage of white and Mexican poor lived in families with a female head. Seventy percent of the Puerto Rican poor lived in families with a female head. This panel also contains the percentage of the poor in central cities, metropolitan areas, and nonmetropolitan areas. The percentage of the poor who lived in central cities in 1985 ranged from 35 percent of whites to 89 percent of Puerto Ricans. Approximately one-third of the white poor and one-fifth of the black poor lived in nonmetropolitan areas, relative to only 1 percent of the Puerto Rican poor. In sum, the characteristics of the poor vary, depending on their racial and ethnic grouping.

Table 3

The Composition of the Poor

A. 1980	White	Black	Hispanic	American Indian
In families with female heads	25%	58%	38%	33%
In families with male heads	49	26	52	52
Living alone	26	16	10	15
Age under 18	36	46	50	46[a]
Age 18-64	48	45	45	48
Age 65 & over	15	09	05	06

B. 1985[b]	White	Black	Hispanic	Puerto Rican	Other Mexican	Hispanic
In families with female heads	26%	60%	--	26%	70%	43%
In families with male heads	49	24		63	21	38
Living alone	25	16		11	09	19
Age under 18	36	47	50%			
Age 18-64	52	45	46			
Age 65 & over	12	08	04			
In central cities	35	61		55	89	70
In metro non-cc	32	17		30	10	22
In nonmetro areas	33	22		15	01	08

Source: Computations with data in U.S. Bureau of the Census, Census of the Popuation: 1980, General Social and Economic Characteristics (Washington, D.C.: GPO, 1983) and U.S. Bureau of the Census, Current Population Reports Series P-60, No. 158, Poverty in the United States: 1985 (Washington, D.C.: GPO, 1986).

[a]This proportion was estimated by combining one-third of the population aged 16-21 with the population aged 16 and under.

[b]Current Population Surveys contain insufficient numbers of American Indians to allow an analysis of this group in 1985.

B. A Brief Description of the Major Social Welfare Programs[6]

In addition to classifying programs as social insurance or public assistance, and cash or in-kind, it is possible to distinguish programs along other dimensions. Some programs, such as social security, are completely federal programs, whereas others, for example, General Assistance, are designed and implemented at the state or local level. Programs can also be compared on the basis of costs, benefits, eligibility criteria, and participation. Table 4 contains a list of the major social welfare programs in the United States and some basic information about each of them.

1. Social Insurance Programs

a. Cash programs. Social insurance programs are generally regarded as the front line in the battle against poverty, i.e., the overall social welfare system is based on the assumption that individuals receive benefits from these programs if they are eligible, and cash benefits from these programs are counted as income in determining eligibility for public assistance. The largest social insurance program in terms of expenditures and participants is Old Age, Survivors, and Disability Insurance (OASDI), which is usually referred to as social security and was instituted under the Social Security Act of 1935. Most jobs are covered by social security, and workers and their employers pay a certain percentage of gross earnings as social security taxes each year. Covered workers are then eligible to receive benefits upon retirement or disability based on how much and how long they have contributed during their working life. When they die, their dependents receive benefits.

The importance of social security is evident from the basic statistics describing the program. In 1987, 93.4 percent of paid civilian workers were covered by the social security system and 24.3 million families received some social security benefits. The average monthly benefit paid out to a retired worker and spouse was $873.30, and the total cash benefits paid out exceeded $200 billion. As many observers have pointed out, because social security is the most generous cash program, it has a much larger impact on poverty than do other programs.

A second cash social insurance program is unemployment compensation (UC), also created by the Social Security Act of 1935. It has two major objectives. First, it provides temporary and

Table 4

Major Social Welfare Programs

Program	Enabling Legislation	Policy Made By	1987 Recipients	1987 Benefits
I. Social Insurance Programs				
A. Cash Programs				
Old Age, Survivors, and Disability Insurance (OASDI)	Social Security Act, 1935; subsequent amendments	Federal government	24.3 million families (1986)	$204 billion
Unemployment Compensation (UC or UI)	Social Security Act, 1935; Federal Unemployment Tax Act, 1939	Federal and state governments	7.5 million individuals	$15 billion
Child Support Enforcement Program	Part D, Title IV, Social Security Act, 1975	Federal and state governments	4.4 million awards (74% receive support) (1985)	$2,215 (mean) (1985)
B. In-Kind Programs				
Medicare	Title XVIII, Social Security Act, 1964	Federal government	31.2 million individuals enrolled	$79.8 billion

--table continued--

Table 4, continued

Program	Enabling Legislation	Policy Made By	1987 Recipients	1987 Benefits
II. Public Assistance				
A. Cash				
Aid to Families with Dependent Children (AFDC)	Social Security Act, 1935	Federal and state governments	10.8 million individuals	$16.3 billion
Supplemental Security Income (SSI)	Social Security Act, Amendments to Title XVI, 1972	Federal and state governments	4.4 million individuals	$13.0 billion
General and Emergency Assistance	State legislation	State and local governments	.9 million individuals	$1.6 billion (1980)
Earned Income Tax Credit (EITC)	Tax Code Sec. 32, 1975; Tax Reform Act, 1986	Federal government	7.4 million families	$3.3 billion
B. In-Kind				
1. Food and Nutrition				
Food Stamps	Food Stamp Act, 1964	Federal and state governments	19.1 million individuals	$11.3 billion (costs)
National School Lunch Program (NSLP) and School Breakfast Program (SBP)	National School Lunch Act, 1946	Federal government	13 million free meals per month; 1.8 million reduced-price per month	$3.8 billion (costs)
Special Supplemental Food Program for Women, Infants, and Children (WIC)	Child Nutrition Act, 1966	Federal, state, and local	3.4 million individuals	$1.6 billion (costs)

--table continued--

Table 4, continued

Program	Enabling Legislation	Policy Made By	1987 Recipients	1987 Benefits
2. Health				
Medicaid	Title XIX, Social Security Act, 1964	Federal and state governments	23.2 million individuals	$54.8 billion (costs)
3. Housing				
Federal Housing Assistance	Housing Act, 1949	Federal government	5.3 million families	$9 billion
Low Income Energy Assistance	Title III, Crude Oil Windfall Profits Tax Act, 1980	Federal and state governments	5.9 million families	$1.1 billion
4. Selected Education and Training				
Head Start	Economic Opportunity Act, 1964	Federal, state and local governments	448,000 children	$1.2 billion (costs)
Job Training Partnership Act (JTPA)	Title II-A, JTPA, 1982	Federal, state and local governments	1.3 million individuals	$1.8 billion (grants)

Sources: Most of the material in this table is taken from the U.S. House of Representatives, Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (Washington, D.C.: U.S. GPO, 1989), hereafter referred to as HWM. OASDI: HWM, pp. 107, 112; UC: HWM, p. 436; Child Support: HWM, p. 634; Medicare: HWM, pp. 158-159, 132; AFDC: HWM, pp. 556-560; SSI: HWM, pp. 693, 695; General Assistance: U.S. Department of Commerce, Statistical Abstract of the United States, 1989 (Washington, D.C.: U.S. GPO, 1989); p. 366; EITC: HWM, p. 793; Food Stamps: HWM, p. 1107; NSLP and SBP: HWM, pp. 1162-1163; WIC: HWM, p. 1164; Medicaid: HWM, pp. 1139-1140; Federal Housing Assistance: HWM, pp. 1158-1159; Low Income Energy Assistance: HWM, pp. 1171-1172; Head Start: HWM, p. 1167; JTPA: HWM, p. 1165.

partial wage replacement to involuntarily unemployed workers who were recently employed. Second, it stabilizes the economy during recessions by maintaining a reduced income for individuals forced out of their jobs by the economic downturn. The U.S. Department of Labor oversees UC, but unlike social security, each state administers its own program. This leads to great variability across states in eligibility criteria, length of time benefits are received, benefit amounts, and level of participation. In 1987, 100.6 million persons, or approximately 91 percent of civilian workers were "insured" through this program, and approximately 7.5 million individuals received unemployment compensation. Federal benefits paid out were approximately $15 billion compared to $204 billion for social security. As one would expect, UC benefits vary with the general health of the economy.

Another form of social insurance for children and custodial parents is the Child Support Enforcement Program. Unlike OASDI and UC, this program does not rely on contributions of employers or workers, and there is no government guarantee. Rather it is designed to assure that custodial parents and their child or children receive cash from the noncustodial parent. The Family Support Act of 1988 places additional emphasis on this program.

b. In-kind programs. Medicare is the major in-kind social insurance program. Most individuals aged 65 and older are automatically entitled to participate in Medicare, and those who are not covered through social security contributions during their working years may purchase insurance under this program. Part A, the hospital insurance program, automatically covers those retirees who receive social security benefits. In 1987, approximately 28.2 million aged persons and 3.0 million disabled were protected under Part A. Of these, 7.1 million received some reimbursed services. Approximately 30.8 million individuals were enrolled in Part B, the supplemental insurance program, which covers other medical expenses, such as doctors' fees and laboratory tests, and 24.3 million received some form of reimbursed services. Almost $50 billion was expended in Part A benefits and $30 billion in Part B benefits in 1987.

2. Public Assistance

a. Cash programs. The United States has four principal cash public assistance programs: Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), General

Assistance (GA), and the Earned Income Tax Credit (EITC). When most members of the general public talk about welfare, they are referring to AFDC and/or General Assistance. SSI, which provides aid to needy blind, disabled, or elderly individuals, does not carry the same negative connotations as AFDC and GA, since the recipients are generally viewed as deserving of assistance. The EITC carries even less of a stigma, and differs from the other three programs in that it provides financial assistance to low-income workers with children through the federal income tax system.

AFDC (originally ADC--Aid to Dependent Children) was established by the Social Security Act of 1935 as a cash grant program to enable states to aid needy children without fathers.[7] States define need, set benefit levels, establish income and resource limits within broad federal guidelines, and administer the program or supervise its administration at the local government level. As of 1989, all states offered AFDC to needy children without able-bodied fathers at home, and 31 jurisdictions offered federal cash supplements to children in two-parent families who were needy because of the unemployment of one of their parents (AFDC-UP, where UP refers to Unemployed Parent). Eligibility for federally aided AFDC ends on a child's 18th birthday, or at state option on a child's 19th birthday if the child is a full-time student in a secondary or technical school and is expected to complete school prior to age 19. Federal law requires certain recipients, including mothers whose youngest child is at least 6 years old, to register for work or job training. The 1988 Family Support Act modifies restrictions on state programs, and these new policies will go into effect gradually over the next few years.

State differences in policies toward poor families with children and regional differences in average income and cost of living have led to wide variations in the benefits that AFDC recipients receive. In January 1989, the maximum benefit for a three-person family ranged from $118 in Alabama to $665 in Suffolk County, New York.[8]

AFDC is by far the largest cash public assistance program in terms of the benefits paid out and the number of participants. In 1987, over $16 billion was paid out in benefits by states and the federal government to a total of 10.8 million recipients. On average, 3.7 million families received AFDC benefits in a month during 1987. The total number of child recipients in 1987

accounted, however, for only 56.4 percent of the children living in families whose 1987 pre-AFDC incomes placed them below the poverty line.

The Supplemental Security Income (SSI) program is a federally administered program established by the 1972 amendments to the Social Security Act and begun in 1974. SSI provides monthly cash payments in accordance with uniform, nationwide eligibility requirements to needy aged, blind, and disabled persons. In 1987, 1.4 million aged, .08 million blind, and 2.9 million disabled, for a total of almost 4.4 million individuals, received a total of $13 billion in SSI benefits.

General Assistance is the smallest of the public assistance cash programs, and also the program that we know the least about.[9] GA can be a state and/or local program, and there is great variability across states, within some states, and sometimes within counties in terms of eligibility criteria and benefit levels. Because of this variability and the lack of federal interest or involvement in general relief, limited information in available on participation and expenditures. Approximately .9 million individuals received at least some GA benefits in 1987.

It is also difficult to know what kinds of individuals are receiving GA benefits. Individuals and families on GA would be those who were not eligible for social security, AFDC, or SSI. Thus, poor two-parent families in states without AFDC-UP are probably part of the GA caseload, along with the nonelderly single poor persons, and nonelderly couples without children.

The Earned Income Tax Credit has gained interest and support from liberals and conservatives during the past few years. Receiving benefits through EITC carries much less of a stigma than the other public assistance programs, since it provides assistance to the working poor with families, and it is not necessary to apply at a county welfare office to receive benefits. Instead, families receive refundable credit on their federal income tax returns. In 1987, approximately 7.4 million families received $3.3 billion in aid through the EITC.

B. <u>In-kind program</u>. In-kind public assistance programs can be characterized as food programs, health programs, housing programs, or education and training programs. The major food program is the Food Stamp program. Food stamps are designed to enable low-income families to purchase enough food to ensure a nutritionally adequate low-cost diet. Participating

households are expected to spend 30 percent of their officially counted income on food, and food stamps are provided to supplement this amount to the point that the household should be able to purchase a nutritionally adequate diet. Benefits are available to nearly all households that meet federal eligibility tests for limited monthly income and liquid assets, as long as certain household members fulfill requirements for work registration and employment and training programs. Participants in AFDC and SSI are generally automatically eligible for food stamps.

The federal government sets most of the rules for the program, and state programs must comply with these federal rules. Most of the funding for the program comes from the federal government, although the states and other jurisdictions have financial responsibility for significant administrative costs. The program is administered by the Food and Nutrition Service (FNS) in the Department of Agriculture, and local welfare offices have primary responsibility for the day-to-day administration of the program. In 1987 federal and state governments spent over $11 billion in providing benefits to approximately 19.1 million recipients.

Another important, but sometimes overlooked, food program is the National School Lunch Program (NSLP) (and the School Breakfast Program [SBP]). These programs provide federal support in both cash and commodities to participating public and private schools and nonprofit residential institutions that serve meals to children. Each program has a three-category eligibility system in which children from families with incomes at or below 130 percent of the poverty line receive free meals, those from families with incomes between 130 and 185 percent of the poverty line receive meals at a reduced price, and all remaining children receive a small subsidy. On average in 1987, 13 million free meals, 1.8 reduced-price meals, and 12.4 million subsidized meals were distributed per month at a total cost to the federal government of $3.8 billion.

The Special Supplemental Food Program for Women, Infants, and Children (WIC) provides a combination of food and medical care in the form of nutritional screening to low-income pregnant and postpartum women and their infants, as well as to low-income children up to age 5. States are free to set their criterion for cutting off eligibility at between 100 and 185 percent of the poverty line. In addition, participants must be nutritionally at risk, which means that they have abnormal nutritional conditions, documented nutritionally related medical conditions, health-

impairing dietary deficiencies, or conditions that predispose people to inadequate nutrition or nutritionally related medical problems. WIC is federally funded but administered by state and local agencies. In 1987 3.4 million people received some WIC benefits at a cost to the federal government of $1.6 billion.

Although WIC provides some medical assistance to recipients, the major medical public assistance program is Medicaid. Medicaid, authorized under Title XIX of the Social Security Act, is a federal-state matching entitlement program providing medical assistance for low-income persons who are aged, blind, disabled, members of families with dependent children, and certain other pregnant women and children. Each state designs and administers its own program within guidelines established by the federal government, and eligibility is generally linked to AFDC or SSI. Substantial variation exists across states in coverage, benefits, and the amount of payments.

The two broad categories of eligibility under Medicaid are the categorically needy and the medically needy. All states are required to cover certain categorically needy individuals, generally AFDC or SSI recipients. Beginning with July 1, 1989, states were required to phase in coverage of pregnant women and infants below the poverty line. In addition, they must cover children under age 7 whose families meet the state's income and resources requirements for AFDC, even if the family is not receiving AFDC. States have the option of covering the medically needy. These are low-income individuals who do not qualify for cash assistance, but whose medical needs and expenses reduce their family's income to a certain level which is set by the state. Thirty-five states, Washington, D.C., the Northern Mariana Islands, Puerto Rico, and the Virgin Islands provide coverage to the medically needy.

States are required to offer certain services as part of their Medicaid program. These include inpatient and outpatient hospital services, physicians' services, and services in skilled nursing facilities for those over age 21. States have a good deal of flexibility in setting reimbursement levels for services, and the federal government shares the costs of the program by means of a variable matching program that is adjusted annually. The matching rate varies inversely with the state's per capita income and can range from 50 percent to 83 percent or the cost of the program.

In 1987, over 23 million individuals received some Medicaid services at a total cost of $54.8 billion.

The federal government also provides in-kind aid in the form of federal housing assistance. A number of federal programs administered by the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA) address the housing needs of lower-income families. This aid generally takes the form of rental assistance or mortgage-interest subsidies. Some rental assistance is in the form of project-based aid, which is tied to housing projects built specifically for low-income families; other rental assistance is in the form of household-based subsidies that permit renters to choose standard housing units. The federal government also assists some lower- and moderate-income families to become homeowners by making long-term commitments to reduce their mortgage interest. In 1987 the program provided $9 billion in assistance to 5.3 million homeowners and renters. Additional housing assistance of $1.1 billion was provided to 5.9 million families through the Low Income Energy Assistance Program.

Finally, there are a number of education, employment, and training programs that provide in-kind benefits to low-income individuals and/or families. Two of these, Head Start and programs offered through the Job Training Partnership Act (JTPA), are listed in Table 4. Head Start provides educational programs for preschool children, and JTPA programs offer employment and training opportunities to disadvantaged workers.

II. MINORITY PARTICIPATION IN SOCIAL WELFARE PROGRAMS

A. A Brief Review of Previous Research

Previous research on social welfare programs provides little information on the participation of minority group members in various social welfare programs. A few analysts have used data from the Public Use Microdata Samples and the March Current Population Surveys to document the rates of participation of members of different minority groups in social welfare programs.

Marta Tienda and Leif Jensen used data from the 1980 census to show that among minority two-parent families, the receipt of cash public assistance ranged from 4.7 percent for the Mexican-origin population to 11.4 percent of the American Indian population.[10] Only 1.9 percent of white two-parent families received public assistance. On the other hand, white two-parent families were more likely to receive benefits from social insurance programs. For example, 22.8 percent of white two-parent families received some cash social insurance compared to 6.2 percent of the Puerto Rican population.

The receipt of public assistance among families with female heads was much higher. Over half of Puerto Rican families with single heads received some cash public assistance in 1979, compared to 10.7 percent of white families with single heads. Over 20 percent of white families with single heads received some cash social insurance, compared to 5.6 percent of Puerto Rican families with single heads.

Sheldon Danziger's analysis of data from the Current Population Surveys and other sources on the poverty and program participation of minority children shows that in the 1970s and 1980s approximately three-fourths of poor black children received welfare in a given year, and about half of them received welfare for extended periods of time.[11] In 1985 about one-fourth of all white and Hispanic poor children and about one-third of poor black children received no transfers.

Table 5 presents additional information on the participation of blacks, whites, and Hispanics in cash social insurance and public assistance programs in 1980 and 1985.[12] The first column reports the percentage of individuals residing in families with incomes below the poverty line, the second column reports the yearly amount of cash social insurance distributed on average to recipients in each group, and the third column reports the yearly amount of cash public assistance distributed on average to recipients in each group. In the Northeast, the poverty rate for whites changed little between 1980 and 1985, the poverty rate for blacks declined, and the poverty rate for Hispanics increased from 33.8 percent to 38.7 percent. Although the poverty rate for Hispanics increased, the value of the public assistance received by this population on average decreased by approximately $200 between 1980 and 1985. A number of factors may account for

Table 5

Poverty and Cash Transfers among Whites, Blacks, and Hispanics by Region, 1980 and 1985

	Poverty Rate	Social Insurance[a]	Public Assistance[b]
A. 1980			
Northeast			
Whites	7.6%	$2422.56	$187.72
Blacks	30.4	1671.05	1666.32
Hispanics	33.8	882.19	2008.52
North Central			
Whites	8.7	2144.02	200.47
Blacks	33.1	1934.83	1629.35
Hispanics	18.3	1410.77	461.55
South			
Whites	10.9	2574.40	119.93
Blacks	35.2	1922.54	760.55
Hispanics	26.9	1106.85	432.37
West			
Whites	8.4	2323.19	234.92
Blacks	18.9	1864.06	1313.59
Hispanics	22.5	1270.49	724.80
B. 1985			
Northeast			
Whites	7.8	2468.02	185.57
Blacks	26.7	1534.25	1201.10
Hispanics	38.7	885.88	1811.05
North Central			
Whites	11.1	2011.36	199.83
Blacks	35.0	1470.49	1594.51
Hispanics	24.9	996.22	645.38
South			
Whites	10.5	2465.64	102.64
Blacks	32.6	1703.87	608.03
Hispanics	27.5	1181.86	322.71
West			
Whites	9.1	2248.79	208.26
Blacks	18.8	1748.09	903.20
Hispanics	25.9	1143.12	780.91

Source: Computations with the 1981 and 1986 Current Population Surveys.

[a]Cash social insurance transfers include social security, railroad retirement, unemployment compensation, workers' compensation, government employee pensions, and veterans' pensions and compensation. Average yearly amounts measured in 1985 dollars.

[b]Cash public assistance transfers include AFDC, SSI, and General Assistance. Average yearly amounts measured in 1985 dollars.

changes in the amount of public assistance received. For example, if earnings increase, the need for public assistance decreases. This may have been the case with blacks, whose poverty rate declined from 30.4 percent in 1980 to 26.7 percent in 1985, but it is probably not the case for the Hispanic population. A second reason is that the value of public assistance declined over the 1980-1985 period because public assistance programs were not adjusted for inflation.

In the North Central region, the poverty rate for each group increased between 1980 and 1985, but most markedly for whites and Hispanics. The value of public assistance received remained relatively constant for whites and blacks but increased for Hispanics. In the South, the poverty rates for all groups changed less than in the first two regions, but the value of public assistance declined, especially for blacks (by 20 percent) and Hispanics (by 25 percent). The figures in Table 5 illustrate the fact that public assistance levels are considerably lower in the South than elsewhere.

The poverty rate for whites and Hispanics in the West increased between 1980 and 1985 but remained relatively constant for blacks. Although there was a significant drop in the value of public assistance received on average by blacks, the amount received by Hispanics increased slightly between 1980 and 1985.

The evidence on racial differences in participation show that in the aggregate, blacks, Hispanics, and the foreign-born are more likely to receive public assistance transfers than whites and the native-born.[13] The evidence is less consistent when examining racial and nativity differences in program participation after controlling for other variables. Sheldon Danziger and Robert Plotnick found that the differences between whites, blacks, and Hispanics in the likelihood of receiving cash transfers disappeared after controlling for income, region, and other factors.[14] Danziger and Daniel Feaster, on the other hand, found that blacks and Hispanics were about equally likely to receive a transfer and more likely than whites who were below the poverty line.[15] Francine Blau found that after controlling for factors associated with need, eligibility, and access, members of minority groups were more likely to participate in welfare programs and less likely to participate in social insurance programs.[16]

Other research has focused specifically on AFDC and examined racial differences in entry, exit, and dependence. Plotnick found the rates of entry and exit from AFDC did not differ significantly for blacks, whites, and Hispanics.[17] Mark Rank found that although black women remained on welfare longer than white women in the aggregate, these differences were due to black/white differences in education, employment status, number of children, and age.[18]

N. A. Barr and R. E. Hall analyzed a somewhat different aspect of AFDC utilization. They defined dependence on welfare as the proportion of family income that came from welfare. Using data from the 1967 Survey of Economic Opportunity, they found that there were no significant racial differences in dependence after controlling for wages, income, education, and number of children.[19] They concluded that the disproportionate number of blacks on welfare is due not to any systematic underlying difference in attitudes toward welfare, but to the prevalence of single parenthood and lower education among blacks.

The research on the effects of nativity is also somewhat inconsistent. Blau and Tienda and Jensen found that after controls, immigrants were less likely to use public assistance or social insurance, but the amount of social insurance received was slightly higher among recipients who were immigrants than among native-born recipients.[20] Frank Bean and Tienda found that families with a foreign-born head of Mexican, Puerto Rican, or Cuban origin were slightly more likely than families with a native-born head to receive public assistance in 1970 and 1980.[21] Jensen found that in the aggregate, despite economic disadvantage, immigrant families were only slightly more likely to receive public assistance than native-born families.[22]

B. Analyses of Program Participation with the 1981 and 1986 Current Population Surveys

To supplement this review of the literature, I carried out some analyses of participation in selected programs using data from the 1981 and 1986 Current Population Surveys. These programs are AFDC, the largest cash public assistance program, Food Stamps, the most important food program, and Medicaid, the major medical program for the poor. Table 6 contains results

Table 6

The Determinants of Participation in the Aid to Families with Dependent Children Program (AFDC) for Poor Families with Children and Nonaged Heads

	Single Female Head		Male Head or Couple	
	1980	1985	1980	1985
Constant	0.469	0.638	-1.243	-0.909
Black	0.374	0.366	0.362	0.177
	(5.301)*	(4.750)*	(3.564)*	(1.477)
Mexican	0.118	0.025	-0.202	-0.272
	(1.043)	(0.225)	(-1.857)	(-2.301)*
Puerto Rican	0.407	0.306	0.466	0.487
	(2.887)*	(2.408)*	(2.458)*	(2.156)*
Family size 2	-0.095	-0.108	-0.101	0.048
	(-1.504)	(-1.587)	(-0.509)	(0.272)
Family size 5+	0.407	0.240	0.301	0.155
	(5.267)*	(2.886)*	(4.341)*	(2.115)*
Region				
North central	0.043	0.185	0.033	0.100
	(0.513)	(2.083)*	(0.315)	(0.953)
South	-0.493	-0.402	-0.403	-0.537
				(-4.790)*
West	-0.141	0.044	-0.041	-0.001
	(-1.600)	(0.460)	(-0.387)	(-0.006)
Residence				
Central city	0.033	-0.004	0.241	0.238
	(0.443)	(-0.046)	(2.362)*	(2.476)*
Suburban	-0.134	-0.147	0.194	0.156
	(-1.603)	(-1.618)	(2.126)*	(1.612)
SMSA not ID	0.053	-0.112	-0.061	0.343
	(0.605)	(-1.192)	(-0.660)	(3.415)*
Age				
< 25 years	0.213	-0.088	0.580	0.399
	(2.366)*	(-0.948)	(5.202)*	(3.161)*
25-34 years	0.215	0.076	0.371	0.340
	(3.186)*	(1.082)	(4.769)*	(4.183)*
55-61 years	-0.099	0.057	-0.021	0.081
	(-0.735)	(0.336)	(-0.157)	(0.553)
62-64 years	0.025	-0.155	0.083	-0.182
	(0.111)	(-0.588)	(0.407)	(-0.811)

--table continued--

Table 6, Continued

	Single Female Head		Male Head or Couple	
	1980	1985	1980	1985
Completed schooling				
<9 years	0.143	0.085	0.326	0.258
	(1.768)	(0.942)	(3.789)*	(2.576)*
9-11 years	0.067	-0.003	0.051	0.193
	(0.992)	(-0.035)	(0.578)	(2.119)*
13-15 years	0.105	-0.076	-0.211	-0.147
	(1.071)	(-0.771)	(-1.664)	(-1.219)
16+ years	-0.484	-0.663	-0.566	-0.748
				(-3.384)*
Has disability	.019	0.059	0.498	0.322
	(0.238)	(.649)	(6.544)*	(3.669)*
Student	-0.181	-0.183	-0.123	0.238
	(-1.464)	(-1.441)		(1.265)
Marital status				
Never married	0.022	0.119	-0.525	-0.800
	(0.298)	(1.614)		(-3.660)*
Widowed	-1.091	-1.046	0.374	0.388
	(-11.456)*	(-9.314)*	(1.201)	(1.370)
Ratio of pretransfer	1.379	-1.845	-0.463	-0.889
income to poverty	(-15.493)*	(-18.121)*	(-6.315)*	(-9.608)*
No. of observations	2688	2411	2423	2104
Percentage on AFDC	55.4%	56.2%	17.8%	18.6%
Chi-Squared	735.07	771.17	257.46	279.16
df	24	24	24	24

Source: These results are based on computations with data from the 1981 and 1986 March Current Population Surveys. The racial and ethnic breakdown of poor households with children headed by nonaged women for the 1981 CPS as follows: 887 black, 188 Mexican, 161 Puerto Rican, and 1452 non-Hispanic white. For the 1986 CPS it was 796 black, 217 Mexican, 193 Puerto Rican, and 1205 non-Hispanic white. The racial and ethnic breakdown of poor households with children headed by nonaged men or couples in the 1981 CPS was as follows: 267 black, 315 Mexican, 48 Puerto Rican, and 1793 white. For the 1986 CPS it was 231 black, 337 Mexican, 42 Puerto Rican, and 1494 non-Hispanic white.

Note: The numbers in parentheses are t-tests for the coefficients. An * indicates that the coefficient is significant at or below the .05 level.

from probit equations that were used to examine the association between factors which might be associated with the use of AFDC and participation in AFDC.

In order to examine participation in AFDC, one must first define the eligible population. Unfortunately, the CPS data do not contain all of the information that is necessary to determine who is eligible for AFDC. I have defined the quasi-eligible population as those with pretransfer incomes below the poverty line. Table 6 shows us what factors are associated with participation in AFDC among this population.

The results for single female heads show that households with black or Puerto Rican female heads are more likely to participate in AFDC, while those with Mexican female heads are no more or less likely than whites to do so. These effects are net of the effects of region, residence, age of head, education of head, disability status, marital status, and the ratio of pretransfer income to the poverty line. I defer discussion of the reasons for these racial and ethnic differences to the end of this section.

The remaining results for households with female heads are consistent with what one would expect. Those located in the South, where eligibility criteria are generally more stringent and benefits are generally lower, are less likely to participate in AFDC. In 1980, younger heads were more likely than older heads to participate in AFDC, and those with 16 or more years of education were less likely to participate than those with less education. The effect of age is probably related to the fact that younger heads are more likely to have younger children, and the effect of education may be due to the fact that well-educated women are less likely to remain impoverished.

Widowed female heads are less likely to participate in AFDC, probably because they are more likely to be eligible for social security benefits accrued by their husbands. The likelihood of participating in AFDC is strongly related to the ratio of pretransfer income (income from sources other than social insurance or public assistance programs) to poverty.

Among families headed by single men or by couples, those with black or Puerto Rican heads are more likely to participate in AFDC, while those with Mexican heads are less likely than whites

to participate in AFDC. The effects of region, age, and completed schooling are similar to those for families with single female heads. On the other hand, households with disabled male heads are more likely to participate in AFDC, whereas this factor was not important among women.

Never-married men are less likely than married or divorced men to participate in AFDC, probably because never-married men have fewer eligible children in their households.[23] Widowed men are no more nor less likely to participate in AFDC than married or divorced men, probably because the deceased wives of widowed men often do not accrue social security benefits. The ratio of pretransfer income to the poverty line also has large effects among these households.

Table 7 contains results from probit equations for participation in the Food Stamps program for the same quasi-eligible population. Although there are a number of interesting results in Table 7, I focus my attention on racial and ethnic differences. It is important to bear in mind that these are preliminary results. (I am especially concerned about the results for male heads or couples, since the data seem to show a dramatic jump in Food Stamp participation between 1980 and 1985.) Among all households in the sample, blacks are more likely to participate in the Food Stamp program. Mexicans do not differ significantly from whites. Puerto Rican female heads are more likely to use food stamps than are whites; the coefficients for Puerto Rican male heads or couples are positive but not significant at the .05 level.

Table 8 contains results from probit equations in which participation in Medicaid is the dependent variable. Again, black and Puerto Rican households are more likely to participate in the program than are whites, whereas Mexicans do not differ significantly from whites.

C. Summary of Evidence on Participation

Most previous research and original analyses with the 1981 and 1986 Current Population Surveys provide evidence of significant racial and ethnic differences in participation in major social welfare programs, net of factors measured in the CPS that are associated with participation. There are a number of possible reasons for the effects of race and ethnicity. Most of these

Table 7

The Determinants of the Participation in The Food Stamps Program of Poor Families with Children and Nonaged Heads

	Single Female Head		Male Head or Couple	
	1980	1985	1980	1985
Constant	0.597	0.905	-0.824	-0.227
Black	0.552	0.304	0.183	0.265
	(7.727)*	(3.953)*	(2.031)*	(2.659)*
Mexican	-0.002	0.107	-0.065	-0.085
	(-0.017)	(0.956)	(-0.728)	(-0.884)
Puerto Rican	0.495	0.446	0.340	0.373
	(3.346)*	(3.283)*	(1.821)	(1.728)
Family size 2	-0.043	-0.093	0.112	0.056
	(-0.685)	(-1.401)	(0.705)	(0.364)
Family size 5+	0.347	0.233	0.393	0.223
	(4.388)*	(2.732)*	(6.643)*	(3.601)*
Region				
North Central	-0.053	0.088	-0.014	-0.025
	(-0.624)	(0.984)	(-0.148)	(-0.263)
South	-0.148	-0.070	-0.035	-0.118
	(-1.766)	(-0.798)	(-0.394)	(-1.271)
West	-0.119	-0.125	-0.122	-0.355
	(-1.360)	(-1.326)	(-1.311)	(-3.589)*
Residence				
Central city	-0.123	-0.041	0.129	-0.086
	(-1.634)	(-0.513)	(1.639)	(-1.059)
Suburban	-0.318	-0.249	0.056	-0.182
	(-3.858)*	(-2.788)*	(0.715)	(-2.223)*
SMSA not ID	-0.105	-0.067	-0.096	0.178
	(-1.203)	(-0.720)	(-1.250)	(2.117)*
Age				
<25 years	0.228	-0.359	0.673	0.311
	(2.510)*	(-3.836)*	(7.011)*	(2.879)*
25-34 years	0.275	0.020	0.540	0.375
	(4.062)*	(0.277)	(8.183)*	(5.584)*
55-61 years	0.025	-0.071	-0.192	-0.222
	(0.187)	(-0.422)	(-1.670)	(-1.710)
62-64 years	-0.223	-0.148	-0.714	-0.399
	(-1.043)	(-0.608)		(-2.032)*
Completed schooling				
<9 years	0.256	0.021	0.529	0.367
	(3.113)*	(0.229)	(7.111)*	(4.291)*
9-11 years	0.068	-0.001	0.287	0.349
	(1.009)	(-0.017)	(3.867)*	(4.468)*
13-15 years	-0.026	-0.092	-0.243	-0.160
	(-0.271)	(-0.962)	(-2.331)*	(-1.610)

--table continued--

Table 7, Continued

	Single Female Head		Male Head or Couple	
	1980	1985	1980	1985
16+ years	-0.820	-0.605	-0.497	-0.501
	(-3.983)*	(-3.050)*	(-3.661)*	(-3.280)*
Has disability	0.183	0.189	0.281	0.110
	(2.280)*	(2.008)*	(4.021)*	(1.398)
Student	-0.371	-0.249	0.150	0.201
	(-3.003)*	(-1.956)	(0.905)	(1.223)
Marital status				
Never married	-0.135	0.126	-0.975	-0.789
	(-1.818)	(1.673)	(-5.669)*	(-4.510)*
Widowed	-0.870	-0.948	0.240	-0.116
	(-9.732)*	(-9.242)*	(0.817)	(-0.435)
Ratio of pretransfer income to poverty	-1.090	-1.349	-0.148	-0.571
	(-12.656)*	(-14.342)*	(-2.288)*	(-7.175)*
No. of observations	2688	2411	2423	2104
Percentage receiving food stamps	64.0%	66.6%	39.7%	60.2%
Chi-Squared	554.72	527.71	313.77	231.69
df	24	24	24	24

Source: These results are based on computations with data from the 1981 and 1986 March Current Population Surveys. The racial and ethnic breakdown of poor households with children headed by nonaged women for the 1981 CPS was as follows: 887 black, 188 Mexican, 161 Puerto Rican, and 1452 non-Hispanic white. For the 1986 CPS it was 796 black, 217 Mexican, 193 Puerto Rican, and 1205 non-Hispanic white. The racial and ethnic breakdown of poor households with children headed by nonaged men or couples in the 1981 CPS was as follows: 267 black, 315 Mexican, 48 Puerto Rican, and 1793 white. For the 1986 CPS it was 231 black, 337 Mexican, 42 Puerto Rican, and 1494 non-Hispanic white.

Note: The numbers in parentheses are t-tests for the coefficients. An * indicates that the coefficient is significant at or below the .05 level.

Table 8

The Determinants of Participation in Medicaid for Poor Families with Children and Nonaged Heads

	Single Female Head		Male Head or Couple	
	1980	1985	1980	1985
Constant	0.913	1.073	-0.613	-0.233
Black	0.535	0.442	0.395	0.162
	(7.232)*	(5.388)*	(4.230)*	(1.507)
Mexican	0.098	0.001	-0.119	-0.190
	(0.836)	(0.008)	(-1.234)	(-1.846)
Puerto Rican	0.580	0.526	0.388	0.478
	(3.448)*	(3.326)*	(2.058)*	(2.125)*
Family size 2	-0.007	-0.884	-0.112	-0.050
	(-0.103)	(-1.253)	(-0.657)	(-0.311)
Family size 5+	0.414	0.302	0.190	0.086
	(5.052)*	(3.375)*	(3.064)*	(1.293)
Region				
North central	-0.233	-0.001	-0.207	0.214
	(-2.600)*	(-0.006)	(-2.198)*	(-2.219)*
South	-0.608	-0.624	-0.584	-0.754
	(-6.901)*	(-6.672)*	(-6.388)*	(-7.675)*
West	-0.239	-0.302	-0.190	-0.430
	(-2.597)*	(-3.001)*	(-2.027)*	(-4.253)*
Residence				
Central city	-0.084	0.044	0.230	0.272
	(-1.098)	(0.522)	(2.800)*	(3.140)*
Suburban	-0.153	-0.102	0.201	0.298
	(-1.803)	(-1.106)	(2.493)*	(3.468)*
SMSA not ID	-0.057	-0.016	-0.197	0.278
	(-0.641)	(-0.165)	(-2.386)*	(3.043)*
Age				
<25 years	0.130	-0.240	0.408	0.350
	(1.383)	(-2.423)*	(4.047)*	(3.059)*
25-34 years	0.139	0.007	0.218	0.283
	(1.987)*	(0.097)	(3.153)*	(3.886)*
55-61 years	0.191	0.250	0.020	0.098
	(1.406)	(1.456)	(0.170)	(0.746)
62-64 years	-0.016	-0.335	0.267	-0.140
	(-0.071)	(-1.286)	(1.492)	(-0.703)
Completed schooling				
<9	0.138	0.120	0.306	0.330
	(1.632)	(1.233)	(3.909)*	(3.647)*
9-11 years	0.052	-0.032	0.141	0.138
	(0.740)	(-0.427)	(1.803)	(1.660)
13-15 years	0.026	-0.124	-0.126	-0.097
	(0.259)	(-1.225)	(-1.147)	(-0.915)

--table continued--

Table 8, Continued

	Single Female Head		Male Head or Couple	
	1980	1985	1980	1985
16+ years	-0.448	-0.601	-0.260	-0.664
	(-2.219)*	(-2.913)*	(-1.829)	(-3.804)*
Has disability	0.305	0.339	0.515	0.271
	(3.618)*	(3.406)*	(7.322)*	(3.331)*
Student	-0.214	-0.139	0.113	0.137
	(-1.681)	(-1.033)	(0.669)	(0.792)
Marital status				
Never married	0.020	0.228	-0.324	-0.509
	(0.260)	(2.838)*	(-1.921)	(-2.843)*
Widowed	-0.986	-1.014	0.038	0.688
	(-10.893)*	(-9.415)*	(0.128)	(2.624)*
Ratio of pretransfer	-1.426	-1.800	-0.415	-0.876
income to poverty	(-16.104)*	(-18.046)*	(-6.338)*	(-10.368)*
No. of observations	2688	2411	2423	2104
Percentage receiving Medicaid	65.3%	66.2%	28.7%	29.7%
Chi-Squared	714.16	824.73	293.92	332.65
df	24	24	24	24

Source: These results are based on computations with data from the 1981 and 1986 March Current Population Surveys. The racial and ethnic breakdown of poor households with children headed by nonaged women for the 1981 CPS was as follows: 887 black, 188 Mexican, 161 Puerto Rican, and 1452 non-Hispanic white. For the 1986 CPS it was 796 black, 217 Mexican, 193 Puerto Rican, and 1205 non-Hispanic white. The racial and ethnic breakdown of poor households with children headed by nonaged men or couples in the 1981 CPS was as follows: 267 black, 315 Mexican, 48 Puerto Rican, and 1793 white. For the 1986 CPS it was 231 black, 337 Mexican, 42 Puerto Rican, and 1494 non-Hispanic white.

Note: The numbers in parentheses are t-tests for the coefficients. An * indicates that the coefficient is significant at or below the .05 level.

reasons have to do with factors that are associated with race, rather than race itself. Minority groups are more needy; therefore, they are more likely to participate in public assistance programs. The minority needy are more likely to reside in families with young heads and female-headed families, so they are less likely to be eligible for social security and more likely to rely on AFDC.

Once we account for need, family structure, residence, and region, there remain only a few, probably weak, reasons to expect racial and ethnic differences in participation in social welfare programs. One possibility that is popular among conservatives is that minority group members, especially in the central cities or underclass areas, are more willing to use welfare as a long-term mechanism for survival. This argument would predict that blacks, Puerto Ricans, and Mexicans are more likely to use welfare than are whites once we adjust for need, eligibility, and availability. On the other hand, it is possible that income maintenance workers discriminate against members of minority groups. If this were the case, one would expect blacks, Hispanics, and American Indians to be less likely to use welfare once we control for need and eligibility.

These arguments could also be applied to differences between the native- and foreign-born. There are other reasons to expect less participation among immigrants that may be especially important in understanding the participation of households with Mexican heads. First, many immigrants do not use English well. This may impede their ability to find out about available programs or communicate their needs to agency personnel. Second, many immigrants are unfamiliar with the social welfare system in this country, and this may reduce the likelihood of their participation.

It is not surprising that there are minor differences in the findings of the studies described at the beginning of this section, for each study employs a somewhat different set of data and control variables. One criticism that can be raised of this body of research, however, is that it almost never addresses the issue of the endogeneity of other sources of income, especially income from work. Several of the studies I have cited, and the analyses performed for this paper, include income from work or labor force status as exogenous variables in equations with public assistance receipt as a dependent variable. The assumption underlying this specification of the process is

that people who are unable to work, or who earn little, must then turn to public assistance. On the other hand, the conservative critique of welfare is that individuals who use public assistance are less likely to work. This implies that labor force status and earnings are endogenous rather than exogenous to the use of public assistance. Although more careful analyses of the relationship between welfare and work have been carried out, these have not systematically addressed the role of this relationship in accounting for racial differences in participation in social welfare programs. The argument between conservatives and liberals cannot be resolved without more careful specifications and analyses of the relationships among race, work, and welfare.

III. THE EFFECTIVENESS OF TRANSFERS IN REDUCING POVERTY

A. Group Differences in the Effectiveness of Transfers

The evidence on the effectiveness of cash transfers in reducing poverty has consistently shown that, in the aggregate, cash transfers are less effective in reducing minority poverty than in reducing poverty among whites.[24] This is partially due to the fact that whites benefit more from social insurance transfers, which are larger and thus more effective in fighting poverty.

Tables 9 and 10 provide some additional information on this issue. They give estimates of the effects of social insurance and public assistance transfers in reducing the poverty rate among families headed by men (Table 9) and families headed by women (Table 10) for 1980 and 1985. The first column is the official poverty rate for each group. The second column is the pretransfer poverty rate, i.e., the percentage of the group with pretransfer incomes (excluding social insurance and public assistance payments) below the poverty line. The third column shows the percentage of each group whose prewelfare incomes (including social insurance but excluding public assistance) were below the poverty line. The fourth column is the percentage of the pretransfer poor that are raised above the poverty line by social insurance payments, and the fifth column is the percentage of the prewelfare poor that are raised above the poverty line by public assistance payments.[25]

Table 9

The Effects of Social Insurance and Public Assistance on Poverty among Families Headed by Men, 1980 and 1985

	Official Poverty Rate	Pretransfer Poverty Rate	Prewelfare Poverty Rate	% Removed by Social Insurance	% Removed by Public Assistance
A. 1980					
Northeast					
Whites	4.5	12.0	5.1	57.5	11.8
Blacks	15.1	23.6	18.3	22.5	11.5
Hispanics	15.8	20.9	17.6	15.8	10.2
North Central					
Whites	5.5	12.5	5.9	52.8	6.7
Blacks	12.3	21.1	14.4	31.8	14.6
Hispanics	13.8	18.4	13.8	25.0	0.0
South					
Whites	8.0	15.8	8.4	46.8	4.8
Blacks	22.0	31.2	23.4	25.0	6.0
Hispanics	22.4	26.2	23.0	12.2	2.6
West					
Whites	5.5	12.8	6.2	51.6	11.3
Blacks	11.8	21.9	15.5	29.2	23.9
Hispanics	17.3	22.8	18.5	18.9	6.5
B. 1985					
Northeast					
Whites	5.0	12.4	5.5	55.6	9.1
Blacks	13.6	23.4	15.6	33.3	12.8
Hispanics	18.3	22.2	19.2	13.5	4.7
North Central					
Whites	7.9	14.0	8.1	42.1	2.5
Blacks	13.5	22.8	14.7	35.5	8.2
Hispanics	15.9	20.3	17.2	15.3	7.6

--table continued--

Table 9, continued

	Official Poverty Rate	Pretransfer Poverty Rate	Prewelfare Poverty Rate	% Removed by Social Insurance	% Removed by Public Assistance
South					
Whites	7.5	15.6	7.8	50.0	3.8
Blacks	18.8	27.6	20.0	27.5	6.0
Hispanics	22.9	28.2	23.7	15.6	3.4
West					
Whites	6.0	12.5	6.5	48.0	7.7
Blacks	9.6	17.6	10.4	40.9	7.7
Hispanics	21.1	26.3	22.2	15.6	5.0

Source: Computations with the 1981 and 1985 Current Population Surveys.

Notes: Pretransfer poverty rate = percentage of population below poverty line before taking into account social insurance and welfare. Prewelfare poverty rate = percentage of population below poverty line after receiving social insurance.

Table 10

The Effects of Social Insurance and Public Assistance on Poverty among Families Headed by Women, 1980 and 1985

	Official Poverty Rate	Pretransfer Poverty Rate	Prewelfare Poverty Rate	% Removed by Social Insurance	% Removed by Public Assistance
A. 1980					
Northeast					
Whites	23.0	43.7	25.7	41.2	10.5
Blacks	48.1	59.4	54.8	7.7	12.2
Hispanics	65.9	75.9	73.1	3.7	9.8
North Central					
Whites	25.8	43.5	27.9	35.9	7.5
Blacks	60.1	70.0	64.9	7.3	12.2
Hispanics	39.2	48.9	44.9	8.2	12.7
South					
Whites	27.6	43.3	28.4	34.4	2.8
Blacks	55.3	64.7	58.0	10.4	4.7
Hispanics	51.3	58.3	53.0	9.1	3.3
West					
Whites	21.9	38.3	25.3	33.9	13.4
Blacks	31.3	50.0	40.3	19.4	22.5
Hispanics	44.1	56.8	52.8	7.0	16.4
B. 1985					
Northeast					
Whites	20.5	38.5	22.3	42.1	8.1
Blacks	44.2	54.7	50.9	6.9	13.2
Hispanics	68.6	75.4	73.1	3.1	6.2
North Central					
Whites	26.9	43.2	28.4	34.3	5.3
Blacks	57.4	67.2	60.5	10.0	5.4
Hispanics	56.2	59.6	57.8	3.0	2.8

--table continued--

Table 10, continued

	Official Poverty Rate	Pretransfer Poverty Rate	Prewelfare Poverty Rate	% Removed by Social Insurance	% Removed by Public Assistance
South					
Whites	25.5	41.7	26.7	36.0	4.5
Blacks	53.7	62.8	56.7	9.7	5.3
Hispanics	46.7	54.1	47.4	12.4	1.5
West					
Whites	22.8	36.6	24.9	32.0	8.4
Blacks	35.6	46.9	40.3	14.1	11.7
Hispanics	45.2	55.4	50.3	9.2	10.1

Source: Computations with the 1981 and 1985 Current Population Surveys.

Notes: Pretransfer poverty rate = percentage of population below poverty line before taking into account social insurance and welfare. Prewelfare poverty rate = percentage of population below poverty line after receiving social insurance.

A comparison of the last two columns of Table 9 shows that among families headed by men, social insurance transfers are more effective than public assistance transfers in removing individuals from poverty. The effectiveness of social insurance transfers varies considerably across groups. For each region in both 1980 and 1985, social insurance transfers are most effective in reducing poverty among whites and least effective in reducing poverty among Hispanics. The information in Table 9 does not tell us why these differences in effectiveness occur. There are a number of possibilities including the differences in eligibility for social insurance due to differentials in labor force participation and nativity and the age composition of the pretransfer poor. The pretransfer white poor are probably more likely to be in families headed by retired men than are the pretransfer black and Hispanic poor.

In all regions, public assistance transfers are also least effective in fighting Hispanic poverty. It is possible that the prewelfare incomes of poor Hispanics are lower on average than are the prewelfare incomes of blacks and whites. Thus, it is more difficult for transfers to move Hispanics above the poverty line.

The results in Table 10 for individuals in families headed by women show a somewhat different picture. Social insurance transfers are less effective for this group than for families headed by men. This is probably because male heads are more likely to have participated in the labor force and be eligible for social insurance, and to receive larger social insurance transfers. Social insurance transfers are startlingly ineffective in reducing the poverty of individuals in families headed by black and Hispanic women. The racial differences among women may be due to the fact that a much higher proportion of the white female heads than black and Hispanic female heads are widows who benefit from their deceased spouse's social security.

B. Analyses of the Effectiveness of Transfers with Individual Data from the 1981 and 1986 Current Population Surveys

Another way to examine the effectiveness of transfers among racial and ethnic minorities is to use individual-level data to estimate the ability of transfers to raise members of the different groups above the poverty line, controlling for other factors, such as family size, that might explain

racial differences that appear in aggregated data. Following the approach of Danziger and Daniel Feaster, I examine racial and ethnic differences in the probability of receiving a transfer and the probability of escaping poverty among those who receive transfers. Danziger and Feaster proposed this approach because of the selectivity bias created by the fact that we observe the effects of transfers only among those who receive transfers. It is likely that those who are in a position to benefit the most from transfers are the most likely to try to get them. This creates a selectivity problem that can be addressed by using a bivariate probit model with selection.

Table 11 contains results from using this technique with a sample of poor households with children headed by nonaged single females. The results show that in both 1980 and 1985, Blacks and Puerto Ricans were more likely than whites to receive cash transfers, whereas Mexicans were no more nor less likely to do so. There are, however, no racial and ethnic differences in the probability of escaping poverty for those who receive transfers. On the other hand, transfers are less effective among those with large families, those living in the South, and households with younger heads. They are more effective among those with disabilities and widowed heads (probably because they receive more transfers). The likelihood of escaping poverty increases with the ratio of pretransfer income to the poverty line, probably because the higher one's pretransfer income, the easier it is to escape poverty. The value of rho indicates that there is selectivity, i.e., individuals who receive transfers are also more likely to escape poverty.

Table 12 reports results from the same specification for pretransfer poor households with children headed by nonaged single males or couples. Households with black heads are more likely to receive transfers in 1980 and less likely to escape from poverty. Those with Mexican heads are both less likely to receive transfers and to escape poverty in both 1980 and 1985. Households with Puerto Rican heads are neither more nor less likely than those with white heads to receive transfers or escape from poverty. These results must be viewed with caution since the rho statistics look somewhat suspicious.

Table 11

The Effects of Cash Transfers on Poverty among Households with Children Headed by Nonaged Single Females

Independent Variables	Probability of Receiving a Transfer 1980	1985	Probability of Escaping Poverty Given Receipt of a Transfer 1980	1985
Constant	1.169	1.147	-1.565	-1.816
Black	0.388	0.296	-0.106	-0.031
	(4.936)*	(3.500)*	(-1.188)	(-0.256)
Mexican	0.055	-0.156	0.032	0.215
	(0.479)	(-1.308)	(0.223)	(1.055)
Puerto Rican	0.504	0.370	0.063	-0.190
	(2.854)*	(2.354)*	(0.332)	(-0.832)
Family size 2	0.037	-0.013	0.008	0.115
	(0.570)	(-0.181)	(0.100)	(1.092)
Family size 5+	0.207	0.181	-0.311	-0.256
	(2.330)*	(1.911)	-2.864)*	(-1.914)
Region				
North Central	-0.024	0.052	0.063	-0.256
	(-0.261)	(0.538)	(0.555)	(-1.808)
South	-0.427	-0.481	-0.543	-0.440
	(-4.755)*	(-5.190)*	(-4.878)*	(-3.251)*
West	-0.196	-0.256	0.077	-0.087
	(-2.124)*	(-0.259)	(0.695)	(-0.610)
Residence				
Central city	-0.030	-0.205		
	(-0.382)	(-0.242)		
Suburban	-0.232	-0.156		
	(-2.754)	* (-1.727)		
SMSA not identified	-0.040	0.091		
	(-0.460)	(0.939)		
Age				
<25 years	-0.209	-0.492	-0.733	-0.334
	(-2.061)*	(-4.889)*	(-5.425)*	(-2.119)*
25-34 years	-0.115	-0.101	-0.413	-0.164
	(-1.601)	(-1.339)	(-4.546)*	(-1.552)
55-61 years	0.079	-0.310	-0.026	-0.378
	(0.488)	(-1.813)	-0.173)	(-2.080)*
62-64 years	-0.069	0.023	0.156	-0.554
	(-0.225)	(0.070)	(0.659)	(-1.762)

--table continued--

Table 11, Continued

Independent Variables	Probability of Receiving a Transfer 1980	1985	Probability of Escaping Poverty Given Receipt of a Transfer 1980	1985
Completed schooling				
<9 years	0.002	0.086		
	(0.022)	(0.863)		
9-11 years	0.078	0.041		
	(1.128)	(0.531)		
13-15 years	0.058	- 0.039		
	(0.593)	(-0.412)		
16+ years	-0.467	-0.621		
	(-2.644)*	(-3.514)*		
Has disability	0.405	0.400	0.229	0.441
	(4.343)*	(3.805)*	(2.393)*	(3.892)*
Student	-0.191	-0.350	-0.024	-0.382
	(-1.463)	(-2.790)*	(-0.111)	(-1.703)
Marital status				
Never married	-0.023	0.271	0.132	-0.098
	(-0.272)	(3.328)*	(1.163)	(-0.790)
Widowed	0.668	0.957	1.238	1.450
	(5.722)*	(7.812)	11.982)*	(12.078)*
Ratio of pretransfer	-1.363	-1.663	2.002	1.903
Income to poverty line	(-15.005)*	(-16.971)*	(11.647)*	(7.459)*
Rho	0.869	0.773	0.869	0.773
	(8.891)	(4.905)	(8.891)	(4.905)
Number of (unweighted) observations	2699	2418	2043	1791
Log likelihood	-1850.9	-1517	-1850.9	-1517

Note: These results are based on computations with data from the 1981 and 1986 Current Population Surveys. The values in parentheses are t-statistics for the coefficient. An * indicates that the estimated coefficient is significant at or below the .05 level.

Table 12

The Effectiveness of Cash Transfers among Households with Children Headed by Nonaged Single Men or Couples

Independent Variables	Probability of Receiving a Transfer 1980	1985	Probability of Escaping Poverty Given Receipt of a Transfer 1980	1985
Constant	0.080	0.185	-0.873	-1.640
Black	0.266	0.019	-0.358	0.047
	(2.923)*	(0.191)	(-2.719)*	(0.409)
Mexican	-0.294	-0.380	-0.384	-0.444
	(-3.175)*	(-3.879)*	(-2.660)*	(-3.659)*
Puerto Rican	0.067	0.214	-0.428	-0.163
	(0.365)	(0.879)	(-1.630)	(-0.594)
Family size 2	-0.132	0.157	-0.018	0.426
Family size 5 +	-0.012	0.096	-0.560	-0.145
	(-0.202)	(1.541)	(-6.628)*	(-1.920)
Region				
North Central	-0.181	-0.098	0.071	-0.196
	(-1.858)	(-1.015)	(0.543)	(-1.747)
South	-0.493	-0.301	-0.147	-0.215
	(-5.394)*	(-3.231)*	(-1.008)	(-2.009)*
West	-0.166	-0.156	-0.012	-0.130
	(-1.718)	(-1.561)	(-0.091)	(-1.130)
Residence				
Central city	0.028	-0.042		
	(0.340)	(-0.590)		
Suburban	0.044	0.001		
	(0.569)	(0.012)		
SMSA not	-0.221	0.035		
	(-2.819)*	(0.473)		
Age				
< 25 years	0.205	0.002	-0.409	-0.354
	(2.141)*	(0.015)	(-2.806)*	(-2.362)*
25-34 years	0.193	0.149	-0.376	-0.158
	(2.946)*	(2.218)*	(-3.617)*	(-1.870)
55-61 years	0.482	0.107	0.217	0.350
	(4.080)*	(0.849)	(1.365)	(2.442)*
62-64 years	0.986	0.694	0.627	0.734
	(4.254)*	(3.190)*	(2.473)*	(3.981)*

-Table continued-

Table 12, Continued

Independent Variables	Probability of Receiving a Transfer 1980	1985	Probability of Escaping Poverty Given Receipt of a Transfer 1980	1985
Completed schooling				
<9 years	0.110	0.226		
	(1.398)	(2.743)*		
9-11 years	0.140	0.121		
	(1.821)	(1.727)		
13-15 years	-0.136	-0.027		
	(-1.382)	(-0.316)		
16+ years	-0.536	-0.380		
	(-4.294)*	(-3.993)*		
Has disability	1.242	0.902	0.516	1.051
	(15.197)*	(10.654)*	(2.245)*	(11.936)*
Student	0.161	0.336	0.240	0.567
(0.955)	(0.820)	(2.401)*		
Marital Status				
Never Married	-0.904	-0.901	0.040	-0.549
	(-5.654)*	(-5.086)*	(0.108)	(-1.832)
Widowed	0.246	0.784	-0.275	1.050
	(0.709)	(2.272)*	(-0.909)	(3.666)*
Ratio of pretransfer income to poverty	-0.011	-0.538	2.023	1.411
	(-0.164)	(-7.712)*	(15.187)*	(11.460)*
Rho	0.004	0.988	0.004	0.988
	(0.011)	(47.414)*	(0.011)	(47.414)*
Number of (unweighted) observations	2423	2104	1313	1063
Log likelihood	-2123.2	-1785.9	-2123.2	-1785.9

Note: These results are based on computations with data from the 1981 and 1986 Current Population Surveys. The values in parentheses are t-statistics for the coefficient. An * indicates that the estimated coefficient is significant at or below the .05 level.

C. The Effectiveness of In-Kind Programs

Tables 9-12 give us some idea about the effectiveness of cash programs in fighting poverty among whites, blacks, and Hispanics, but they tell us nothing about the impact of noncash, in-kind programs such as Medicaid and Food Stamps. This is unfortunate, since a good deal of our expenditures on social welfare programs has gone into these programs since the mid-1960s. The Census Bureau produces a technical report each year that calculates the effects of noncash programs on poverty. These reports are controversial because of disagreements over which noncash benefits to include and how to value them in computing a revised poverty rate. Table 13 contains some information from this report for calendar year 1984. The first column gives the official poverty rate. The second column gives the poverty rate after valuing all medical, housing, and food assistance at the market value. The third column gives the poverty rate after valuing in-kind benefits at the poverty budget share value. This means that these benefits are valued at the amount of a poverty line income that is assumed by experts to be needed to purchase such goods or services. The market value is generally higher than the poverty budget share value. The final column gives the percentage of the officially poor who are removed from poverty by in-kind transfers valued at the poverty budget share value.

Panel A provides this information for different ages of whites, blacks, and Hispanics. The results show that for each racial/ethnic group, in-kind transfers are least effective in removing individuals under 6 years of age from poverty. Panel B shows that in-kind transfers are more effective in fighting poverty among families headed by single females than among families of married couples. Panel C shows that in-kind transfers are most effective in the Northeast for each racial/ethnic group.

Although it is unwise to attach too much significance to the results in Table 13, given the methodological problems involved in measuring the value and impact of in-kind benefits, the results indicate that there are racial/ethnic differences in the impact of these benefits. Much more research on this topic is needed.

Table 13

The Effects of Noncash Benefits on Poverty among Persons, 1984

Group	Official Poverty Rate	Value of In-Kind Benefits Received: Market Value	Value of In-Kind Benefits Received: Poverty Budget Share Value[a]	Percentage Removed by In-Kind Transfers (PBSV)
A. By Age				
Under 6				
White	18.8	14.2	16.6	11.7
Black	51.1	36.1	43.2	15.5
Hispanic	40.6	30.6	36.0	11.3
6-17				
White	15.6	11.2	13.2	15.4
Black	44.2	27.8	35.1	20.6
Hispanic	38.4	26.0	32.0	16.7
65 and over				
White	10.7	7.2	8.6	19.6
Black	31.7	9.3	21.5	10.2
Hispanic	21.5	4.0	10.8	49.8
B. By Family Type				
Married Couples				
White	7.4	5.5	6.4	13.5
Black	16.5	11.1	13.9	15.8
Hispanic	20.0	15.8	17.7	11.5
Female Householder				
White	29.7	19.5	24.4	17.8
Black	54.6	33.4	42.9	21.4
Hispanic	56.2	32.3	45.1	19.8

--table continued--

Table 13, continued

Group	Official Poverty Rate	Value of In-Kind Benefits Received: Market Value	Value of In-Kind Benefits Received: Poverty Budget Share Value[a]	Percentage Removed by In-Kind Transfers (PBSV)
C. By Region				
White	10.7	6.3	8.6	19.6
Black	33.2	18.6	25.2	24.1
Hispanic	38.7	20.3	31.4	18.9
North Central				
White	11.5	7.9	9.9	13.9
Black	37.9	21.8	31.5	16.9
Hispanic	30.1	23.6	27.2	9.6
South				
White	12.0	9.0	10.3	14.2
Black	33.6	22.4	27.6	17.9
Hispanic	26.0	20.4	22.5	13.5
West				
White	11.8	8.9	10.2	13.6
Black	26.6	18.8	21.1	20.7
Hispanic	25.3	19.2	21.9	13.4

Source: U.S. Bureau of the Census, Technical Report No. 55, Estimates of Poverty Including the Value of Noncash Benefits: 1984 (Washington, D.C.: GPO, 1985).

[a]Proportion of budget at poverty line that is assumed to be spent on these services.

IV. QUESTIONS FOR FUTURE RESEARCH

This analysis of previous research, published statistics, and new computations with data from the 1981 and 1986 Current Population Surveys illustrates that a number of questions remain unanswered about the participation of minority groups in public programs. Some of these questions can be addressed with existing data, whereas addressing others may require new data collection. Below I list some of these issues and the possible sources of data for addressing them.

A. Racial and Ethnic Differences in the Participation in and the Impact of Different Programs at the National Level

Although we have some evidence on the effectiveness of social insurance and public assistance as mechanisms for fighting poverty and alleviating the adverse effects of low incomes, there is a good deal that we do not know. We know very little about racial and ethnic differences in participation in specific programs such as social security, unemployment compensation, Medicare, Medicaid, and AFDC. We need good descriptive work on the rates of participation of different groups in these programs, and how these rates have changed over time. Some work of this nature is possible with the March Current Population Surveys.

We also need careful analysis using the available Current Population Surveys of the effectiveness of transfers in reducing poverty among subgroups within specific Hispanic groups (e.g., Puerto Rican single-parent families with children). Although one year of the CPS may not provide sufficient data to perform analyses of these smaller groups, it is possible to combine data across years and perform such analyses. For example, one could combine the Puerto Rican samples in the 1980-1985 Current Population Surveys and undertake analyses for single parent families, children, or young adults.

We need more work on the importance of noncash transfers to members of minority groups. The Census Bureau produces a report each year that estimates the effects of food, housing, and health care assistance on poverty, and, in at least some years, it provides estimates of these effects

for blacks, whites, and Hispanics. Careful analyses of this type should be performed for specific Hispanic groups.

In addition to the CPS, the Survey of Income and Program Participation (SIPP) contains detailed information on the participation of individuals in cash and noncash programs. The number of Hispanics in this data set is limited, but one available SIPP panel includes approximately 2,400 individuals of Mexican descent, 467 Puerto Ricans, and over 1,000 other Hispanics. No one has exploited these data as a source of information on the participation of minority groups in social welfare programs.

B. The Impact of New Federal Policies on Participation in Social Welfare Programs

The recently passed Family Support Act of 1988 is designed to implement on a national level several major initiatives that have been tried in some states and local areas. Perhaps the most dramatic and important of these are the child support and paternity provisions, and job opportunities and training for families on AFDC. The inclusion of these programs in the legislation was based in part on research that has been done on smaller versions of these types of programs. Most of this research has been with non-Hispanic whites, and we know little about the effects these programs are likely to have on minority groups.

The success of the child support provisions rests on the automatic withholding of child support payments from the paychecks of absent parents (usually fathers). Given the much higher levels of unemployment among members of minority groups, it is unlikely that this program will have as large an impact on minority single parents as on white single parents. This is speculation, however, rather than an assertion based on research. What is needed is a careful analysis of the effects of automatic withholding on minority single-parent families with children similar to the analyses that have been done and are being done with white families. This might best be done in one or a few large metropolitan communities with large minority populations.

The Family Support Act also requires states to make an effort to establish paternity for children born out of wedlock in families receiving AFDC beginning with the 1992 fiscal year.

Given the higher incidence of out-of-wedlock births in minority populations, especially among blacks and Puerto Ricans, these regulations will cause more expense and require more personnel in those areas with high concentrations of minority populations. The establishment of paternity is also likely to be more beneficial to whites because of the greater likelihood of the white father being able to provide some financial support.

The Family Support Act requires states to have a JOBS (Job Opportunities and Basic Skills) training program in place by October 1, 1990, and operating statewide by October 1, 1992. Each welfare family must receive customized services, i.e., services to meet educational, child care, training, and supportive-services needs. A good deal of research has demonstrated that these kinds of programs are most successful in meeting the needs of the most disadvantaged welfare recipients--those who have worked little or not at all during their lives.[26] Some of this research has examined the impact of these programs on minority group members. However, we still know very little about how effective such programs are for Puerto Ricans in the Northeast or American Indians on reservations. More research on these populations is needed.

C. The Impact of State and Local Policies on Program Participation

Although it is very important to develop a more thorough description of national variations in rates of participation, national variations are only part of the picture. The brief discussion of the major social welfare programs above pointed out the extent to which many programs have different eligibility criteria and benefit levels in different states and/or local areas. One important area for research is a careful assessment of state variations in program guidelines and the impact of these guidelines on members of minority groups. For example, the results on participation in AFDC among households with single male heads or couples in Table 6 showed that families with a Mexican-origin head were less likely to participate in AFDC than those with a head of any other race or ethnicity. This could be because families of Mexican origin are more likely to reside in states that do not have AFDC programs for two-parent families.

One way to approach the study of state and local variations would be to select those programs with significant state variation in policies and procedures. Examples of such programs include a cash social insurance program (unemployment compensation), a cash public assistance program (AFDC), and an in-kind public assistance program (Medicaid). The research could gather information on state policies and procedures for these programs and data on the minority population in the state. Then it would be possible to assess the impact of state guidelines on participation and effectiveness of transfers among the minority population in the state.

Analyses of state variations in program policies and procedures could be supplemented with analyses of participants in programs using computerized state program records. One advantage of program data is that they include detailed information on income, assets, and other characteristics of the universe of program participants in a state. The major disadvantage of program data is that they generally do not include information on individuals or families who do not participate in programs.

D. Assessing Barriers to Participation in Social Welfare Programs

One purpose of examining state variations is to identify barriers to participation by minority group members in social welfare programs. Some barriers to participation are fairly obvious. Members of minority groups may, for example, be less likely to be eligible for unemployment compensation because of the types of jobs they have had and the longer length of their spells of unemployment. They are less likely to be eligible for social security because of their unstable work histories, and they on average receive lower social security benefits because they have lower-paying jobs during their years in the labor force.

Other sorts of barriers are created by those programs, including WIC, federal housing and low-income energy assistance, and Head Start, which intentionally serve only a fraction of the eligible population. These programs are designed to exclude some eligible individuals and families from receiving benefits and assistance. But we know very little about whether these limitations in funding have differential impacts on members of racial and ethnic minorities.

Another type of barrier is created by programs that exclude individuals who would seem to be part of the target population but in fact are not. For example, Medicaid is generally touted as the medical assistance program for the poor, but many poor are not eligible for Medicaid, since participation is tied to participation in AFDC or SSI. The minority elderly may also experience barriers to participation in Medicare. Eligibility for Medicare is partially tied to participation in social security, so elderly minority group members who are not eligible for social security may also be excluded from some parts of Medicare.

The minority low-income population who are not eligible for Medicare or Medicaid are unlikely to have any health insurance.[27] Further, members of minority groups who work are probably less likely to work for organizations or belong to unions that provide health insurance. The lack of medical coverage may be especially damaging to families with young children; such families make up a larger proportion of minority groups than whites.

Some data are available to investigate the participation of minority group members in health insurance programs. The Current Population Surveys contain information on receipt of Medicaid or Medicare and participation in private health insurance programs. The Survey of Income and Program Participation (SIPP) provides similar information. The advantage of the SIPP is that it follows people over time, and thus it is possible to examine the extent to which people are covered part-year, full-year, or not at all. The national health care expenditure surveys, conducted by the National Opinion Research Center, are another source of data. These include special supplemental surveys of minority group members including American Indians.

E. Other Research Issues Related to Participation

1. Long-Term Welfare Participation and Persistent Poverty among Members of Minority Groups

One of the major concerns in recent years has been welfare dependence, i.e., the use of transfer programs, especially AFDC, by able-bodied persons for long periods of time. Longitudinal data in the PSID and the SIPP make it possible to study the length of participation. Related to long-term dependence is the notion of persistent poverty--having an income below the

poverty line for an extended period of time. The research of Mary Jo Bane and David Ellwood, and Greg Duncan and others using the PSID has documented the existence of persistent poverty and long-term welfare use among blacks and whites.[28] The original design of the PSID included an oversampling of blacks, which made comparative analyses of blacks and whites possible. If the planned supplemental Hispanic sample is followed over time, it will be possible to conduct similar analyses for Hispanics.

Even in the case of blacks and whites, we know very little about regional, state, or local variations in persistent poverty and welfare utilization. Again, limitations in data sets such as the PSID make it impossible to examine populations in smaller geographical areas.

It is likely that persistent poverty and extended welfare use vary significantly across racial and ethnic groups and within racial and ethnic groups across different regions, states, and local areas. As the descriptive data above illustrate, the composition of the Hispanic and black poor differ from one another and from that of the white poor. Persons in single-parent families and children are more susceptible to persistent poverty and therefore must depend on transfer programs in order to subsist. These groups make up a higher percentage of the minority poor than they do of the white poor. States vary widely in the level of support provided by their AFDC programs; local areas vary widely in terms of the consistency and fairness with which AFDC is implemented and in the ability of the local economy to assist the persistently poor to escape poverty.

Among the sources of data that could be tapped in an effort to investigate long-term welfare use are the computerized AFDC records that are kept by many states and/or local governments. These records are updated monthly, so they contain histories of welfare use. They can be used to analyze the kinds of people who participate in AFDC and other programs, how long different groups of people remain on AFDC, and the factors that explain the quick exits of some and the persistent use by others. In addition, the composition of the AFDC population can be compared with the composition of the total population in a local area to get some idea of which groups are overrepresented. Analyses of some of these issues with data from the computerized records in Wisconsin have been published in major social science journals.[29]

These data are not without their faults. They are not appropriate for studying persistent poverty, since they contain only those individuals who register for AFDC or some other locally administered transfer program. A substantial number of the poor would not be included in these data. These data also contain few characteristics of individuals; basically, only the information that is necessary to determine whether someone is eligible for a program and how much aid he/she should receive. Finally, the computerized files are generally not designed with the needs of social scientists in mind. Data management problems can seem overwhelming at times. Still, these data represent a relatively untapped source of information on racial and ethnic variation in welfare dependence.

2. The Intergenerational Transmission of Poverty and Welfare Dependence

A major concern of those who study persistent poverty and welfare dependence is that these conditions may be passed across generations. Some argue, for example, that Puerto Rican children who grow up in persistently poor families that depend on welfare for economic support reproduce this same situation once they become adults. Until recently it has been difficult to study this issue because we lacked the necessary data. Now at least two data sets that make it possible to study intergenerational transmission of poverty and dependence: PSID and the National Longitudinal Survey of Youth (NLSY). The PSID contains information on income and program participation for a group of families from 1968 through the present, including information on individuals who grew up in the original families and subsequently became adults with families of their own.

The NLSY was begun in 1979 with a group of individuals aged 14-22. The data that are collected each year include the information necessary to determine if the family in which the respondent is located is below the poverty line (i.e., family income and family size), and the receipt of income from social insurance and public assistance programs. For a substantial number of individuals, then, it is possible to monitor the poverty and welfare use in their families while they are teenagers and their own poverty and welfare use as adults. Unlike the PSID, this survey was designed to oversample Hispanics (including a good sample of both Puerto Ricans and Mexicans) as well as blacks, and the sample also contains a substantial number of American

Indians. Consequently, it is possible to compare whites, blacks, Hispanics, and American Indians with these data.

3. The Concentration of Poverty and the Mobility of the Very Disadvantaged

William Julius Wilson, Erol Ricketts, Isabel Sawhill, Ron Mincy, and others have documented the growing concentration of poverty in the central cities.[30] Most of this work has focused on blacks; we know very little about concentrated poverty among other minority groups or the effects of public programs in producing or impeding this concentration. Further, we know almost nothing about who leaves and who enters these areas of concentrated poverty over time.

At least three types of concentrated poverty should be investigated and compared to the work that is currently being carried out in Chicago.[31] First, a number of observers have suggested that there is a Puerto Rican underclass in the New York City area. The concentration of the poor, employment problems, the extent of single parenthood, drug sales and use, and many other aspects of this situation seem to resemble the Chicago underclass areas. Additional factors, however, make the two situations quite different; Puerto Ricans can and do travel back and forth from Puerto Rico, and English is not the first language of most Puerto Ricans. So the lessons learned in Chicago may not necessarily be applicable to Puerto Ricans in New York City.

Second, the concentration of Hispanic poor in Los Angeles and in Miami constitute different situations due to the diversity of the Hispanic groups in these areas. We know very little about the special problems produced by the concentration of poor Hispanics with widely different backgrounds.

Third, there are concentrations of the poor in rural areas, including American Indian reservations, blacks in the rural South, and whites in the rural South. Although there is a tendency to focus on concentration in urban areas because of the larger numbers of poor and their greater visibility, the problems of concentrated poverty in rural areas are very serious. These areas often share many of the problems characteristic of concentrated poverty in urban areas, including drug problems and high rates of out-of-wedlock birth.

Almost no research has been done on who moves into and out of areas of concentrated poverty. Although it is possible with the PSID and the NLSY to investigate mobility into and out of high poverty counties, a county is too large an area to provide data on the kind of interneighborhood mobility that is of great importance. Fortunately, the PSID will soon be adding census-tract-level information to all years of the panel. This will make it possible to examine who leaves and who moves into census tracts with high concentrations of poverty.

4. <u>The Role of Drugs in Poverty and Long-Term Welfare Dependence</u>

Policymakers are becoming increasingly concerned with drugs and the association between drugs and concentrated and persistent poverty. Yet researchers who study poverty have rarely tried to study the role of drug sale and drug use, and those who study drugs have only considered poverty as a very small part of the drug problem. Consequently, the research community is unprepared to try to answer questions that policymakers are asking more and more frequently about whether drug use is a cause, an effect, or "only associated with" persistent poverty and welfare dependence.

There are at least two ways of trying to address these unanswered questions. First, we need more ethnographic or other qualitative studies of areas of concentrated and persistent poverty. These studies can examine the connections between drug use and poverty in ways that are not possible with analyses of secondary data. Ethnographic research on drug sales is more difficult because it involves work in dangerous and unpredictable settings.

Second, some secondary data contain information on drug use and poverty. The NLSY contains variables on yearly income and poverty status as well as histories of employment, education, and drug use. It is possible with these data to examine the associations among poverty, employment, education, and drug use for white, black, Hispanic, and Native American youth.

Notes

[1]These racial and ethnic differences are documented in publications based on the 1980 Census of the Population, and also in the Current Population Reports on poverty based on the March Current Population Surveys during the 1980s. See, for example, U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 158, Poverty in the United States: 1985 (Washington, D.C.: U.S. Government Printing Office, 1987).

[2]U.S. Bureau of the Census, Census of the Population: 1980, General Social and Economic Characteristics (Washington, D.C.: U.S. Government Printing Office, 1983).

[3]Marta Tienda and Leif Jensen, "Poverty and Minorities: A Quarter-Century Profile of Color and Socioeconomic Disadvantage," in Gary D. Sandefur and Marta Tienda, eds., Divided Opportunities: Minorities, Poverty, and Social Policy, (New York: Plenum Press, 1988).

[4]The other major set of minority groups are of Asian descent. The Chinese, Japanese, and Filipino populations in this country are considerably better off on average than the disadvantaged minority groups, but subsets of these populations, e.g., the Chinese in central cities, have very high rates of poverty. In addition, recent immigrants from Southeast Asia have very high poverty rates.

[5]The Current Population Surveys do not distinguish between the native- and foreign-born, so it is impossible to determine the percentage of these groups who were foreign-born in 1985.

[6]The discussion in this section relies heavily on information provided in U.S. House of Representatives, Committee on Ways and Means, Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (Washington, D.C.: U.S. Government Printing Office, 1989). This book is published annually and is an invaluable source of information for anyone who is interested in social welfare programs in the United States.

[7]The Family Support Act of 1988 contains a number of changes in the AFDC program. I discuss some of these changes below in the section on directions for future research.

[8]New York is one of a few states in which the maximum benefit varies across jurisdictions.

[9]See Joel Handler and Michael Sosin, Last Resorts: Emergency Assistance and Special Needs Programs in Public Welfare (New York: Academic Press, 1983), for a review of available information on General Assistance programs in selected counties.

[10]The data in this and the following paragraph are taken from Tienda and Jensen, "Poverty and Minorities: A Quarter Century Profile of Color and Socioeconomic Disadvantage," in Sandefur and Tienda, eds., Divided Opportunities.

[11]Danziger, "Antipoverty Policy and Welfare Reform," in Phoebe Cottingham and David T. Ellwood, eds., Welfare Policy for the 1990s (Cambridge: Harvard University Press, 1989).

[12]The Current Population Surveys identify Hispanic groups separately, but it is not possible to examine regional differences and group differences simultaneously because of limitations of the sample sizes. In this table, I focus on regional differences, but in other parts of the analysis I focus on group differences. Most of the Hispanics in the Northeast are Puerto Rican, whereas most of the Hispanics in the South and West are of Mexican origin.

[13]See Frank D. Bean and Marta Tienda, The Hispanic Population of the United States, (New York: Russell Sage Foundation, 1987); Francine D. Blau, "The Use of Transfer Payments by Immigrants," Industrial and Labor Relations Review 37, 2 (January, 1984): 222-239; Sheldon Danziger and Daniel Feaster, "Income Transfers and Poverty in the 1980s," IRP Discussion Paper No. 762-84, University of Wisconsin-Madison, 1984; Sheldon Danziger and Robert Plotnick, "The Receipt and Antipoverty Effectiveness of Cash Income Maintenance Transfers: Differences among White, Nonwhite, and Hispanic Households," IRP Discussion Paper No. 683-81, University of Wisconsin-Madison, 1981; Leif Jensen, "Patterns of Immigration and Public Assistance Utilization, 1970-1980," Center for Demography and Ecology Working Paper 86-22, University of Wisconsin-Madison, 1986; Leif Jensen and Marta Tienda, "Nativity Differentials in Public Assistance Receipt:

A Research Note," Center for Demography and Ecology Working Paper 87-14, University of Wisconsin-Madison, 1987; Marta Tienda and Leif Jensen, "Immigration and Public Assistance Participation: Dispelling the Myth of Dependency," Social Science Research 15 (1986): 372-400.

[14]Danziger and Plotnick, "The Receipt and Antipoverty Effectiveness of Cash Income Maintenance Transfers."

[15]Danziger and Feaster, "Income Transfers and Poverty in the 1980s."

[16]Francine Blau, "The Use of Transfer Payments by Immigrants."

[17]Robert Plotnick, "Turnover in the AFDC Population: An Event History Analysis," Journal of Human Resources 18, 1 (Winter, 1983): 65-81.

[18]Mark R. Rank, "Racial Differences in Length of Welfare Use," Social Forces 66, 4 (June, 1988): 1080-1101.

[19]N. A. Barr and R. E. Hall, "The Probability of Dependence on Public Assistance," Economica 18, 190 (May, 1981): 109-124.

[20]Blau, "The Use of Transfer Payments by Immigrants," and Tienda and Jensen, "Immigration and Public Assistance Participation: Dispelling the Myth of Dependency."

[21]Bean and Tienda, The Hispanic Population of the United States.

[22]Jensen, "Patterns of Immigration and Public Assistance Utilization, 1970-1980."

[23]The specification of marital status for men should probably distinguish between married and divorced men. This is not important in the case of women since most single female heads are by definition not married.

[24]Danziger and Feaster, "Income Transfers and Poverty in the 1980s"; Danziger and Plotnick, "The Receipt and Antipoverty Effectiveness of Cash Income Maintenance Transfers."

[25]The percentage removed by social insurance is computed first, since social insurance payments are used to determine eligibility for public assistance whereas public assistance, payments are not used to determine eligibility for social insurance.

[26]See Laurie J. Bassi and Orley Ashenfelter, "The Effect of Direct Job Creation and Training Programs and Low Skilled Workers." In Sheldon H. Danziger and Daniel H. Weinberg, eds., Fighting Poverty: What Works and What Doesn't (Cambridge: Harvard University Press, 1986).

[27]See Paul Starr, "Health Care for the Poor: The Past Twenty Years," in Sheldon Danziger and Daniel Weinberg, eds., Fighting Poverty: What Works and What Doesn't, (Cambridge: Harvard University Press, 1986) for a general discussion of the problems of the uninsured population.

[28]See, for example, Terry Adams and Greg J. Duncan, "The Prevalence and Correlates of Persistent Urban Poverty," University of Michigan, Institute for Social Research, mimeo, 1987.

[29]See, for example, Mark Rank, "Racial Differences in Length of Welfare Use."

[30]See, for example, William Julius Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago: University of Chicago Press, 1987); Erol R. Ricketts and Isabel V. Sawhill, "Defining and Measuring the Underclass," Urban Institute Working Paper, Washington, D.C., 1986; and Erol R. Ricketts and Ronald Mincy, "Growth of the Underclass: 1970-1980," Urban Institute Working Paper, Washington, D.C., 1988. Wilson is continuing his work on the underclass by conducting both qualitative and quantitative research on black and Hispanic poor in some of the most economically depressed areas in Chicago.

[31]It would be useful to undertake a number of other analyses of the scope of that being done in Chicago. These analyses would involve interdisciplinary teams of sociologists, economists, psychologists, political scientists and/or anthropologists and would collect and analyze both quantitative and qualitative data.