

Chapter 1 Introduction

In 1985, a poor single mother without a job who was seeking assistance to help provide the basic needs for her family might have received aid in the form of a welfare check, along with food stamps and Medicaid. These were prominent components of the government “safety net,” or the system of support for poor families also sometimes referred to as the “welfare state.” They were predictable and relatively easily accessed sources of assistance for those who were eligible. In most instances, such assistance would not require one to work in order to receive it, and, as important, the amount of assistance would not change if one moved to another neighborhood or another community in the same state.

Today this same single mother faces a drastically different scenario. She may receive cash assistance, along with food stamps and Medicaid, but often she must work thirty hours per week to be eligible. The earnings from work will largely replace the cash assistance she might have received, as even part-time work at a minimum wage job is enough to exceed the value of welfare checks in most states. Instead of cash assistance, this mother may be eligible to receive social services

2 Introduction

that support work and address barriers to employment. In fact, a wide variety of social services may be available through the safety net, including child care, job training, education, mental health counseling, and substance abuse treatment. Unlike a welfare check, which can be sent to any location, however, the scope of services available is now highly contingent on the service providers located near to where this single mother lives.

This problem of geography applies equally to the nearly 35 million working poor adults who do not receive welfare but have trouble making ends meet amid increasing housing, health care, and energy costs. Working poor families often seek help from government and nonprofit organizations that provide emergency assistance for basic material needs or help families search for more affordable housing, find better jobs, or complete vocational training that will make better jobs more accessible. The assistance available to such families is dependent upon the types of providers located nearby and whether those providers have adequate resources to address short-term and/or long-term needs. If it is difficult to visit a social service agency, owing to either the great distance that must be traveled or the complexities of fitting visits into complex work and child care schedules, it will be difficult to receive assistance. In a neighborhood distant from service organizations, help can be difficult to find and access.

The agencies that provide services to working poor families have also changed. Nonprofit service organizations deliver many of the services available today. This expansion of the nonprofit service sector has been driven by growth in public funding since 1970. Government contracts and grants now compose a larger share of nonprofit budgets than ever before. This is in stark contrast to several decades ago, when agencies operated more modest programs supported by a mix of public funding, grants from private foundations, and private donations. The buildup of the nonprofit sector has created greater competition for government program dollars, however, and it has become more difficult to ensure the receipt of such funds. Many agencies have seen revenues from government sources decline in recent years or become more volatile; private donations and grants from nonprofits have not grown to replace these lost public dollars. As a result, agencies are faced with tough choices among reductions in staff, services, or the number of clients served.

Clients and community characteristics are changing as well. Even though federal welfare-to-work requirements have led to significant decreases in welfare cash assistance since 1996, the number of persons living near or below the poverty line has increased substantially since 2000. (The federal poverty

threshold was \$16,600 for a family of three in 2006.) Such changes mean that agencies are facing a greater demand for assistance than at any point in the past decade and must find ways to serve more people with fewer dollars. And there are other challenges. With poverty today spreading rapidly into suburban areas and central city neighborhoods gentrifying, many of the poor families that a service organization might have once assisted have moved. As overall patterns of need have changed, providers have found it difficult to achieve caseloads large enough to meet service benchmarks or to relocate to a neighborhood where there may be greater demand. Combined, these factors make the already precarious economics of social service provision even more fragile and make it difficult for some providers to remain in operation. To get by, some nonprofits have shifted their focus to client populations that can pay for services; others who continue to serve poor persons may not be able to remain in the areas with the most pressing need.

In short, the last few decades have brought dramatic changes to how our society and local communities help working-age low-income populations. The safety net, or antipoverty components of the welfare state, described here differs from most popular conceptions of it. Rather than providing cash welfare assistance to a concentrated urban underclass, the safety net primarily provides services and in-kind assistance to poor people, many of whom are working and outside the formal welfare system. Community-based organizations, not welfare checks, provide the bulk of the help offered by the safety net.

Two primary sets of events have contributed to these changes. First, government support of social service programs that encourage work activity has increased dramatically over the past several decades. Government funding for child care, job training, adult education, mental health treatment, substance abuse treatment, and other programs promoting economic self-sufficiency has grown dramatically since the War on Poverty in the 1960s. Grønbjerg (2001, 277) finds that public spending on “programs of most direct interest to traditional social service agencies” increased by more than 500 percent in real dollars from 1960 to 1995. Today, federal, state, and local governments likely spend over \$150 billion annually on means-tested food, housing, education, and social service assistance for tens of millions of working poor Americans. By comparison, welfare cash assistance programs receive a fraction of that amount—roughly \$11 billion for aid to about 4.5 million persons.¹

Because many publicly funded social service programs involve grants and contracts between government agencies and nonprofit service agencies, growth in government funding of social services in the past several decades has been a

4 Introduction

catalyst for the expansion of the nonprofit social service sector. The number of nonprofit service organizations grew substantially from the mid-1970s to the mid-1990s. More recent data from the National Center for Charitable Statistics indicate that the number of employment and human service nonprofits registering with the Internal Revenue Service (IRS) has increased by almost two-thirds since 1990 and revenues for that sector now total about \$80 billion.²

Second, coinciding with these remarkable changes in our safety net, the passage of welfare reform in 1996 and its reauthorization by Congress in 2006 have marked a monumental change in how our society provides welfare assistance to the poor. Although welfare historically has been a cash assistance program for poor, single-parent households, it provides far less cash assistance today than just a decade ago. Welfare reform established time limits on the receipt of cash assistance and required work as a condition of eligibility for such assistance. In addition to reducing cash assistance caseloads by more than half since 1996, these reforms led to significant reductions in welfare cash assistance spending at the federal and state levels. Instead, welfare now primarily assists poor families through the provision of noncash assistance and social services that support some form of work activity or address barriers to work.

The scope of this transformation in welfare assistance is striking. In 1995, as was the case for several decades prior, roughly 80 percent of all welfare spending went to cash assistance. Today states spend roughly 60 percent of all welfare dollars on social services and noncash assistance, with welfare checks composing only about one-third of all welfare spending. Two-thirds of all poor single mothers received welfare cash assistance prior to welfare reform, compared to about one-quarter of poor single mothers today.³ Instead, poor single parents are expected to work, and most assistance that welfare programs provide is aimed at helping recipients overcome barriers to finding and retaining a job.

Whether we look at welfare recipients specifically or working poor populations more broadly, social service programs have become the primary mechanism through which government and communities assist low-income populations. Yet this sweeping transformation in how society provides assistance to the poor barely registers with the public, the media, or politicians. The popular impression of the safety net remains: it is a collection of cash assistance programs for low-income households unable or unwilling to work. Policymakers and experts continue to fixate on the receipt of welfare cash assistance, even in the face of dramatic decreases in welfare caseloads and cash assistance expenditures. Likewise, much scholarship examines state welfare cash assistance policies, patterns of cash assistance receipt, and the administration of welfare cash

assistance programs. Our conceptions of the safety net simply do not give adequate attention to how our society currently helps poor people.

The lack of understanding about which programs compose a larger and more critical share of the contemporary safety net translates into misperceptions and inaccuracies about the nature of social assistance. Equally worrisome is that we have little understanding of whether the current community-based social service approach is adequate to meet current needs or demands for assistance. We give scant attention to how the delivery of services varies across neighborhoods or whether such variation matters. As a result, policymakers and policy researchers miss many of the important challenges confronting providers and clients in today's service-based safety net.

Many might argue that a safety net based on social services supporting work and self-sufficiency is a vast improvement over welfare checks. As popularly perceived, cash assistance programs reduce personal responsibility, cultivate damaging dependency, and provide work disincentives. In contrast, social service programs are designed to enhance economic self-sufficiency by improving personal well-being and addressing barriers to employment. Because these programs seek to promote economic self-sufficiency, they are inherently more consistent with traditional American values of responsibility, work, community, and compassion for the poor than welfare cash assistance programs. Delivered by local agencies that can be responsive to communities, service programs address the needs of the poor while obligating program clients to pursue activities designed to improve work outcomes.

When envisioning alternatives to existing cash assistance programs, scholars commonly have pointed to social services as playing an important role in alleviating poverty and reducing joblessness. Blank (1997) proposes replacing welfare with a three-tier system for helping low-income families. The first tier would address the short-term needs of families through government programs such as food stamps and social services offered through nonprofits. The second tier would focus on providing employment services, adult education and training, and other social services that would help program clients become work-ready. Only clients who could not become quickly ready for work would be referred to the cash assistance programs that would compose the third tier. In addition to suggesting an expansion of health insurance, increases in the Earned Income Tax Credit (EITC), and a strengthened child support collection system, Ellwood has proposed converting "welfare into a transitional system designed to provide serious, but short-term financial, educational, and social support," for low-income populations experiencing difficulty finding a job

6 Introduction

(1988, 238). Even when Charles Murray provocatively advocates ending most public antipoverty programs because of the work disincentives they create, he identifies social service programs as the key safety net of final resort for those who are trying to make it without government programs but cannot. In Murray's world without welfare, food stamps, or government assistance, local communities would use tax savings to finance "tens of billions" of dollars in local nonprofit social service programs that would be "more generous, more humane, more wisely distributed, and more effective," than the government welfare system they would replace (1984, 230).

A safety net rooted in social service programs that promote work activity, address barriers to employment, or provide assistance with basic needs, however, is less readily available, equitable, and reliable than is commonly assumed. As noted, unlike many types of cash assistance, the receipt of social services is contingent on access to government and nongovernment agencies that might offer relevant programs. Poor persons cannot receive assistance from providers that are not located within a reasonable commuting distance of their homes, and providers, it turns out, are *not* equitably distributed across communities and neighborhoods. In fact, and disturbingly, a majority of agencies serving poor people are not located in high-poverty neighborhoods at all.⁴ Such inequalities matter because inadequate spatial access to providers is tantamount to a person's being denied assistance.

Moreover, contemporary funding of social services can be quite volatile and unpredictable. Funding is responsive to economic and budgetary cycles, rising in good times and falling in bad times. As a result, service programs are less likely to expand during economic downturns and are less responsive to changes in need than we might otherwise assume. Instability in the funding of social service programs leads to inconsistent provision of assistance in poor communities, and it will affect the help-seeking behavior of persons in need and the success of antipoverty programs. Uncertainty in funding also destabilizes nonprofit service organizations, which are the lynchpins of the safety net that provide help and connect the interests of poor persons to various points in the policymaking process.

This book argues that geography matters to the American welfare state, particularly for policies and programs targeted at working poor populations. Policymakers, scholars, and communities should be concerned with issues of equity and stability in the provision of safety net assistance for a variety of reasons. The geography of the safety net, as I refer to it here, is closely intertwined with issues of race, poverty, joblessness, and social isolation in our communities.

Mismatches and vulnerabilities in the provision of social assistance draw attention to the critical role played by secular nonprofit and faith-based organizations in local safety nets, as well as to the importance of distributional choices made by state and local political leaders. Most important, the geography of the safety net has direct consequences for how we structure social programs and the likelihood that those programs will succeed.

Despite tens of billions of dollars in public and private expenditures on social service programs each year, there is relatively little information about which programs are actually available to poor families, how much they cost, or how many people are receiving assistance. If we are to accurately portray how communities assist poor persons, we need detailed information about public and private social service provision. This means identifying the sites where services are delivered and understanding which sites are most likely to serve working poor populations. It also means understanding the consistency of program funding and service delivery at each site.

Here I will take a look at three cities—Chicago, Los Angeles, and Washington, D.C.—to describe how service-based social assistance delivered at the local level is increasingly “out of reach” or mismatched from where poor populations live. Data from these different cities demonstrate how service organizations, clients, and program resources are distributed across urban communities. The spatial distribution of service provision reflects the geography of the safety net, and it varies substantially from place to place and neighborhood to neighborhood. High-poverty areas have access to almost half as many social services as low-poverty areas, when I account for supply and demand for assistance. Racial disparities are also present, as areas that are predominately black and Hispanic have far less access to service providers than areas that are predominately white. Compounding low levels of access and placing a greater strain on already inadequate resources, the demand for assistance appears to be rising among most service providers located in high-poverty neighborhoods.

Beyond simply focusing upon the geography of service provision, this book will examine the vulnerability of service providers as they grow increasingly dependent upon fewer revenue sources. Many organizations report reducing services, clients served, staff, or operations in response to funding cutbacks or problems from one month to the next, suggesting that the safety net is less predictable and consistent than we might expect. Thus not only does the safety net vary by community, but it is also unpredictable and volatile in terms of the assistance available in the short term. Providing evidence for a policy debate that often lacks rigorous data, this book also looks at whether secular nonprofit or

8 Introduction

faith-based service organizations are better equipped to help the poor. And it briefly looks at the political fragmentation within the safety net that is more relevant as we have shifted to a system splintered across diverse local nonprofit organizations.

If our safety net is out of reach, we must question assumptions about equality and social justice within it. We typically think of public assistance as fairly equitable in its delivery, even if it is not adequate in benefit levels or does not provide an entitlement or guarantee to assistance. The fact that publicly and privately funded social services are not well matched to the geography of poverty runs counter to our expectations of how communities should care for the poor. In fact, to the extent that the allocation of public and private resources exacerbates existing inequalities in access to education or labor market opportunities, mismatches may undermine the safety net's own care-giving mission. We should be concerned with how local communities provide (or do not provide) social services and assistance to the poor, as such understanding will yield insight into why our programs succeed or fail.

It is time for a shift in the public and scholarly discourse away from anti-poverty assistance as it looked in 1975 or 1995 to the reality of how assistance is provided today. We need to think more rigorously about place in the provision of assistance. Understanding how assistance varies will enable us to improve resource allocation and the targeting of programs, which will strengthen disadvantaged communities and promote greater economic self-sufficiency among poor households. By recognizing where the safety net may be out of reach, our communities will be better positioned to address issues of poverty in the future.