

# Unmet Need in Public Assistance

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*The 25 years since the passage of the Social Security Act have been years of progress for the public assistance programs in terms of both the number of needy persons served and the average amount they receive. Has this progress been great enough, however, to bring the programs to the point where they meet need fully? Estimates bearing on the answer to this question are presented in the following pages.*

cable across the Nation are available.<sup>1</sup> In the second set of figures, total basic requirements are estimated at not less than twice the USDA food costs. Thus, under the second estimate, the cost figure for basic needs in each State is the total based on the cost of the USDA food plans or the amount in the State cost standards, whichever is higher.

The first estimate (based entirely on State standards) indicates the extent to which assistance payments meet need as it is defined by the individual States. The second estimate is one attempt—a conservative one—to gauge how nearly adequate State assistance standards are to meet basic needs.

No basis is available for estimating the total amounts required by assistance recipients for medical care. The necessary data are lacking for even a rough measure to estimate costs of essential services. No estimate could be made, therefore, of the extent to which public assistance payments meet need for medical care. Such care, however, is an important item of need among recipients of public aid, whose poverty results in health neglect that both causes and aggravates illness and disabilities. Payments for medical care—even as now provided—represent considerable proportions of total assistance costs in many States. This item, then, could not be ignored. Since a better base was lacking, an estimate was made of the increase in medical care costs that would occur if all States provided, under public assistance programs, medical care similar in scope and cost to the care provided through public assistance among the 24 States with costs above the national median.

In December 1958, about 7 million men, women, and children in the United States received assistance,

<sup>1</sup> The plans, referred to hereafter as the USDA food plans, are designed to provide an adequate diet at low cost in terms of American family practices for meals cooked at home from the family food supply. (Moderate- and liberal-cost plans are also prepared.)

**P**UBLIC assistance payments are intended to fill the income gap for persons whose income otherwise is inadequate to provide them with the goods and services essential for their health and well-being. The assistance programs have come an impressive distance since 1936. Over the years their scope has been broadened as new groups of the needy have been added and the average amounts paid to recipients have been increased. Federal, State, and local governments all have raised their expenditures substantially. How close do the programs come, today, to fulfilling their objective? To what extent do the assistance payments meet need? These are difficult questions, primarily because there are no standards accepted as applicable across the Nation that answer the basic question: What quantity of goods and services, of what quality, and at what cost is required to live in health and well-being in America today?

American standards for health and well-being assume that every human being needs

—Food, enough and of the right kinds to nourish his body and of a variety and quality consistent with his eating tastes and habits. If he eats at home, he must also have cooking facilities, along with pots, pans, dishes, and utensils to prepare and serve the food and refrigeration to preserve it.

—Clothes, and the wherewithal to keep them repaired and cleaned.

—A decently furnished, clean place to live, with light for the night, warmth against the winter, a supply of water, and sanitary facilities.

—Incidentals for personal grooming.

—At least a little extra for a newspaper, for example, or the Sunday church collection so that he can participate in family, church, school, and general community activities.

These items, in public welfare parlance, are called the “basic living requirements.” In addition to these everyday or basic requirements, present-day American standards of living also assume that medical care should be available when it is needed, at least to cure or ameliorate illness. Increasingly, the assumption is prevalent that medical services should also be available to prevent sickness.

This report presents two estimates responsive to the question, “how closely do public assistance payments come to being adequate to meet need among public assistance recipients?” The estimates, which are partial, are for only the two largest public assistance programs—old-age assistance and aid to dependent children—and are based only on the numbers of persons who were receiving aid late in 1958. The estimates would be larger if they took into account all low-income individuals and families in the Nation who might be considered “needy” under tests or measures that would define the minimum standard of living necessary for health and well-being at a higher level than many States now do for public assistance.

Two sets of estimates were prepared on the basis of two measures of the total cost of basic living requirements: (1) State cost standards in use late in 1958 and (2) a cost estimate based on the low-cost plans compiled by the Department of Agriculture for food—the one item for which agreed-upon measures appli-

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compared with more than 5¼ million in June 1936. Federal, State, and local governments spent about \$303 million in December 1958 to provide assistance to the needy—a bill that was about six times the one they paid almost 23 years earlier. Average monthly assistance payments for the aged and those helped by the children's programs about tripled during the 23 years. Although most of the increase was eaten up by the substantial decline in the purchasing power of the dollar, significant—if modest—gains were made in the amounts of goods and services made available to recipients. The most rapid declines in dollar value have come in the years since World War II. During that time, the purchasing power of average monthly payments to the aged, in terms of 1947-49 dollar values, has gone up somewhat more than a third, but the actual dollar amounts have more than doubled. The "real" value of payments under aid to dependent children advanced somewhat more than a fifth; the dollar amount was a little less than doubled.

Recipients of public assistance in December 1958, then, were "better off" in purchasing power than those who received aid in earlier years, but how well off were they in relation to what they needed to live in health and well-being? Only by answering this question can a basis be obtained for judging how far the public assistance programs have come in meeting their objectives and how far they have yet to go. Comparisons with the past give cause for pride. Comparison of today's assistance payments with need, even roughly and partially estimated, indicates cause for concern about the effects of inadequate assistance payments on needy persons—particularly children—in many States.

"Need" for any individual is the income gap between the total cost of his living essentials and the resources he has to meet that cost. Assistance payments are intended to fill the gap for recipients. In fact, need is met in widely varying degrees among the States and the various regions of the country. A considerable number of States meet all—or practically all—need for aged recipi-

ents of public assistance, whether the amount of their need is estimated under the States' own standards or under the measure based on USDA food plans. About a fifth of the States also meet full need for aid to dependent children—under their own standards. Only one State can be considered to meet 100 percent of need for aid to dependent children under any of the measures based on USDA food costs.

Estimates related to daily living requirements of recipients late in 1958 indicate that the States, as a group, failed to meet need, as they themselves defined it, by substantial amounts—a total of about \$107 million (at an annual rate) for old-age assistance and about \$148 million for aid to dependent children—\$255 million for both programs combined. Estimates of additional unmet need due to inadequate State cost standards indicate that the total deficiency in assistance payments—at an annual rate—may be as high as \$115 million for the aged and \$670 million for aid to dependent children, making a total for the two programs of about \$785 million.<sup>2</sup>

The annual figures become more meaningful when they are converted to an average monthly amount per recipient. Unmet need averaged about \$3.70 a month per aged recipient under State standards and about \$4.00, at the highest, under estimates in which costs for basic living requirements were related to the USDA low-cost food plan. These amounts of unmet need appear small until they are compared with estimated costs of living essentials—food, for example. The estimated deficiency of \$3.70-\$4.00 represents half or more of the average cost under the USDA low-cost food plan of 1 week's food per aged person receiving assistance.

In the children's program, unmet need averaged about \$4.50 per recipient a month as need was measured by State assistance standards. Under the other measures used, the deficiency goes as high as \$21.30 per recipient monthly—the average cost

of more than 3 weeks' food per recipient under the USDA low-cost food plan.

When the figures for estimated increases in medical care expenditures are added to the amounts of unmet need for other requirements, the total of needed increases in assistance expenditures goes even higher. The estimated amount of needed increase for the Nation as a whole then ranges from a low of \$577 million annually to more than \$1 billion (table 1), or from about one-fifth to two-fifths of total combined assistance payments for old-age assistance and aid to dependent children annually (based on the rate of expenditure in December 1958).

## Unmet Need Under State Standards

### *How States Develop Standards*

The Social Security Act leaves to each State the responsibility for defining need for public assistance. As a consequence, States vary widely in the content and cost of living requirements that they use to determine who the needy are and the amount of assistance they will receive. Assistance standards also frequently vary within States among the different groups of the needy—the aged, families with dependent children, the blind, the disabled, and those aided by general assistance.

Objective assistance standards are established in two steps that require the specialized knowledge and training of a professional home economist. The first step is to define the kinds and amounts of goods and services that represent the essentials of living. It is determined, for example, how many pairs of shoes an individual will need to buy in a year, and how many times he will need to have them repaired. The second step is to price the articles and "weight" them, to get a monthly cost figure. If it is found that a growing child needs two pairs of shoes in a year, the cost for the year for his shoes would be twice the price per pair; the cost for one month is one-twelfth the yearly cost. This process is repeated for all living essentials, and the cost figures are added to get the total amount that is used to differentiate the "needy"

<sup>2</sup> For a description of sources and methods used in the estimates, see *Public Assistance, A Report of the Advisory Council on Public Assistance*, January 1960, attachment to Appendix B.

from the "unneedy." Those whose total income and resources are less than the total amount for requirements under the State's standard are "needy"; others are not.

For food, many States have for a long time used the low-cost food plans developed by the Department of Agriculture, although not always the most recent version in content and cost. For all other items, each State agency has to provide its own listing of kinds and amounts of goods and services, with their prices. Only a few States (five or six) appear committed to determining requirements objectively at current price levels, even though about one-third of the State welfare departments employ home economists who could do the job. Explanations vary among States and from time to time. One of the most common reasons offered is the futility of revising and pricing standards currently if, because of limited

State-local appropriations, need cannot be met in full even under outdated standards.

### How States Determine Need

Although the individual States have substantially different policies and procedures for determining need, most of them use the following general approach, commonly called a "means" test but more properly termed a "needs" test. The staff member taking the application for assistance computes the cost of the individual's or family's basic requirements according to the State standard, which specifies the quantity and cost of stated essentials. The standard may also include provision for some special items, such as a telephone for a disabled 70-year-old or, for a youngster with a paper route who needs a bicycle, an allowance from his earnings to buy it and keep it in repair.

The worker then compares the total amount required for basic essentials and for any special needs with the amount of income and other resources the individual has. The resources may include cash income, such as old-age, survivors, and disability insurance benefits; goods and services; and other assets that may meet one or more requirements. (An aged person, for example, may live with a self-supporting son or daughter, so that his shelter costs do not have to be provided for in his public assistance payment.)

The gap between the total amount required by the individual and the amount of his income and other resources is the amount of his need. In States meeting 100 percent of need under their assistance standards, the amount of the assistance paid to the individual is the same as the amount of his need. Of the 49 States for which estimates were made for this report,<sup>3</sup> only 13 provide assistance to meet full need for old-age assistance; only 12 States meet full need for aid to dependent children.

### States Meeting Less Than Full Need

Of the 49 States included in the estimates, 36 meet less than 100 percent of need in old-age assistance and 38 in aid to dependent children for some or all recipients. Most of these States set a maximum on the amount of assistance that any individual or family can receive in any one month; a few, by policy, pay only a reduced proportion of determined need; and others do both. Almost all those that both impose maximums and meet a reduced proportion of need are low-income States.

The States vary widely in the stringency of their policies for reducing assistance payments below the amount needed and in the effect of such policies on the extent to which need is met. For old-age assistance, it is estimated that one or two States meet as little as about two-thirds of the total amount of need among all

**Table 1.—Estimated annual increase needed<sup>1</sup> in payments in old-age assistance and aid to dependent children combined, under specified measure and by region**

[Annual rate, in thousands; based on data for recipients and assistance expenditures, end of 1958]

Measures used to estimate needed increase	United States	Region <sup>2</sup>			
		Northeast	North Central	South <sup>3</sup>	West
Total increase needed for basic living requirements and special needs, including medical care					
<i>Cost measure of recipients' requirements (other than medical care)</i>					
State cost standards, end of 1958.....	\$576,690	\$18,605	\$96,055	\$423,335	\$38,695
Twice cost of USDA standard low-cost food plan: <sup>4</sup>					
Average U. S. cost.....	1,108,335	78,920	186,500	777,435	65,480
Average cost in region.....	1,096,445	113,300	207,465	688,860	86,820
Increase needed for basic living requirements and special needs, excluding medical care					
<i>Cost measure of recipients' requirements (other than medical care)</i>					
State cost standards, end of 1958.....	\$254,505	\$3,335	\$51,565	\$192,540	\$7,065
Twice cost of USDA standard low-cost food plan: <sup>4</sup>					
Average U. S. cost.....	786,150	63,650	142,010	546,640	33,850
Average cost in region.....	774,260	98,030	162,975	458,065	55,190
Increase needed in medical care expenditures					
<i>Cost measure of medical care expenditures</i>					
Average monthly amount for medical care per recipient for all States, estimated at average for States with expenditures above national median:					
Old-age assistance and aid to dependent children (combined).....	\$322,185	\$15,270	\$44,490	\$230,795	\$31,630
Old-age assistance.....	268,270	10,230	34,890	194,535	28,615
Aid to dependent children.....	53,915	5,040	9,600	36,260	3,015

<sup>1</sup> Additional amount required to meet full need for costs of basic living requirements and special needs other than medical care and to provide, through assistance, medical care in all States similar in scope and cost to the care provided in the States with average medical care costs per recipient above the national median.

<sup>2</sup> As defined by the Bureau of the Census.

<sup>3</sup> Estimated increases under the special adaptation of the standard food plan for the South would be about \$31 million less annually than under the estimate based on costs of the standard food plan at average cost in the Southern region.

<sup>4</sup> For basic items only; special nonmedical needs as in State cost standards.

<sup>3</sup> Alaska, Hawaii, Puerto Rico, the Virgin Islands, and Guam are excluded because data on their per capita income and/or the amount of State-local revenues per \$1,000 of income payments are not available.

recipients. In eight States, however, reduction policies affect very few recipients, and old-age assistance payments meet 99 percent or more of need. For all but 10 States, assistance paid to the aged meets roughly 90 percent or more of need.

Deficiencies in payments under aid to dependent children (as reported by the States) are much more serious. One State, at the close of 1958, was paying as little as 28 percent of need determined under State standards; the percentage was not more than two-thirds in six other States. Only 11 of the 38 States meeting less than 100 percent of need paid as much as 90 percent.

For the Nation as a whole, assistance payments represented about 95 percent of need determined under State standards for the aged and only 86 percent for families with dependent children (table 2). Distinct regional differences—similar for the two programs—are revealed when data on the extent of need met under State cost standards are compiled for the four regions defined by the Bureau of the Census as the Northeast, the North Central, the South, and the

West. For both old-age assistance and aid to dependent children, the estimated proportion of need met under State cost standards was highest in the Northeast and the West and lowest in the South. In all regions but the Northeast, the percentage of need met for aid to dependent children was lower than for old-age assistance. The percentage of need, as determined under State standards, that assistance payments represented at the close of 1958 varied among the four regions as follows:

Region	OAA	ADC
United States.....	94.6	85.7
Northeast.....	99.4	99.3
North Central.....	96.5	86.5
South.....	88.6	68.2
West.....	99.4	97.8

### Estimates of Inadequacies in State Standards

#### Inadequacies in Standards

The full extent of inadequacies in assistance payments cannot be measured by comparing payments with

State standards of assistance. Standards themselves are inadequate in many States, both those that provide for meeting full need under their own standards and those that do not. Some States have not priced standards or revised their content recently enough to include all presently accepted and validated essentials of living, in adequate quantities of standard quality and at current prices.

Inadequacies in assistance payments also result from State policies for evaluating resources of recipients. Payments are inadequate, for example, if States presume that income is available when, in fact, it is not—from sons and daughters of aged persons, for example, or from fathers who have left their families.

No data are available for estimating the effects that State policies and practices in evaluating resources have on the amount of need met by assistance payments. Amounts of recipients' resources, in cash or in kind, that were used in the estimates were based on amounts as evaluated by the States and used by them in determining the amount of recipients'

Table 2.—Need met by assistance payments in old-age assistance and in aid to dependent children for basic requirements and special needs other than medical care under State cost standards, by region, end of 1958

Item	Old-age assistance <sup>1</sup>					Aid to dependent children <sup>2</sup>				
	United States	Region <sup>3</sup>				United States	Region <sup>3</sup>			
		Northeast	North Central	South	West		Northeast	North Central	South	West
Total amount (in thousands) for 1 month for all recipients as determined under State cost standards, end of 1958: <sup>4</sup>										
1. Recipients' requirements <sup>5</sup> .....	\$215,525	\$32,032	\$52,746	\$81,383	\$49,364	\$103,575	\$23,753	\$25,794	\$34,954	\$19,074
2. Recipients' income (other than assistance).....	50,174	6,529	12,836	18,989	11,820	17,697	3,661	4,483	6,896	2,657
3. Need (item 1 minus item 2).....	165,351	25,503	39,910	62,394	37,544	85,878	20,092	21,311	28,058	16,417
4. Assistance payments <sup>6</sup> .....	156,458	25,362	38,496	55,285	37,315	73,562	19,955	18,428	19,122	16,057
5. Unmet need (item 3 minus item 4).....	8,893	141	1,414	7,109	229	12,316	137	2,883	8,936	360
Average monthly amount, as determined under State cost standards, end of 1958:										
1. Recipients' requirements <sup>5</sup> .....	\$89.49	\$111.80	\$91.71	\$73.87	\$110.93	\$39.44	\$42.25	\$43.59	\$32.96	\$46.34
2. Recipients' income (other than assistance).....	20.83	22.79	22.32	17.24	26.56	6.74	6.51	7.58	6.50	6.45
3. Need (item 1 minus item 2).....	68.66	89.01	69.39	56.63	84.37	32.70	35.74	36.01	26.46	39.89
4. Assistance payments <sup>6</sup> .....	64.96	88.52	66.94	50.18	83.86	28.01	35.50	31.14	18.03	39.01
5. Unmet need (item 3 minus item 4).....	3.70	.49	2.45	6.45	.51	4.69	.24	4.87	8.43	.88
Percent of need met by assistance payments under State cost standards.....	94.6	99.4	96.5	88.6	99.4	85.7	99.3	86.5	68.2	97.8
Annual increase in assistance payments necessary to meet need under State cost standards:										
Total annual amount in (thousands).....	\$106,720	\$1,690	\$16,970	\$85,310	\$2,750	\$147,790	\$1,645	\$34,595	\$107,230	\$4,320
As percent of expenditures (annual rate) at end of 1958.....	5.7	0.6	3.7	12.9	0.6	16.7	0.7	15.6	46.8	2.2

<sup>1</sup> Data estimated by author on basis of selected data reported by the States.

<sup>2</sup> Basic data reported by the individual States, as indicated in table 4.

<sup>3</sup> As defined by the Bureau of the Census.

<sup>4</sup> Basic data used in estimates.

<sup>5</sup> For old-age assistance, amount of requirements estimated includes (1) cost of basic requirements and special needs other than medical care under State cost standards and (2) amounts for medical care as paid—that is, amounts included in money payments to recipients and paid to suppliers of goods and services.

For aid to dependent children, amount of requirements reported by the States; includes only costs of requirements to which money payments to recipients were related; these requirements include basic items and special needs (including medical care) but exclude amounts paid directly to suppliers of medical care because they were excluded from the data reported by the States.

<sup>6</sup> For old-age assistance, includes amounts in money payments to recipients and amounts paid directly to suppliers of goods and services. For aid to dependent children, includes only money payments to recipients (see footnote 5).

need and their assistance payments.

Evidence of inadequacies in the amounts included for basic living essentials in State cost standards for requirements, however, is provided in the reports on assistance standards submitted by the States to the Bureau of Public Assistance. State agencies reported information on cost standards for July 1958 for three "types" of old-age assistance recipients and three "types" of families receiving aid to dependent children.<sup>4</sup> The cost figures for food under the State standards for these typical cases—both for old-age assistance and aid to dependent children—were smaller in almost all States than the amounts for food suggested for individuals and families of similar composition under the USDA low-cost food plans priced as of August 1958.

Since the State cost standards for food demonstrably—and with few exceptions—fall substantially below amounts in the generally accepted USDA plans, cost figures for other items in State standards probably would also prove inadequate, if an objective, national standard were available to measure them against. It is this assumption that prompted the second set of these estimates of unmet need among recipients of public assistance, in which the total cost for basic requirements is estimated at twice the amounts in the USDA low-cost food plans.

### USDA Food Plans and Cost Estimates for Basic Requirements

*Nature of the USDA food plans.*—For more than 25 years, the Institute of Home Economics in the Department of Agriculture has regularly made national estimates of average weekly costs of quantities of food suggested for persons of specified age and sex. These cost estimates are for food plans designed to provide a diet both nutritionally adequate and acceptable in terms of American family food practices when meals are pre-

pared at home from the family food supply. They are based on the Recommended Dietary Allowances of the National Research Council—generally recognized as desirable nutritional goals for the United States. To reflect differences in food practices of families with different amounts of income, three plans are provided—at liberal, moderate, and low cost—based on food practices, respectively, of families whose incomes are among the upper third, middle, and lowest third of all families. During the 25 years of their availability, these food plans have been generally accepted as guides for estimating food needs for population groups, at various cost levels. The low-cost plan, as already pointed out, has been

adapted by many welfare agencies to estimate needs of dependent families.<sup>5</sup>

Since the fall of 1959, the Department of Agriculture has also been making available separate cost estimates for the three food plans for each of the four Census regions. In addition, the estimates now include

<sup>5</sup> For further detail on these plans, see the *Family Economics Review* (Department of Agriculture), October 1957, pages 1-15, and September 1959, pages 12-14 and 17. The food-cost data used in the estimates of unmet need were for July 1959; there were no significant differences in food costs, however, according to the Department of Agriculture, from January 1959—the month closest to the period for which data on public assistance programs were used in the estimates—to July 1959.

Table 3.—Need met by assistance payments in old-age assistance and aid to dependent children for basic requirements and special needs other than medical care, by USDA food plan used in measuring total cost and by region, end of 1958<sup>1</sup>

Low-cost USDA food plan from which estimate is derived	Old-age assistance <sup>2</sup>					Aid to dependent children <sup>2</sup>				
	United States	Region <sup>2</sup>				United States	Region <sup>2</sup>			
		North-east	North-Central	South	West		North-east	North-Central	South	West
Percent of need for assistance, under specified measure, met by assistance payments										
USDA standard food plan:										
Average U.S. cost.....	94.2	99.4	96.4	87.7	99.4	56.8	79.5	64.0	33.6	86.1
Average cost in region....	94.4	99.3	96.1	88.4	99.4	57.1	71.4	60.5	38.2	78.6
Adaptation of standard plan for South.....	<sup>3</sup> 94.5			88.6		<sup>3</sup> 58.2			40.2	
Average monthly amount of unmet need per recipient										
USDA standard food plan:										
Average U.S. cost.....	\$3.98	\$0.51	\$2.52	\$7.05	\$0.51	\$21.30	\$9.17	\$17.55	\$35.64	\$6.30
Average cost in region....	3.84	.63	2.72	6.60	.51	21.05	14.21	20.31	29.14	10.62
Adaptation of standard plan for South.....	<sup>3</sup> 3.78			6.47		<sup>3</sup> 20.14			26.88	
Total amount of unmet need for all recipients combined (annual rate, in thousands)										
USDA standard food plan:										
Average U.S. cost.....	\$115,050	\$1,765	\$17,375	\$93,160	\$2,750	\$671,095	\$61,880	\$124,635	\$453,480	\$31,100
Average cost in region....	110,940	2,145	18,745	87,300	2,750	663,320	95,880	144,230	370,770	52,440
Adaptation of standard plan for South.....	<sup>3</sup> 109,120			85,480		<sup>3</sup> 634,560			342,010	
Percentage increase in assistance expenditures necessary to meet need										
USDA standard food plan:										
Average U.S. cost.....	6.1	0.6	3.8	14.0	0.6	76.0	25.8	56.4	197.6	16.1
Average cost in region....	5.9	.7	4.1	13.1	.6	75.1	40.0	65.2	161.6	27.2
Adaptation of standard plan for South.....	<sup>3</sup> 5.8			12.9		<sup>3</sup> 71.9			149.0	

<sup>4</sup> See *Monthly Cost Standards for Basic Needs Used by States for Assistance Budgets, Specified Types of Old-Age Assistance and Aid to Dependent Children Cases, July 1958* (Bureau of Public Assistance), August 1959, 7 pages and tables.

<sup>1</sup> Amount of needed increase shown is total of amounts under State cost standards (as shown in table 2) plus amounts by which State cost standards for basic items were inadequate (under the measure in which the total cost for basic items was estimated at twice the food costs in the specified low-cost

USDA food plan).

<sup>2</sup> See table 2 for relevant footnotes.

<sup>3</sup> Includes data for the South derived from the adaptation of the USDA standard low-cost food plan and data for other regions derived from the regional cost of the standard food plan.

a special adaptation of the low-cost plan for the Southern region. The costs of the food plans vary among regions not because of regional differences in costs but because of regional differences in family selection among the individual food items that add up to the total quantity suggested for each of 11 broad food groups.

The estimates of total basic requirements included in this article take cognizance of all the variations in the low-cost food plan that have been published by the Department of Agriculture: (1) the standard low-cost plan (the average for the Nation and regional averages) and (2) the adaptation of the low-cost plan for the Southern region. For each variation, the total amount for all basic requirements is estimated at twice the amount for food included in the specified low-cost USDA plan.

*Tendency of estimates to understate need.*—Any estimates of basic requirements for the low-income groups aided by public assistance are likely to understate the amount required if they are related to low-cost food plans—no matter how those plans are priced or what foods they include. Use of the low-cost food plans as guides to needs for assistance recipients implies that the recipients will be better buyers, better planners, more ingenious cooks, and more knowledgeable about nutrition requirements than most other persons. Food plans for the physically disabled—for instance, the blind—usually include an allowance for wastage that results from their handicap. Many low-income families are handicapped by unusual lack of education and knowledge. The USDA low-cost food plans, however, allow for less wastage than the moderate and liberal plans, considered applicable to higher-income groups, who—by the very fact of their higher income—are less handicapped in budgeting their incomes than the needy aided by public assistance.

In addition, the costs of the USDA food plans were deliberately assumed to be 50 percent of the total for all basic requirements to ensure that the estimates would not overstate amounts of unmet need. (Through-

out the estimates, effort was made to give the benefit of the doubt to current State standards and assistance payments in gauging whether or not they are adequate.)

In most States, food costs included in the standards—especially for the aged—represent less than 50 percent of the amount for total basic requirements. For the typical cases for which State standards were reported for July 1958, the amount for food for an aged person living alone represented less than that proportion in all but one State. In half the States the proportion was more than 32 percent, and in half it was less. The relatively small percentages allowed for food account for the fact that total cost standards for old-age assistance, in most States, appear to be “adequate” under the measure based on USDA food costs, even though the costs for food are inadequate under the USDA low-cost plan. In other words, most State cost standards provide smaller amounts for food than those suggested under the USDA low-cost food plans; for other basic items, State standards provide larger amounts than is assured under the measure in which the total amount for all basic items is estimated at twice the amounts for food in the USDA low-cost plans.

For aid to dependent children, the proportions of total costs for food in State standards were higher than those for old-age assistance. In 12 States, food costs for a mother and three children represented as much as 50-59 percent of the total amount for basic living requirements; in three States, they were more than 60 percent. The median proportion for all States combined, however, was less than 50 percent, and in half the States, it was less than 45 percent of the total.

Another reason that the estimates for aid to dependent children are conservative is that the underlying data on requirements reported by the States for this program included more than basic requirements. All data used in these estimates on the amounts, as determined under State standards, of requirements, income other than assistance, need, assistance payments, and unmet need were reported by the States in a special

study for a specified month in the last quarter of 1958.<sup>6</sup> The figure reported for requirements was the total amount to which money payments to families were related. It covered not only basic needs, but also special needs and whatever amounts for medical care were included in money payments to the families. This total for all needs was the one compared with the estimated costs of basic requirements alone, based on USDA food costs. Tremendous as it is, therefore, the amount of estimated unmet need for basic requirements for aid to dependent children, based on USDA food costs, still understates the amount of deficiency in State standards. It shows instead the amount by which assistance paid directly to families for all needs falls below the estimate of what is needed for basic requirements alone. Most States undoubtedly include some amounts for special needs among requirements for families receiving aid to dependent children. All but about a dozen States indicate that they also include allowances for medical care in computing the amount of the money payment.

For old-age assistance, it was possible to estimate separately the amount for basic requirements from the data on amounts for typical cases reported for July 1958. For that program, therefore, the estimate of unmet need under the measure related to USDA food costs is for basic requirements only.

*Purpose and value of estimates.*—The estimates of total requirements based on USDA food plans have a limited and specific purpose. They are not intended as goals for the public assistance programs, nor should they be interpreted, in any sense, as specifying an acceptable standard for requirements. They are used only to indicate conservatively the magnitude of need for public assistance at a specified time—under rough measures that are used only because appropriately developed standards are not available. For this purpose, they are believed to be reasonably

<sup>6</sup> State data are shown in table 4 for aid to dependent children; similar data are not available for old-age assistance.

reliable. The measures of total requirements used for the estimates are not even a pale substitute for objective standards developed as described earlier. If they were to be used or interpreted as standards, either nationally or in individual States, great harm possibly could be done to the needy persons affected.

*Results of estimates.*—For the United States as a whole, estimates of the percentage of need met do not vary significantly—for either old-age assistance or aid to dependent children—no matter which USDA food plan is used to estimate the cost of total basic requirements. All three estimates indicate that, for all States combined, payments to aged recipients meet about 94 percent of need for assistance, and payments under aid to dependent children meet about 57-58 percent.

Regionally, estimates of the need met in old-age assistance also are similar under the different cost figures for food. Assistance payments are estimated to meet more than 99 percent of need in the Northeast and West, about 96 percent in the North Central States, and about 88 percent in the South.

For aid to dependent children, however, there are substantial differences among the individual regions. The figures reveal that the best done for aid to dependent children in any region is not as good as the least done in any region for the aged. The highest proportion of need met for aid to dependent children under any of the estimates is 86 percent (in the West); the lowest proportion for old-age assistance is 88 percent (in the South). The estimated percentages of need met through aid to dependent children are shown, by region, in the following tabulation.

USDA low-cost food plan	Region			
	North-east	North-Central	South	West
Standard low-cost plan:				
Average U.S. cost.....	79.5	64.0	33.6	86.1
Average cost in region.....	71.4	60.5	38.2	78.6
Adaptation of standard food plan for South.....			40.2	

## Estimated Increases Needed in Medical Care Expenditures

*Bases and rationale.*—For reasons explained earlier, estimates included for medical care are related not to need for such care but to present costs under the State public assistance programs. They show how much public assistance expenditures for medical care would increase if all

States provided such care in the scope and at the median monthly cost per recipient reported by States with assistance costs for medical care above the national median in December 1958. To keep the estimates conservative, the median amount of present costs computed for the Nation was for all 49 States, including those that do not provide for medical care through public assistance. For old-

**Table 4.—Aid to dependent children: Monthly amounts of requirements, income other than assistance, need, assistance payments, and unmet need under current State standards and percent of need met by money payments to recipients, by State, end of 1958<sup>1</sup>**

Region and State	Monthly amount of—						Percent of need met by assistance payments	
	Requirements		Income other than assistance	Need	Assistance payments	Unmet need		
	Total	Average per recipient				Total		Average per recipient
<b>Total<sup>2</sup>.....</b>	<b>\$103,574,546</b>	<b>\$39.44</b>	<b>\$17,696,572</b>	<b>\$85,877,974</b>	<b>\$73,562,041</b>	<b>\$12,315,933</b>	<b>\$4.69</b>	<b>85.7</b>
<b>Northeast<sup>2</sup>.....</b>	<b>23,752,448</b>	<b>42.25</b>	<b>3,660,653</b>	<b>20,091,795</b>	<b>19,955,266</b>	<b>136,529</b>	<b>.24</b>	<b>99.3</b>
Conn.....	1,025,160	47.62	145,150	880,010	880,000	10	-----	100.0
Me.....	821,026	44.37	202,276	618,750	<sup>3</sup> 484,974	133,776	7.23	78.4
Mass. <sup>4</sup> .....	2,419,829	51.57	475,634	1,944,195	<sup>3</sup> 1,944,195	0	0	100.0
N. H. <sup>4</sup> .....	175,865	44.86	29,967	145,898	<sup>3</sup> 145,898	0	0	100.0
N. J.....	1,549,538	48.43	194,109	1,355,429	<sup>3</sup> 1,352,686	2,743	.09	99.8
N. Y.....	11,411,102	44.54	1,713,733	9,697,369	9,697,369	0	0	100.0
Pa.....	5,758,876	34.46	815,800	4,943,076	4,943,076	0	0	100.0
R. I.....	691,052	37.02	83,984	507,068	507,068	0	0	100.0
<b>North Central.....</b>	<b>25,793,521</b>	<b>43.59</b>	<b>4,483,429</b>	<b>21,310,092</b>	<b>18,427,059</b>	<b>2,883,033</b>	<b>4.87</b>	<b>86.5</b>
Ill.....	5,211,935	38.51	543,595	4,668,340	4,668,340	0	0	100.0
Ind.....	1,693,246	42.45	396,680	1,297,566	<sup>3</sup> 1,019,612	277,954	6.97	78.6
Iowa.....	1,447,051	47.34	255,661	1,191,390	<sup>3</sup> 1,065,508	125,882	4.12	98.4
Kans.....	857,208	41.35	172,546	684,662	674,029	10,633	.51	98.4
Mich.....	4,524,885	49.53	783,126	3,741,759	<sup>3</sup> 3,293,399	448,360	4.91	88.0
Minn.....	1,443,759	46.77	279,613	1,164,146	<sup>3</sup> 1,161,166	2,980	.10	99.7
Mo.....	4,386,266	47.05	965,889	3,420,317	<sup>3</sup> 2,089,679	1,330,638	14.27	61.1
Nebr.....	452,131	42.33	91,932	360,199	<sup>3</sup> 289,704	70,495	6.60	80.4
N. Dak.....	263,618	42.57	45,550	218,068	217,532	536	.09	99.8
Ohio.....	3,568,495	39.25	613,061	2,955,434	<sup>3</sup> 2,389,075	566,359	6.23	80.8
S. Dak.....	439,130	41.42	91,258	347,872	<sup>3</sup> 298,676	49,196	4.64	85.9
Wis.....	1,605,857	48.08	245,518	1,260,339	1,260,339	0	0	100.0
<b>South.....</b>	<b>34,954,124</b>	<b>32.96</b>	<b>6,895,858</b>	<b>28,058,266</b>	<b>19,122,391</b>	<b>8,935,875</b>	<b>8.43</b>	<b>68.2</b>
Ala.....	2,087,209	29.65	502,683	2,184,526	619,090	1,565,436	17.27	28.3
Ark.....	789,320	27.18	148,330	640,990	418,480	222,510	7.66	65.3
Del.....	245,491	41.92	51,981	193,510	140,193	53,317	9.10	72.4
D. C.....	574,805	36.79	65,976	508,829	508,829	0	0	100.0
Fla.....	3,975,680	41.15	1,235,200	2,740,480	<sup>3</sup> 1,574,862	1,165,618	12.06	57.5
Ga.....	2,083,569	34.35	253,796	1,829,773	1,405,801	423,972	6.99	76.8
Ky.....	2,620,790	34.77	399,163	2,221,627	1,595,505	727,223	9.65	67.3
La.....	3,020,906	30.47	582,429	2,438,477	2,133,229	305,248	3.08	87.5
Md.....	990,305	30.20	213,071	777,234	772,138	5,096	.16	99.3
Miss.....	2,280,193	34.92	446,300	1,833,893	692,260	1,141,633	17.49	37.8
N. C.....	3,243,194	33.46	858,538	2,384,656	1,756,195	628,461	6.48	73.2
Okl.....	1,706,326	29.39	222,472	1,483,854	<sup>3</sup> 1,447,131	6,723	1.12	99.6
S. C.....	1,127,753	29.49	239,060	888,693	527,440	361,053	9.45	59.4
Tenn.....	2,543,319	33.22	384,022	2,159,297	1,407,895	751,402	9.81	65.2
Tex.....	3,371,954	31.96	789,852	2,582,102	<sup>3</sup> 1,738,114	843,988	8.00	67.3
Va.....	1,138,387	30.51	279,926	858,461	<sup>3</sup> 689,164	169,297	4.54	80.4
W. Va.....	2,654,923	33.26	223,059	2,331,864	<sup>3</sup> 1,767,166	564,698	7.35	75.9
<b>West.....</b>	<b>19,074,453</b>	<b>46.34</b>	<b>2,656,632</b>	<b>16,417,821</b>	<b>16,057,325</b>	<b>360,496</b>	<b>.88</b>	<b>97.8</b>
Ariz.....	920,919	34.24	110,988	709,931	630,567	79,364	3.31	88.8
Calif.....	12,130,937	50.25	1,719,114	10,411,823	<sup>3</sup> 10,297,945	113,878	.47	98.9
Colo.....	909,309	34.17	96,165	813,144	<sup>3</sup> 813,144	0	0	100.0
Idaho.....	316,689	45.77	45,225	271,464	271,464	0	0	100.0
Mont.....	289,411	39.20	44,453	244,958	244,958	322	.04	99.9
Nev.....	137,180	43.26	25,874	111,306	<sup>3</sup> 85,301	26,005	8.20	76.6
N. Mex.....	890,669	33.32	99,646	791,023	767,316	23,707	.89	97.0
Oreg.....	868,490	45.05	110,354	758,136	758,136	0	0	100.0
Utah.....	562,190	47.16	83,606	478,584	395,108	83,476	7.00	82.6
Wash.....	2,038,968	48.86	302,642	1,736,346	1,706,388	29,958	.72	98.3
Wyo.....	109,671	43.71	18,565	91,106	87,320	3,786	1.51	95.8

<sup>1</sup> Except for averages and percent of need met, data reported by the individual States.  
<sup>2</sup> Excludes Vermont; data not reported.  
<sup>3</sup> Includes supplementary general assistance.

<sup>4</sup> Excess of assistance payments over amount of need was reported by State; data for requirements and for need were adjusted so that amount of assistance payments equals amount of need.

age assistance, estimates were based on the amounts of medical care provided both in the money payment (estimated) and through payments to suppliers. For aid to dependent children, the estimates were related only to expenditures for payments to suppliers. Separate data on medical care provided through the money payment in this program were not available on any basis that would permit estimates related to data on requirements reported by the States for late 1958. The resulting average total monthly amounts estimated as needed for more nearly adequate medical care were \$20.00 per old-age assistance recipient and \$3.25 per recipient of aid to dependent children.

The rationale for the estimate of medical care costs is as follows. Many of the States now providing for a broader scope of medical care under public assistance programs are high- or middle-income States. This fact might lead to the conclusion that the estimates overstate any reasonable expectation of expenditures in other States—many of them low-income States, where medical care costs per unit of service may be lower than in other parts of the country. If all States assumed similar responsibility under a commonly applied standard of requirements, however, costs of medical care in the States currently assuming greater responsibility might be less than in other States in total—and perhaps even on the average. The States now assuming the broader responsibility have the following advantages:

(1) Since they are, generally, among the higher-income States, smaller proportions of their population can be assumed to be suffering from the effects that extreme poverty has on health.

(2) For the most part, they do a better job of meeting need for basic living requirements than the other States do. Fewer of their assistance recipients would, therefore, suffer from illness caused by poor housing and inadequate clothing and from malnutrition.

(3) Many have assumed responsibility for medical care costs of the needy for some time, so that possibly

fewer of these recipients will be in the acute, emergency stages of illness, which come with neglect and result in costly care.

(4) Since a goodly number have a highly industrialized economy, they also include a larger number of sizable metropolitan areas than the other States. It is primarily in larger metropolitan areas that public and private resources other than public assistance are available for meeting medical needs so that the costs of medical care for the needy fall somewhat less heavily on the assistance programs.

It is believed that the estimates of medical care expenditures are not unreasonable as an indication of what might be spent for somewhat better care across the Nation. They should not be interpreted, however, as indicating in any sense the extent of need for medical care or as endorsing as "adequate" the scope of responsibility for medical care assumed in those States whose programs provided the basis for the estimates.

*Results of estimates.*—The estimated increases in expenditures for medical care provided under public assistance programs came to about \$322 million, at an annual rate (table 1). Most of the increase (more than two-thirds) would occur in the Southern region, as it does for other needs. Unlike estimates for other needs, however, most of the increase in medical care expenditures was for old-age assistance (about \$268 million) rather than aid to dependent children (\$54 million).

### **Public Assistance Payments and State Fiscal Effort**

The regional figures on estimated amounts of needed increases in assistance expenditures can be better evaluated if they are analyzed against data on fiscal effort made for all public services by States in the various regions. (Such fiscal effort is measured by the amount of general revenues from State-local sources per \$1,000 of income payments in the State.) Current fiscal effort in any State not only indicates what the State already does in drawing

public revenues from available income in the State but also provides a basis for inference about the feasibility of increasing the effort to increase public assistance expenditures.

The States in each region are fairly homogeneous; that is, generally they are more like each other in the social and economic patterns revealed by Census data at the time of their definition than they are like States in other regions. In each region, however, there are States with substantially different average amounts of per capita income; some are among the 12 highest in per capita income, and some are among the 25 middle-income States. All 12 of the lowest-income States are located in the North Central and Southern regions.

The fiscal effort exerted for all public services by an individual State within a region and also the degree to which the State meets public assistance needs appear to be influenced by two factors: the general social and cultural patterns of the region in which the State is located and its own individual fiscal resources. Thus, three States with average per capita income considerably higher than the national average are in the South. Their cost standards or the percentages of need that they meet are somewhat higher than is common for other States in the region. They are lower, however, than those of high-income States in other regions, where the standards tend to be relatively high. In addition, the fiscal effort for all public services made by the high-income States in the Southern region is lower than in other high-income States. In the same way, the two States in the lowest-income group that are located in the North Central States have higher assistance cost standards and also make more overall fiscal effort than the low-income States located in the South. Data on fiscal effort for all public services in each region, with States grouped according to their per capita income, are shown in table 5.

Because of the relatively low fiscal effort for all public services now exerted among States with highest per capita income (except in the West), the inference probably could be drawn that, if public attitudes permitted, these States could in-

crease public assistance expenditures to meet 100 percent of basic needs in both old-age assistance and aid to dependent children—even under improved standards for aid to dependent children. A similar inference could be drawn that some middle-income States—particularly those in regions outside the West—could increase public assistance expenditures as necessary, since obviously all these States do not now make equal fiscal effort for public services. Finally, even some of the lowest-income States could perhaps increase expenditures somewhat—witness the relatively high fiscal effort of the two lowest-income States in the North Central region. A more complete fiscal analysis for each of the States than that done for this study would be necessary to evaluate the validity of the inferences.

Even the partial and conservative estimates presented here indicate the existence of serious problems in financing adequate assistance payments—especially for the 10 low-income States in the South. According to the lowest estimates based on USDA food costs, almost \$660 million or about 60 percent of the total estimated deficiencies in assistance payments for the Nation as a whole is in these States.

As a group, the lowest-income States have tax rates among the highest in the Nation. To provide adequate assistance, these States would find it necessary either to raise already high tax rates or to divert money to public assistance from other sources. The second alternative means that a difficult choice must be made among all public services, few of which (if any) can be operated at adequate levels in these States.

In addition, as assistance standards were raised, more persons with low incomes would become eligible to receive assistance. To give a highly simplified example—under an assumption that a State's standard of requirements for an aged individ-

**Table 5.—State fiscal effort<sup>1</sup> for all public services, by region and income group<sup>2</sup>**

Region	All States in region	States belonging in—		
		Highest-income group	Middle-income group	Lowest-income group
United States....	\$106.50	\$92.58	\$108.70	\$115.10
Northeast.....	96.68	92.26	100.22	145.14
North Central.....	106.34	89.64	102.41	109.09
South.....	102.98	77.48	106.84	121.33
West.....	120.23	115.28	121.33	.....

<sup>1</sup> Amount shown is unweighted average for the specified group.

<sup>2</sup> The 49 States are classified by per capita income as follows: Highest income, 12 States; middle income, 25 States; lowest income, 12 States

ual adds up to \$65 a month, all aged persons in the State with income of \$65 or more will be ineligible for assistance on the basis of their income alone. If the standard is raised to \$75, another group becomes potentially eligible—those with income of \$65-\$74. In the lowest-income States, where many persons have very limited incomes, a sizable addition to recipient loads can occur with only a small rise in standards.

Already the lowest-income States aid relatively large proportions of their populations. In December 1958, aged recipients of assistance accounted for 125-577 out of every 1,000 aged persons in the population among the 12 lowest-income States; in four of these States more than a third of the aged population received aid. Children helped under aid to dependent children in these 12 States represented 19-81 per 1,000 of the child population, compared with an average for the Nation of 34. If assistance standards in these States were more nearly adequate and assistance was provided to meet full need for all persons with incomes inadequate under the standard, it is likely that major proportions of the total State populations would be on the assistance rolls. Even if providing income maintenance on a continuing basis for major proportions

of a State's total population through public assistance were financially feasible, it would be a doubtful public policy, in view of the probable social and economic consequences to the recipients and to the State's whole economy.

The data on unmet need for public assistance therefore indicate that there is a problem of low income in some sections of the Nation that goes beyond the power or the proper function of public assistance to correct. Other measures that would bolster and strengthen the general economy of the lowest-income States appear to be necessary if the job to be done by public assistance is to be reduced to manageable proportions appropriate for an assistance program, based on a needs test, to handle.

### Conclusion

The progress made toward more nearly adequate assistance payments since 1936 is considerable. Few persons familiar with public assistance programs would contest the statement that much of the progress has been due to the availability of Federal funds. The States and localities, too, have greatly increased their contribution to meeting the needs of the most disadvantaged. The estimates presented—however partial, however rough—are sufficient to indicate that the amount of need still not met is staggering. Some of this need undoubtedly could be met if public support of the assistance programs were increased. A large part of the need, however, indicates basic weaknesses in the economy that should be strengthened to raise general income levels in certain areas.

However knotty the problems in achieving for all the people income that is adequate for health and well-being through public assistance or by some other means, the fact remains that, until this objective is attained, great social and human waste will occur—waste that affects not only those without enough income but the whole Nation.