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About the Data

Results in this report are based on data from the Multi-City Survey of Social Service Providers (MSSSP), which collected information from about 1,500 public and nonprofit agencies in three cities: Chicago, Los Angeles, and Washington, D.C. The MSSSP casts insight into the relationship between place, poverty, and safety net assistance, thus improving our understanding of the challenges that confront service providers today. For more information about the MSSSP, please visit www.scottwallard.com.

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Because social services often cannot be delivered to clients' homes, the location of social service programs matters.

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Social service agencies report frequent cuts to program funding, forcing many to reduce services and assistance for the poor.

Out of Reach: Place, Poverty, and the Realities of Today's Safety Net

November 2008

Summary. The realities of today's safety net differ dramatically from popular impressions. Instead of a system reliant on cash assistance, our safety net delivers much of its assistance through social service programs addressing basic material needs, providing employment services, and improving health and well-being. Drawing on unique survey data from the Multi-City Survey of Social Service Providers (MSSSP), this report focuses upon the challenges of making such programs accessible to working poor families and of funding to public and nonprofit social service agencies. I find evidence that service programs are less accessible in high-poverty areas than low-poverty areas. Also, I find that funding to service providers is quite volatile, which leads provision to be assistance inconsistent.

Transformation of the safety net

In the U.S., we commonly refer to the "safety net" as the system of security that ensures no one falls below a minimum standard of living. This safety net most often is associated with welfare cash assistance programs, but in reality is a bundle of public and private programs that provide a range of employment, basic needs, and human services to the more than 50 million working poor Americans. Our safety net is funded largely through government programs

and agencies, but also receives substantial private support. Community-based secular and faith-based nonprofits, as well as private donors and philanthropies, support a number of programs for working poor populations

Although it has received relatively little attention or discussion, the antipoverty safety net is dramatically different today than even 10 to 15 years ago. Cash assistance, government programs that provide regular income support to low-income households (e.g., welfare, food stamps, Earned Income Tax Credit) are no longer



For every \$1 we spend on welfare cash assistance today, we spend at least \$15 on social service programs for the working poor.

Most social service programs cannot be delivered directly to clients in their homes.

Figure 1. Composition of Local Service Safety Nets in Chicago, Los Angeles, Washington, D.C.

Type of Social Service Agency	% of all Agencies
Government Agency	28.8
Nonprofit Agency	67.0
Secular Nonprofit	44.8
Religious Nonprofit	22.2
For-profit Agency	4.3

Source: Multi-City Survey of Social Service Providers (MSSSP).

the primary avenue through which we help the poor. Instead, social service programs – job training, adult education, child care, mental health, and substance abuse – compose a much larger share of total safety net expenditures.

While cash assistance programs to able-bodied adults total about \$80 billion each year, we spend somewhere between \$150 and \$200 billion on social service programs for those near and below the poverty line. Expenditures for welfare cash assistance – one of the most salient and controversial cash assistance programs – reach only about \$11 to 12 billion a year. For every \$1 we spend on welfare cash assistance today, therefore, we spend at least \$15 on social service programs for the working poor.¹

Despite the centrality of public funding, most social service programs are delivered by nonprofit organizations. Public agencies often contract with private nonprofits to deliver a

variety of services and assistance to low-income populations.² In effect, we have shifted to a privatized service-based safety net dependent upon the local nonprofit social service sector.

The geography of the safety net

One of the most important consequences of maintaining a safety net reliant on social service programs relates to the accessibility of social service programs and agencies. Unlike cash assistance, it is not possible to mail or electronically transfer service programs to poor persons. Nor is it always possible to deliver services in the homes of clients. Instead, persons in need must visit an agency to participate in a social service program. As a result, the assistance available to poor persons is largely determined by which programs and agencies are located nearby.

Highlighting the importance of living nearby service organizations, government and nonprofit service



Why place matters when delivering person-based aid.

organizations interviewed by the Multi-City Survey of Social Service Providers (MSSSP) indicate that most clients come from within three miles of a given agency's location. In addition, standard referral practice is to identify programs and service organizations nearby a client's home, rather than in a more distant part of the city or town.

Yet, many social service agencies are not located near or within areas of concentrated poverty. Less than half of nonprofit and government agencies interviewed by the MSSSP report being located in a high-poverty neighborhood (poverty rate exceeds 20 percent). There are many reasons why service providers may not be located in or near high-poverty areas. Perhaps first and foremost, high-poverty communities often lack of quality, affordable office space. Location also may be determined by many other factors: organizations' needs to be close to a trained workforce, program partners, fee-paying clients, donors, and volunteers. Moreover, agencies may choose their location in order to distance clients from their home neighborhoods, which can preserve anonymity and protect from the stigma associated with seeking help.

Whatever the reason, lack of access to service programs should lead to lower low program take-up, failure to follow through on referrals, and higher rates of program attrition. Greater distances from providers makes for more difficult commutes and less information about programs or assistance available. Simply put, inadequate access to service providers is tantamount to being denied assistance in the current safety net.

To assess how well matched social service programs are to poor populations, I use MSSSP data to calculate measures of social service accessibility in each of the three study cities. I calculate service accessibility scores to reflect a residential census tract's relative access to a particular type of service (basic needs, mental health or substance abuse, or employment-related). These scores weight for the number of clients served by agencies within three miles of a given tract and by the number of poor persons within three miles to control for potential demand. Service accessibility scores indicate whether a particular type of service provider is located closer to concentrations of poor

Key factors shaping location decisions of service agencies:

- Lack of suitable and affordable office space
- Commitment to serving particular neighborhood
- Presence of public programs and private philanthropy
- Access to pools of eligible and/or fee-paying clients
- Proximity to program partners, donors, and volunteers
- Nearby trained workforce
- Maintain client anonymity
- Close to public transportation stops

Simply put, inadequate access to service providers is tantamount to being denied assistance in the current safety net.

When controlling for supply of assistance and potential need, high-poverty neighborhoods have access to about 70% fewer service opportunities than low-poverty neighborhoods.

How we fund social service programs shapes the accessibility and availability of assistance.

populations within a given community. More detail on these scores can be found in the technical note at the end of the report.

When comparing accessibility scores across Census tracts with lower versus higher poverty rates, I find that low-poverty tracts (poverty rate less than 10%) tend to have far greater access to a variety of social services than high-poverty neighborhoods (poverty rate exceeds 20%). For example, low-poverty tracts across these three cities have access to about 70 percent more employment service opportunities than high-poverty tracts. Low-poverty tracts have access to roughly twice as many outpatient mental health services as higher poverty tracts. Perhaps even more surprising, low-poverty tracts in have access to about twenty-five percent greater access to basic needs services than high-poverty tracts.

Sources of program funding

Although government agencies are reliant on public financing, nonprofit service organizations draw funding from many different sources. Nearly every nonprofit interviewed by the MSSSP reported drawing funding from at least one of the following sources: government grants or contracts, Medicaid reimbursement for services, nonprofit grants or

contracts, private giving, and earned revenue. Almost 65 percent of nonprofits report drawing funding from three or more of these sources.

Despite the diversity in revenue sources, much of the funding for nonprofit service organizations comes from government sources. Almost 75 percent of nonprofit service organizations receive public funding. Of those nonprofits receiving government funding, 51 percent are dependent on that funding for at least half of their operating budget. By contrast, less than 15 percent of agencies receiving nonprofit grants or funding are reliant upon those revenues for a majority of their budget. Similarly, less than 15 percent of all nonprofits receiving private donations are dependent on those donations for a large share of their total budget.

Reflecting the emergence of Medicaid as a common revenue source for social service organizations in the past decade, about one-quarter of all nonprofits interviewed by the MSSSP – mostly agencies offering mental health and substance abuse services – reported receiving Medicaid reimbursements for services.

Not only should we be concerned with whether social service programs are accessible to working poor populations, but we should be concerned with whether the service agencies in our

communities are stable and offer consistent programs of assistance. Unfortunately, social service program funding is highly responsive to economic conditions. During economic downturns, social service programs are among the first items cut as government seeks to balance its budget. Private giving to nonprofit service providers contracts during economic downturns. Funding for social service programs, therefore, declines right at the moment when need is rising in our communities.

About 40 percent of respondents reported decreases in one of five key funding sources (e.g., government grants or contracts, Medicaid, nonprofit grants or contracts, private giving, earned revenue) in the previous three years. Instability in social service program funding affects the availability and consistency of assistance that agencies deliver to the poor. Fewer resources or less reliable resource flows will be accompanied by fewer or less predictable services.

For example, seven out of ten government and nonprofit service agencies that experienced a recent decrease in funding report reducing staff levels, the range of services offered, numbers of clients served, or even temporarily closing the facility.

Not only is there evidence that the safety net is mismatched from need, but I find safety net

programs to be less predictable sources of support than is typically understood.

What Communities Can Do

Even though there are budgetary pressures on government to cut social service program funding, it is essential that we maintain our public financial commitments to social services, particularly at a time when poverty and income inequality are on the rise. Decreases in government funding will hamper the ability of low-income populations to achieve greater economic self-sufficiency, which will place additional burdens on both the public and private elements of the safety net. As important, cuts in public expenditures will increase the vulnerability of local nonprofits, the lynchpins of the contemporary American safety net. A retrenchment of social welfare programs, therefore, jeopardizes the very foundations of the safety

Volatility in program funding leads many service agencies to trim staff, clients, and programs each year, making the safety net less predictable than we otherwise might assume.

net more profoundly than is commonly realized.

In addition to maintaining public commitments to service programs, there are many community-based strategies that can improve access and stability of safety net programs. Communities can better support the space and facility needs of service organizations. Cultivation of greater and more durable private fund-raising capacities among nonprofits will help service providers weather cuts in public programs, while also build stronger connections to surrounding communities. And, drawing from the spirit of volunteerism so prominent in the 2008 presidential election, communities should seek to tap into a new wave of volunteers and donors interested in serving their cities and towns.

The stakes are high. If we do not adequately support social service programs and the nonprofits that deliver those programs, the poor struggle to find help and there will be fewer help-giving agencies to turn to in the coming years.

¹Allard, Scott W. 2009. *Out of Reach: Place, Poverty, and the New American Welfare State*. New Haven: Yale University Press.

²Smith, Steven Rathgeb and Michael Lipsky. 1993. *Nonprofits for Hire*. Cambridge, MA: Harvard University Press.



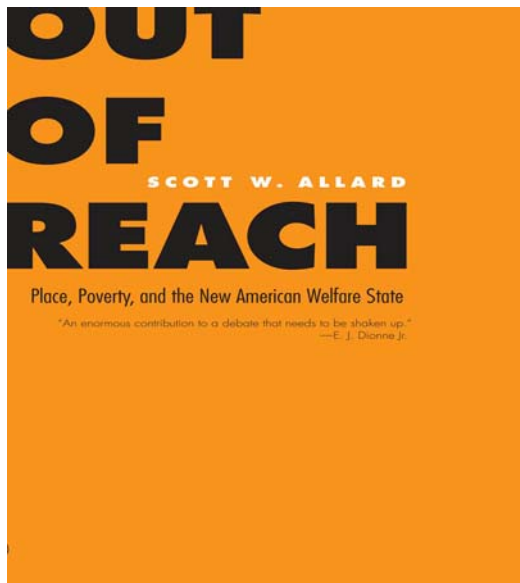
Technical Note

Calculating Service Accessibility

City-specific service accessibility scores were calculated as follows. First, the number of clients served by all agencies or a particular type of agency located within three miles of each residential census tract (using tract centroid-to-centroid distances) is totaled. To avoid double-counting, providers were asked to estimate the number of individual clients receiving help and were asked not to double-count clients that may be receiving help from many different programs within an agency. To account for potential demand for services, the number of individuals with income below the poverty line within three miles of each residential tract were summed. Then the number of clients served was divided by the number of persons in poverty within 3 miles. To be able to compare tracts to each other, this tract-specific access score was divided by the average of that access score for the metropolitan area.

Scores can be interpreted as follows. Imagine three different neighborhoods or census tracts--Neighborhood A, Neighborhood B, and Neighborhood C. Suppose Neighborhood A has an access score of 1.10, Neighborhood B has the mean metropolitan access score of 1.00, and Neighborhood C has an access score of 0.90. Neighborhood A is located near 10 percent more service opportunities than Neighborhood B, the metropolitan mean. Neighborhood C is located near 10 percent fewer service opportunities than Neighborhood B. Access scores can also be used to reflect the magnitude of differences in access between two neighborhoods or two types of census tracts. In particular, the ratio of access scores between two neighborhoods reflects differences in access across those two neighborhoods. These relative comparisons are particularly useful if we are to assess differences between high and low poverty tracts. In the hypothetical neighborhoods used above, if Neighborhood A has an access score of 1.10 and Neighborhood C has an access score of 0.90, then it can be said that Neighborhood A has access to 22 percent more service opportunities than Neighborhood C ($1.10 \div 0.90 = 1.22$).

For more information about the MSSSP and articles containing more detailed analyses, please visit my website: www.scottwallard.com



About Scott W. Allard

Professor Scott W. Allard is an Associate Professor at the University of Chicago's School of Social Service Administration, where his work revolves around issues of poverty, place, and social policy in the United States. He has written extensively on antipoverty policy, place, and nonprofit organizations. His recent book, *Out of Reach: Place, Poverty, and the New American Welfare State* (Yale University Press, 2009) explores the realities of safety net assistance in the U.S. and the role played by nonprofit service organizations in the delivery of assistance to the

poor. He received his Ph.D. in Political Science from the University of Michigan in 1999. Professor Allard is an affiliate of the National Poverty Center at the University of Michigan, an affiliate of the Institute for Research on Poverty at the University of Wisconsin-Madison, and an affiliate of the Rural Poverty Research Center at Oregon State University. Previously, Professor Allard has held faculty appointments in the Department of Public Administration at the Maxwell School of Citizenship and Public Affairs at Syracuse University and the Departments of Political Science and Public Policy at Brown University.

Order information for *Out of Reach: Place, Poverty, and the New American Welfare State* can be found at Amazon.com or www.scottwallard.com

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