

# **When a Welfare Program is Terminated: A Study of What Happened to Michigan's General Assistance Recipients**

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This review presents the research from the General Assistance (GA) Termination Project. This Michigan program provided cash assistance to childless, non-elderly, unemployed adults throughout the 1970's and 1980's. At the time it ended, GA provided a maximum of \$160 a month. Recipients also received medical coverage provided by the state and Food Stamps. This type of program was a typical last resort assistance when impoverished people had no other alternative source of support. Its elimination was debated throughout 1991, until Governor Engler and the state legislature ended the program as of October 1, 1991.

Michigan's GA termination was among the more drastic of state budget cuts occurring across the nation in 1991-1992, but many other states made significant cuts in their programs for the poor (Shapiro et al, 1991; Center on Social Welfare Policy and Law, 1994). Of the 30 states with statewide programs for this population, 17 made cuts in either 1991-1992 or both years (Lav et al, 1993). Among states that cut aid to "employable" adults over this period are Connecticut, Ohio, Illinois, Pennsylvania, District of Columbia, Massachusetts, Minnesota, Maryland, Wyoming, Rhode Island, and Virginia. Many other states, including most of the South (where African Americans most frequently reside), have no statewide program for childless, non-elderly adults.

Very little research has been conducted on the recipients of these general relief programs, especially in contrast to research on people eligible for federal assistance. Welfare policy research generally examines the Aid to Families with Dependent Children (AFDC) program, for families with children, or the Supplemental Security Income (SSI) program for the disabled or elderly. There were a few studies that suggest that being enrolled in a GA program staves off or reduces homelessness rates in communities (Burt, 1992) and that very few recipients who lose benefits are likely to become employed (Halter, 1989). However, stereotypes of these recipients abound in the media and public opinion, suggesting that they tend to be young, able-bodied men who do not seek or maintain employment. The stereotype tends also to suggest that recipients are predominantly in inner city minority communities.

Shortly after the elimination of Michigan's GA program, faculty at the School of Social Work of the University of Michigan, and staff at the Michigan Department of Social Services (MDSS) began exploring ways to assess the impact of these budget cuts. After discussions with Ford Foundation project officers, a multi-faceted approach was developed to analyze the impact of GA termination. The project has had three objectives:

- To use state level administrative data and Michigan Employment Security Commission data on welfare participation and employment.
- To conduct random sample surveys of former recipients (one and two years after the cutoff) and explore their health status, employment seeking behavior, and coping strategies.
- To collect in-depth case study data on a subset of respondents to understand how they cope without General Assistance.

A basic descriptive analysis of the GA population, drawn from the state administrative information in March of 1991, revealed the following facts (Kossoudji, Danziger, and

Lovell, 1993):

- One-half of the state's cases at risk of termination were in Wayne County, primarily in the city of Detroit. This is one of the highest unemployment and concentrated minority poverty areas of the state. The majority of Detroit's population is African American.
- The stereotype of the young, able-bodied, inner city minority male on the GA welfare program was a very small minority. In fact, African American men under age twenty-six represented only 1 in 20 recipients.
- Two of five recipients were women.
- Two of five recipients were people over age 40.

Recipients had extensive barriers to employment, including

-- only half had a high school diploma.

-- one-fourth had applied for disability benefits at some point.

-- recipients over the age of forty had been on GA for an average of nearly three years.

-- fewer than one in five had reported earnings while on GA, so work experience, if any, was prior to or intermittent with public assistance.

- The budget cuts coincided with a continuing severe recession in Michigan's economy, making employment an uncertain option for low-skill workers.

In short, the data gave little reason for optimism about the former recipients' capability to replace GA income.

The demographic characteristics of the GA population before the program ended and the survey group interviewed one and two years after the cutoff are presented in Table 1.

While we have roughly comparable proportions of men and women, African Americans and whites, Wayne county (Detroit) residents compared to the rest of the state, the survey has fewer younger respondents and more high school graduates than the population as a whole. The respondents' age ranged from 19 to 62 (at the time of the interview in 1992). The survey includes 10% minorities who are neither African American or white. Most of these other minorities are Native American or Latino/Latina. About half of the recipient population (and the survey respondents) were African American.

**Table 1**

**Time 1 Survey Sample Compared to State Caseload Characteristics**

Size: 106,812 Size: 426 Age: % 16-25 2014% over 40 3954% Male 5955% African American 5352% in Wayne County 4946% w/High School Degree 50613/91 GA Weighted Population Survey, 1992

Four critical findings on life after General Assistance (GA) indicate the severity of problems experienced in the first year after losing benefits. First, while most people had previous work experience, only one-third found any employment in the two years, 1991-1993.

Figure 1 divides the respondents into four groups according to employment experience before and after GA termination. The expectation of Governor Engler's administration was that GA termination would increase employment levels and force people to work. The question of whether more people were working after the program's termination

requires knowledge of their employment history both before and after termination. Over three-quarters of the respondents had worked at some point prior to program elimination (those in the two most darkly-shaded categories in Figure 1, 51.5% and 25.7%). This compares favorably with an Ohio study of GA recipients (in one county), which found that 55% had a prior history of employment (Coulton et al., 1993).

The group that best fits the expectation of increased employment after the program was terminated, is the 12.3% who had not worked before, but did work after the cuts. This accounts for only one of every nine former recipients. The percentage of respondents who had worked at all since GA termination was over a third (25.7% and 12.3%). Most of these people had also worked prior to the cutoff. In addition, of the almost two-thirds who had not worked any steady job since October, 1991, most of them also had prior work experience<sup>2</sup>. In sum, the work history prior to GA termination exceeds the work experience acquired after the program ended. While over three-quarters worked at some point before, over a third acquired jobs after. Very few people (12.3%) worked for the first time after GA termination. In addition the jobs that were found were typically entry-level, minimum wage jobs in the service sector such as fast food chains. The jobs held before GA ended tended to have more benefits and more were in the manufacturing rather than service sector.

The former GA recipients also had significant health problems, clearly in contrast to the stereotype of an "able-bodied" caseload. Our survey indicates high levels of chronic illness and disability and low levels of health care access or benefits (see Dunkle and Kart, 1990; Wolfe, 1994; Verma and Coulton, 1992; USDHHS, 1991). For example, almost 59% of the sample reported at least one chronic health condition for which they needed to see a doctor. These are conditions which they have experienced within the last 1 - 2 years, so many of them occurred while respondents were receiving GA. Older people and non-African American minorities had the highest rates of poor health -- over 3/4 of those aged 41-65 and 73% of these other minorities (mostly Hispanic origin or Native American) reported these problems, whereas just over half of African Americans in the sample (53%) and 63% of whites had chronic health conditions. In addition, over half of the sample scored at risk of clinical depression, using the CES-D scale: by contrast a study of unemployed African Americans showed only 25% scoring at risk (Jones-Webb and Snowden, 1993).

In terms of health care coverage, the African American former recipients were better protected than others who lost their GA benefits. Because Wayne County maintained medical coverage for those terminated from GA, only 30% of Wayne/Detroit respondents reported that they did not have medical coverage of any kind, whereas over half of those surveyed in other communities reported no coverage. And, over one-third of the respondents said their health had gotten worse since losing GA. Clearly, this is a population at risk.

Third, our study examined state administrative records to review participation in other public assistance programs both before and after GA termination. All of the population was enrolled in the General Assistance program in a given month in 1991. We examine their month-by-month enrollment for 27 months before and after this point in any of the following state or Federal programs in addition to GA -- AFDC, SSI, Medicaid or the state medical program and Food Stamps<sup>3</sup>. We find that the same percent of people go off all of these assistance programs before GA termination as after, that their termination from GA did not reduce enrollment in public programs for the poor.

While 44% of those enrolled in GA in 1991 were off all of these other programs in June 1993, a point in time that is two years later, 43% of the same people were off all programs including GA in December of 1988, a point in time two years prior. These roughly equal percentages confirm that the GA program provided a legitimate safety net for times when people were unable to support themselves. Those who were off all public assistance for at least one month both before and after the program ended were mostly men (66.8%), about equally likely to be white (47.1%) or African American (49.1%), much younger than the sample as a whole (only 25.1% over age 40), more likely to have a high school diploma (61.2%), less likely to be disabled by the state's classification (34.0%) and less likely to live in Detroit (37.8%) than other former GA recipients. Fourth and finally, financial well-being declined for many former recipients. When considering recent cash resources, medical coverage, and access to food stamps, half of the sample was doing at least as well as when they had GA. When disability recipient are removed from the sample, only 35% did as well as GA. When we exclude public assistance support, only 6.7% of the non-disabled had access to at least GA-level resources through private means. By any stretch of the imagination, people remained exceedingly poor and their economic precariousness is complicated by significant health and mental health problems.

These findings point to the lack of economic alternatives faced by former recipients. Despite the mounting evidence that the convulsive economic cycles of the last decade drove a deeper wedge between the advantaged and disadvantaged, both state and federal governments are continuing to focus on the budgetary toll of their means-tested programs (Reed, 1993; Center on Social Welfare Policy and Law, 1994). More people are falling into and unable to move out of poverty while the public sector is attempting to provide less. We are relying on non-government sources to tide people over, but our data in this report show that these are not adequate to the task. For example, in the first year after termination, only 12% of respondents had received some financial help from a partner in the last year, 14% received money from friends, and 26% from relatives. Without public safety nets, we risk even greater ultimate costs in other institutional expenses, in health care and disability assistance, and eventually in homeless shelter provision for the people who experience the greatest suffering (Park et al, 1994). After the state stopped providing GA, health problems were widespread, residential transiency probably doubled, while employment at the maximum bettered the lives of former GA recipients in one in five cases (those working at the time of our survey).

What former recipients need now is what they have needed all along -- more investment in jobs, preventive approaches to health and job skills training, expanded disability criteria, and greater targeting of resources for community development in impoverished areas. General Assistance recipients were concentrated in high poverty and minority communities, were older and in poorer health than was generally believed; they were men and women with very low skills, low education and with greater prevalence of work history than the common misperception suggests.

By eliminating even minimal safety nets, we leave at grave risk many people who are in fact doing everything they can to help themselves. Our programs must encourage people to be self-supporting, but they also need to protect our most vulnerable citizens.

## **Notes**

The state transferred people who were categorized as disabled and people in families (with children) to other programs, but terminated over 80% of recipients. It is this

group that we define as "at risk" and examined in the March 1991 caseload data. Most recipients did not work while receiving GA, partly because of the eligibility requirements and partly because unemployment is a principal reason for applying for GA.

In Michigan, these are the range of state-administered programs for the poor that provide either cash, Food Stamps, or health care coverage. For precise definitions of these public assistance programs and their coverage see Danziger and Kossoudji (1994, 1995).

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