

A Study on the Identification, Classification, and Assistance Mechanism for Hardship Families with Rigid Expenditures Aimed at Balancing Equity and Efficiency

Jinjia Gui^{1,a}, Chenlihong Yang^{1,b}, Wei Xu^{1,c,*}

¹School of Business, Wuxi Taihu University, Wuxi, China

^a1849346338@qq.com, ^b3172789967@qq.com, ^c001138@wxu.edu.cn

*Corresponding author

Abstract: This paper, grounded in the context of optimizing China's social security policies and aligning them with the United Nations' 2030 Agenda for Sustainable Development, addresses several challenges currently faced by pilot programs aimed at assisting households struggling with rigid expenditures. These issues include overly simplistic identification criteria, subjective classification bases, and homogenized relief strategies. Drawing on both domestic and international research trends, the study proposes a series of targeted optimization measures by adopting a mixed-methods approach—combining a systematic review of domestic and international literature, case analyses of Chinese pilot programs, and expert consultations. At the identification level, it recommends establishing a specialized team to calculate consumption weights for family members across different age groups and genders, while dynamically adjusting these calculations based on factors such as residents' living standards and inflation indices. At the classification level, a dual-dimensional assessment framework should be developed, involving a multidisciplinary team that evaluates households not only on their economic conditions (e.g., income, assets, debts) but also on their developmental potential (e.g., vocational skills, employment aspirations), enabling the creation of tailored assistance guidelines. Finally, at the relief level, the responsibilities of four key stakeholders—government, market, community, and household—should be clearly defined, and innovative digital tools like an "Assistance Map" should be introduced to enhance the accessibility and effectiveness of support services. By moving beyond the traditional single-economic-dimensional approach of relief theory, this research advocates for a shift toward a more comprehensive, multi-faceted model. Ultimately, it aims to provide policymakers with evidence-based insights to design scientifically sound relief strategies, fostering the "on-demand allocation" of social resources, addressing the diverse needs of vulnerable families, and promoting inclusive societal development while strengthening social cohesion.

Keywords: Challenges in Rigid Expenditures; Equity; Efficiency; Sustainable Development

1. Introduction

In the ongoing process of improving China's social security policy system, low-income groups have consistently remained at the core of policy attention. Among these targets, financially vulnerable households facing rigid expenses have emerged as a particularly significant group that has gradually come into the spotlight of policy attention in recent years. These families earn slightly above the local minimum living standard, yet their actual quality of life and economic conditions remain far below the societal average—largely due to disproportionately high expenditures on essential areas such as healthcare, education, and housing, which consume an excessive share of their total household budget. In its Measures for Identifying Families Facing Difficulties Due to Rigid Expenses, the Ministry of Civil Affairs explicitly includes these families within the scope of priority assistance, emphasizing the need for targeted measures to ease their financial burdens^[1]. This policy framework provides a direct foundation for the research presented in this paper.

From an international perspective, China has actively aligned itself with the United Nations' 2030 Agenda for Sustainable Development, prioritizing poverty reduction and the enhancement of its social safety net as critical tasks. Against this broader backdrop, accurately identifying households struggling with rigid expenditures, systematically classifying them based on sound criteria, and implementing

targeted, effective assistance measures have emerged as key challenges in optimizing the allocation of social resources and improving the overall effectiveness of poverty alleviation policies. Amartya Sen's "Capability Poverty Theory" underscores that the root of poverty lies in the deprivation of individuals' capabilities—rather than merely a lack of income^[2]—providing a robust theoretical foundation for this study to move beyond the conventional approach of defining "difficult households" solely by income levels. By adopting a multi-dimensional framework that integrates income, expenditure, and development capabilities, the study aims to build a more comprehensive identification system.

Precise identification and classification ensure that scarce social assistance resources are directed precisely to those families most in need, preventing misallocation and waste. Meanwhile, well-designed assistance mechanisms serve as a vital safeguard, helping these households alleviate financial burdens, improve their living conditions, and ultimately achieve sustainable development. Currently, although some regions in China have launched pilot programs to assist households facing difficulties due to rigid expenditures, practical implementation still encounters several challenges, including overly simplistic identification criteria, subjective classification bases, and homogenized assistance strategies. For instance, in certain areas, the sole criterion for identifying eligible families is that "the per capita disposable income after deducting rigid expenditures falls below the minimum living standard," thereby overlooking the economies of scale in consumption that arise from differences in household demographics. Additionally, classifications often rely heavily on qualitative indicators like the causes of financial hardship, lacking clear quantitative benchmarks. Meanwhile, cash subsidies remain the primary form of assistance, making it difficult to address families' long-term developmental needs.

Therefore, conducting research to develop an identification, classification, and assistance mechanism for households struggling with rigid expenditures that balances fairness and efficiency has become an urgent necessity. Such a system would not only ensure more equitable distribution of social resources and enhance the effectiveness of welfare policies but also promote inclusive social development. This study holds significant theoretical and practical implications.

Theoretically, it breaks away from the limitations of traditional relief theories, which often rely solely on single indicators like per capita income to assess household economic conditions. Instead, it proposes introducing a household equivalence scale measurement method that fully accounts for differences in family members' age, gender, and consumption needs. This approach standardizes household economic data, enabling a more accurate reflection of real-life circumstances. Additionally, the study develops a multidimensional classification framework that incorporates households' endogenous development drivers, thereby facilitating a crucial shift in social assistance theory—from a singular economic focus toward a more comprehensive, multi-faceted perspective.

Ultimately, the research aims to achieve three core objectives: First, it seeks to establish a scientifically sound identification mechanism that eliminates distortions caused by household demographic structures, along with a standardized indicator system designed to enhance the precision and fairness of identifying families struggling with rigid expenditures. Second, it innovates classification methods, moving beyond the conventional single-logic approach centered on "causes of poverty," and instead creates objective, quantifiable criteria based on two key dimensions: "exogenous economic conditions" and "endogenous development dynamics." These advancements will provide a robust foundation for implementing stratified and targeted assistance measures. Third, based on welfare pluralism theory and other frameworks, the study proposes a diversified assistance strategy that integrates resources from multiple stakeholders—including government and market entities—to develop a comprehensive plan that balances short-term relief with long-term development.

At the practical level, this research can provide robust evidence for governments to formulate scientifically sound social assistance policies, enabling more targeted allocation of fiscal resources and preventing one-size-fits-all approaches. For instance, it suggests increasing medical assistance for families facing financial hardship due to high, rigid healthcare expenses caused by serious illnesses, while also offering specialized education subsidies to households burdened by excessive costs related to their children's schooling. Such measures not only effectively address the varied needs of vulnerable families, helping them overcome challenges and achieve sustainable development but also foster greater social inclusivity, strengthening societal cohesion and stability.

2. Current Research Status at Home and Abroad

Domestically, the primary method for identifying households facing rigid expenditure challenges relies on a retrospective approach, which involves precisely comparing household income and

expenditure gaps and assessing economic conditions by examining the proportion of rigid expenditures. While this method is grounded in objectively available past income and spending data, it lacks forward-looking capabilities, making it ineffective for predicting households' future vulnerability to poverty^[3-4]

In contrast, prospective forecasting methods focus on evaluating households' future risk of poverty by integrating factors such as asset holdings, employment stability of household members, and potential risks associated with major upcoming expenses. However, internationally, research on applying these forward-looking approaches to identifying households struggling with rigid expenditures remains limited. As a result, no mature, widely accepted system has yet emerged, and significant debates persist regarding the selection of appropriate indicators and the development of robust predictive models^[5-6].

Existing research shows diversity in the classification criteria for households facing rigid expenditures—ranging from those with mild, moderate, to severe financial difficulties, categorized either by the size of income-to-expenditure gaps or by the depth of poverty. Additionally, households can be grouped based on the specific causes of their hardship, such as medical expenses, educational costs, or unexpected emergencies. They may even be classified according to whether the challenges stem from a single factor or multiple contributing factors^[7-8]. However, these classification standards are highly subjective, lacking unified, objective, and quantifiable criteria. As a result, findings from different studies are often incomparable, making it difficult to accurately match households with their specific needs and undermining the targeted effectiveness of assistance policies.

Currently, the primary focus of assistance strategies is economic support, which extends across sectors such as healthcare, education, and housing. In healthcare, measures like expense reimbursement and subsidies help ease the financial burden on struggling families. In education, scholarships and tuition waivers are provided to students facing financial difficulties. Meanwhile, in housing, affordable rental options—including low-cost public housing and rental subsidies—are available to ensure basic living needs are met^[9-10]. Some studies have recognized the limitations of relying solely on economic aid, suggesting instead a more holistic approach that integrates employment training to enhance family members' job prospects, as well as psychological counseling to alleviate household stress. However, in practice, these diversified assistance initiatives often lack coordination, failing to form a cohesive, integrated system. As a result, the overall effectiveness of these programs remains limited^[11-12].

3. Existing Issues

Existing identification methods rely too heavily on the absolute values of per capita income and expenditure, which leads to significant shortcomings. For instance, a three-person household and a five-person household may have identical per capita incomes and expenditures, yet the five-person household actually faces higher living costs due to its larger size and greater shared consumption—demonstrating that relying solely on per capita figures can be misleading. According to experts, per capita income and expenditure figures often fail to accurately reflect the true economic situation^[13-14]. Moreover, these metrics overlook the differences in household composition—members of varying ages and genders have distinct consumption needs. For instance, elderly individuals typically have higher medical expenses, while children require significant investments in education and caregiving. Yet, current standards do not fully account for these factors. Additionally, the potential economies of scale associated with household size are often ignored; as family members grow in number, certain types of consumption become more cost-effective due to economies of scale. Unfortunately, existing criteria fail to capture this advantage, leading to inaccurate assessments of household financial conditions. This, in turn, undermines both the fairness and precision of welfare assistance, potentially leaving genuinely needy families behind while allowing households in better economic positions to access scarce resources.

Currently, the classification system is highly subjective and lacks quantitative criteria. Take medical-related poverty as an example: there is a clear lack of precise, quantifiable definitions for disease types and severity levels. As a result, different regions and assessment personnel may arrive at varying judgments^[15-16]. Moreover, the system fails to fully account for intrinsic household development drivers, such as members' labor skills, employment aspirations, and entrepreneurial potential—factors that are critical for families to overcome economic hardship. Instead, the existing classification framework focuses solely on current financial difficulties, ignoring future growth potential. This narrow approach makes it difficult to accurately match assistance needs with available resources, ultimately hindering the effectiveness of assistance policies and limiting their ability to deliver targeted support.

Currently, assistance strategies overly rely on financial aid, focusing resources primarily on cash subsidies while paying insufficient attention to broader factors such as family dynamics and social

support networks^[17-18]. Family structure significantly influences how households cope with challenges, while robust social support networks play a critical role in easing economic pressures and helping families access essential resources. However, relying solely on financial assistance cannot address the root causes of hardship—instead, prolonged reliance on subsidies may inadvertently foster dependency among some families, as it often fails to provide complementary support in areas like employment or mental health. As a result, families remain stuck in a cycle of vulnerability, and when external aid is cut off, they risk falling back into crisis. This approach ultimately undermines the sustainability of assistance efforts, making it difficult for families to achieve long-term stability and development.

4. Recommendations and Measures

4.1 Optimizing Identification Standards

4.1.1 Establishing a Professional Accounting Team

It is recommended that government departments take the lead, collaborating with experts from fields such as statistics and civil affairs to form a dedicated team tasked with calculating household consumption equivalents. This team will conduct in-depth research into the diverse structural characteristics of families, precisely determining the consumption weights assigned to various household members. For instance, infants aged 0–6 would be assigned a consumption weight of 0.6; teenagers aged 7–18, 0.8; seniors aged 65 and above, 1.2; and adults aged 19–64, 1.0. From the perspective of research on precise identification in social assistance programs, accurately pinpointing eligible beneficiaries requires a comprehensive assessment of families' multifaceted characteristics^[19]. By leveraging professional expertise to develop a scientifically sound accounting system, this approach can significantly enhance the precision of beneficiary identification, thereby effectively preventing both "under-assistance" and "mis-assistance" scenarios.

4.1.2 Dynamically Adjusting the Calculation Basis

When determining consumption weights, the calculation team should avoid sticking to a fixed approach. Instead, they should review and adjust annually. Based on data released by the National Bureau of Statistics regarding national and regional trends in residents' consumption levels, price indices, and changes in education and healthcare spending, consumption weights are dynamically adjusted. For instance, if education expenses rise significantly in a given year, the consumption weight for youth-related categories can be appropriately increased, ensuring that the calculation accurately reflects households' actual financial burdens. Relevant research highlights that social assistance standards must remain closely tied to key indicators of economic and social development, enabling dynamic adjustments^[20]. The dynamic adjustment of household consumption weights aligns precisely with this principle, allowing assistance criteria to keep pace with evolving economic and social conditions, thereby safeguarding fairness in welfare programs and supporting the broader goal of refining social assistance standards.

4.2 Refining the Classification System

4.2.1 Establishing a Dual-Dimensional Assessment Task Force

It is recommended that the civil affairs department collaborate with departments such as human resources and social security, education, and healthcare to form a dual-dimensional assessment task force focused on household conditions. This task force will first assess the family's economic situation by analyzing factors like the proportion of stable income sources (e.g., wages), assets such as savings and liquidatable properties, and mandatory debts like medical arrears—allowing the task force to gauge the level of financial strain within the household. Meanwhile, the task force will evaluate the family's potential for development, examining indicators such as whether household members hold professional skills certifications, the share of income allocated to children's education expenses, and involvement in entrepreneurship-related activities. These assessments aim to uncover the family's inherent capacity to overcome challenges independently.

Research on building a tiered and categorized social assistance framework has highlighted that multi-departmental collaboration in assessing household conditions plays a critical role in enhancing the precision and effectiveness of targeted assistance. By establishing this dual-dimensional assessment task force and leveraging integrated resources from multiple departments, we can conduct comprehensive evaluations of family circumstances, providing robust evidence for tailored support and ultimately

elevating the overall quality of social assistance efforts.

4.2.2 Developing Detailed Implementation Rules for Categorized Support

Based on the results of the dual-dimensional assessment, the evaluation team will formulate comprehensive and specific implementation guidelines for categorized support. For families facing economic hardship but eager to improve their situation, the guidelines will clearly outline the process for connecting them with entrepreneurship support organizations, as well as the eligibility criteria and loan limits for microloans. Meanwhile, for households impoverished due to medical expenses, the guidelines will detail the collaborative steps required to establish a "installment payment + assistance deduction" pathway with hospitals, ensuring that all targeted assistance measures are effectively put into practice.

From the perspective of practical research on precision in social assistance policies, developing detailed, category-specific guidelines not only enables a more targeted response to the diverse needs of struggling households but also significantly boosts the overall effectiveness of social safety net initiatives^[21]. By refining these categorized support measures, social assistance efforts can become more focused, impactful, and sustainable, ultimately driving high-quality development in the social welfare system.

4.3 Innovating Assistance Strategies

4.3.1 Clearly Defining the Responsibilities of the Four-Stakeholder Entities

It is recommended that the government clearly outline the specific duties of the four key stakeholders in the social assistance system: "government, market, community, and family." The government should take the lead in establishing a unified social assistance information platform to break down data silos across departments. Additionally, quarterly assessments should be conducted to evaluate the efficiency of assistance funds and the effectiveness of support measures. At the market level, businesses are encouraged to collaborate with the government, with clear guidelines on how companies can contribute effectively—such as providing discounts on daily necessities and creating special employment quotas. Communities should organize professional volunteer teams and develop targeted support plans for single-parent families and elderly individuals living alone. Households, in turn, should proactively participate in assistance activities such as skills training, acknowledging their responsibility in overcoming hardship.

Leveraging information technologies such as cloud computing and big data has become a key trend in optimizing social assistance, as it helps continuously enhance the informatization and standardization of service delivery. Meanwhile, research on collaborative governance among diverse stakeholders in social assistance emphasizes that clearly defining each entity's responsibilities can effectively integrate resources and boost the overall efficiency of social support systems^[22]. By explicitly outlining the roles of four key stakeholders, it becomes possible to seamlessly pool resources, fostering a unified effort in providing aid. Combining this approach with advanced IT tools ensures that assistance becomes both more precise and sustainable, ultimately enhancing the system's overall effectiveness.

4.3.2 Introducing Digital Tools to Support Assistance Efforts

It is recommended that the government collaborate with technology companies to develop digital tools such as a mobile-based "Assistance Map." These tools should clearly mark the locations of community assistance centers, donation distribution points, and skills-training schools, while also offering features like access to assistance policies and direct application portals. Moreover, the tool's data should be continuously updated in real time based on changes in available resources, ensuring that assistance services remain both accessible and convenient.

The integration of digital technology with social assistance work has proven to optimize service processes significantly, reducing the cost for vulnerable groups to access support resources. By leveraging such digital tools, social assistance can become more efficient and accessible, offering an innovative pathway to enhance the overall effectiveness of welfare programs.

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