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*Implementation of the
Personal Responsibility
Act of 1996*

IN THE FALL OF 1996, two of us attended a meeting in Washington, D.C., of research, governmental, and advocacy organizations interested in states' implementation of the recently enacted Personal Responsibility and Work Opportunity Reconciliation Act. Toward the end of the meeting, we discussed timing: when could we draw firm conclusions about how states were responding to the flexibility and responsibilities granted them under the Temporary Assistance for Needy Families (TANF) program established by the new law? Some argued that changes would follow soon after state legislatures enacted new welfare laws in early 1997. More thoughtful responses came from analysts who believed it would take the summer for most legislatures to act, and state agencies would need several months to write administrative rules and revise manuals for case managers and supervisors.

Neither of us found these estimates to be realistic, particularly since one of

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us had just reported how another attempt at reforming welfare, the Family Support Act of 1988, had still not been fully implemented years after its enactment (Hagen and Lurie, 1994). Yet our different expectations also grew out of different views of what constitutes implementation. Implementation might be viewed, at the most general level, as changing the behavior of administrative institutions to reflect the goals and tasks of the laws. To many of our colleagues at that meeting, such change follows as a matter of course from the elaboration of specific rules to guide bureaucratic behavior: a kind of downward cascade of legal interpretations. When to apply sanctions to families? Who is exempt from work requirements, and for how long? Who would perform what functions? What are the responsibilities of social service agencies and work force development boards, and how should clients be referred from one to the other?

With few exceptions, most states have succeeded in formulating specific policies under the Personal Responsibility Act. Yet the history of welfare reform suggests that writing and transmitting new instructions may not change bureaucratic behavior. Despite the enactment of work requirements several times in the history of Aid to Families with Dependent Children (AFDC), and despite their translation into specific rules, these requirements typically had little effect at the local level. One reason for their impotence was the failure to change the missions of local welfare offices—offices that focused on minimizing eligibility errors by requiring families to document extensively their income and assets, children's birth records, and other eligibility data (Kane and Bane, 1994). Implementation not only demanded new rules, it required changes in standard operating procedures and the infusion of new purposes throughout the vast structures that administered welfare and related social programs. Implementation was thus in part a problem of institutional engineering: of transforming organizations, creating new organizations, and forging linkages among organizations in order to fuse the new purposes with the required capacities.

Somewhat surprisingly to us, states have made major changes in their social service systems reflecting the employment and antidependency goals of the Personal Responsibility Act. Their successes in this regard have surely benefited from fortunate circumstances. Unlike the Family Support Act—which suffered from the unhappy coincidence of going into effect during a mild recession—the Personal Responsibility Act was implemented during a period of extraordinary economic growth that reduced unemployment, shrank caseloads, and swelled state revenues. Under these conditions, a wide range of political and bureaucratic actors found employment-related goals feasible and acceptable. To change the goals of their welfare systems, states

and localities added new processes and requirements, gave greater power to institutions with strong employment missions, shifted the mix of benefits to those that support work rather than directly relieve poverty, and often devolved greater discretion down to local governments, welfare offices, and frontline workers. Much variation exists among state strategies and success in implementing these changes, and state welfare systems still face important institutional challenges. Yet the rapidity and breadth of change have been stunning. State and local human service systems may now be one of the most quickly changing components of American governmental institutions, and the 1996 Personal Responsibility Act may be a major cause.

There is, however, yet another level of implementation: a capacity to adapt program elements to changing circumstances. From this perspective, implementation does not produce closure, some final consonance between laws and administrative behavior. Instead, it demands the ability to recognize problems, devise new solutions, and put those solutions into effect. State and federal welfare reforms enacted basic goals, and it makes little sense that such goals can always be attained in the same way with a constantly shifting mixture of families and economic conditions. Thus implementation demands not only rule formulation and institutional engineering but also a capacity for governance, a capacity to alter program elements in light of new information, circumstances, and experiences. In this sense of the word, states are still in the process of implementation: adaptation has occurred, but learning has been limited by the lack of recurrent information at the state and local levels about low-income families.

Data Sources

Our chapter draws on implementation studies performed by a number of organizations, but it relies largely on data collected by the Nelson A. Rockefeller Institute of Government (of the State University of New York) in its State Capacity Study. This study has several components. We conducted intensive field research in 1997 and early 1998 on the changing institutions and management systems states were using to implement their welfare reforms. Research teams of experienced university scholars in nineteen states analyzed institutional changes and characteristics by means of a comparative field analysis method, one that relies on a common, agreed-upon "report form." These data were updated in 2000 in fifteen states. The chapter also uses financial data from a pilot study in four states of changes in spending on social services before and after the Personal Responsibility Act, a study that has since been expanded to include thirteen states (Ellwood and Boyd, 2000).

We also draw on the Frontline Management and Practice Study being conducted at the institute by Irene Lurie and Norma Riccucci of the University at Albany and Marcia Meyers of Columbia University. This project examines eleven local welfare offices and related service systems in Georgia, Michigan, New York, and Texas. The study seeks to learn how state and local policies are implemented at the ground level by directly observing face-to-face interactions between TANF applicants and recipients and frontline workers. The sample of interactions included all types of encounters, such as eligibility determination, orientation to work programs, arranging for child care, and conciliation and sanctioning.

Changing Behavior by Changing Signals

The formal purposes of the TANF block grant were to provide assistance to needy families so that children can be cared for at home; end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce the incidence of out-of-wedlock pregnancies; and encourage the formation and maintenance of two-parent families. To achieve these goals, the law incorporated a distinct conception of welfare, in which time limits, work requirements, sanctions, special rules for minor parents, and expanded funding for services were expected to encourage behavioral changes with respect to employment, reproduction, and marriage. The law also expressed a theory of federalism, in which states were given flexibility in designing policies and dealing with clients in exchange for state accountability to financial penalties and bonuses attached to program goals.

Because political support for employment is widespread while debates about the means of reducing out-of-wedlock births continue, states have put more direct emphasis on the work and antidependency goals of TANF than on the goals relating to marriage and reproduction. Much of this new focus emerged as states used their new flexibility to redesign the way they handle clients and to introduce new organizations, with different missions and capacities, into welfare systems. These changes have altered the “signals” of welfare programs, that is, the basic messages about what the welfare program offers to clients as well as what it demands in return.

Processes as Signals

The strongest new signal is the “work first” message: get a job quickly or exhaust all alternatives to cash assistance. States are sending this signal about the importance of quick entry into the work force not just in words but by augmenting the processes clients go through when they apply for assistance.

Redesigning these procedures is a critical way of communicating with families. The complexity of the eligibility process, which requires extensive collection and verification of information about a family's circumstances, puts eligibility workers under time pressure in their meetings with clients. Demands for information can crowd out conversation not directly related to establishing eligibility, such as conversation about child support, mandates to work, time limits, family caps, and so forth. Although clients must sign a form saying they understand the rules and agree to comply with them, our observations suggest that they often sign after hearing little or no explanation of the form and without reading it. Furthermore, unless a client is monitored for complying with the rules, it is just a piece of paper. Unless a rule is hard-wired into the eligibility process, workers apply it unevenly.

Under TANF, states can create new forms of hard-wiring. Unlike AFDC law, the new law does not require states to give everyone the opportunity to apply for aid or to provide aid with "reasonable promptness." These changes have allowed agencies to redesign the front door of the welfare system, the process that people go through when they apply for assistance. In all eleven sites in the institute's Frontline Management and Practice Study, states have adopted a variant of a work first model, which requires that individuals cooperate with work requirements while applying for welfare. In every site, applicants for welfare must go through one or more activities designed to inform them that recipients will be encouraged and assisted to work. Moreover, they must complete this process before the welfare agency approves their application for welfare.

In Texas, for example, the applicant attends a group orientation at the Texas Workforce Center before the application can be approved. The orientation explains time limits and work participation and the availability of employment services, education and training, child care, and transportation assistance. The work force agency stamps a form brought by the applicant, who returns it to the welfare agency. When the welfare agency receives this form, it can authorize assistance. In Suffolk County, New York, the welfare agency gives people an application for assistance and then, like Texas, refers them to a group orientation at the Department of Labor. Following the orientation, labor department staff interview people to gather enough information to assign them to a work activity. Everyone leaves the orientation not only with a form verifying their attendance, but also with a referral to a job readiness program, a referral to the health department, or an appointment with a job counselor at the Department of Labor.

Michigan has a longer process. After applying for assistance, all parents must attend a group orientation operated jointly by the welfare agency and

the contractor providing employment services. Unless they are already employed, they then attend an individual orientation with the contractor where they are assigned to an initial work activity. Only after attending the first day of the initial work activity will the welfare agency authorize assistance.

The process in Georgia is even more rigorous. Applicants must search for a job for a specified period of time before assistance can be authorized. In both of the study sites in Fulton County (Atlanta), the Georgia Department of Labor has an office at the welfare agency where it runs a two-week group job search program. In Bibb County (Macon), where the Department of Labor has a satellite office across the street from the welfare agency, applicants must search for a job for five weeks before assistance can be authorized, making contact with four employers per day. Each morning, they come to the welfare agency to report the contacts made with employers the previous day and, if necessary, go to the Department of Labor for more job leads.

Although their efforts varied in rigor, all these sites established a norm that work is expected. They conveyed this message through an experience for the applicant, not through a verbal explanation, a video, or a piece of paper that could be ignored or misunderstood. Conveying the message through the experience of going to an employment agency reduces the likelihood that the message will fail to reach the applicant, a risk in implementing welfare reforms. The process itself conveys the signal that work is now part of the culture of welfare.

These findings reinforce conclusions from our first round of research, during which we examined intake sequences in thirty local welfare offices (Nathan and Gais, 1999). We found that eligibility determinations for TANF cash assistance were often preceded by (1) a program orientation; (2) a job search or registration for a job search; (3) child support enforcement, accomplished, for example, by establishing paternity and securing a child support order; (4) creation of a personal responsibility plan, which sometimes identifies alternatives to welfare; and, less commonly, (5) offers of diversion assistance, such as one-time cash payments, services, referrals to private charities, or entitlement benefits (such as Medicaid or food stamps) in lieu of continuing cash payments.

What is missing in many of these intake processes is also interesting: few rely on early assessments of the employability of clients. States typically require all applicant caregivers to seek jobs immediately, unless they are categorically exempt from work requirements, such as mothers of very young infants. Only if people fail to find work after a certain number of weeks, job contacts, or other measures of effort do formal assessments come into play.

This reactive, empirically based approach was evident in the fact that assessments of employability and service needs typically occurred late in the client-intake process. Rather than assume that people entering the TANF program are in need of assistance, states offer intensive services only to those who fail to find work. The importance of work is thus signaled by pushing most adults into the labor market for some direct experience with employers and then using the market to sort out which cases are problematic and which are not.

One implication of these complex, front-loaded processes is that a strategy for preventing people from becoming dependent on welfare may also prevent working families from receiving the services they need to remain independent of cash assistance. If the focus of attention at the front door of the welfare agency is diverting families from welfare, families may not receive complete information about benefits available to the working poor such as food stamps, Medicaid, and child care. This problem is compounded by the fact that welfare agencies are only beginning to develop processes for the back door of the welfare system. Some states operate programs to help recipients retain jobs and even extend job retention services to those who leave assistance. However, recruiting participants into these programs is difficult. In states with generous benefit levels and earnings disregards, where families are likely to be eligible for welfare after they find work, states can identify and recruit families that might benefit from such services. Yet because recipients often do not inform their eligibility worker that they are leaving welfare but simply fail to show up for a recertification appointment, people who leave welfare are not easy to serve. If signals are expressed through a process and there is no process, the signal that welfare agencies will support working families will not be heard.

The New Role of Employment Bureaucracies

To deliver the signal about work, states gave greater control over program operations to entities that emphasize employment goals and created quicker and stronger administrative connections. Signals are changed by adding new signalers. One of the striking characteristics of state legislative debates over welfare reform in the 1990s was the intense focus and frequent disagreement over who should control welfare programs, in contrast to a relative lack of conflict over the content of the reforms (such as time limits, the severity of sanctions, and services offered). There was a strong political reaction among legislators and some governors against giving traditional social service bureaucracies predominant control over the administration of new work-based welfare programs. In most states, this reaction led to the assignment of greater responsibilities to state work force development systems. As we wrote

in our *First Look* report (Nathan and Gais, 1999), out of nineteen states, two (Utah and Wisconsin) gave nearly all responsibilities for administering their TANF programs to employment bureaucracies, nine assigned exclusive responsibility for TANF job services to labor departments, and three increased the role of labor departments in their welfare programs. Since that report, several states—including Missouri, Florida, and Ohio—have further strengthened the institutional connections between their work force development and welfare agencies.

Privatization also reduced the control exercised by traditional social service agencies. Arizona and Mississippi kept their welfare programs within their social service agencies, but both initially attempted major privatization efforts. Arizona privatized the administration of its TANF program in Phoenix, while Mississippi initially privatized not only its job services but also its case management functions (though these functions were eventually brought back under direct public control; see Breaux and others, 2000). When Florida enacted its WAGES program, it initially created a complex tripartite division of control, with its child and families services department handling eligibility, its labor department handling work first services, and its newly created local WAGES boards dealing with “deep end” services to adults who did not get jobs after several weeks of trying. These complex relationships did not work out, however, and in 2000 Florida gave complete responsibility for TANF services to the state’s Workforce Development Board, a public/private entity reporting to the governor. Florida also required that services to welfare and other low-income clients be carried out by privately owned service agencies that served all Floridians. Agency realignments like these can have a powerful effect: by eliminating institutional distinctions between employment services provided to poor caregivers and all other Floridians, the state essentially said its strategy for assisting poor citizens is an employment strategy; and that “cash assistance should be viewed as one of the least desirable resources available to families and should be used only as a last resort” (Crew and Davis, 2000, p. 25).

We can see how some of these employment bureaucracies are involved in local welfare offices by looking at eight of the eleven sites in the Frontline Management and Practice Study. In each of these sites, researchers examined the offices responsible for cash assistance, work activities, and authorizing child care assistance. Some states assign all three functions to a single organization, but most divide them among specialized organizations.

The arrangements for delivering services and the configuration of staff within these institutions vary a great deal among these sites, as shown in table 2-1. Some of the variation runs along a public-private scale. At one extreme

is New York, where welfare is administered by the counties. County welfare agencies may either take the lead responsibility for work activities or contract out to other agencies. The Suffolk County Department of Social Services contracted out this responsibility to the county Department of Labor, while the Albany County Department of Social Services serves as the lead work agency and contracts with multiple organizations for services. In Georgia, the state welfare agency contracts with the state Department of Labor for job search and placement services. In Michigan and Texas, work programs for welfare recipients are the responsibility of the state work force agency, which also oversees the Workforce Investment Act, Unemployment Insurance, and other work programs. The state agencies operate through local work force boards, which in turn contract out to service organizations. Texas permits the work force boards to contract with for-profit companies, as in the case of Dallas, where the board contracts with the for-profit Lockheed Martin Corporation. Although table 2-1 shows only part of the local service delivery system for TANF programs, which may involve many specialized services, it is clear even from this picture that local staff arrangements are often complex and local systems often encompass both public and private organizations. Rather than a simple trend toward privatization, we see a broader movement toward complex combinations of diverse institutions drawn from both the public and private sectors.

The Culture Change Hypothesis

An overarching question about welfare reform is the magnitude of the “culture change” taking place in local offices. Critics of AFDC have sought to transform welfare agencies from a culture focused on collecting information to ensure eligibility and compliance to a self-sufficiency culture that emphasizes finding people work (Kane and Bane, 1994).

Articulating New Goals

At the top of the welfare agencies in the Frontline Study, culture change is an often-heard theme. Most of the administrators we interviewed said they have adopted strategies aimed at shifting their agency’s culture toward work and self-sufficiency. They emphasized employment or diversion from welfare in their formal statements of goals. In Georgia, they used the language of vision, mission, and empowerment: “We are changing the culture by creating a vision and empowering local agencies, not by regulating them. . . . Our mission is to assist TANF clients in becoming employed, with TANF, food stamps, and low-income Medicaid supporting the employment process.” In

Table 2-1. *Institutional Arrangements and Staff in Selected Local Welfare Systems*

| <i>County/agency</i> | <i>Staff position^a</i> | <i>Number of staff^b</i> |
|--|-------------------------------------|------------------------------------|
| <i>Georgia</i> | | |
| <i>Fulton County, Northwest Office (Atlanta)</i> | | |
| Department of Family and Children Services | Reception | 4 |
| | Intake (eligibility) | 5 |
| | Ongoing (eligibility) | 16 |
| | Child care | 6 |
| Department of Labor | Service specialist | 2 |
| Site total | | 33 |
| <i>Bibb County (Macon)</i> | | |
| Department of Family and Children Services | Screeners | 5 |
| | Intake (eligibility) | 11 |
| | Ongoing | 12 |
| | Employability | 6 |
| | Challenger | 4 |
| | Work Experience Program | 4 |
| | Child care | 4 |
| Department of Labor | Service specialist | 4 |
| Site total | | 50 |
| <i>New York</i> | | |
| <i>Albany County</i> | | |
| Department of Social Services | Reception clerks | 9 |
| | Reception examiners | 10 |
| | Reception child support enforcement | 1 |
| | Eligibility and undercare examiners | 23 |
| | Employment Unit | [6] |
| Contractors on site | Child care counselors | 2 |
| | Assessment for mental barriers | 1 |
| | Assessment for domestic violence | 1 |
| Site total | | 53 |
| <i>Suffolk County, Smithtown Office</i> | | |
| Department of Social Services | Eligibility | 7 |
| | Undercare | [10] |
| | Clerk/reception | 3 |
| | Suffolk Works Employment Program | 9 |
| | Child care | 6 |
| | Front-end detection system | 2 |
| Department of Labor: serves four welfare offices | Assessment | 24 |
| | Registration | 4 |
| | Job readiness training | 3 |
| | Job development/OJT | 4 |

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Table 2-1. *Institutional Arrangements and Staff in Selected Local Welfare Systems (continued)*

| <i>County/agency</i> | <i>Staff position^a</i> | <i>Number of staff^b</i> |
|--|-----------------------------------|------------------------------------|
| Site total | Job placement | 5 |
| | | 77 |
| <i>Michigan</i> | | |
| <i>Macomb County, Sterling Heights Office</i> | | |
| Family Independence Agency | Family independence specialist | 24 |
| | Registration support | 2 |
| Work First Agency: St. Clair Shores Born Center | Community resource specialist | 1 |
| | Job club and retention | 2 |
| | Job readiness | 1 |
| | Job search | 1 |
| | Assessment | 1 |
| Site total | | 32 |
| <i>Wayne County (Detroit), Glendale/Trumbull Office</i> | | |
| Family Independence Agency | Family independence specialist | 49 |
| | Registration support | 2 |
| Jewish Vocational Services | Retention specialist | 4 |
| | Case coordinator | 3 |
| Operation Help | Orientation | 1 |
| | Job developer | 4 |
| Site total | | 63 |
| <i>Texas</i> | | |
| <i>Dallas: Masters Office</i> | | |
| Department of Human Services | Texas works advisor | 19 |
| | Receptionist | 1 |
| Texas Workforce Center (Lockheed-Martin): serves two welfare offices | Career counselor | 6 |
| | Seminar leader | 2 |
| | Resource room monitor | 1 |
| | Child care | 2 |
| Site total | | 31 |
| <i>Denton County</i> | | |
| Department of Human Services | Texas works adviser | 12 |
| | Receptionist | 2 |
| North Texas Human Resource Group | Career development | 2 |
| | Workshop facilitator | 1 |
| | Counselor | 1 |
| Site total | | 18 |

Source: Frontline Management and Practice Study.

a. Includes staff providing cash assistance, employment services, and child care.

b. Staff with face-to-case contact with TANF clients. Brackets indicate infrequent contact.

Michigan: "Our goal is for all offices to have 100 percent employment." In Texas, the state welfare commissioner expressed his main goal by a phrase heard repeatedly: "Get a job, get a better job, get a career." Only in New York did we find a welfare administrator say he was not interested in changing his agency's focus on eligibility functions, as he felt that such a change would undermine its capacity to minimize eligibility errors, a goal that remains important in both the county and the state.

Welfare administrators designed physical space to communicate the importance of these goals. A big banner in the lobby of one office proclaimed "Welcome Job Seekers!" Posters in the waiting room said, "You Have A Choice, Choose a Job—Work First"; "Work First So That Your Child Is Not the Next Generation on Welfare"; "Life Works If You Work First." The message was the same in another state's welfare office: "Job Seekers Welcome!" and, in English and Spanish, "Time Is Running Out/Welcome Job Seekers, Your Independence Is Our Success."

Some welfare agencies have tried to redefine the job of frontline workers. In the self-sufficiency culture envisioned by Bane, welfare agencies would structure interactions between workers and clients around employment instead of eligibility rules and paperwork. Table 2-1, which shows the frontline staff who have face-to-face contact with TANF applicants or recipients, suggests that with the exception of one site in New York, state welfare agencies included elements of this redesign in their culture-change strategies. All states changed the titles of their frontline workers to reflect the goals of work and self-sufficiency. For example, before welfare reform, Michigan had a job title, Assistance Payment Worker, a person who dealt exclusively with AFDC, food stamps, and Medicaid. Michigan now has Family Independence Specialists, who provide not only these benefits but also child care and other support services. With the exception of Texas, the new titles entailed real changes in duties. In Georgia, for example, positions known as Family Independence Case Managers combined the responsibilities formerly split among AFDC, food stamps, Medicaid, and workers in the Jobs Opportunities and Basic Skills training program.

At the frontlines of the agencies, however, the goals of accurate eligibility determination and compliance with rules are still evident. When lower-level managers, supervisors, and especially frontline workers described the agency's goals, they talked less about self-sufficiency and more about accuracy in determining eligibility and benefits. Another frequently articulated goal was getting their work done on time, expressed as "timeliness" or "standard-of-promptness." Eliminating fraud was also important, with finger-imaging of all applicants in New York and Texas and access to an extensive database of

personal information in Texas. Their most common worry was the high rate of error in the Food Stamp program. Before TANF, the federal government operated a quality-control (QC) system that imposed financial penalties on states with excessive rates of error in determining AFDC eligibility and benefits. The TANF law ended the federal QC requirement for cash welfare, but the Department of Agriculture still operates a QC program for food stamps. Because families with earnings generate more errors than those without jobs, the success of the economy and TANF in moving people into employment may have contributed to the growth of food stamp error rates since 1997. At least, states have acted as if that were true, as many have stepped up their efforts to verify eligibility for food stamps (Fossett, Gais, and Thompson, forthcoming; see also Greenstein and Guyer, chapter 13). Because welfare agencies administer the Food Stamp program together with cash assistance, often using the same forms, computer screens, and people to gather information, efforts to reduce the food stamp error rate help sustain an agency's overall emphasis on accurate benefit determinations. Just as welfare reform has affected access to food stamps, food stamp goals and processes have spilled over into the administration of welfare.

Practices at the Frontlines of Welfare Agencies

The Frontline Study did not just ask workers about their goals; we observed how welfare workers actually treat their clients. Preliminary analysis of data from the worker-client encounters indicates that much of the time is spent collecting information about the applicant, other family members, and absent parents. Workers collect documents to verify family relationships and residence, such as birth certificates, social security cards, immigration papers, driver's licenses, marriage licenses, divorce papers, and leases or other proof of residence. They collect documents to verify income and assets, such as pay stubs, letters from employers, tax returns, bank statements, and vehicle registrations. Because applicants must pursue other available sources of support, workers may require proof that the individual has applied for Social Security, Unemployment Insurance, disability insurance, or private health insurance. Workers also collect documents to verify the expenses incurred by applicants, such as a landlord's statement, mortgage bills, utility bills, or hospital bills, or to verify the crisis facing the applicant, such as an eviction letter. Finally, workers may need to obtain documents about the applicant's children, such as proof of immunizations or school registration. Because accountability is still important to welfare agencies, the eligibility/compliance culture described by Bane has not faded away with the repeal of AFDC.

At the same time, workers almost always mention an initial, required work activity during the first interview in the application process. Often, this comes early in the interview and is repeated at its end with a specific date or choice of dates for attendance. Unlike AFDC, which made referrals to work activities after eligibility was authorized, and when referrals were often to an education or training program that might not start for several months, TANF made its participation mandate immediate and a condition of eligibility. Imposing the mandate through job search programs, which operate on a short cycle or continuously, means that clients need not wait to begin. Right away, they experience the signal that work is expected. The practices of front-line workers thus reflect both the work and the accuracy/compliance goals. Change has occurred by augmenting, not transforming, the culture of local agencies.

The fact that signaling is done largely through institutional processes and structures may help account for the interesting patterns of program understanding among participants. The evidence available from client surveys and focus groups suggests that the general messages sought by policymakers have made it through to participants. A study in Boston, Chicago, and San Antonio (Cherlin and others, 2000, p. 8) indicates that “recipients by and large know that there is a time limit. In two of the three cities, a substantial majority knows how long the time limit is. Nonetheless, there exists widespread uncertainty about the details of time limits and related policies.” Programs may not be fully explained to participants, but because caregivers experience processes that express the new messages, they get to know the general expectations.

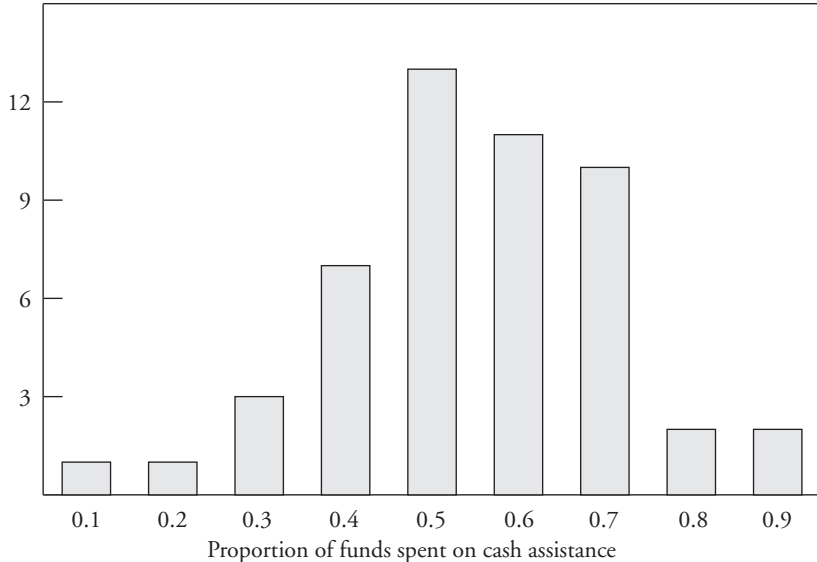
Changing Services

In addition to changes in program signals, we have seen major changes in the benefits and services states provide to their low-income populations. Perhaps the most definite change has been the decline in the provision of cash assistance and a corresponding increase in the provision of services, particularly those that support work.

However, describing the shift in benefits provided to low-income families before and after the enactment of the Personal Responsibility Act is no easy task. Federal data, collected by the Administration for Children and Families through Form ACF-196, are suggestive at best. Although these data include both federal TANF and state maintenance of effort (MOE) money (that is, state spending for the goals of welfare reform, mandated under the federal block grant), they do not include other relevant funding streams, including

Figure 2-1. *Proportion of Total (Federal and State) Funds Spent on Cash Assistance, Fiscal 1999*

Number of states



Source: U.S. Department of Health and Human Services.

the federal Child Care Development Fund, a separate block grant also enacted as part of the 1996 Personal Responsibility Act. Still, even this incomplete picture of state spending on welfare-related purposes suggests that many states are no longer spending most of their human services money on cash assistance. Figure 2-1 shows the distribution of states with respect to the proportions they devoted to cash assistance in federal fiscal year 1999. The median state spent 54 percent of its state and federal money on cash assistance, while one out of four states spent 45 percent or less. States that spent the least on cash assistance were typically those that have seen very large declines in caseloads or those that have had the most experience with welfare reform. Michigan, for example, has been reforming its welfare programs since 1992: it spent only 42 percent of its TANF/MOE funds in 1999 on cash assistance, less than the total of what it spent on work activities (15 percent) and child care (30 percent). Wisconsin, with welfare reforms that date back to the 1980s, spent 28 percent of its funds on cash benefits compared with 25 percent on work activities and 19 percent on child care.

The federal data, however, do not reflect changes in state spending priorities since the enactment of the Personal Responsibility Act. To discern those

Table 2-2. *Changes in Social Services Spending, State Fiscal Years 1995–99*
Percent

| <i>State</i> | <i>Poverty relief</i> | <i>Child care</i> | <i>Employment and training</i> | <i>Poverty prevention</i> | <i>Mental health and other</i> | <i>Child protection</i> | <i>All social services</i> |
|--------------|-----------------------|-------------------|--------------------------------|---------------------------|--------------------------------|-------------------------|----------------------------|
| California | -29 | 115 | 52 | 32 | 39 | 64 | 4 |
| Georgia | -51 | 76 | 56 | 34 | 4 | 31 | -1 |
| Missouri | -29 | 120 | 111 | 11 | 20 | 54 | 16 |
| Wisconsin | -48 | 168 | 20 | 5 | 12 | 34 | -8 |

Source: Ellwood and Boyd (2000).

changes, the Rockefeller Institute conducted pilot research on changes in social service spending in California, Georgia, Missouri, and Wisconsin (Ellwood and Boyd, 2000). So that we might compare states' spending before and after welfare reform, we examined changes in all social services, not just those directly supported by the federal block grant or state maintenance of effort spending. This comprehensive approach not only offers comparability, it also sheds light on how states shifted spending among social service categories and between federal and state budget sources and how some categories of spending, such as mental health or child welfare, might be affected indirectly by the new flexibility in spending under TANF.

When we compared expenditures in fiscal 1999 and fiscal 1995, we found major shifts in priorities in all four states. As table 2-2 demonstrates, all four states had major declines in "poverty relief," meaning direct financial assistance to households for living expenses, including cash assistance, emergency assistance, state supplementation to federal Supplemental Security Income payments, and other programs. These declines were closely correlated with falling AFDC/TANF caseloads. The largest declines in poverty relief were in Georgia and Wisconsin, where welfare caseloads fell the most.

In contrast, we found increases in all other categories of social service spending. First, spending on child care and child development programs rose in all four states more than any other category of spending. All states except Georgia at least doubled their spending on child care and child development. Second, spending on employment and training increased in each of the states, though not as much as child care expenditures. Third, spending on poverty prevention programs—such as diversion payments, pregnancy prevention programs, and substance abuse prevention and treatment—grew but at a much lower rate, as did spending on services for mental health and developmental disabilities. Fourth, child protection services, mostly spending on child welfare, increased substantially, although the reasons for growth do not

seem to be related to changes in the welfare system (Ellwood and Boyd, 2000).

Except for a 16 percent increase in Missouri, states' total spending on social services did not change very much. Overall spending in California and Georgia was stable, with California's expenditures increasing by 4 percent and Georgia's decreasing by 1 percent. Wisconsin's total social service spending declined by 8 percent, perhaps because the state began its welfare reforms well before 1995. Even after the decline, Wisconsin spent more money on social services per person in poverty than the other three states.

Though spending totals were fairly stable, the distribution of expenditures across functions shifted dramatically. Child care spending ranged between 4 and 7 percent of the total social services budgets in 1995. By 1999, however, that percentage grew to between 10 and 14 percent. In contrast, the percentage of the social services budget going to poverty relief programs fell from 33 to 16 percent in Georgia, from 49 to 27 percent in Wisconsin, from 65 to 45 percent in California, and from 33 to 20 percent in Missouri.

In field research we conducted in 2000, we listed all types of services supported by states' TANF/MOE funds in fiscal 1999 and estimated, working with state officials, the rough magnitude of spending changes on these social services between 1995 and 1999. Again, to ensure comparability over time, the estimates include all state spending on these social services, not just the part funded in the latter years by TANF or designated by the state as MOE money. For each area, we estimated changes in spending according to a five-fold scale: large increase (35 percent or more between state fiscal years 1995 and 1999); significant increase (greater than 10 percent but less than 35 percent); little or no change (between a 10 percent increase and a 10 percent decrease); significant decrease (a decline greater than 10 percent and less than 35 percent); and large decrease (greater than 34 percent). We obtained usable data from fourteen states.

These data confirmed the more detailed four-state analysis. Spending for most forms of direct poverty relief fell, most dramatically for cash assistance, which declined in thirteen of the fourteen states, but spending also fell for food stamps and housing. The only widespread exception to declining spending for poverty relief was child support enforcement: eleven of fourteen states reported a significant growth in spending on efforts to secure child support payments. Direct poverty relief also grew in some states in the form of emergency assistance and a variety of small programs providing targeted in-kind supports, such as clothing vouchers.

Spending on work support and front-end job services grew vigorously. Child care spending showed large increases in ten of fourteen states and smaller

increases in three other states. Transportation spending also grew in most states. Spending on job search and placement services increased, while trends for other employment and training services varied from state to state. Work experience programs grew in four states—New York, Ohio, West Virginia, and Arizona—and showed little change or declines in others. Postemployment services also showed variation: five of the eleven states responding to this question increased spending on such services, while four states did not have such programs. Only in Ohio did spending on wage subsidy programs grow, and no state spent TANF/MOE funds on public sector employment programs.

States seem to be expanding the range of services offered since the first couple of years after the 1996 reform legislation passed. Seven of thirteen responding states have increased spending on pregnancy prevention programs, though these programs generally remain small. Also, some states are responding to perceived changes in their caseloads, which administrators view as increasingly composed of families with severe obstacles to employment. Mental health expenditures increased in six of ten reporting states; in contrast, substance abuse prevention and treatment expenditures increased only in two states and otherwise remained constant.

Variations on Work First

The data on spending patterns, processes, and administrative structures are certainly consistent with the work first paradigm. Yet states also vary within the work first framework. Two important differences involve the operational goals of the program, which range between states that emphasize work participation and those that also stress caseload reduction, and the structures and services states use to achieve those goals. These structures and services reveal different ways of construing the problems of moving people into jobs and helping them achieve independence. Some states treat the problems of not working and dependence as motivational in nature; some state systems are built around the assumption that such problems stem from a lack of job-related skills; and still others have implemented eclectic, adaptive, sometimes ad hoc service systems, on the premise that many barriers may prevent families from achieving independence, depending on the specific cases and local circumstances. Given these categories, at least six variants of the work first model may be discerned.

Motivational Strategies: Work Participation as Primary Goal

States in this category try to motivate people to work by decreasing the costs of employment and increasing its gains, that is, by “making work pay.” Min-

nesota's TANF program, which resembles its AFDC-waiver antecedent, the Minnesota Family Investment Program (MFIP), supplements earnings with services, offers high benefit levels and sufficient earnings disregards to allow families to receive cash assistance up to 120 percent of the poverty level, provides generous asset disregards (including a relatively high value for a vehicle), and augments earnings through the state's earned income tax credit. The program stresses short-term job search; it puts less emphasis on the training and education services offered under its MFIP pilot. A sliding scale child care program is available to many working families (though the program is not yet fully funded). We found some diversion activities in one of two counties studied, but the program is designed to encourage work, not minimize case-loads.

Missouri assigns greater prominence to work support services than to cash supplements, though in 1999 the state doubled its disregard, from one-third to two-thirds, for income earned while on welfare. Its reforms attempt to reduce the costs of working and searching for work, not only for families through its generous child care, transportation, and medical assistance programs but also to employers through a fast-growing wage subsidy program. To families that find jobs, the state offers an additional grant of up to \$350 a year for other job-related expenses. Missouri's TANF program has extensive up-front job search requirements but no explicit diversion programs. Administration is centralized, and case managers focus on explaining state rules and service options. State administrators stress work participation rates, not case-load reduction.

Motivational Strategies: Reducing Dependence as Primary Goal

States in this group also try to motivate families to behave in certain ways. But rather than encouraging families to mix earnings and cash assistance, these states attempt to minimize families' dependence on cash. Wisconsin's W-2 program, which is organized to resemble the "real life" of work (Kaplan, 2000), is the most fully developed system of this kind. Families are paid only for hours they have clocked. Payment levels are keyed to the level of participation—more demanding work activities have higher "wages"—and family size is irrelevant to the determination of benefits. W-2 families make co-payments for child care services, but, just as in the real world of work, the state (their "employer") keeps none of their child support payments. No income or asset disregards exist, since employable caregivers receive no cash assistance (except for the state's earned income tax credit). Employment and career services are offered through the state's often impressive county job centers, where services are open to all people looking for work, not just low-

income families. W-2 thus encompasses a two-pronged strategy. For parents who are employable, it offers generous work support services and an earned income tax credit to a large part of the low-income population. For parents who cannot find unsubsidized jobs, it offers employment of last resort, though entry to and use of this employment are restricted. W-2 case managers explain options, requirements, and consequences; they are not expected to find jobs for caregivers or to solve family problems. Families are expected to do that for themselves, drawing on the ample resources the state makes available to working families.

Texas's welfare program is quite different from Wisconsin's and perhaps belongs to a different category. It does not offer a rich array of services to such a wide range of working families, nor has it yet fashioned close administrative connections between the state's welfare and work force development systems. Texas, however, is like Wisconsin in trying to motivate families to avoid cash assistance. Yet rather than using a "real world of work" approach, Texas emphasizes error-minimization and antifraud activities to restrict entry onto the welfare rolls by making welfare even less attractive than it might otherwise be. The Lone Star Imaging System for detecting TANF, food stamp, and Medicaid caseload duplication requires all adults in participating households to be finger-imaged. Quality-control efforts have intensified in recent years, and investigations into anomalies may involve home visits. During interviews, eligibility specialists can look up an applicant's recent credit card purchases and balances and ask for explanations. However, once people get on the rolls, the pressures to leave do not seem great. The state recently increased earnings disregards, which can extend clients' time on assistance.

Employment Services Strategy: Work as Primary Goal

These work first systems try to move people into jobs less by offering incentives than by building job-related skills through employment, training, and education services. Such states do provide work supports and earnings disregards, but rather than assuming that barriers to independence are motivational, these programs presume that caregivers most need assistance in finding jobs or getting training, counseling, and even education for better jobs.

Michigan, like Minnesota and Wisconsin, offers generous cash benefits, child care services, and other work supports. Yet the dominant chord in the Michigan Family Independence Program is the extensive array of employment services offered to TANF clients through the state's work force development agency. Its twenty-five local agencies contract out to private organizations, called Work First agencies, which in turn "develop individual service plans to move participants into . . . unsubsidized employment as quickly as

possible and increase the responsibility and amount of work the participant is able to handle over time” (Weissert, 2000, p. 152). They do this by providing employment and postemployment services, which have expanded over the years. In 1999, for example, the state liberalized its policies so that “recipients working 10 hours a week and enrolled in education programs for 10 hours can meet the state’s 30-hour work requirement, which counts 10 hours of study time” (Weissert, 2000, p. 152). Emphasis is on work participation, not caseload reduction. This goal is signaled by the governor’s strong interest in the state’s Project Zero sites, local offices that were given administrative flexibility in exchange for accepting the goal of reducing to zero the number of persons on the welfare rolls without earnings. Michigan has no diversion program, nor does it impose time limits on cash assistance. The state is committed to supporting families with state funds when they exceed the five-year federal time limit.

Tennessee’s First Families program also stresses employment services and work participation. It has no diversion program, nor does it require an immediate search for work. No policy of “banking” time on assistance exists. That is, case managers do not review cases with earnings in order to encourage recipients to get off the rolls and preserve their time on assistance, perhaps because in a low-benefit state like Tennessee, people with significant earnings quickly lose their eligibility. Families First administrators pride themselves on the program’s education and training focus, but as one might expect in a low-benefit state, they have problems securing participants. To encourage participation, the state pays clients to complete education, training, and other work-related milestones; cash bonuses are awarded for getting a job, completing a general equivalency diploma or college degree, or retaining a job for six or twelve months. The state also offers strong work supports, including a First Wheels program that provides zero-interest auto loans.

A state could, theoretically, implement an employment services strategy while minimizing access to cash assistance, and that would constitute another type in our taxonomy. Florida’s newly revised system, which aims to subsume “welfare” under the state’s work force development system, may implement this approach, but it is too early to tell. Florida clearly tries to reserve cash assistance as a last resort: it offers at least six varieties of diversion, each serving distinct short-term needs, including help in relocating to places where jobs are plentiful.

Adaptive Services Strategies: Work as Primary Goal

These states rely on services and emphasize work participation more than caseload reduction; what distinguishes them is the range of services provided

as well as the discretion given to workers and administrators. The idea is to create a large repertoire of services that case managers can use in responding to the particular needs of families. These programs take shape at the point of contact with clients and thus display “second-order devolution.” They may not emit clear signals—as do the motivation-based systems—but their individualized service strategies make them more adaptable to diverse and changing circumstances.

Kansas, for example, puts little emphasis on caseload reduction. It offers no diversion benefits, and it has relaxed its applicant job search requirements for the many “recyclers” to the program. Kansas, unlike most states, conducts extensive up-front assessments. Domestic violence counselors are co-located in intake offices to screen for and provide support services, and clients are assessed for learning disabilities through a learning disability diagnostic tool. As caseloads declined and officials felt that they had to help with people who were hard to employ or who cycled in and out of jobs, our Kansas field researcher discerned a shift in strategy toward job retention for the remaining TANF adults, many of whom need intensive support services, such as enhanced transitional services, vocational rehabilitation services, remediation for the learning disabled, treatment for substance abusers, and intensive family preservation.

Adaptive Services Strategies: Reducing Dependence as Primary Goal

West Virginia and Washington, like Kansas, have formulated a variety of programs and have given local workers discretion in deciding what treatments are appropriate in specific cases. Both states, however, put greater stress than Kansas on minimizing the use of cash assistance. West Virginia’s high level of unemployment, viewed by policymakers as suggesting that residents need to “bank” their time on cash assistance, and the state’s concern about minimizing costs have led it to push for diversion and rapid exit from its cash assistance rolls. District offices require a waiting period before enrollment in TANF. Applicants must search for a job, document that effort, and complete a personal responsibility contract before applications can be completed. Our field researcher reported that in 2000 case managers were being encouraged to use diversion and support services to prevent initial enrollment, facilitate transition from the rolls, and prevent reenrollment. Frontline staff may dissuade families from entering the rolls by offering alternative benefits such as food stamps, emergency assistance, help in getting child support, assistance from community service organizations, or a formal diversion payment. The state also moves people off the cash assistance rolls by offering potential welfare “leavers” a wide variety of in-kind benefits: clothing vouchers, dental and

vision services, vouchers to obtain tools and licenses, money for relocation, and transportation assistance.

Washington's WorkFirst program also entails a pluralistic, adaptive services strategy. Getting people off cash assistance is a primary goal. Individual responsibility plans focus on leaving cash assistance, the state offers cash diversion, and state administrators establish annual targets for caseload reduction. These goals are implemented through an informal, individualized case management model, in which the case manager serves as "a broker of services, expected to evaluate, support, coach, monitor, network, and refer clients." The program's success "rests heavily on the ability of [eligibility] and [job service] frontline service deliverers to work with individual clients, service providers, employers, and other stakeholders (Looney and Narver, 2000, pp. 86–87)." If clients and families face multiple barriers to employment, a team of workers dealing with the case may include a social worker and community providers. To give frontline workers the capacity to solve the employment-related problems of a diverse caseload, the state has generated many distinct work-related programs, devolved discretion down to case managers, and kept administrative structures flexible. Administrative regulations governing the work of case managers have been reduced from fifty-four pages under AFDC to twelve pages under WorkFirst; and rather than relying on formal agreements, such as memoranda of understanding, there is a desire to keep the relationships among implementing agencies fluid.

Compound Systems

Some states resist classification at the state level because they have devolved so many policy and administrative decisions down to counties or cities. This form of second-order devolution is itself a strategy, yet the component local welfare systems may also fit into one of the types listed above. One of the major distinctions among these states has been between those, like New York and New Jersey, that have left the basic relationships between state and county governments largely intact, and those, like Ohio and Colorado, that have restructured those relationships. Ohio, for example, drew on the private sector franchise model (after consultation with Wendy's) to refashion its welfare system and its intergovernmental relationships (Adams and Wilson, 2000). The state consolidated eight funding streams into a single block grant to counties with approved "partnership agreements" for welfare reform giving counties considerable power and flexibility. The state also created a new intergovernmental liaison called "account managers," who mediate the complex interactions between state agencies and counties.

These states show certain tendencies in signals and services. They tend to use adaptive, service-based strategies; and while Ohio stresses caseload minimization, New Jersey and New York put more emphasis on work participation. A striking fact in all these states is the enormous amount of time it takes for change to filter through these multiple levels. In Ohio, although counties submitted their community plans in 1997, partnership agreements (which allowed the consolidation of funding streams) were not approved in all counties until October 2000.

As this last point suggests, different work first systems experience different implementation problems. In states that try to motivate parents to work or avoid assistance, the primary challenge is to communicate options, rules, and potential consequences to family heads, and to maintain contact with families as their circumstances change. In states that use employment service strategies, an enormous challenge is to overcome the tensions between state welfare and work force development agencies. These tensions have become more acute in recent years as administrators' attentions focus on the hard-to-employ clients, who may soon be facing time limits. Work force development agencies have traditionally not served these clients because they are not the higher-skilled workers sought by employers, a critical constituency for most such agencies. States with adaptive, pluralistic service strategies face many management challenges. Each set of specialized services involves a distinct set of public agencies, service providers, eligibility rules, and political actors, as well as a separate information system. In addition, local welfare managers and workers may feel unprepared to handle the discretion they have been given, and concerns about equity and fairness often arise about differences in how that flexibility is handled in different localities and even for different individuals.

We should stress that the taxonomy captures differences in emphasis. Just as we stressed overall patterns in the first sections of the chapter, this section stresses distinctions. Both viewpoints are needed for a complete picture of state implementation. States may even move from one type to another, and in recent years it seems as if there has been some movement toward greater pluralism in services, partly in response to perceptions of a changing caseload, perhaps in response to the pressures to spend the TANF surpluses. Yet there are some differences that are not easily overcome and that would suggest some stability in state approaches. For example, states that offer low cash benefits seem predisposed to adopt strategies emphasizing caseload reduction, perhaps because it is easier for them to dissuade clients from applying for assistance or remaining on the rolls, or perhaps because it is harder for such states to attain high work participation rates when even low earnings

make most families ineligible for benefits. In contrast, states that offer high benefits tend to put less emphasis on caseload reduction in their implementation of welfare reform and more on work participation rates. Indeed, the fact that TANF allows work participation rate targets to be achieved with caseload reduction credits permits the great range of signals and goals that our taxonomy captures.

Implementation Challenges

While we have seen considerable change in signals and services, states and localities still face common challenges in implementing work-based TANF systems. Many of these difficulties involve managing the complex human service systems states are constructing. The complexity arises from several sources. First, work first processes involve many separate contacts with clients over time, and it is no simple task to guide and track families through these processes. Second, the work first orientation has not replaced but has supplemented the older AFDC administrative culture, forcing staff to make two different orientations operate together. Third, states have shifted away from providing cash assistance and toward the delivery of multiple services, each of which may engage a different agency, set of providers, and information system. Fourth, the move to a service strategy has often led to transfers of administrative control from centralized state welfare agencies to intricate local coalitions of public and private institutions.

The complexity poses many challenges. TANF programs must (1) design information systems that help administrators and workers operate and oversee complex service systems and detect and respond to problems, (2) create and maintain bureaucratic incentives to achieve the new goals of employment and independence, and (3) adapt work first processes and structures to the needs of working families.

Welfare Information Systems

The new work-focused welfare systems require managers and workers to obtain information on how program participants are proceeding through complex intake processes and service programs. To understand the capacities of welfare information systems, our field researchers asked state officials and local administrators (in two local offices per state) whether, and how easily, they could answer forty questions about their clients and work activities. We found that welfare information systems could answer many questions at the state level about clients' eligibility for traditional benefits, the number of cases being served, some demographic information, and other basic informa-

tion about the status of welfare households. However, these systems were much less capable of keeping track of work activities, work-support services (such as child care), reasons for client exemptions from work requirements, and major barriers clients were diagnosed as facing (Nathan and Gais, 1999).

The continuing weaknesses of welfare information systems have been documented in a recent study jointly conducted by the Rockefeller Institute and the U.S. General Accounting Office (GAO, 2000). The GAO report found that case managers are still often unable "to obtain data on individual TANF recipients from some of the agencies serving them, including job assistance agencies" (p. 9). Many TANF case managers cannot "arrange needed services, ensure that the services are provided, and respond quickly when problems arise," and staff find it "difficult or impossible to query automated systems to obtain information for planning service strategies for their overall TANF caseloads" (p. 9). A study by the Manpower Demonstration Research Corporation of welfare reform in four cities also cites concerns that managers and staff lack accurate and timely information concerning where clients are in their program and how they are progressing through the welfare-to-work process (Quint and others, 1999, pp. 141–42). In Miami/Dade County the evaluators noted that the system failed to clock how much time remained on a participant's time limits, and it was impossible to report data on backlogs of recipients waiting for orientation, job club, or work experience slots. This problem still exists. Our update research in 2000 found that many states are still having problems with their welfare information systems, including basic deficiencies such as the inability to count the months assistance has been received so as to inform the client how many months are left.

Bureaucratic Incentives in State Programs

In the early years of welfare reform, governors and top administrators devoted much attention to the new goals of increasing work participation and minimizing dependence. But states have found it hard to institutionalize these purposes. Under AFDC, many states created, whether intentionally or not, bureaucratic incentives that encouraged large caseloads. In Georgia, for example, the state's Department of Family and Children Services organized its 159 county offices into six tiers. Larger caseloads resulted in placement in a higher tier, which in turn generated more staff and higher administrative salaries.

Neither Georgia nor other states in our sample still explicitly tie administrators' compensation to caseloads. But states have yet to create new systems of administrative incentives fully congruent with the broad purposes of welfare reform. States still tend to base staffing and budget allocations across

counties, districts, and offices on projected cash assistance caseloads. In the first years of welfare reform, governors and state executives often tried to assure employees that their success in reducing caseloads would not mean the end of their jobs. But many states have cut staff nonetheless. These competing bureaucratic incentives would appear to be easier to resolve for contractual relationships, which may be established on the basis of program performance measures. Contractors, often private organizations, can thus be required to focus on specified performance goals.

However, overseeing contractors' real (not just reported) performance is no easy task. In fact, the problems of overseeing and controlling private contractors have already led one state, Mississippi, to abandon its privatization initiative (Breux and others, 2000). Also, creating incentives for contractors to be efficient while helping families achieve independence is especially hard to do. Wisconsin initially allowed W-2 contractors to keep a significant share of the money remaining after fulfilling their contracts. But the political fallout from the public perception of contractors "profiting" from caseload reductions eventually led the state to implement a more complex set of performance measures and system of bonuses and penalties—and one that would seem to be even harder to oversee.

Thus, although states are collecting more performance information—including TANF's high-performance bonus criteria as well as work participation rates and caseload reduction—less progress has been made in formalizing incentives to achieve these goals. The strong focus by welfare agencies to date on increasing work participation rates, moving people into unsubsidized jobs, and reducing cash assistance caseloads has largely been a response to the personal attention and priorities of top state executives, often including the governor. The difficulties of institutionalizing performance goals may mean that state welfare systems will remain sensitive to the personal concerns and attentions of governors and top administrators, a dependence that risks drift and loss of focus if new state administrations find welfare reform to be less interesting than did the generation of governors who helped build these programs in the 1990s.

Adapting Processes and Systems to Working Families

Most states have altered their processes and requirements to encourage work, but they have not been as successful in adapting those systems to working families. Work first requirements and processes, combined with continued importance of the quality-control orientation, may encourage working families to avoid welfare offices, even if they still qualify for Medicaid, food stamps, and other benefits and services. Many policymakers view this avoid-

ance effect as desirable, a way of encouraging independence. Yet it may create a kind of administratively induced notch, such that families who leave welfare for work are less well off than if they continued to receive cash assistance, not necessarily because their cash income has declined, but because they no longer receive noncash benefits for which they are eligible. As one of our researchers noted in an update report, "The state has extended eligibility for all transitional services (such as transportation, special service allowances, transitional Medicaid, and childcare supplements) to 12 months after employment is secured. Officials note, however, that few clients take advantage of these services." Washington State has enacted an extensive array of postemployment service programs, but finding clients willing and able to use them has not been easy. Re-Employ Washington Workers—a program designed to reduce rates of recidivism to public assistance through rapid re-employment—was eliminated soon after its implementation in 1999 owing to a lack of client response.

Part of the problem in reaching the working poor may also stem from the fact that while states and localities have integrated service delivery systems for families on cash assistance, the systems serving families not on cash assistance—and therefore not subject to time limits—have generally not changed. Our researcher in West Virginia noted:

For those 13,000 or so families that remain on TANF, they have had the advantage of being assigned one case manager to assist them. But for those who have left the rolls, or those who are in or near poverty, the system that they must rely on continues to be disjointed and fragmented. . . . A citizen seeking assistance may be referred to any number of workers in their efforts to secure benefits.

States have still not developed the "back end" of their processes and fashioned easy-to-use, more integrated systems for assisting working families not on cash assistance.

Conclusions and Implications

State experiences in the implementation of TANF have common elements. New work-focused agencies play a larger role in nearly all state welfare systems. States have created processes front-loaded with new obligations and activities that confront families entering welfare systems, and these processes signal new expectations and opportunities regarding work for low-income families. We have found that this work-focused agency "culture" has not

replaced the older AFDC agency operational goals of minimizing eligibility errors and ferreting out fraud and abuse; rather, it has been added onto the AFDC culture. The resulting hybrid is a complex set of procedures, requirements, and organizational arrangements. The focus on work also comes across as states change the mixture of benefits and services provided to families from cash assistance to benefits and services supporting work. Despite these common patterns, state systems vary a great deal. A major division among the states is between those that place special emphasis on reducing reliance on cash assistance and states that focus on work without emphasizing caseload reduction. Within these two main categories, states are evolving distinct approaches to implementing these particular goals.

States face major challenges in operating new human service systems. Their information systems remain for the most part mismatched to the new tasks and distribution of power in state welfare programs. States are only beginning to develop methods of institutionalizing the new goals of work and independence in their administrative structures. What is particularly important, states have created processes that strongly encourage work, but because those processes are often complex and burdensome, they may discourage the use of services by working families.

To us, the most striking findings from the early implementation of TANF are the size and scope of the opportunities and challenges, and the need for time and stability to allow states and localities to work them out. These systems cannot adapt well to instability with respect to money or policy. The administrative structures involved are complex, often involving hundreds, even thousands, of contracts, memoranda of understanding, and informal agreements among a wide variety of public and private agencies at all levels of government. More important than the overall movement toward greater reliance on nonprofits, for-profits, state labor departments, or some other type of institutions has been the shift toward greater dependence on all of these institutional types, often within the same state and locality. Making these systems work demands enormous investments in staff training, information systems, and contract negotiations, as well as informal adjustments and the building of trust among diverse state agencies, different levels of government, service providers, and community organizations.

To create and manage these complex local coalitions of agencies and providers requires not only time but also predictability at the top, particularly at the federal level but even at the state level. To give one example, states showed a great deal of caution in interpreting what services were subject (or not subject) to the time limits before the federal government approved final regulations that offered them considerable flexibility. Even then, states have

been slow to adjust to the regulations. Uncertainty about the basic rules and the availability of funds can undermine long-term relationships, prevent participation by a variety of potential service providers, and lead to short planning horizons in addressing the needs of families. To be adaptive, effective, and innovative, these particular social service systems need a stable policy and financial environment. Devolution, in short, demands restraint at the center.

Devolution also demands accountability, and though many states are beginning to develop reporting systems that take into account a variety of performance factors that satisfy a number of political interests, there is one glaring omission. States and especially localities know very little about the growing number of poor households that are not receiving cash assistance or services. What information they have on these families is scattered and not integrated into a clear picture of how families in different communities are faring. Devolution has moved decisionmaking down to states—and many states have moved important policy and management decisions down to counties and even communities—without creating an information infrastructure that allows local administrators, policymakers, and citizens to understand the magnitude and nature of the problems confronting families in their areas. The Personal Responsibility Act requires quarterly reports regarding individuals and households receiving cash assistance under TANF. And more than half of the states have conducted “leaver studies” of various sorts, studies that examine the employment status and other measures of well-being of families leaving cash assistance. However, no systematic and timely data are collected regarding such basic questions as trends in poverty levels in American communities. Thus even though these new social service systems are responsible for, and expected to influence the behavior of, all families, not just the decreasing number who are getting or who have recently received cash assistance, the nation does not now track the status of low-income families at the level where important administrative and policy decisions are being made. Devolution not only requires predictability and stability at the top, it also needs information at the bottom. States have certainly gone a long way in implementing a particular theory of welfare and its variants, but they still have far to go before they meet the growing challenges of governance.

COMMENT BY

Susan Golonka

When the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was enacted in 1996, states moved quickly to adopt a series of policies that would transform welfare from a system of cash assistance to one of helping families attain the supports they need to move into employment. Indeed, many states had already begun the transformation under federally granted waivers. The decisions made by state policymakers reflected a vision of a system that would respond to the particular needs of individual families, thus requiring implementation at the local level, where an array of services—including placement services, job training, child care, transportation, and substance abuse and mental health treatment—could be offered by frontline staff that enjoyed considerable discretion.

In chapter 2, Thomas Gais and his colleagues provide a highly informative and compelling picture of state and local implementation of welfare reform. By examining the frontline practices and procedures, the increased involvement of the work force system, and shifts in state social service spending, the authors affirm that states have “made major changes in their social service systems reflecting the employment and antidependency goals of the Personal Responsibility Act.” As the authors note, implementation is more than a matter of changing rules and procedures; it also requires “a capacity for governance, a capacity to alter program elements in light of new information, circumstances, and experiences.” This ability to adapt will continue to be critical if states are to meet the emerging challenges of welfare reform.

Because the authors’ research focused primarily on implementation efforts directed at dependency reduction and job placement, it overlooks to some degree the multiple goals and variety of activities being pursued. Taking advantage of the flexibility permitted under the law and the availability of resources previously spent on cash assistance, most states have embraced an even broader set of goals, consistent with the purposes of the Temporary Assistance for Needy Families (TANF) block grant. These include promoting employment retention and wage advancement, preventing teen pregnancy, improving family and child well-being, supporting parenting and marriage, and reducing poverty. The beneficiaries of these efforts are much broader as well. They include not only families remaining on the cash assistance rolls, but also noncustodial parents, former TANF recipients, and working poor families that have never been on welfare. These newer directions in welfare reform will increase the complexity and challenges of implementation

because they require the involvement of a greater number and range of agencies and organizations and the local delivery of individualized services.

Evidence that states are supporting these broader goals is found in data on how states are spending their TANF and state maintenance of effort (MOE) funds. This spending goes far beyond that discussed by Gais and his colleagues. According to information from a survey of state TANF administrators on the use of TANF and MOE funds in forty-seven states, as of January 1, 2000, forty-one of those states are funding some type of family support services. For example, twenty-five states fund home visits to pregnant/new parents or to former recipients, nineteen states fund kinship care services or payments, and fifteen states fund housing assistance. Programs for noncustodial parents (generally employment/job search services) are funded in twenty-six states, and services to low-income families (usually child care) not receiving assistance are funded in twenty-five states. Thirty-four states fund teen-parent prevention programs, forty-seven states fund transportation assistance, and thirty-four states fund early childhood and child care programs. States are also funding an array of services for families that have left welfare. For example, thirty-seven states fund case management, thirty-three fund education/training, fourteen fund expense allowances, and thirteen fund retention bonuses (see www.info.org/spd-reports.htm).

Welfare reform has also required the capacity to take action in the face of uncertainty, without complete knowledge of whether a particular strategy will work or what elements will be key to successful implementation. State and local officials do not have the luxury of waiting for the findings of a five-year evaluation. With clients facing work requirements and ticking clocks, officials have had to base decisions on the best available information, making adjustments as they go along. States also had to make major decisions and take action before the promulgation of final regulations in April 1999, while under the shadow of punitive proposed rules.

Implementation, then, required the willingness to take risks. In TANE, the high-performance bonus, with its focus on outcomes rather than processes, rewards successful risk-taking and experimentation. Unfortunately, rules in other federal programs, such as the Food Stamp program, with its focus on error rates and compliance, discourage experimentation and risk-taking. This has meant that frontline workers must continue to spend a significant amount of time verifying eligibility and collecting data from applicants and recipients. The authors do not address whether the continued focus on accuracy and compliance in the Food Stamp program has had a harmful effect on state efforts to move families toward self-sufficiency. However, state and local

officials have widely condemned Food Stamp rules and requirements for working at cross-purposes with TANF.

The fact that states do continue to change their policies and practices in light of changing circumstances and new information makes analysis of implementation like trying to hit a moving target. As the authors observe, the focus on front-end procedures had unintended consequences for the back door of the welfare system: many families either left or were diverted from welfare without receiving the food stamps and Medicaid for which they were eligible. The delinking of Medicaid and welfare eligibility in PRWORA and administrative complexities of the Food Stamp program contributed to this problem. States have, however, moved quickly to mitigate this problem by adopting a variety of new procedures, including providing up-front information on food stamps and Medicaid, simplifying application and recertification processes, extending office hours, and stationing outreach workers in community organizations (Brown, 2000).

Changes also are being made at the front door of the welfare system. While states continue to require applicants to engage in work-related activities, a number in 1999 and 2000 adopted policies to permit greater access to postsecondary education and training for TANF recipients. States have funded work-study positions, stopped the clock for full-time students, and changed the work requirement to allow more education (Strawn, Greenberg, and Savner, 2001). Confident of their ability to meet the work participation requirement, states have made changes to respond to the needs and characteristics of current recipients. These include low-skilled, long-term recipients with little work experience as well as families that are working but have low enough wages to remain eligible for cash. With further training assistance, these individuals may receive a wage boost that will enable them to leave the rolls. Whether these policy changes are being translated into options for clients who are encouraged by the messages and signals sent by frontline workers is an open question.

In my view, one of the largest implementation challenges is to coordinate systems that have different missions and performance expectations while balancing accountability with local discretion. First, states must improve coordination of the welfare, work force development, and postsecondary education systems to provide better work supports and opportunities for career advancement for former recipients and other low-wage workers. For example, one-stop centers such as those required under the Workforce Investment Act could be designed to offer universal access (and thereby reduce the stigma of welfare) and bring together in one location transitional support services, edu-

cation and training providers, and employers. Coordination could be facilitated by compatible information systems, common performance measures across programs, flexible federal funding streams, and federal program rules that permit state and local flexibility.

Second, states must create effective networks of public and private providers at the local level that can respond to the needs of hard-to-serve families and those at risk of hitting the time limit. Assisting these families means conducting rigorous assessments of potential barriers to employment, developing individualized plans, and tracking recipients as they progress through a variety of services. These services might include substance abuse and mental health treatment, domestic violence services, parenting classes and family support programs, and education and training. Helping these families requires considerable discretion at the community level but raises state concerns about accountability. These issues can be partly addressed by adopting higher professional standards for staff, developing an information system that can track recipients through multiple activities, and requiring contracts with local providers to be performance driven.

Third, states must use TANF funds to assist more low-income families, not just those leaving welfare. However, enthusiasm to recraft TANF as a block grant for low-income working families must be tempered with realistic expectations about outcomes. To improve the long-term prospects of these families will require the commitment and involvement of multiple systems (including work force development, education, housing, child support, and health), as well as a reexamination of state tax policies. In addition, aggressive outreach and universal service delivery may be required to reach more low-income families.

Gais and his colleagues conclude with an important caveat: if progress in promoting individual responsibility is to continue, the policy and financial environment must be predictable. Governors could not agree more. The funding and flexibility of TANF must be maintained. States will also continue to seek the removal of barriers in other programs that make it hard to move poor families toward long-term self-sufficiency.

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