

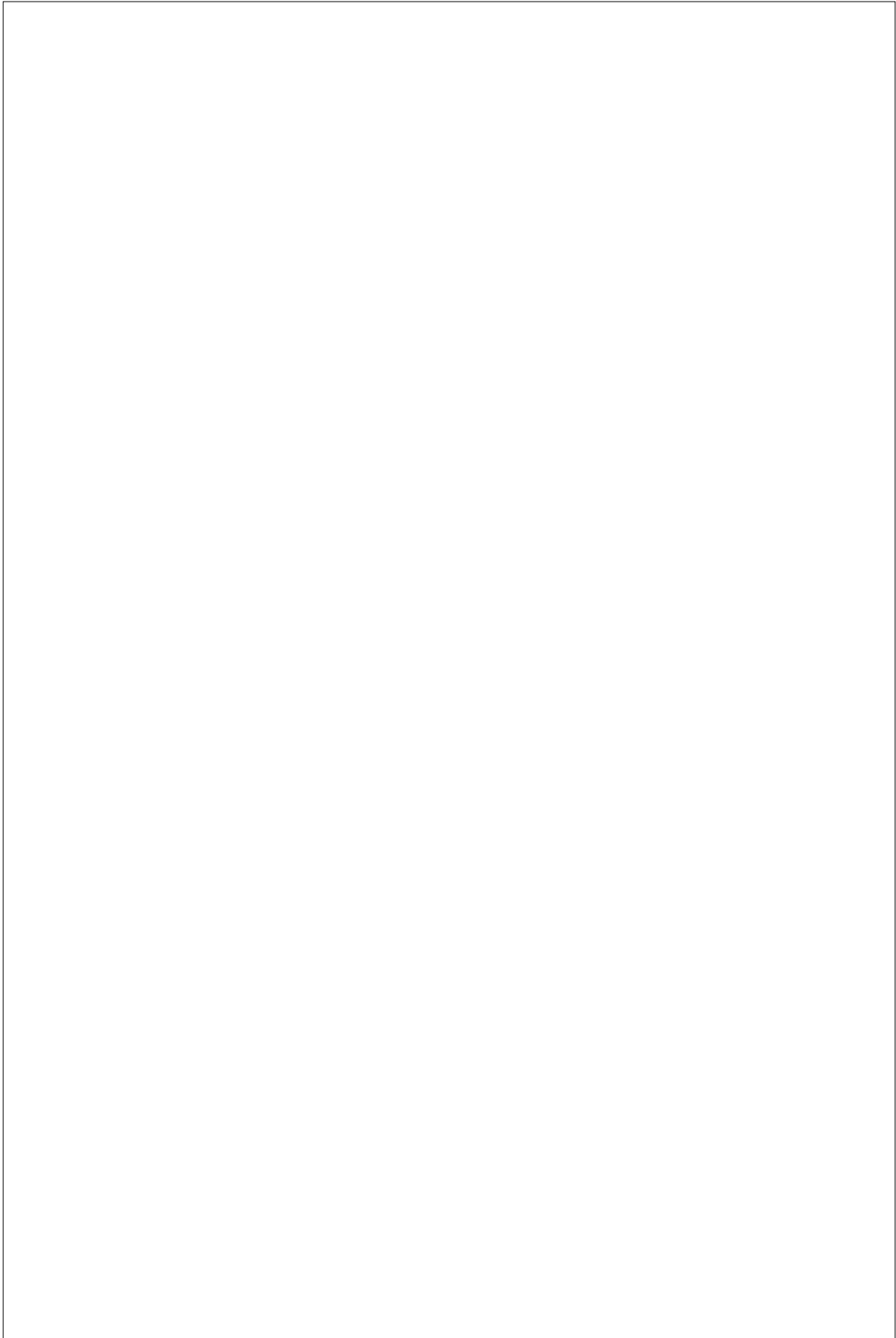
2001 ANNUAL REPORT

FEDERALISM RESEARCH GROUP



**THE NELSON A. ROCKEFELLER
INSTITUTE OF GOVERNMENT**

THE STATE UNIVERSITY OF NEW YORK



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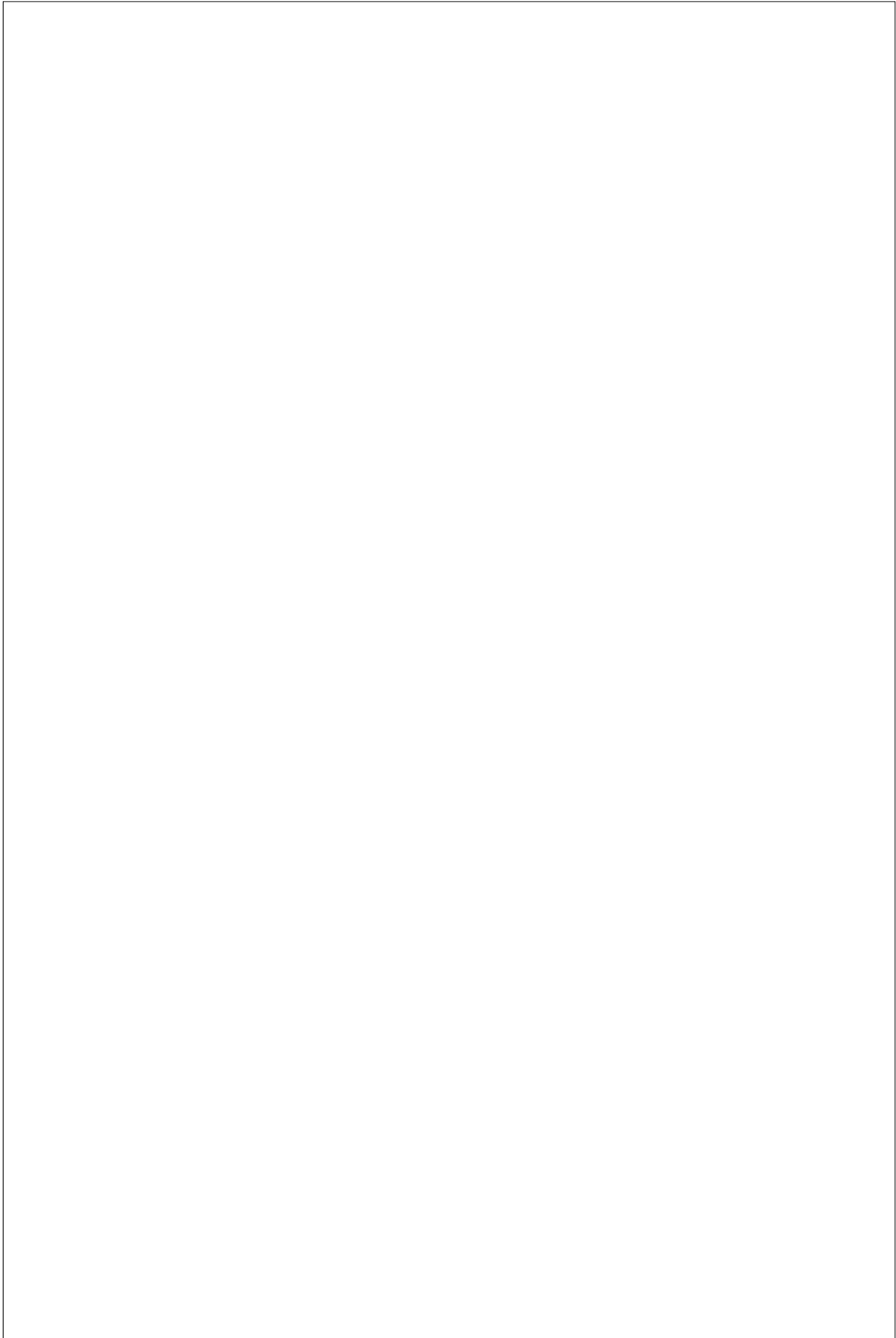
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Printed in the United States of America

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The Federalism Research Group of the Rockefeller Institute of Government conducts studies and disseminates findings on the changing roles of federal, state, and local governments as well as other public and private institutions involved in implementing social policies in the U.S. One of its major projects is the State Capacity Study, which was launched in 1996 to examine states' institutional responses to federal welfare reform, and which has since been expanded to examine a wide variety of changes in state and local human service systems.

Summary of Findings

This report reviews research and dissemination efforts on the implications of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act. In FY 2001, Rockefeller Institute staff drew extensively from that research to disseminate findings about what has — and has not — changed under devolution, what kinds of new social service systems are evolving, and what are the implications of those developments for the reauthorization of TANF.

These findings include:

- ❖ *Uneven response to TANF goals.* In their decisions regarding policies, budgets, and administration, state and local governments have focused on the TANF goals of work and independence rather than those of promoting marriage and two-parent families and reducing the incidence of out-of-wedlock births. This was true in the first two rounds of field research in 1997-98 and 2000; it largely remains true based on field research completed in 2001.
- ❖ *Widespread adoption of a version of work-first.* Most states implemented a particular form of work-based welfare reform based on three elements: signals to families that work is required;

near-exclusive reliance on unsubsidized jobs; and support services, especially child care assistance, to help absorb the costs of working. However, there are some departures from this basic model, especially in states that suffer from high unemployment (Plein, 2001).

- ❖ *Processes as signals.* The new signals have been expressed most vigorously at the “front door” of state and local welfare systems; and through institutional processes rather than clear and detailed explanations from front-line workers. Often, families must seek jobs, register with workforce development agencies, look for alternatives to cash assistance, or comply with child support enforcement efforts before qualifying for cash assistance. Employability is determined not by conducting broad assessments, but rather by requiring most people to look for jobs and then letting the labor market determine who is, or who is not, capable of getting and keeping jobs. By confronting the labor market, employment agencies, and immediate work requirements, the new expectations of work and independence are impressed on families. However, because these signals are communicated through processes and experiences rather than clear explanations by front-line workers, many clients may not understand important details about time limits and services (Nathan and Gais, 2001).
- ❖ *Persistence of eligibility/compliance agency culture.* The new work-related goals and their implementation in state welfare systems have not replaced, but have been added onto, the traditional AFDC administrative emphasis on minimizing eligibility errors through extensive eligibility reviews, documentation, and frequent recertifications. This latter administrative “culture” persists in many

ways, partly because of the continuing emphasis on “Quality Control” in the Food Stamp Program (Lurie, 2001). The combination of these two administrative “cultures” adds to the complexity of welfare systems and processes, it may diminish front-line workers’ ability to focus on the service needs of particular families, and it may deter low-income working families from seeking assistance for which they are eligible.

- ❖ *Dispersion of institutional responsibilities, including second order devolution.* Most states have responded to the block grants by spreading control over welfare programs to a wider range of institutions. First, more state agencies have been given major roles in operating the new welfare, most notably employment or workforce development bureaucracies. Second, many states have devolved new responsibilities down to local entities, including local governments, workforce development boards, local offices of state agencies, and private contractors. Third, local agencies are using a wider variety of provider organizations, typically nonprofits but also for-profits and sometimes faith-based organizations.
- ❖ *State diversity.* A fundamental divide has emerged between states that rely heavily on strict sanctions, short time-limits, income disregards that decline or vanish over time, and other “stick” policies, and states that put greater emphasis on increased income and asset disregards, earned income tax credits, increased child care spending, and other “carrot” policies. This divide is related to the size of states’ TANF grants per poor child or needy family as well as to states’ policy choices (especially benefit levels) under TANF’s predecessor program, AFDC. This divide suggests that the TANF block grant —

especially the funding formula, which was strongly related to state benefit levels under AFDC — may have encouraged continuity between state policy choices under AFDC and TANF (Gais and Weaver, Forthcoming, 2001). Very different state responses are facilitated by the performance measures used in TANF, especially the tradeoff permitted between work participation rates (which are high for “carrot” states) and caseload reduction credits (which are high for “stick” states).

- ❖ *Evolution of state programs.* State programs are always changing. One of the broadest trends is their expansion of support for working families. As income disregards are increased, eligibility for cash assistance has grown markedly. More money is available to working families for child care, state earned income tax credits, basic job services, transportation, and other supports. Eligibility for health care programs has been expanded in many states well above the poverty level. These expansions have been particularly encouraged by the federal government’s broad interpretation of “nonassistance” under the TANF rules. States have also had to adapt to the limitations of the work-first model, particularly where unsubsidized jobs are not plentiful and cycling on and off the welfare rolls is common. Most of this adaptation has not emerged from states’ observations of other states; most “learning” and adaptation has occurred within states, as they respond to new circumstances or as new persons gain control of government.
- ❖ *Challenges.* States and citizens still face many challenges under devolution (Gais, Nathan, Lurie, and Kaplan, 2001). First, accountability mechanisms are weak at the levels where important decisions are made. States neither generate nor have access to

timely and useful information about the operation of their TANF programs, the status of low-income families presumably helped by these programs, and other information about how states are using their block grants and with what effects. These problems are particularly acute at the local level and for the increasing number of low-income families not on cash assistance. Second, states and localities do not have information systems well adapted to the new tasks of welfare, especially case management involving multiple services. This limits the capacity of states to draw on all their programs and resources to help families, especially those with special needs. Third, although states are offering a much wider range of benefits to working families, they have generally not made their administrative structures and procedures easily accessible or usable for time-pressed working families. Fourth, many states have not fully reconciled the tasks of promoting independence and work while maintaining full access to federal entitlements like Medicaid and Food Stamps. Fifth, few states have developed work-oriented welfare systems that operate without a plentiful supply of unsubsidized jobs, that is, systems robust enough to retain their focus during recessions.

Through reports, speeches, magazine and op-ed articles, working seminars, and other direct contacts, the Federalism Research Group has presented these findings to federal and state policymakers and administrators; advocacy organizations and service providers; journalists and policy analysts; as well as the attentive public. In FY 2001, we put special emphasis on articles and books designed to reach policymakers and the public; and on improving our website to reach all of our audiences.

New Studies

Much has been learned from these research and dissemination efforts and it has been used to expand the State Capacity Study in several important ways:

- ❖ The Institute is conducting field research in over two dozen localities on how welfare reform has affected the policies, institutions, management, and administration of Food Stamps and Medicaid at the local level.
- ❖ It is carrying out three major studies for the Administration for Children and Families: first, an analysis of direct interactions between clients and front-line welfare workers; second, a study of changing state expenditures for social services, before and after welfare reform; and third, field research on state implementation of TANF goals relating to the reduction of out-of-wedlock births and the promotion of marriage and two-parent families.
- ❖ The Institute has launched a major dissemination, public engagement, and research project on the role of faith-based organizations in providing social services to needy families.
- ❖ It has worked directly with federal agencies as well as state and local officials to promote the use of information systems to bring social services to people, and has launched a major project assessing the use of information systems to integrate a wide range of human services.
- ❖ It is examining the extent to which states have formulated and implemented innovative programs directly addressing the needs of children under the TANF block grant — a study which is also examin-

ing whether and how states deal with the goal of child well-being.

- ❖ It is summarizing what is known about the effectiveness and generalizability of the TANF block grant as a federalism initiative, i.e., as a means of focusing state resources and efforts on broad goals while allowing states great latitude in program approaches.

Finally, the Institute has begun to develop new strategies for a post-reauthorization period of (what is most likely to be) “permanent” devolution. These new strategies take into account the incredible diversity of state human service systems and agenda items as well as the major challenges described above. The proposed strategies include a greater focus on ongoing discussion and advocacy for state and local government capacity; cooperative and comparative research projects with a small number of states on highly specific issues; and the development of a continuous monitoring of spending and other state capacities in order to provide a base of comparative data over time to a wide range of political and policy audiences.

Progress Toward Goals

Publications

In Fiscal Year 2001, the State Capacity Study published several reports on the implementation of welfare reform. Perhaps the most widely disseminated report was the chapter we authored for a book edited by Rebecca Blank and Ron Haskins. This report, entitled “The Implementation of the Personal Responsibility Act of 1996,” was the lead chapter in *The New World of Welfare*, published by the Brookings Institution in 2001. The chapter summarized widespread characteristics of state welfare reforms based on field research conducted in 1997-98 and 2000. The book was prepared for Members of Congress, their staff, and other participants in the reauthorization process and has

been distributed widely. The Institute has made the chapter available on its website.

The chapter noted that most states implemented “workfirst” systems by creating new front-loaded intake procedures that forced clients to look for jobs or register with workforce development agencies before they could secure assistance or soon afterwards. Many states also changed the front door of welfare systems for clients by requiring immediate cooperation with child support enforcement efforts, development of a personal responsibility agreement, or reviews of alternatives to cash assistance. While these new processes, institutions, and requirements encouraged clients to seek work and independence, states also increased their provision of work supports, especially child care subsidies, job search assistance, and transportation. Thus, states implemented welfare reforms that not only encouraged people to look for unsubsidized jobs, but also helped absorb the costs of getting and holding such jobs.

State welfare reforms still varied enormously, and a taxonomy was proposed based on differences in goals (caseload reduction vs. work engagement) and means (financial incentives vs. workforce development systems vs. pluralistic service strategies). The chapter concluded with recommendations that the federal government provide a stable funding environment for the states and help states and localities obtain better and more timely information on all low-income families in their jurisdictions.

One question emerging from this chapter was whether this particular model of welfare reform would work in less benign economic circumstances. To address that question, Christopher Plein, our field research director in West Virginia, wrote a report describing TANF implementation in a state that has long suffered from high levels of unemployment. His report, entitled “Welfare Reform in a Hard Place: The West Virginia Experience,” traced the evolution of the state’s welfare reforms since 1996. Plein found that West Virginia’s early reliance on caseload reduction methods — counting SSI as income, diverting

TANF clients to Food Stamps and other sources of support during the intake interview, etc. — did not succeed in reducing caseloads over time, as many families cycled back onto the rolls. The state then began to develop new services and supports that assist poor families not on cash welfare, a task made easier by the federal government’s broad interpretation of “nonassistance” in 1999.

However, the state also faced challenges in engaging people on the rolls in work activities, particularly since the most widely used work activity, unsubsidized employment, was in short supply in the state. The state thus put greater reliance on community service and work experience programs, a decision that required the state to increase its cash benefits until they were high enough to pay recipients the equivalent of the federal minimum wage. The state also found that its attempts to serve working families was hampered by the still-fragmented nature of service delivery systems for people not on the cash assistance rolls. The shifting character of work, the need to reform delivery systems and develop programs for people off the welfare rolls, and the need to increase benefits in low-benefit states are important findings not only for state policymakers and advocates but also for the debate over TANF reauthorization. Copies of the report were sent to governors, members of Congress, top administrators of welfare offices, scholars, advocates, and journalists. It, like all our reports, was made available for download on our website.

In another report drafted in FY 2001, variations in policy choices among the states are examined, including the effects of the TANF block grant on those choices. The final report, by Thomas Gais and Kent Weaver, will be published by the Brookings Institution as part of its series, *Welfare Reform and Beyond*. This report expands on the analysis of state variations in the chapter for the Blank and Haskins book. That chapter found a division between states in goals and management systems between states that stressed caseload reduction and those that emphasized work engagement. The analysis of state policy choices

not only found the same distinction between states, but also that this division is strongly correlated with differences in pre-TANF, AFDC benefit levels: States that had lower benefits under AFDC were more likely to adopt policy “sticks,” such as short time limits, strict sanctions, and time-dependent disregards (that is, income disregards that decline the longer a family is on assistance); while states that offered higher benefits under AFDC were more likely to adopt relatively generous income disregards that allow families to keep more of what they earn and push up “break even” points for cash assistance (that is, the income levels when a family loses eligibility). The report also found that this division between the states may have been encouraged by (1) the funding formula for TANF, which creates large differences in the size of state TANF grants relative to the number of needy families in the state (whether measured by the number of persons in poor female-headed households or the number of children in poverty); and (2) state performance requirements under TANF, particularly the balance between a state’s achievement of work participation rate and caseload reduction credit.

The report argued for increased funding for all states. States have expanded the range of families served under the TANF program as compared to AFDC, and, as a result, even a mild recession would put many states in a position of having to choose between retaining these expanded services for working families and supporting a safety net for the unemployed. The report also argued for at least the option of increasing funding for states with small TANF grants. This increased funding for states with small grants — many of which are in the South, such as Mississippi and Florida — could be coupled with other measures to encourage investment in low-income families, such as stronger performance or higher maintenance of effort requirements.

Other publications include:

- ❖ “Federal and State Roles in Welfare: Is Devolution Working?” by Richard P. Nathan and Thomas L.

Gais (2001). This article appeared in the Summer 2001 issue of the *Brookings Review*. It discusses the effectiveness of state welfare reforms from five perspectives. States changed their systems to encourage work and independence and produced greater diversity in welfare systems. However, although many states created policies addressing the needs of the working poor, they have not yet created delivery systems that reach many of those families; nor have many states completed the “social contract” implicit in many welfare reforms by delivering services to the hard to employ. A copy of this article is available at <http://www.brook.edu/press/REVIEW/summer2001/nathan.htm>.

- ❖ “Changing Welfare Offices,” Irene Lurie (2001). This report is published through Brookings’ Welfare Reform and Beyond Series (<http://www.brook.edu/wrb/publications/pb/pb09.htm>). It relies on data from the State Capacity Study in addition to data collected through the Front Line Management and Practices Study. This report discusses ways in which states have changed the messages to clients and the limits of those changes. It shows how the new “workfirst” elements have been added to the traditional and still-existing bureaucratic emphases on minimizing eligibility errors through extensive verification and application procedures. It also argues that states have not yet “created effective mechanisms for informing diverted applicants and recipients leaving welfare about the availability of food stamps, Medicaid, and other benefits.” It concludes with recommendations that states invest more in the training of workers and coordination across human service agencies, and that the federal government help states by removing “conflicting requirements” (such as the emphasis on minimizing

errors in the Food Stamp Program) and by ending the cap on administrative expenditures in TANF.

- ❖ *Innovative programs for children.* The David and Lucile Packard Foundation is devoting one issue of its journal, *The Future of Children*, to welfare reform and its impact on children. The journal was released at a national event in Washington, DC, on February 20, 2002, in order to influence the debate over TANF reauthorization. The articles generally do not deal with what states have done under the TANF grant — most rely on experimental studies conducted on AFDC waivers — so the editors asked the Institute to prepare brief profiles of innovative programs addressing child well-being and funded with federal TANF or state maintenance of effort (MOE) money. These profiles are just part of an overall research and dissemination program on TANF and child well-being (see below, in the section on research).
- ❖ *Performance management for human services.* Two chapters for a book on performance management were written based on data collected for the State Capacity Study: “Federalism and Performance Management: Health Insurance, Food Stamps, and the Take-Up Challenge,” by James Fossett, Thomas Gais, and Frank Thompson; and “Performance Management: Does It Matter in the New World of Welfare?” by Kate Boyer, Catherine Lawrence, and Miriam Wilson. The former chapter describes the attempts by the federal government to increase take-up rates among working families, especially former TANF recipients, in health and nutrition programs, while the latter chapter assesses the role of performance requirements and measures in the implementation of TANF programs. The book, edited by Dall Forsythe, is titled *Quicker, Better*,

Cheaper?: Managing Performance in American Government (Rockefeller Institute Press, 2001) and was released at a press conference in Washington, DC, on November 29, 2001.

- ❖ “The Workforce Investment Act of 1998: Restructuring Workforce Development Initiatives in States and Localities,” Daniel O’Shea and Christopher T. King (2001). This Rockefeller Report discusses the early implementation experiences of three states (Washington, Texas, and Tennessee) and the issues those experiences raised. The report describes the Workforce Investment Act (WIA) and the opportunities it offers — and questions it poses — in providing integrated services to a wide range of American workers. One question, for example, is whether the WIA will severely limit access to training and other human capital-building services, since the grant appears to have the same “workfirst” emphasis as TANF does. The three-state study found that implementation has been slow and will likely take much longer before these opportunities are realized. Copies of this report have been widely distributed to governors, administrators of state workforce investment boards, attendees at conferences on job training, federal officials, journalists, scholars, and others, and through the Institute’s website.
- ❖ “Welfare Reform in Utah,” by Gary Bryner. This report, drafted in FY 2001, is still in press and will be released early in 2002 (Bryner, Forthcoming 2002). Although Utah is a conservative state in many ways, it has fashioned a politically popular and relatively strong TANF program, one that emphasizes comprehensive case management around clients’ personal responsibility agreements, and sidesteps the more controversial goals of marriage and pregnancy prevention. Like Wisconsin, Utah brought nearly all

TANF functions under the state's workforce development agency. The case study highlights a particular form of welfare system that stresses individualized treatment and a strong focus on work; it also suggests that in some cases, devolution has produced increased concern for low-income families by allowing states to create their own unique systems and to focus on the politically popular goals of work.

- ❖ “Welfare Reform, Management Systems, and Policy Theories of Child Well-Being,” by Cathy M. Johnson and Thomas L. Gais. This chapter in the book entitled *For Better and For Worse: Welfare Reform and the Well-Being of Children and Families*, edited by Greg J. Duncan and P. Lindsay Chase-Lansdale (Russell Sage Foundation, 2001) presents three theories of how state policies on welfare reform implementation may affect child well being and then analyzes which theory is best reflected in state implementation of reforms and best illustrates states' decisions and policies.

Medicaid Research

Several papers were published or written on the political and organizational issues in Medicaid Managed Care. A summary analysis of states' capacities to contract with managed care organizations, monitor contract performance, and hold managed care organizations accountable was published in *Health Affairs* (“Managing Medicaid Managed Care: Are States Becoming Prudent Purchasers?” July/August 2000). Several other papers were commissioned for use in State Medicaid/Chip Purchasing Institute, a training institute for Medicaid directors and senior staff to expand managed care purchasing skills (sponsored by the Robert Wood Johnson Foundation). The papers dealt with a wide range of implementation issues, including:

- ❖ *The Uses and Non-uses of Data in Medicaid Managed Care*, by Malcolm Goggin;
- ❖ *The Politics of Medicaid: Dealing with Managed Care Constituencies*, by Carol Weissert;
- ❖ *Organizing to Manage Managed Care: How States Acquire Expertise*, by Jocelyn Johnston;
- ❖ *Alternatives to Full Risk Managed Care*, by L. Christopher Plein; and
- ❖ *Managed Care for the Disabled*, by Charles Barrilleaux.

A consistent theme through all of these papers is that most states have not yet developed the capacity to act as “prudent purchasers” and exert performance-based control over private providers of health care. Government by contract is clearly not easy — it demands new functions, including analytical capabilities that most state governments have not performed well, even in a high-cost, high-visibility program such as Medicaid. Work is currently underway to publish these papers as a book in 2002.

Information Systems

The U.S. General Accounting Office and The Rockefeller Institute jointly sponsored a conference of federal, state, and local officials interested in using information technologies to provide better services to low-income families. The “Working Seminar on Social Program Information Systems for Human Services” was held on June 28-29, 2001, in Reston, Virginia. Participants produced several papers on a wide range of subjects, including an overview analysis by Mark Ragan and Richard Nathan entitled *Federalism and the Challenges of Improving Information Systems for Human Services*. The purpose of the conference was to begin creating a body of knowledge on the subject of information systems for human services, especially the opportunities such systems offer to help families and the obstacles now facing

states wanting to exploit such technologies. The reports produced by the joint conference were summarized in a GAO report (U.S. General Accounting Office, 2002).

Several other publications were produced for a more general audience including an op-ed piece printed in the Albany *Times Union* in January 2002 on welfare reform and the working poor; an article entitled “Revolution: Changing the Bureaucracy Helped to Break the Welfare Cycle,” by Richard Nathan and Thomas Gais in the January/February 2002 edition of *Blue Print Magazine*; and an article in the November 2001 issue of *Empire State Report* entitled “What Does the Future Hold? Aiding the Working Poor Under the 1996 Welfare-Reform Act,” by Thomas Gais and Richard Nathan.

Other Dissemination Activities

In addition to the publications listed above, the State Capacity Study increased its dissemination efforts in a number of ways. First, the Institute greatly improved access to its publications by upgrading its website (www.rockinst.org). Our website is now easier to use, more attractive, and systematically updated with new and even preliminary findings. The Institute is also better able to track use of our website and responses to particular items. We found, for example, that one of our most recent publications — Chris Plein’s “Reform in a Hard Place” — was downloaded over 4,000 times in the first month of its posting, perhaps reflecting the strong national interest in understanding the effects of economic distress on welfare reform.

Second, the State Capacity Study’s dissemination efforts were enhanced at the state level by two events. In November 2000, a forum for policymakers and advocates to discuss devolution and its impact on Arizona was held by Professor John S. Hall of Arizona State University and the University’s Morrison Institute. Professor Hall, a field researcher for the State Capacity Study, invited Dick Nathan to be the keynote speaker at a conference in Phoenix, Arizona, entitled “More Promises to Keep:

Sustaining Arizona's Capacity for Welfare and Health Reform." In addition to Nathan, the conference drew on field researchers from other states such as Carol Weissert of Michigan and Michael Rich of Georgia — in order to bring their experiences to the discussion. The conference provided a forum for policymakers, practitioners, and scholars to discuss the questions: How can we increase Arizona's capacity to manage welfare and health programs? Are former welfare recipients ready for the new economy? Can health care be a reality for the working poor? And what about families with many needs?

In August 2001, Dick Nathan and our Michigan field researcher, Carol Weissert, facilitated the third "Michigan Retreat" in Lewiston, Michigan. These retreats are intended to help diverse state agencies involved in reforming human services in Michigan to discuss and work through implementation issues. The first retreat was held in 1995. A group of 35 officials participated from the Family Independence Agency and the Department of Career Development, which oversees the state's workforce development board.

Third, The Institute gave many presentations throughout the year. Some of these events were mentioned above, such as the June 2001 GAO/Rockefeller Institute conference on "Realizing the Promise of Technology: Modernizing Information Systems for Human Services," a conference that brought together federal, state, and local officials. The Institute also presented its findings on TANF implementation in the lead panel of the "New World of Welfare" conference in February 2001 in Washington, D.C. — a large conference of practitioners and scholars on TANF reauthorization issues, based on book chapters edited by Rebecca Blank and Ron Haskins.

Findings from the State Capacity Study were also presented by Irene Lurie in June 2001, when she gave a panel, attended by many state administrators, on changing the culture of welfare agencies at the "Welfare Reform Evaluation Conference 3," in Washington, D.C., sponsored by the U.S. Department of Health

and Human Services. In July 2001, Dick Nathan spoke at the annual conference of the National Association of Counties (NACO), in Philadelphia, on welfare reform and implications for counties. In November 2000, Jim Fossett, Tom Gais, and Frank Thompson presented a paper at the annual conference of the Association for Public Policy and Management on welfare reform and the “take-up” or enrollment challenges for Food Stamps and Medicaid. In addition to these and other formal presentations, Institute staff also discussed their findings more informally with target audiences, such as Dick Nathan with the American Public Human Services Association Policy Summit, in Austin, Texas, in December 2000.

New Research

Several research projects were launched or initiated in FY 2001. Field research began on local TANF systems and their evolution, a project that is coordinated with two other field research projects, one on changes in local Medicaid delivery systems and another on local-level changes in the Food Stamp Program. Most of this research is still underway and will therefore yield insights into the effects of recent economic downturns on the evolution and management of welfare reforms and related services. Other ongoing research includes an analysis of the ways and extent to which states have developed programs targeting child well-being; of changes in state spending for social services; and of front-line management and practices under state welfare reforms. Several new projects were launched last fiscal year: a study of state and local implementation of the TANF goals relating to marriage, out-of-wedlock pregnancy, and two-parent families; and a study of how states or localities are using information systems to coordinate services for low-income families; and a study of the TANF block grant as a federalism initiative, that is, as a way of achieving national goals through devolution.

- ❖ *Changes at the ground level: field research on local-level TANF, Medicaid, and Food Stamp systems and their relations.* Field research in 19 states and 26 localities focuses on the implementation of TANF, Food Stamps, and Medicaid. The field research report forms reflect the aim of understanding the effects of welfare reform on Food Stamps and Medicaid delivery systems. How have these entitlements adapted to the changing processes, goals, and outcomes of welfare reform? One focus is on constituencies: How has service access changed for families on cash assistance, for working families not on cash assistance and not eligible because of earnings, and for those who are not on cash assistance or on reduced assistance because of noncompliance or time limits? Since researchers are still in the field, an additional function of this research is to understand the effects of the current economic downturn on these programs and their relations with one another. A grant from the W. K. Kellogg Foundation supports the research on TANF. The research on Medicaid systems is supported by the Robert Wood Johnson Foundation, and the data collection for the Food Stamp Program is supported by the U.S. Department of Agriculture. Data on the Medicaid system is beginning to come in and should be completed in January 2002. The field research on TANF is due in April of 2002, while the research on Food Stamps should be completed in the summer of 2002.
- ❖ *Fiscal Effects.* Since its original research on changes in state spending for social services, which was funded by the W. K. Kellogg Foundation, the Institute received a grant from the Administration for Children and Families to expand the number of states in the study from four to thirteen. The method-

ology and data instruments developed in the initial pilot study were adopted by the U.S. General Accounting Office to conduct its study of the fiscal effects of welfare reform. The GAO report was released this year (U.S. General Accounting Office, 2001), and the Institute's report, which will draw on the GAO data as well as the 13 states in its own study, will examine how changes in social services spending 20 states. We expect this report to be completed in February 2002. Don Boyd, director of the fiscal studies group at the Institute, heads up this project in consultation with Tom Gais and Dick Nathan. Boyd also works with Phil Dearborn of the Greater Washington Research Center.

- ❖ *The Study of Front-Line Management and Practices.* The Front-Line Management and Practice Study, also funded by the Administration for Children and Families of the U.S. Department of Health and Human Services and a recent grant from the Rockefeller Foundation, continues to build on the State Capacity Study by providing an in-depth look at the implementation of TANF at the local level. This project examines how state and local policies and management systems affect the front-line practices of TANF programs. The study examines eleven local sites in four states (Georgia, Michigan, New York, and Texas). This project relied heavily on the State Capacity Study's first round of research. An innovative part of this study is its direct observation of interactions between families and welfare workers. This project is in its final phase, and the principal investigators are now preparing a final report which should be available by Spring 2002.
- ❖ *Programs to Promote Child Well-Being.* This project, funded by the David and Lucille Packard

Foundation, involves collecting data on state TANF and MOE programs that directly address child well-being, and the implementation at the local level of selected programs. As noted above, descriptions of innovative programs will be included in the February 2002 issue of the Foundation's journal, *The Future of Children*. This issue will be devoted to TANF and its effects on children and is being designed to educate the public about welfare reform in advance of the reauthorization debates in the Congress over the Personal Responsibility Act of 1996. The remainder of the study will involve documenting how and whether the more innovative states are addressing child well-being in their TANF programs, and the extent to which programs directly targeting children are being implemented at the local level.

- ❖ *The Effects of Integrated Human Service Systems.* The Institute received a grant in 2001 from the Annie E. Casey Foundation to study the nature and impact of integrated human service systems. Our premise is that service integration — through integrated information systems, one-stop job centers, increased coordination among agencies and programs, common applications, and common outcome goals — can increase service access for needy families and focus greater attention on good outcomes for clients. But there is a need to understand how service integration has actually been implemented, and with what effects. The study will work closely with the Casey Strategy Consulting Group to examine sites where service integration strategies have been tried. A final report on these sites will attempt to identify common, key factors that make service integration successful — that is, basic “how to” information that will be disseminated to pro-

gram managers and policymakers throughout the country.

- ❖ *Family Policy Goals Under TANF.* The Rockefeller Institute received an award in 2001 from the Administration for Children and Families of the U.S. Department of Health and Human Services to study the implementation of family policy goals at the state and local levels, including the goals of preventing teen and out-of-wedlock births and of encouraging marriage and two-parent families. Two of the field researchers with expertise in this area, Malcolm Goggin of Michigan State University and Deborah Orth of Grand Rapids State University, are working with Dick Nathan and Tom Gais on this project. The first report will come out this winter, based on field research already conducted on state and local policies and programs relating to these goals, and will address, among other things, issues related to reauthorization. Goggin and Orth are also interviewing administrators and policymakers at the state level to understand their reactions to these TANF objectives. In 2002-3, Goggin and Orth will conduct intensive local-level field research where these goals have been most vigorously pursued.
- ❖ *TANF as a Federalism Initiative.* With a grant from the Smith Richardson Foundation in 2001, the Institute also expanded its State Capacity Study to include an analysis of TANF as a federalism initiative, a perspective which has been given surprisingly little attention. To what extent has the TANF model — involving block grant flexibility for the states as well as restrictions on state spending and performance incentives — succeeded in producing a widespread and effective response by the states to federal objectives? And to what extent would this experience apply to other program areas? This pro-

ject will draw from all the elements of the State Capacity Study, including its field research and fiscal studies, in order to produce three brief reports on accountability under TANF, state diversity in responses, and the applicability of the TANF experience with devolution for other program areas. The study will culminate in a short book on TANF's impact on federalism and its appropriateness as a model for federal and state relations.

- ❖ *Workforce Investment Act.* Burt Barnow of the Johns Hopkins University, and Christopher King of the University of Texas at Austin are working with us in planning the research on the implementation of the 1998 Workforce Investment Act. King and his colleague, Dan O'Shea, completed preliminary research in three states — Washington, Tennessee, and Texas — on the status of WIA implementation and the issues arising thus far. A proposal to fund field research in ten local sites on the implementation of one-stops and other elements of the WIA was submitted by the Institute to Office of Policy and Research Employment and Training Administration, U.S. Department of Labor.

Although not part of the State Capacity Study, Richard Nathan and David Wright are leading a major, comprehensive project on a related subject, the role of faith-based organizations in serving needy families in the U.S. The grant establishes the Roundtable on Religion and Social Welfare Policy, whose mission is to produce research on the capacity and effectiveness of faith-based social services and on the legal and constitutional issues surrounding government support for such activities. The research findings will be disseminated to the media, policymakers, and religious and civic leaders in order to promote informed discussions on the policies and practices related to faith-based social services.

Plans for the Future

The grants awarded to the Rockefeller Institute have allowed the Institute to build up its expertise among central staff and field researchers and draw on that knowledge base to launch several new initiatives aimed at improving the implementation of programs serving low-income families. These initiatives as well as the TANF field research have in turn helped the Institute become the leading analyst of the institutional, management, and, increasingly, policy changes engendered by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act. The Institute is the only research organization that is examining in a comprehensive manner a large number of state and local responses to the mandates and flexibility provided by the Personal Responsibility Act. Our broad reach has allowed us to prepare forthcoming reports on the issues likely to be at the center of contention between the federal and state governments during the reauthorization debate — in particular, the issues of state spending, accountability, and state efforts to achieve the marital and pregnancy prevention goals in TANF.

However, though the Institute has succeeded in making the main developments under TANF understandable to a wide audience, the State Capacity Study has begun to reassess its role and activities in light of the main developments under TANF, the current challenges, and the likely outcomes of the TANF reauthorization debate in 2002. Two formal analyses were conducted in the past year. One assessment was a self-evaluation by the Federalism Research Group — which is responsible for the State Capacity Study and related projects — of its communications and dissemination activities, supported by the Robert Wood Johnson Foundation and assisted by Radiant Communications. This assessment, led by James Fossett and Rebecca Corso, began in May 2001, and was completed in November 2001. In addition, the Institute hired a consultant to speak with the media, policymakers, and other target audiences about their usage of Institute products and ideas for improvements. This re-

port was received in December 2001 and includes a helpful picture of how the Institute's products are viewed, especially by the press, and recommendations for increasing the visibility of our products.

But much of the reassessment has been informal and has been inspired by our views of changes in human services, the economy, and American government in recent years. When we launched the State Capacity Study in 1996, welfare reform was a politically salient issue, commanding much interest among policymakers and journalists. Debate was largely polarized between those who favored and opposed "welfare reform," and the reforms and proposals were viewed in fairly simple terms as minor variations on the "workfirst" model: new program signals and a more aggressive use of sanctions would motivate people to find jobs, and families would be assisted with basic job services and work supports, especially child care. Resources for implementing the reforms were plentiful — money was available for expanded services, and unsubsidized jobs were available to motivated people. Finally, attention was focused on the traditional "welfare" population: TANF reporting requirements and most studies still targeted people on cash assistance or who recently left cash assistance, and many of those who analyzed state policies tracked time-limits, disregards, sanctions, and other factors affecting eligibility for cash benefits.

None of these conditions still hold. Nor are they likely to reassert themselves in the near future, and we believe those facts have broad implications for the role of research and dissemination. Summary assessments of "welfare reform" are less politically relevant, partly because the reforms have acquired such wide acceptance, partly because actual welfare reforms have become so diverse and ever-changing (see Plein, 2001; Gais, 2000). A less-than-robust economy is likely to accentuate differences, as states deal with many hard decisions, such as how to balance safety net and work support functions, and how to implement a work-based system when unsubsidized jobs are no longer plentiful. Even the population of interest is less definite.

Many states — though in widely differing degrees — have expanded benefits and services to a much larger population of working families, and some have even begun to extend assistance to noncustodial parents. The new “welfare” is less centered on “welfare;” it is much more diverse and mutable; and is increasingly under stress. Finally, the decline in political and public salience in this area means that if change and debate are going to occur, they are not likely to occur through the actions of elected officials, or through discussions in the media.

If these claims are true, however, what is to be done? What is the role of analysis and research in a changing, decentralized, diversified, and stressed system of human services? We are still discussing these questions, but without extensive explanation, we think the following functions will be more important in the new, post-reauthorization age:

❖ *Articulating and diffusing new models of welfare.*

This is an especially important function since there is no clear model for the next challenge of reform: maintaining a pro-work and pro-independence system without a strong job market. What are states doing and how are they doing it, and with what effects? Are there workable models of subsidized job programs? What are the pros and cons of work experience programs vs. public sector employment, and what new demands do they place on state agencies? Can states manage accordion-like systems that expand to encompass work support services when the economy is growing and contract to focus on providing a safety net to out-of-work families during economic downturns? The potential variations are enormous, and to help policymakers and advocates understand their options, a more continuous description of different models and their implementation is needed to make public decision-making more effective.

- ❖ *Tailoring research to particular issues on the agendas of specific jurisdictions.* Research may have to begin with and directly engage policymakers, providers, advocates, and others with a strong and continuing interest in this area. States are no longer blank slates. They are in different circumstances and face distinct challenges. To do useful analysis, analysts may have to find a select number of states with a shared interest in and commitment to solve a particular problem, such as take-up in their child care programs. Rather than trying to identify some broad, cross-cutting issue and then construct a “sample” of states or local sites to study the question and disseminate the lessons learned, the research organization may be more effective in producing useful information for program development by designing a comparative analysis of a single question of strong interest to a group of similarly-situated governments. This flexible *ad hoc* model of collective analysis and problem-solving may be more likely to produce studies with clear impacts in a diverse federal system. Bringing together different governments, advocates, and research organizations — and supporting their discussions and efforts — may also be a helpful role for private foundations.

This general approach, which focuses on direct and particularized interactions with target audiences, informs a recent proposal to fund a librarian and website to help selected audiences, especially human service managers, to find useful information on human service programs and their management and implementation. This project would provide highly tailored bibliographies from a wide range of sources in response to specific requests — and would thus make a large and often unmanageable

set of literatures more accessible to the people with primary responsibility for implementing human services in the U.S.

- ❖ *Stronger focus on multiple program interactions and interrelationships.* Devolution and diversity may be even greater in the relationships that states develop among different programs than in the programs supported under the TANF block grant. One of the most striking differences in perspective we have seen are between local and state administrators, who are often concerned about creating workable “systems” of human services, and federal officials, who still talk largely in terms of individual programs. But even though state and local officials often talk about systems and coordination among programs, most have not developed clear models of alternative structures and inter-relationships. How ought these programs work together — what are the different visions and goals? Should different programs serve somewhat different functions (e.g., safety net and work incentives), or should they be aligned with one another and serve the same purposes (such as independence)? And how is that to be done? How, for example, can states reduce undesirable notch effects and transaction costs for working parents?

As part of this effort, the Institute is convening a conference in Jackson, Mississippi, on April 18-19, 2002, of policymakers from the seven southern states in our field research network. Our field researchers have nominated two people from each of their states to discuss issues cutting across human service programs in each of their states, including models of human service systems as well as policy and implementation issues. This initial conference is supported with our current grants, but we are hop-

ing to obtain funding for follow-up meetings in each of the seven states between our field researchers and a larger number of administrators, nonprofits, advocates, and others interested in human service reforms.

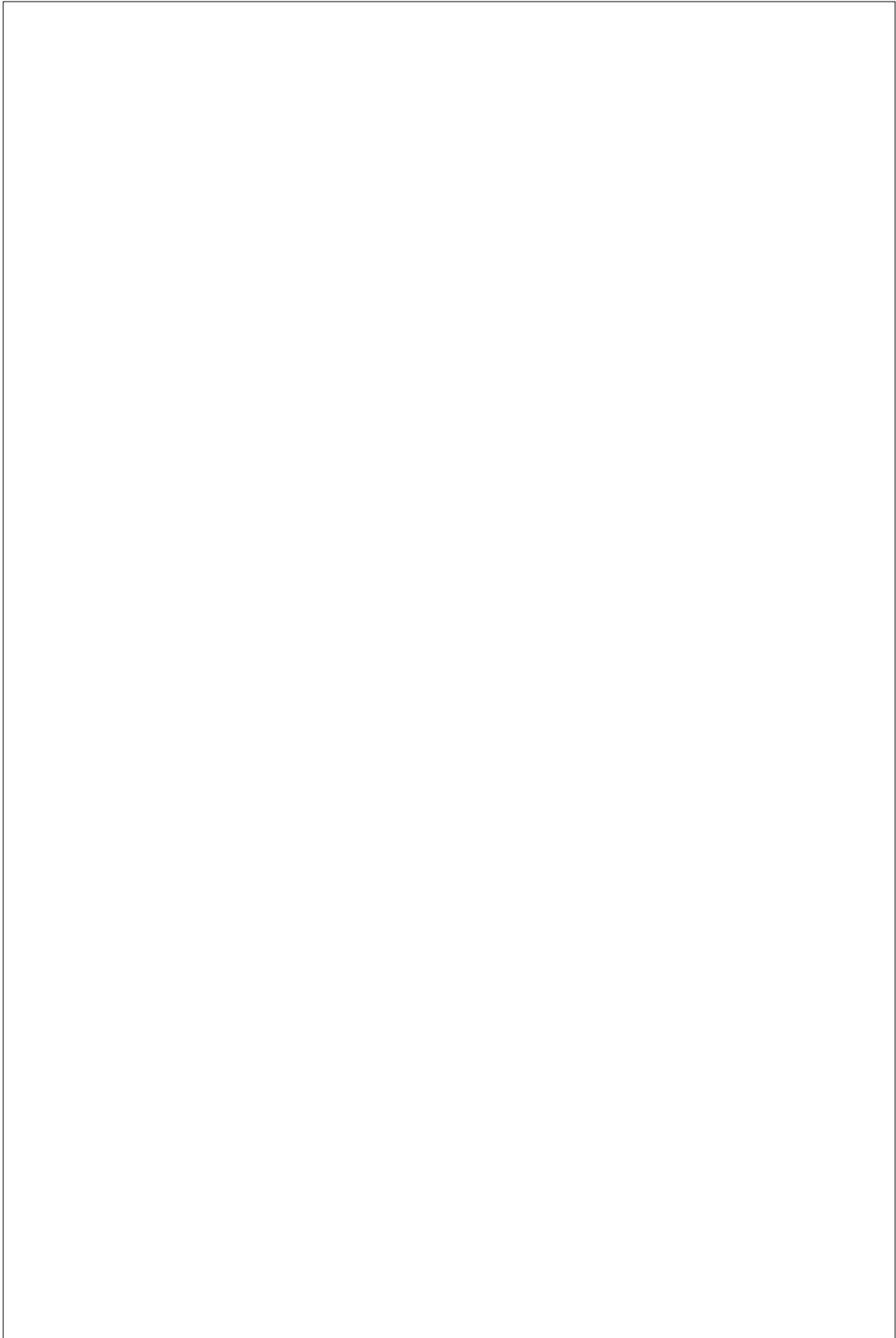
- ❖ *Devising new means for accountability, including accountability within states.* An increasingly important challenge is to reconcile devolution — especially in this messy area of human services — with the prerequisites of democratic governance. Policies are not very predictive of what resources go to whom. By policy, we’ve seen great expansion in eligibility for cash assistance in recent years, while there has been little change in eligibility for child care. Yet we have seen an enormous shift in resources in the opposite direction — towards child care and away from cash. Resources and take-up issues are critical in understanding who is being served and who is being left behind in the new service-centered systems. But resources and take-up rates are usually not measured well, nor are the data made available to state and local policymakers or the public in ways that can inform political choices. We are finding, in short, that details matter in the new welfare. But we have not yet discovered ways of making those details a matter of public decision-making rather than a source of unchecked administrative power.
- ❖ *Advocacy for administrative capacity.* Across all the areas the Federalism Research Group has studied — from welfare reform to Medicaid — states have shown consistent weaknesses in their analytic capacity; their contracting capacity; their capacity to recruit good front-line workers; their capacity to develop and retain good managers; and their capacity to develop and use appropriate information sys-

tems. The new human services, to be effective, demand good government, not just program-level changes. Yet few institutions in the U.S. consistently support capacity building, and it may be possible and important for the Institute and other research organizations to serve as an advocate for increased administrative capacity without sacrificing their educational, scientific, and nonpartisan roles.

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