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Concluding Comments: Welfare Reform and Governance

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Midwest states now have more experience with work-based, time-limited welfare systems than any other region of the country. Two changes are particularly evident in this region: First, welfare policies and administrative structures have incorporated new goals, structures, and activities designed to encourage quick entry into the workforce by low-income families. Bipartisan legislative coalitions have created the new emphasis on jobs by assigning greater responsibilities over welfare programs to employment bureaucracies; by expanding services and resources for childcare, employment services, transportation, and other work assistance; and by giving agencies the authority to require a larger proportion of family heads to work and withhold some or all benefits from families who fail to comply with work requirements.

Second, as the tasks and institutions of welfare have changed, so has the distribution of power over welfare policymaking and administration. Midwestern states are devolving greater responsibilities in designing and conducting programs to local governments, contractors, and local offices of state agencies. Some of this decentralization is explicit, as states give local entities expanded roles as part of a strategy to increase local adaptation to diverse circumstances. Yet much of the downward shift in discretion is an implicit consequence of a service-based and interactive approach to changing behavior. Not only do local welfare agencies have a larger repertoire of treatments to choose from in dealing with parents and other caregivers, the decisions about when and what treatments to apply often involve complex judgments and are not easy to regulate. Some of this "second order" devolution is also due to the growing role of labor bureaucracies, which have traditionally been more decentralized than social service agencies.

Transformations of this magnitude spawn a host of social, political, and economic repercussions. Our work at the Rockefeller Institute focuses on the *institutions* of social policy — what those institutions are organized to do and how they have changed. Richard P. Nathan and I have described these changes in a report we completed for the State Capacity Study, *Implementing the Personal Responsibility Act of 1996: A First Look*.[1] In this chapter, I draw on that report as well as the reforms reported in this book to address issues of governance. While the movement toward complex, decentralized, loosely structured welfare systems enables local agencies to respond to local circumstances and encourage work, this shift also raises such questions as: How can legislatures maintain accountability and control? How can leaders and communities assess or even understand the effectiveness of the new welfare systems? And how can states and localities ensure fairness and equity in their dealings with individuals while pursuing the overall goals of welfare reform? Welfare reform and its strong work and anti-dependency goals are not only posing questions about what works in making families financially independent but also about how we can reconcile these new program structures and operations with our democratic institutions.

Political Control and Accountability

A striking feature of devolution has been the salient and often dominant role played by governors and top state executives and the contrasting political weakness of state legislatures. The recent history of devolution has largely been a history of *executive* action. Governors pushed for increasingly ambitious waivers from Medicaid and AFDC requirements in the early 1990s. And as Carol Weissert points out in this book, governors in the Midwest — as in most states within our research sample — were very active in fashioning the new welfare policies, while state legislatures usually made only marginal changes before the legislation was finalized. If anything, the role of state legislatures has declined even further since the reforms were enacted. This is due in part to the popularity of the reforms and their apparent success in moving parents into jobs and reducing caseloads without clear signs of widespread pain. Most legislatures are just not facing strong pressures to make major program changes.

But there may be longer-term reasons for legislative weakness. Although political support for the work-related goals and basic features of state welfare reforms was widespread in most states, legislators were reluctant to tinker with the details of executive proposals. This reluctance may stem from tensions in the public's views about welfare. According to a national survey conducted for the W. K. Kellogg Foundation in late 1998, large majorities of American citizens support "reducing the number of people on welfare," "eliminating fraud and abuse," "saving taxpayers' money," "making sure poor children get the help they need," *and* "lowering the number of people who live in poverty."[2] These are not necessarily incompatible goals, but they do suggest different priorities about where to invest resources and maybe different policy and administrative decisions about sanctions, safety nets, services, procedures, and agency goals. Many governors recognized that the basic idea of a pro-work welfare reform was much more popular than many of its components, and that led some governors — such as Zell Miller in Georgia and Tommy Thompson in Wisconsin — to fashion comprehensive welfare packages in near secrecy and push for their acceptance in their entirety. In Michigan, the legislature granted extraordinary rulemaking powers to the executive to put together the state's welfare reform. And in Missouri, the legislature has refused to reconcile its AFDC-waiver reforms with federal welfare laws, thereby ceding all responsibility for resolving the differences to the executive. There were exceptions — from Rhode Island to California — but the overall pattern was one of state legislators appearing to be only too happy to leave the divisive details of welfare reform to executive action and interpretation.

Yet legislative weakness may have deeper sources. Legislatures, of course, rely on statutes to exert control over how public benefits and sanctions are meted out and applied, but statutes may not be as important as they once were in shaping the interactions between public agencies and low-income families. As federal and state governments transform welfare systems from entitlement to social service programs, the laws necessarily become more of a framework within which program personnel deal with low-income families than strict guidelines for administrative decisions. The chapters in this volume show an expanding range of tools that local administrators and case managers select from when working with families: sanctions of different levels, diversion payments, various work support services, home visits, personal responsibility agreements, referrals to other public or private agencies, case management, and so on. Many of the decisions that welfare personnel make in applying these tools involve some rather fuzzy distinctions: who is employable, who should be exempt from time limits because they are judged to have long-term employment problems, who should be sanctioned and when, what services are needed and appropriate, what stipulations a personal responsibility agreement should contain, or when childcare is not considered available. This shift toward multiple services and program signals designed to change behavior — sometimes delivered in a highly interactive manner — gives administration a greater role in shaping the actual treatments families receive. Washington State both recognized and contributed to this change when it reduced the administrative codes governing welfare agency decisions from 54 pages under AFDC to only 12 pages under the state's TANF program — despite the fact that TANF involves more, not fewer, program activities and decisions.[3] These complex judgments are not always delegated to local agencies and workers; some decisions — such as exemptions from time limits in many states — may involve top state administrators. But wherever the decisions are made, the reforms push power and discretion into the executive branch or its agents and reduce the explanatory power of law with respect to the actual treatments received by individuals and families. In Wisconsin, for example, sanction rates zoomed up as the result of a single communication by a top administrator, even though no laws were changed. Similarly, Weissert suggests that Michigan's laws as implemented are significantly less "tough" than a comparison of its laws with those of other states might suggest. In sum, the new welfare requires judgments about how people are likely to behave and respond and which tools are most effective in specific instances, and these judgments resist codification and give administrators substantial discretion and control.

One implication of the role of administrative judgment is that influence over welfare may flow to persons or institutions with the capacity to focus the system on particular goals or approaches. This is a capacity that governors and top administrators have — buttressed by their powers of contracting for services, formulating budgets, and making appointments — and that most state legislatures do not. The real questions in understanding welfare systems are answered not by examining policies in great detail but by knowing how public bureaucracies or private service providers actually use their choices and toward what ends. Governor Engler's intense personal attention to Project Zero sites encouraged other Michigan offices to maximize the number of families receiving earnings, and the state's high work participation rates of adults on welfare may be the result. Administrators and governors also control many basic decisions about how programs are structured. In Ohio, the administration, not the legislature, determines the outcome of negotiations between the state and counties over their welfare plans and performance criteria.

One feature of the new welfare institutions is the plurality of goals and agency cultures they now encompass. The 1996 Personal Responsibility and Work Opportunity Act has not so much ended older bureaucratic cultures — including the older AFDC emphasis on using extensive documentation and recertification to minimize eligibility errors — as much as it has introduced new pro-work goals to welfare delivery systems.[4] The real story of devolution may not just be the new block grants but rather the diverse ways in which states blend or give different weights to several coexisting orientations, including "work-first" goals, anti-fraud or error-minimization, access to entitlements (such as food stamps and Medicaid), and skill enhancement through training or education (which may be partly funded with welfare block grant funds but which may also be funded by workforce development money). If this is so, power in the new system may go to those — especially governors and their appointees — willing to use their administrative powers and public leadership to establish priorities among these different orientations.[5]

It is too early to know the consequences of this shift in responsibility and control from legislatures to executives. One possibility may be a growing sophistication in developing welfare systems, as the professional expertise often found in executive agencies exerts greater influence over the design of state and local welfare systems. It is also possible that these systems will become more mutable, as governors come and go and change executive priorities and interests. But a more general effect may be a decline in the scope of political interests influencing welfare policy. Governors are no less accountable than legislatures. Yet legislatures are open to many interests that might not be part of the governor's own political coalition — especially now, as divided party control over state governments is more the norm than the exception. Legislative weakness may thus limit opportunities for effective criticism and counterpressures regarding the structure and operation of welfare programs. These limitations may be quite serious as the federal government also plays a much smaller oversight role in welfare policy, and whether the courts will serve as a significant check on administrative decisions is still unclear.

Evaluating the New Welfare

Some of the same reasons that make it harder for legislatures to control the delivery of welfare services also create enormous challenges for evaluation, especially classical approaches to estimating program impacts. The standard model for impact evaluations relies on a control group of individuals or families to estimate what would happen to a target population in the absence of the program. In the best situations, individuals or households are randomly assigned to the control and treatment groups. A significant difference in outcomes between the control group and the families who did receive program benefits — where outcomes may include employment rates, average earnings, out-of-wedlock births, or child well-being — is then viewed as an estimate of the program impact. If the experiment or quasi-experiment is well executed, and if other potential threats to validity can be dismissed, this kind of study is a powerful tool for distinguishing between effective and ineffective programs. In fact, randomized control group studies in the 1980s and early 1990s were important influences in moving welfare reform away from an emphasis on education and training — which was the central thrust of the Family Support Act of 1988 — and toward the current emphasis on work first.[6]

However, aside from AFDC "waiver" evaluations, which are still going on but will eventually end, few states are conducting major impact studies of their welfare reforms. The small number of impact studies is in part a consequence of the new flexibility states have under the 1996 federal block grant. The U.S. Department of Health and Human Services generally required impact evaluations as a condition for granting waivers from AFDC requirements in the early and mid-1990s; and because many states wanted these waivers, impact evaluations were not uncommon. But now that states can put into effect diverse welfare programs without federal waivers, they have fewer incentives to conduct such studies.

Yet even if states wanted impact evaluations, useful studies, which were never easy, are even harder to conduct now. One problem is attribution: the new welfare encompasses so many treatments and decisions, it is difficult to determine what specifically causes program impacts. The interim evaluation of the New Hope program in Milwaukee is a good example. This study — launched in 1994, before federal welfare reform was enacted — examined the impact of a comprehensive program of extensive work support services, generous earnings disregards, work requirements, and income supplements. The evaluations to date have found moderate effects on parental earnings and a variety of child well-being measures, though the effects on child well-being appear only for the boys. The results are intriguing, but the researchers have not been able to attribute the effects to any particular elements of the New Hope initiative, nor have they been able to explain why boys are affected by the program and girls are not.[7]

For policymakers the attribution issue is serious, since states and localities are much more likely to consider adopting one or more components of a successful reform than a single comprehensive package. Minnesota addressed this question in its AFDC-waiver evaluation of the state's Family Independence Program by creating two treatment groups: one that included sanctions and financial work incentives, and one that included financial incentives alone. Researchers found that the combination of sanctions and positive incentives ("carrots and sticks") was more effective than either incentives alone or AFDC (which the control group received). We do not know, however, the effects of sanctions alone, nor do we know whether the joint effects of sanctions and work incentives depend on some other element of the program.[8]

Estimating the effects of specific components of these complicated programs would require either studying many treatment groups or running experiments one program element at a time. The state might, for example, want to assess whether home visits, childcare vouchers, or more generous earnings disregards will produce better outcomes than the state's current policies by assigning families to two groups: one that is subject to the state's general policies, and one that is subject to these policies plus the experimental element (such as home visits). But the problem with this marginal experimentation is its statistical weakness: the probability that the evaluation will not show any effect even if effects exist. The waiver evaluations suggest that even very different programs — such as AFDC and the New Hope initiative — produce only small to moderate effects on earnings, employment, and other outcome measures. Assessing individual components of these programs would be very difficult because of the basic similarity between the experiences of the treatment and control groups.

A more basic problem is that many of the new state and local welfare reforms are not "programs" in the usual sense. Traditional evaluation methods make sense if treatments are well-defined, replicable, and stable interventions. But the logic and structure of many state welfare reforms — especially among the Midwest states — suggest instead a collection of local systems that organize, mobilize, and adapt a changing mixture of programs and community resources around the goals of employment and anti-dependency. Whether and what forms of diversion assistance are attractive to clients, whether welfare systems can and should stress unsubsidized jobs rather than work experience activities, what forms of transportation assistance are most effective, and what kinds of childcare assistance are needed — all of these depend in part on community characteristics, such as the levels of unemployment, the types of industries and jobs, the capacity of the local transportation system, the current supply of childcare centers, and even the tendency of relatives to live close to one another. We found, for example, that in localities with high unemployment, welfare workers may still try to divert families from cash assistance in an effort to minimize time on the five-year clocks. However, welfare workers also realized that in addition to encouraging employment, they needed in these circumstances to maximize clients' access to public benefits that are not time-limited, such as food stamps and Medicaid. Many local welfare offices or job centers are organized to respond to local conditions: they may, for example, work with local employers to develop special and often *ad hoc* opportunities for low-income families. Some of Wisconsin's job centers show particularly strong interactions with the community by relying on both co-location and referrals to draw on a rich variety of local agencies and programs, including charitable organizations, community and technical colleges, private industry councils, local hospitals, and many others. The centers thus become community focal points for reaching and serving low-income families. Job center programs, including W-2, seem to be influenced in turn by the values, resources, and cultural orientations of community institutions.

As the chapter by Charles Adams and Miriam Wilson makes clear, the basic organization of social service delivery systems can vary enormously. Though this local variation is not unexpected in states like Ohio where counties have long had substantial flexibility, their flexibility has grown enormously as counties now have the opportunity to receive their own "block grant" that contains several different funding streams (including food stamps, Medicaid, TANF, state maintenance-of-effort money, and childcare). In the states that did not rely on counties to administer AFDC, local adaptation is still substantial as many states (such as Michigan, Texas, and Florida) rely on local workforce development boards (or, in the case of Florida, boards that look a lot like workforce development boards) to design and administer work-first programs. Such boards have traditionally been much more decentralized than state welfare agencies. In sum, although there was always some local level variation in AFDC programs, the devolved and adaptive character of the new welfare systems seems to be of a different order.

Variation within states and over time in the structure and content of welfare programs poses a measurement challenge for evaluation: it is not a simple matter to say what the program actually is. But to the degree that local welfare systems are dynamic, motivated, and adaptive, the challenge is more fundamental. Welfare programs may be effective or ineffective not because of the particular treatments they deliver to low-income families. What works and what does not may depend on a host of particular circumstances. If treatment effectiveness depends on context, what accounts for variation in effectiveness may not be the treatments themselves but rather the capacity of local agencies to select and adapt those treatments to the needs and resources of local communities and families. This raises the attribution issue to a broader question for social theory. Should we try to attribute variations in program success to the services delivered and rules applied to families and individuals? Can we expect these conclusions to be generalizable to very different communities, local economic structures, and family situations? Or is it actually more reasonable to evaluate the *systems* that make decisions about what interventions are appropriate and under what circumstances? What type of theory is more likely to be robust? A theory of how individuals and families change their work, reproductive, and economic behaviors, and how public interventions can contribute to that change? Or a theory of what makes an organization capable of detecting problems, learning from its efforts, understanding and adapting its processes, and developing innovative responses?[9] Variations in success might be a function not of whether a welfare system is organized around a work-first approach as opposed to one that also emphasizes training and education services, but of whether the system has the capacity to choose between or even blend these and other approaches with intelligence and in light of full understanding of relevant circumstances. This is not just another way of saying that "implementation matters." Implementation usually means putting a "policy" into effect; it typically connotes a transitional process of creating greater "consonance" between laws and bureaucratic behavior.[10] But I am arguing that laws may be just one of many factors that influence, and that should influence, complex administrative systems. Nothing is *finally* implemented; policies may be created and adapted *all the time*.[11]

The question of which theoretical perspective will produce stable and useful results is still an open one, and quite possibly both viewpoints contain some truth. But the ambiguity about the basic conceptual framework for understanding effectiveness in the new welfare programs means that evaluating the new welfare systems is not just more demanding but a different matter altogether than evaluating, for instance, changes in eligibility rules for cash assistance or social services. In fact, the dynamic character of these systems suggests that, just as there is no final implementation, there may be no final evaluation. Evaluation, to make sense under the new circumstances, ought to be continuous or at least recurrent and built into the management process at the level where critical decisions are being made.

That is a tall order, though interestingly, the states seem to be moving toward this approach. Aside from the remaining AFDC waiver studies, program assessments in the post-TANF world consist for the most part of state "leaver studies" that track the employment status of adults after they leave TANF programs.[12] Such studies seem designed to determine whether persons targeted by the program are in acceptable circumstances, even though the standards of what is acceptable are usually subject to debate. Is it satisfactory if 60 percent of all heads of household who leave welfare are employed after one year? Is it acceptable or distressful if 1 percent of such households lose custody of their children within a year after leaving welfare? And what should we make of a discovery if we learn that one-fourth of leavers lack health insurance? Since no real consensus exists concerning an acceptable level of performance, many "half-full, half-empty" debates ensue.

Although that may be a valuable development as little public discussion on these questions existed before the enactment of TANF, many of the studies are plagued by methodological problems. Studies that rely on surveys often suffer from low response rates and generally overestimate employment, while studies that examine administrative data (such as unemployment insurance) generally underestimate employment rates. But the more fundamental problem is that these studies offer no way of estimating the counterfactual. How many leavers would have been employed if they had not received program benefits and services, or if they had participated in the old AFDC program or in some other version of welfare reform? These studies also focus on only part of the population likely to be affected by welfare reforms, and certainly a nonrandom subset of that population. The studies are only beginning to collect information on families who never enrolled in the program despite their being eligible for it, which may be an increasing proportion of poor families; such families might have been steered away from cash assistance by social stigma, program signals, emergency assistance, or employment services at a job center. The studies also tend not to collate outcome data on employment and earnings with policy, administrative, or economic changes that might help explain variations over time. The studies are almost all conducted at the state level; local welfare agencies rarely report information on leavers. But because of the considerable local-level variation *within* state welfare systems, state-level information may be difficult to interpret, especially by local administrators, local advocacy groups, and others who need to know how their local systems are performing.

However weak, incomplete, or hard-to-interpret the leaver studies may be, they nonetheless point in a useful analytical direction. If we cannot estimate the "program" impact on the target population — if that sort of rational approach to policy assessment is less feasible here — then perhaps we should apply another principle: responsible program personnel as well as citizens and policymakers ought to make decisions in light of full and up-to-date information about the scope of the problems the programs are expected to solve and the status of those who are expected to benefit. To be useful in assessing welfare systems in the post-reform world, studies should be done at the local level, they should include information on nonrecipients as well as recipients (such as poverty data on all families in the locality), the data should be collected routinely and consistently over time, and the state or locality should have the capacity to analyze this information and draw informed (though not necessarily definite) conclusions about the relationships between system changes, the economy and society, and the behavior and well-being of families. We are, however, a long way from putting this informational strategy into effect. At the moment, we do not even have good, recent data on the extent of poverty in counties; local-level data on poverty suffer from large errors and several years pass before the data are available.[13]

In sum, the new welfare presents a real challenge to the use of evaluation — and analytical methods more generally — in fashioning and adjusting public policies. Evaluations are unlikely to use experimental or quasi-experimental approaches after the current AFDC waivers lapse. Even if impact evaluations are carried out, it is not at all clear that the results can interpreted as saying anything particular about what works and what does not — or whether good or bad results are attributable to policies or characteristics of the administrative systems. Building systems that regularly or even continuously monitor outcomes, treatments, and problems — especially at the local level — is perhaps more feasible and fitting, but doing so would demand a much greater investment in public information gathering than we have seen thus far.

Rediscovering Procedural Fairness

An important change brought about by the Personal Responsibility Act was the complete elimination of the regulations governing the processes by which AFDC was administered. These regulations were in part a response to legal rights challenges in the early 1970s.[14] By requiring certain written notifications, establishing timeframes, giving clients options regarding which workers they deal with, specifying appropriate forms of verification, and determining who can and cannot assess eligibility, the procedural rules were intended to minimize discriminatory, inconsistent, and even punitive behavior toward individuals by public assistance agencies and workers. But these extensive procedural regulations were often seen as making welfare agencies inflexible and particularly inconvenient for working parents, who were often treated as likely cheats. To encourage a transformation to a stronger work focus, the 1996 Act relied instead on aggregate performance and outcomes data — and financial penalties and rewards attached to those measures — to reorient state welfare programs and hold them accountable.

The shift toward a stronger emphasis on collective goals has been a major effect of the Personal Responsibility Act and state welfare reforms. Nonetheless, as states pay greater attention to performance in these terms, there has been a growing concern over processes, especially their fairness and equity. To some extent, a concern for fair procedures grows directly out of the emphasis on personal responsibility and independence. People may seek services; they may choose not to accept certain benefits; or they may even want to avoid welfare rolls altogether. All of these choices are reasonable in a free society. But to help people make responsible and independent decisions, they should be informed of their options. Declines in food stamp and Medicaid enrollments have prompted some policymakers, advocacy groups, and citizens to ask whether poor families are receiving too little or even false information about their eligibility.[15] Diversion programs and pre-application job search requirements may discourage low-income families from completing eligibility reviews for food stamps, Medicaid, or childcare, though many families with jobs qualify for these programs. And families who leave welfare rolls for low-income jobs may do so without learning about transitional Medicaid and other benefits they remain eligible to receive.

Even within the TANF program, the growing number of services that increasingly constitute "welfare" often means that clients must sometimes contact numerous persons or agencies to get what they are eligible to receive. However, many clients do not make the contacts. Many poor or near-poor working parents, for example, fail to use childcare benefits. That may sometimes be their preference, as parents choose to rely on family or friends to take care of their children. Yet it is also possible that some parents are not informed of their eligibility, and the pattern of informing or not informing parents may have selective effects on certain groups. In Florida, for example, a survey conducted in 1998 found that only 28 percent of the families on welfare rolls had met with a childcare counselor — and that English-speaking parents were twice as likely to meet with a counselor than were Spanish-speaking parents.[16] Procedural fairness also emerge in the case of sanctions. Sanction rates vary considerably not only between states but also within states and over time. Intra-state variance may be due to differences in compliance, but it may also depend on whether parents are forewarned of their work responsibilities. In Arizona, for example, the large number of sanctions imposed in the first year of TANF implementation may have grown out of the fact that local welfare offices had not yet changed program signals, nor had they created strong procedural connections with employment offices. At least during these early months, some people may have been sanctioned without ever knowing about their work responsibilities or the services they could have used to find employment.[17]

These issues of informational and procedural fairness indicate that local differences in administrative capacity and operations may be increasingly important to the well-being of families. Administrators should be able to manage their processes and ensure that parents or caregivers are given adequate information, that procedures do not break down, and that discretion is exercised according to appropriate criteria and judgments and not according to discriminatory practices. This policy area may raise issues that have long dominated American education policy, where local institutional capacity is not only important to program outcomes but is also quite varied from one locality to another. Yet it is not easy to monitor the new welfare processes, nor is it a simple matter to assess and compare local capacity. It is, of course, possible to impose new regulations to govern the interactions between service delivery personnel and clients — and to some extent, that is what the federal government is doing to ensure better access to Medicaid and food stamp benefits — but regulations are harder to enforce when so many different public and private agencies are delivering services, and when the interactions between agencies and individuals are so rich, complex, and even messy. Thus, the concerns for equitable treatment are not disappearing even though welfare is no longer a federal entitlement, while the challenge of monitoring procedures and distinguishing between fair and unfair practices is certainly much greater.

New Demands on Government: Building and Maintaining Institutions

Isaiah Berlin once observed, "Any study of society shows that every solution creates a new situation which breeds its own new needs and problems."[18] Welfare reform is no exception. The institutions of welfare now focus more on finding jobs for poor caregivers. Agencies are communicating new signals to families about their work obligations. The political popularity of the reforms, a growing economy, and ample federal funds have created unprecedented resources for childcare, employment, and other work-support services. Many states have also given local welfare agencies the flexibility and incentives to apply these signals and services to the diverse employment problems of a heterogeneous population of poor families.

It takes nothing away from these institutional changes to say that they are generating new questions and problems. The complexity, adaptiveness, and decentralized character of the new welfare constitute at least partial evidence that state and local administrative systems are changing more rapidly and profoundly than any other set of American public institutions. But welfare reforms are also challenging our governing institutions: by reducing the role of legislatures, they may narrow the range of political interests able to influence social programs; by making traditional forms of evaluation and analysis more difficult and less useful, policy debates may be less informed; and by focusing attention on aggregate effectiveness, less attention may be paid to individual rights.

How can these problems be addressed? Three directions seem promising: First, as argued above, there is a need to invest in welfare information and statistical systems that meet a much wider variety of management and political needs — that is, to create information systems that are almost as rich, as flexible, and as devolved as the new welfare systems themselves. Second, they suggest the need for considerable professionalism and sophistication among the people and organizations operating these programs. Returning to a highly regulated system entailing considerable oversight by central authorities may address some of the issues concerning clients' rights and program understanding and assessment, but that tactic may also ensure that local systems will never be particularly effective in adapting to local conditions. To work well, the new programs require considerable trust between central authorities and local agents in their competence, and a mutual understanding of which factors are appropriate and inappropriate in making decisions and implementing processes that affect so many lives. This, to be sure, is a challenge itself, as there are no dominant professions in this policy area, and social work — the one profession that has been involved in welfare administration — has to date not adapted to the demands for more expertise in employment and jobs. Nonetheless, to the extent that front-line workers and local administrators need to balance so many values and interests in their day-to-day operations, reconciling these diverse concerns may require recruiting high-quality managers and workers with common beliefs about goals, values, and appropriate behavior.

Third, the issues also suggest the need for building new forms of political representation and strengthening older ones. In particular, there is a need to bring greater political representation or involvement down to the local level, where many of the critical decisions are made. In some places, that is happening. Florida has created new representative institutions in its local WAGES Coalitions, and though there are controversies over the composition of those boards, the basic idea of moving representation down to where the basic decisions and adaptations are being made is a promising one. Some form of political representation is also occurring as community organizations get more involved in promoting outreach among families in order to boost CHIP and Medicaid enrollments, and as local advocacy organizations perform their own assessments of the status of welfare leavers and of their problems in obtaining services. These activities may often be incomplete and unsystematic, but they may bring pressures to bear on local administrative systems to respond more systematically to a broad range of values and concerns in the community.

In many ways, these challenges are more manageable in the Midwest, not only because states in that region have more experience with welfare reform, but even more important, because they have more experience with governmental reform. Much more than the AFDC program, the new welfare, to work well, demands good government.[19] Many of the more complex structures and functions emerging in the midwestern states — such as the job centers and W-2 contracts with local providers in Wisconsin, the highly interactive relationships between state and county agencies in Ohio, and the growing cooperation between the welfare and workforce development bureaucracies in Michigan — are probably inoperable without a sophisticated and professional public workforce. A state ethos that values research and analysis in developing policies — an ethos that lies at the heart of the Progressive tradition and that is clearly evident in the extensive support for welfare policy research in Wisconsin and Minnesota — is also crucial. If welfare reforms in the Midwest are ultimately more effective in helping families achieve self-sufficiency and escape poverty, other states may need to learn about their systems of government as much as their specific innovations in social policy.

Endnotes

1 Albany, NY: Rockefeller Institute, 1999.

2 Bonney & Company, *The National Poll on Welfare Reform and Healthcare Reform: Results of a National Survey Regarding Devolution, Healthcare Reform and Welfare Reform Conducted for the W.K. Kellogg Foundation*, Virginia Beach, VA: Bonney & Company, January 13, 1999. See Table 2.

3 Janet Looney and Betty Jane Narver, "Meeting the Goals of Washington's Workfirst Program: Key Policy Changes," in *Managing Welfare Reform: Updates from Field Research in Five States*, edited by Thomas Gais (Albany, NY: Rockefeller Institute, 1999). A revised version of this volume, edited by Professor Sarah Liebschutz, will be released in the spring of 2000 by the Rockefeller Institute Press and distributed by the Brookings Institution Press.

4 On this two culture hypothesis, see the presentation by Professor Irene Lurie, "State Capacity Study: Implementing PRWORA at the Local Level," at Evaluating Welfare Reform, a conference sponsored by the Administration for Children and Families, Office of Planning, Research, and Evaluation, of the U.S. Department of Health and Human Services, Arlington, Virginia, May 12, 1999. The study is being conducted at the Rockefeller Institute with funds from the U.S. Department of Health and Human Services. The principal investigator is Professor Richard P. Nathan, and the two other senior investigators are Professors Norma Riccucci of SUNY-Albany and Marcia Meyers of Columbia University. For a discussion of agency cultures under AFDC, see Mary Jo Bane and David T. Ellwood, *Welfare Realities: From Rhetoric to Reform* (Cambridge, MA: Harvard University Press, 1994), pp. 15-19.

5 Term limits may, of course, contribute to legislative weakness, but though the limits have clearly affected the composition and leadership of legislatures, it is still too early to discern their consequences for the policymaking process. See Francis X. Clines, "Term Limits Bring Wholesale Change into Legislatures," *New York Times,* February 14, 2000.

6 For a discussion of the role of AFDC waiver evaluations in the formulation of state TANF programs, see Thomas Gais and Richard Nathan, "Learning, Emulation, and Adaptation in the American States: The Case of Welfare Reform," paper presented at the Annual Research Conference of the Association for Public Policy Analysis and Management, Washington, DC, November 1999.

7 Hans Both, et al., *New Hope for People with Low Incomes: Two-Year Results of a Program to Reduce Poverty and Reform Welfare,* New York: Manpower Demonstration Research Corporation, 1999.

8 Cynthia Miller, Virginia Knox, Patricia Auspos, Jo Anna Hunter-Manns, and Alan Orenstein, *Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program,* New York: Manpower Demonstration Research Corporation, 1997.

9 A critical factor might be, for example, whether states and localities have the capacity to understand how welfare applicants and recipients are proceeding through program processes — a capacity that may require (especially in large urban areas) management information systems that fit the new change-oriented welfare reforms. See, for example, Michael Wiseman, *A Management Information Model for New-Style Public Assistance*, Discussion Paper 99-10, Assessing the New Federalism Project, Washington, DC: Urban Institute, August 1999; Terrence Maxwell, *Information Federalism: History of Welfare Information Systems,* Working Paper, Albany, NY: Rockefeller Institute, 1999; and Nathan and Gais, *Implementing,* pp. 52-63.

10 Good waiver evaluations collect data on implementation, but they tend to view this component of the research simply as a check that the program "as enacted" was carried out. See, for example, Dan Bloom, Laura Melton, Charles Michalopoulos, Susan Schriver, and Johanna Walter, *Jobs First: Implementation and Early Impacts of Connecticut's Welfare Reform Initiative,* New York: Manpower Demonstration Research Corporation, February 2000.

11 The basic design of the TANF block grant creates an important source of program instability. By requiring states to meet a "maintenance-of-effort" requirement — a minimum amount of state spending in support of the goals of the Personal Responsibility Act — states are under pressure during periods of economic growth, when caseloads are down, to expand the range of services provided to families and individuals. This pressure may not exist in the same way during economic downturns.

12 For summaries of these studies, see Jack Tweedie, Dana Reichert, and Matt O'Connor, *Tracking Recipients After They Leave Welfare*, Washington, DC: National Conference of State Legislatures, July, 1999; U.S. General Accounting Office, *Welfare Reform: Information on Former Recipients' Status*, GAO/HEHS-99-48, Washington, DC: U.S. General Accounting Office, April 1999; Sarah Brauner and Pamela Loprest, "Where Are They Now? What States' Studies of People Who Left Welfare Tell Us," *New Federalism: Issues and Options for States,* Series A, No. A-32, May 1999.

13 On the importance of management information systems to satisfy some of these requirements, see note 10 above. As of early 2000, 1995 poverty data were the latest available for counties. See U.S. Census Bureau, "Small Area Income and Poverty Estimates: Tables for States and Counties by Income Year and Statistic," November 3, 1999 (last revised), http://www.census.gov/hhes/www/saipe/stcty/estimate.html. One of the

more encouraging developments is the expected full implementation of the American Community Survey (ACS) by the Census Bureau in 2003. The ACS "will provide estimates of demographic, housing, social, and economic characteristics every year for all states, as well as for all cities, counties, metropolitan areas, and population groups of 65,000 people or more." These data include poverty estimates. U.S. Census Bureau, "About the American Community Survey," http://www.census.gov/CMS/www/acs.htm.

14 See the *U.S. Code of Federal Regulations*, vol. 45, ch. II, secs. 205-206 (1997).

15 On food stamps, see U.S. General Accounting Office, *Food Stamp Program: Various Factors Have Led to Declining Participation*, GAO/RCED-99-185, Washington, DC: General Accounting Office, 1999. Estimates of the effects of welfare reform on food stamp caseloads may be found in Geoffrey Wallace and Rebecca M. Blank, "What Goes Up Must Come Down? Explaining Recent Changes in Public Assistance Caseloads," in *Economic Conditions and Welfare Reform,* ed. by Sheldon Danziger, Kalamazoo, MI: W.E. Upjohn Institute, 2000. On Medicaid, see Families USA Foundation, *Losing Health Insurance: The Unintended Consequences of Welfare Reform,* Washington, DC: Families USA Foundation, 1999; Marilyn R. Ellwood and Kimball Lewis, *On and Off Medicaid: Enrollment Patterns for California and Florida in 1995*, Occasional Paper Number 27, Washington, DC: Urban Institute, 1999; Leighton Ku and Brian Bruen, "The Continuing Decline in Medicaid Coverage," Number A-37, *New Federalism: Issues and Options for States*, Washington, DC: Urban Institute, 1999. On both programs, see Frank J. Thompson and Thomas L. Gais, "Federalism and the Safety Net: Delinkage and Participation Rates," unpublished manuscript, Albany, NY: Rockefeller Institute, 2000.

16 Robert E. Crew and Joe Eyerman, *Explaining Low Demand for Child Care Funds in Florida's Welfare Reform Program,* unpublished manuscript, Tallahassee, FL: Florida State University, 1999. This project was supported with funds from the Florida Department of Children and Families. In response to the question "Did you have an opportunity to meet with a child care counselor?" 29 percent of English-speaking respondents (persons who were receiving public assistance) said yes, while only 15 percent of Spanish-speaking respondents said yes.

17 John Stuart Hall and Gerald J. Kubiak, "Arizona's Welfare Reform Experience," *Rockefeller Report*, Albany, NY: Rockefeller Institute, November 1999.

18 Isaiah Berlin, *The Proper Study of Mankind: An Anthology of Essays*, New York: Farrar, Straus and Giroux, 1998, p. 12.

19 I am thankful to Professor Lawrence Mead of New York University for this point.