

Welfare Reform, Management Systems, and Their Implications for Children

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Policy-makers frequently invoked children's interests as they debated welfare reform in the 1990s, yet they did not all agree on what should be done to improve children's well-being. This Article argues that the Personal Responsibility and Work Opportunity Reconciliation Act contained three policy theories that identified different goals and policy interventions in order to improve children's lives. Moreover, because the Act gives states considerable discretion to fashion their own programs, what happens to these different approaches depends on what the states do as they develop their own programs and implement the 1996 welfare reform.

The authors' analysis of state programs indicates that states are creating welfare systems that depend primarily on the idea that children's lives will improve when they have a working parent, irrespective of whether this employment increases family incomes. Further, this Article argues that although states have expanded their funding for work support services, particularly child care, they have placed much less emphasis on ensuring that families with an employed head of household have greater resources. Finally, this Article claims that states have done little to promote changes in family structure, even though the preamble to the Personal Responsibility Act emphasizes the importance of marriage for children's well-being.

I. INTRODUCTION

Children's interests were frequently invoked during the congressional debate of the Personal Responsibility and Work Opportunity Reconciliation Act (Personal Responsibility Act). Those who supported the Personal Responsibility Act, those who wanted to amend it, and those who opposed it all argued that they were the ones who knew what was best for children. Yet these legislators did not share a common understanding of children's interests. Behind these various claims rested different ideas about what children needed and how public policy could improve children's lives, and the adoption of the Personal Responsibility Act did not resolve these competing visions.

The Personal Responsibility Act itself reflects several distinct ideas about what is best for children. For example, the preamble promotes marriage and the

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need to raise children in two-parent families. The body of the Personal Responsibility Act, however, advances a program aimed at moving single mothers into paid employment, justified at least partly on the grounds that children fare better when they have a working parent. Supporters of the Personal Responsibility Act, trying to deflect opponents' criticisms that the time limits and block grant provisions would further impoverish children, claimed that children's material needs would still be met and that the states could protect this vulnerable group just as well as the federal government.¹

What happens to these different approaches to children's well-being depends on what the states do as they develop their own programs and implement the requirements of the Personal Responsibility Act. Because the Act repealed the federal entitlement program, Aid to Families with Dependent Children (AFDC), and put in its place a block grant structure, states now have a great deal of leeway to fashion their own programs; they are invited to experiment with innovative policies. Creativity and resourcefulness within the states could lead to a myriad of policies and a host of connections among them, resulting in a complex array of policy approaches to children's well-being. And as states experiment with new methods, a dominant policy approach might emerge as they quickly discern and follow the best of each other's innovations. Yet states have also been known to be reluctant and conservative innovators; they might also end up with welfare programs and administrative systems that do little more than meet federal requirements with the greatest ease.

Therefore, this paper asks the question: how have the states addressed the interests of children in their welfare reforms, not just in their formal policies, but also in the ways they implement those policies in their management or administrative systems? The paper draws on field research conducted for the Nelson A. Rockefeller Institute of Government (hereinafter Rockefeller Institute). Nineteen research teams, one in each state included in the study, collected data at the state level, as well as through visits to two local welfare offices in each state, on the *institutional* changes wrought by welfare reform—on the ways in which states have organized or reorganized their management systems—often encompassing a vast number and variety of public and private institutions, for carrying out their welfare programs.

We use this data on state and institutional behavior to determine the *policy theories* that are being enacted in the day-to-day operations of state and local welfare systems. By policy theories, we mean the explicit—or more often, implicit—set of postulated causal connections between policies and desirable outcomes. We consider what kinds of services are provided, in what sequence, to which persons, and to what apparent ends. By examining the services delivered,

¹ See Robert Pear, *Governors Agree Children Must Be Protected No Matter What Shape Welfare Takes*, N.Y. TIMES, Feb. 1, 1995, at A19.

the kinds of organizations and workers who deliver them, the criteria for performance embedded in contracts and funding formulas, and the kinds of information collected and used, we can begin to discern what these new welfare systems are organized to *do*—and by the same token, what they do not seem to be doing at all.

We see the Personal Responsibility Act as containing three major approaches to children's well-being—three policy theories that relate program activities to the interests of children: (1) the *family structure theory* contends that children benefit from being born only to families who are able to care for them, specifically, *not* to unmarried couples or teens, and that teen and unmarried women should not have families; (2) the *resource theory* holds that children benefit from increased resources, such as income obtained as caregivers enter and progress in the workforce; and (3) the *environment theory* maintains that children reap psychological and sociological benefits from being part of a family environment in which the head of the household works.

Although the Personal Responsibility Act includes elements of all three of these policy theories, our research finds that states are creating welfare systems that depend for the most part on the third policy theory, in which the simple fact of working is expected to create a more structured, better functioning home environment. States have placed less emphasis in their management systems on enacting the models involving family structure and resources. Important exceptions exist, but in most states, to the extent that children are expected to gain from welfare reform, the gains are presumed to come from connections between workforce participation by caregivers, usually mothers, and the sociological and psychological environments experienced by their children.

However, the implementation of the environment theory is, in many ways, incomplete. States are generally succeeding in creating strong program signals and incentives for mothers to minimize dependence on welfare by finding work—usually unsubsidized jobs—and staying in the workforce, even if having a job has little positive impact on their total household income. And although many problems still exist, states are doing a better job in providing work support services, particularly child care, with the potential of having a major impact on the environment in which children are raised.

Yet state welfare systems are leaving many of the putative connections between workforce participation by mothers and child well-being as just that—more assumed than known. These connections assume that particular things will happen in the daily lives of children: that their days will be more structured rather than chaotic; that they will have stable child care and established routines rather than an unreliable patchwork of caregivers; and that they will see and realize a relationship between hard work and achievement rather than hard work that is unrecognized and not rewarded. States have done little to examine

whether in fact these things actually happen. Moreover, what little research has been done on these interconnections suggests that many of them are interactive: they depend on many other factors, such as the psychological well-being of the mother, and cannot be assumed to work out the same way in all situations.²

The incomplete implementation of policy theories linking welfare reform and children's interests raises problems that are compounded by an important characteristic of the new welfare. That is, significant costs are imposed on children whose parents fail to respond to incentives and sanctions in the desired way. Children who may be harmed as a necessary component of the reforms, not as an unforeseen side-effect include: children who are conceived and born despite the incentives not to have them; children whose parents fail to show up at orientation meetings, look for work seriously, or follow through on their personal responsibility agreements; and children whose parents fail to gain financial independence before the time limits are up. These penalties and costs are integral to the policy theories that lie behind the new programs' attempts to change behavior and increase overall work participation rates.³

In Part II of this paper, we explicate the three policy theories concerning welfare and children's well-being included in the Personal Responsibility Act. Then in Part III, we examine the states' choices as they develop their welfare programs. In Part IV, we demonstrate that the states have taken little action to pursue policies consistent with the family structure theory and have instead thrown their energies into implementing work first programs. Work oriented programs could mesh with either the resource theory or the environment theory, but we find that states have done little to implement the resource theory and their work programs resonate more with the environment theory.

II. POLICY THEORIES AND THE PERSONAL RESPONSIBILITY ACT

A. *First Comes Love, Then Comes Marriage: The Family Structure Theory*

To better understand the first policy theory, the family structure theory, one may begin by reading the preamble to the Personal Responsibility Act, which

² See generally Toby L. Parcel & Elizabeth G. Menaghan, *Effects of Low-Wage Employment on Family Well-Being*, FUTURE CHILDREN, Spring 1997, at 116, 116-21; Martha J. Zaslow & Carol A. Emig, *When Low-Income Mothers Go to Work: Implications for Children*, FUTURE CHILDREN, Spring 1997, at 110, 110-15.

³ U.S. social policy has long rested on dividing the poor into groups with different assistance programs for each group and different degrees of assistance based on expectations about the ability of individuals in each group to work and support themselves. See generally JAMES T. PATTERSON, AMERICA'S STRUGGLE AGAINST POVERTY, 1900-1994 (1994) (discussing these divisions and the associated policies).

opens with a congressional finding that "marriage is the foundation of a successful society."⁴ Marriage is an "essential institution" for the promotion of children's interests, Congress continued, and children require "responsible fatherhood and motherhood" for a successful upbringing.⁵ These statements underscore the belief that children's well-being is protected and advanced most when children are raised in two-parent families. Indeed, Congress continued the preamble with a detailed account of the problems encountered by children raised in single-parent homes: they are more likely to receive public assistance and to receive it for longer periods of time; they are more likely to have problems in school and lower educational achievements; they are more likely to be involved with the juvenile justice system and to live in neighborhoods with higher crime rates; and they are more likely to grow up to be adults who are poor, do not marry, and receive welfare.⁶

The preamble reflects the fact that, for many legislators, the key to improving children's lives is to alter the structure of families by reducing out-of-wedlock births and promoting marriage. For example, in congressional hearings, Representative James Talent (R. Mo.) professed that "the growth in illegitimacy is the single most important change in our country in the last generation. It is a fact so powerful that it annihilates all other facts."⁷ Representative Clay Shaw (R. Fla.) explained that the best way to fight poverty was to encourage marriage and discourage out-of-wedlock births.⁸ Representative Tim Hutchinson (R. Ark.) echoed this thought with, "it may take a village, but it sure takes a father" to raise children successfully.⁹ For these legislators, what children need most is to be raised in a two-parent family. The primary problem is single-parent families, not poverty, welfare receipt, school failure, or juvenile delinquency. These are secondary problems that would wane if only children were born and raised within the institution of marriage.

Advocates of the family structure theory argue that "you get what you pay for," and AFDC paid for and promoted single motherhood.¹⁰ They believe that

⁴ 42 U.S.C. § 601 note (Supp. III 1997) (citing Pub. L. No. 104-193 § 101 (1996)).

⁵ *Id.*

⁶ *See id.*

⁷ *Causes of Poverty, with a Focus on Out-of-Wedlock Births: Hearing Before the Subcomm. on Human Resources of the House Ways & Means Comm.*, 104th Cong. 20 (1996).

⁸ *See id.* at 4.

⁹ *Id.* at 12.

¹⁰ This argument about AFDC has been made by many people in many places. *See* David Popenoe, *Family Caps*, SOCIETY, July-Aug. 1996, at 25, 25-27; *see generally* CHARLES MURRAY, *LOSING GROUND: AMERICAN SOCIAL POLICY, 1950-1980* (1984). To place current ideological views of poverty and welfare in a broader historical context, *see generally* PATTERSON, *supra* note 3.

withdrawing public assistance from single mothers—or making the assistance less attractive—would hinder the formation of single-parent families by encouraging women to forego childbearing, or marry before or during pregnancy. Congressional adherents of this view pushed for federal provisions requiring states to impose family caps and deny aid to unwed teen mothers and their children.¹¹ They were unsuccessful in imposing such federal mandates, but they were able to include in the Act provisions allowing states to adopt these measures. The Act also requires states to demand that teen mothers live at home and attend school in order to receive public assistance.¹²

The Act also allows states to pursue additional policy tools aimed at promoting marriage. These include granting aid to two-parent families, based on the idea that aid provided only to single-parent families encourages families to break apart, and implementing employment and training programs for men, based on the idea that men will not marry if they do not have adequate jobs.¹³ Such proposals received little attention in congressional discussions about welfare reform, although the block grant provisions now give states the latitude to experiment with these alternatives if they so choose.

B. Work and the Personal Responsibility Act: The Resource Theory

Although the preamble to the Personal Responsibility Act reflects the first policy theory by highlighting the need to promote marriage and reduce out-of-wedlock births, the stipulations of the Act itself focus on moving welfare recipients into the workplace and off the welfare rolls. Through time limits and

¹¹ See Jeffrey L. Katz, *House GOP Welfare Plan Shifts Focus from Work to Teen Mothers*, 53 CONG. Q. WKLY. REP., 160, 160–61 (1995).

¹² Requiring teen mothers to live at home and attend school in order to receive public assistance is an indirect way to prevent teen births. It rests on the assumption that teens will be less likely to have children if they cannot establish independent households. It may also rest on the assumption that teen mothers will be less likely to have additional children because they will receive greater supervision living at home; this may well be a faulty assumption because these teens probably lived at home when they first became pregnant. Alternative reasons to support this requirement for teen mothers have little to do with prevention theory and rely instead on ideas that teen mothers will be better single parents if they have assistance from their extended family and will be more capable of supporting themselves if they finish high school.

¹³ The argument that AFDC should be granted to two-parent families in order to prevent families from breaking up was made by President Kennedy when he proposed AFDC-UP in 1961. See Special Message to the Congress: Program for Economic Recovery and Growth, PUB. PAPERS 41, 46–47 (Feb. 2, 1961), *reprinted in* 17 CONG. Q. ALMANAC 861, 863 (1961). For an example of a more recent version of this argument, see FAMILY RESEARCH COUNCIL, FREE TO BE FAMILY 39–44 (1992). The argument that two-parent families do not form because men lack adequate jobs has been advanced by William Julius Wilson. THE TRULY DISADVANTAGED: THE INNER CITY, THE UNDERCLASS, AND PUBLIC POLICY (1987).

work requirements, the Act emphasizes the importance of paid employment by single mothers.¹⁴ Republicans as well as many Democrats lauded the replacement of AFDC, a program adopted to enable mothers to stay home with their children, with Temporary Assistance to Needy Families (TANF), a program providing only temporary aid with the expectation that mothers would support their families through paid employment.¹⁵ When President Clinton signed the Personal Responsibility Act, he praised it for being “tough on work,”¹⁶ and for correcting deficiencies in earlier versions of the legislation,¹⁷ which he characterized as “soft on work.”¹⁸

While the Act distinctly demands greater emphasis on paid employment, it does not present any one particular reason for moving women on welfare into the workforce. There can be many justifications for an increased emphasis on paid employment. One argument linking these policy changes to children’s interests was that employed parents—typically, mothers—would promote child well-being. Policy-makers have been somewhat vague about the particular aspects of child well-being they thought would improve if parents moved from welfare to work, but generally their expectations fall into two categories, either the resource model, or the environment theory.

Proponents of the resource theory argue that work improves children’s material well-being; employment brings with it higher incomes that are used to purchase the things children need. Support for the idea that paid employment makes one better off than when receiving public assistance is apparent in the Clinton administration’s phrase “make work pay.”¹⁹ Clinton reiterated this

¹⁴ The Act requires states to impose work requirements after women have received welfare for two years, although states can impose these requirements earlier if they so choose. The Act also adopts a five-year lifetime limit on the receipt of cash assistance under TANF. If states provide cash assistance for longer than five years, they can use only state funding for that aid. For a summary of the Act’s major provisions, see generally *Welfare Overhaul Highlights*, 52 CONG. Q. ALMANAC 6-13 to 6-21(1996).

¹⁵ For an account of the politics of the Personal Responsibility Act, see generally GARY BRYNER, *POLITICS AND PUBLIC MORALITY: THE GREAT AMERICAN WELFARE REFORM DEBATE* (1998).

¹⁶ Statement on Signing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 2 PUB. PAPERS 1328, 1328 (Aug. 22, 1998) [hereinafter *Signing*].

¹⁷ See *id.* 1328–29; see also Remarks on Signing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and an Exchange with Reporters, 2 PUB. PAPERS 1325, 1325–26 (Aug. 22, 1998) [hereinafter *Remarks on Signing*]; Remarks on Welfare Reform Legislation and an Exchange with Reporters 2 PUB. PAPERS 1233, 1234 (July 31, 1996) [hereinafter *Remarks on Welfare*].

¹⁸ See Remarks on Welfare, *supra* note 17 at 1234.

¹⁹ See generally MARY JO BANE & DAVID T. ELLWOOD, *WELFARE REALITIES: FROM RHETORIC TO REFORM* (1994) (discussing the “make work pay” concept and the policies they

sentiment when he signed the Act, explaining that "[t]he best antipoverty program is still a job."²⁰ This approach to child well-being requires not only that mothers get jobs that pay at least as much as they might receive in cash assistance and Food Stamps lost as their earnings increase, but also that they receive adequate support services, such as child care and transportation assistance, to make up for the increased costs of going to work. Some advocates of this theory also emphasize the need for education and training, so that women can obtain higher-paying jobs.²¹ Others suggest various forms of wage supplements,²² assuming that adults with little work experience and few skills are unlikely to acquire such positions.

C. *Work and the Personal Responsibility Act: The Environment Theory*

This resources model, however, is not the only argument in favor of work-based reforms. Policy-makers rarely rely only on material wealth to champion work, as a host of studies document the difficulty of raising substantially the incomes of poor men and women through employment alone.²³ Downplaying increased income as a central goal of work, many policy advocates instead see work as an activity that changes people for the better. When this view of work is applied to child well-being, it forms the crux of the third theory, the environment theory.

Adherents of the environment theory emphasize the need to improve the nature of children's upbringing and present work as the key to this transformation. In this third policy theory, an employed parent is supposed to be a better parent, one who through her own employment transmits to her children the psychological benefits of higher self-esteem and confidence as well as the development of discipline, structure, and hard work needed to fulfill the role of a good worker.²⁴ During the congressional debate on welfare reform, for example,

advocate to fulfill this goal).

²⁰ Signing, *supra* note 16, at 1329.

²¹ See MICHAEL S. DUKAKIS & ROSABETH MOSS KANTER, *CREATING THE FUTURE: THE MASSACHUSETTS COMEBACK AND IT'S PROMISE FOR AMERICA* 107 (1988). This was an important element of the Family Support Act of 1988. See Lloyd Bentsen, *Reforming the Welfare System: The Family Support Act of 1988*, J. LEGIS. 133, 133-40 (1990).

²² See, e.g., Gary T. Burtless, *Welfare Recipients' Job Skills and Employment Prospects*, FUTURE CHILDREN, Spring 1997, at 39, 39-51.

²³ See BANE & ELLWOOD, *supra* note 19, at 56. See generally REBECCA M. BLANK, *IT TAKES A NATION: A NEW AGENDA FOR FIGHTING POVERTY* (1997); KATHRYN EDIN & LAURA LEIN, *MAKING ENDS MEET: HOW SINGLE MOTHERS SURVIVE WELFARE AND LOW-WAGE WORK* (1997); JUDITH M. GUERON ET AL., *FROM WELFARE TO WORK* (1991).

²⁴ Presenting the psychological and sociological benefits of work is an important part of politicians' defense of work programs. For example, when President Clinton signed the

Representative Ensign proclaimed, "I grew up with a single mom. . . . And I watched my mom get up every day and go to work. That is what we need in this country is to have children watching their parents go to work on a daily basis."²⁵ Parents who worked would be more responsible, more disciplined, and more structured; they would expose their children to the world of work and the characteristics needed to survive in it. Work would "give children of this country an opportunity and incentive to enjoy the American dream, to get off the welfare system, to know what the free enterprise system is about."²⁶

In the environment theory, increased earnings obtained through employment are good but not a necessary aspect of the policy theory. Work is salutary even if it does not lead to upward mobility because of the beneficial effect it has on the behavior and attitudes of mothers and their children.²⁷ Consequently, the environment theory places little emphasis on education and training, or various ways to supplement and increase the earnings of low-income workers. What is important is that women receiving welfare go to work and get off the rolls; how much they earn or their prospects of advancement are not important.

One support service that is critical to the environment theory, however, is child care. At least implicit in the theory is the idea that poor mothers receiving welfare may not be very good mothers, and that their children will be better off if the mothers go to work and the children receive alternative care.²⁸ All adherents of the environment theory recognize that children have to be cared for by someone while their mothers are at work. They differ, though, in how much emphasis they place on high quality child care in order to achieve the desired improvements in children's upbringing. Some adherents of this theory believe so passionately in the transformative value of work that they do not place much importance on the quality of care received by these children.²⁹ Others emphasize the need for quality care that provides better developmental opportunities for

Personal Responsibility Act, he relayed a conversation he had with a woman named Lillie Harden who had been on welfare and then got off. "I said, 'Lillie, what's the best thing about being off welfare?' And she looked me straight in the eye and said, 'When my boy goes to school and they say what does your mama do for a living, he can give an answer.'" Remarks on Signing, *supra* note 17, at 1325. See generally DUKAKIS & KANTER, *supra* note 21, at 107-33.

²⁵ 141 CONG. REC. H3362, H3363 (daily ed. Mar. 21, 1995) (statement of Rep. Ensign).

²⁶ *Id.* at H3348 (statement of Representative Manzullo).

²⁷ See Lawrence M. Mead, *Welfare Reform at Work*, SOCIETY, July-Aug. 1996, at 37, 37-40.

²⁸ See generally Cathy M. Johnson, *Welfare and Work: What Happened to Feminist Perspectives?* (Apr. 23-25, 1998) (unpublished manuscript presented at the annual meeting of the Midwest Political Science Association, on file with authors).

²⁹ See generally LAWRENCE M. MEAD, *THE NEW POLITICS OF POVERTY: THE NON-WORKING POOR IN AMERICA* (1992).

poor children.³⁰

III. STATE CHOICES AND POLICY THEORIES

A. *Rejecting Family Structure Theory*

As the legislative debate moved out of the Congress and into the states, there was an important change in the focus of the reforms. While the preamble to the federal legislation expressed an urgent need to reduce teen and out-of-wedlock births and promote marriage as the keys to children's interests, states have placed much less emphasis on these goals in designing their new welfare programs, particularly when compared to their strong focus on work. Now that states have considerable power to design their welfare programs, there are important variations from state to state and even within some states. But generally, the states have written laws, constructed management systems, and allocated resources around the task of moving parents into the workforce. By and large, the states have rejected the family structure theory; they have not focused on changing marital or reproductive behavior.

One reason for the winnowing out of explicit measures to alter reproductive and marital decisions is the greater controversy surrounding proposals relating to family structure. Usually, some support for a proposal targeting family formation could be found, but typically no one approach commanded majority support. Even in relatively progressive states such as Washington, early welfare reform bills emphasized not just time limits but also denial of welfare benefits to unmarried teen mothers and family caps. Yet these latter provisions were eventually jettisoned as later legislative proposals focused instead on moving adults into the workforce.

Proposals with a central focus on family structure were also replaced by work-oriented legislation in politically conservative states. The early (1992) welfare reform bill in Mississippi, designated by its main proponent as a "pro-family" bill, included proposals to implant "female AFDC recipients with four or more children with the birth control drug Norplant," impose a family cap, and offer "a thousand dollar 'reward' to women who married and left the rolls."³¹

³⁰ This is sometimes referred to as a two-generation approach to poverty. Reducing poverty through enriched child development programs was a central justification of Head Start's inclusion in the Johnson Administration's War on Poverty. *See generally* LYNDA J. AMES & JEANNE ELLSWORTH, *WOMEN REFORMED, WOMEN EMPOWERED: POOR MOTHERS AND THE ENDANGERED PROMISE OF HEAD START* (1997). For a broader discussion of the politics of child care and welfare, see generally MARY FRANCES BERRY, *THE POLITICS OF PARENTHOOD* (1993).

³¹ THE NELSON A. ROCKEFELLER INST. OF GOV'T, MISSISSIPPI FIELD RESEARCH REPORT 3

State Senator Gunn said the primary intent of the bill was “to restore sanctity to the family and dignity to the individual.”³² But there was strong opposition from the State Legislature’s Black Caucus and a variety of advocacy groups, including religious organizations. The bill eventually died after the chair of the House Appropriations Committee refused to consider it, saying that he “didn’t want to put the House through the misery of debating this bill.”³³

Ultimately, the new proposal focused instead on work and self-sufficiency, with an emphasis on immediate attachment to the workforce. The final program retained the family cap; the governors’ comments justifying it invoked the family structure theory when Governor Fordice argued that because the cap would prevent births to teen mothers, it would reduce “the continual production of children that nobody seems to want to take responsibility for raising,” and that the policy would get “right to the root cause of crime in Mississippi.”³⁴ But other than the cap, no specific program of services to prevent out-of-wedlock pregnancies was adopted. With the strong work orientation, the bill was still criticized by advocates, but the final vote in the legislature “bordered on unanimity.”³⁵

Other states have created new disincentives for teens or unmarried women—and to a lesser extent, men—to have additional children, and thus reflect some aspects of the family structure theory. Family caps, in a strict sense, exist in eighteen states: sixteen states deny all support to children born or presumably conceived while on welfare, and two states, Wisconsin and Utah, offer only flat grants that do not adjust to family size. Another five states reduce grants to additional children or require the grants to be provided to third parties or in the form of vouchers.³⁶ The geographical pattern of family caps, however, tends to reduce their potential effect. Strict family caps are mostly found in the South and West, in states that do not have high benefit levels, so the financial disincentive tends to be small. In Mississippi, for example, each child adds only \$24 per month to a household’s AFDC/TANF benefits if the state’s family cap does not apply.³⁷

While the federal law gave states the authority to decide whether they would have family caps, it requires that teens live at their parent’s home, if they want to

(1998).

³² *Id.* at 4.

³³ *Id.* at 5.

³⁴ *Id.* at 9.

³⁵ *Id.* at 13.

³⁶ See generally SHELLEY STARK & JODIE LEVIN-EPSTEIN, EXCLUDED CHILDREN: FAMILY CAPS IN A NEW ERA (1999).

³⁷ See U.S. HOUSE OF REPRESENTATIVES, COMM. ON WAYS & MEANS, 105TH CONG., 1998 GREEN BOOK 419 tbl.7-A (1998) (Comm. Print 1998).

receive benefits for themselves and their children.³⁸ Other than complying with this federal requirement, states have done little to target teen births. States have not emphasized services or programs that are explicitly designed to reduce teen birth rates through their welfare program. No states are picking up on one of the major initiatives pushed in the U.S. House of Representatives by proponents of the family structure theory, the option to deny aid outright to unwed teen mothers.

While there may be consensus on the wisdom and desirability of preventing pregnancies among teens and unmarried couples, there is no consensus on how to do it. The basic divide is between abstinence education, and comprehensive sex education which includes the discussion, and possibly the distribution, of contraceptives. Because of the difficulty in reconciling these divergent approaches to pregnancy prevention, a common response by the states is to create fairly unspecific, poorly funded programs and devolve all the controversial decisions to local governments and agencies.³⁹ Indeed, when compared to other welfare functions, such as employment services and cash assistance, states are more likely to pass decision making authority over pregnancy prevention down to local governments and institutions, and are less likely to exert state-level control over the delivery of services, the design of administrative processes, and even the adoption of basic policies.⁴⁰ And where state control is exercised, it is sometimes intended to restrict what can be done, not to encourage local offices to do more. In Utah, for example, front-line workers are prohibited from discussing birth control options with welfare recipients. Finally, field research at local welfare offices in other states suggests that many front-line workers simply do not feel that it is appropriate to discuss personal issues with clients. As one New York City official commented to our field researcher, "Ninety percent of our workers are themselves single parents and identify on that point with their clients."⁴¹

Thus, aside from family caps—which are easy to administer, and which save rather than cost states money—the states have done relatively little to change

³⁸ Teens may be exempt from this requirement if they can demonstrate that living at home would not be safe. *See generally* JODIE LEVIN-EPSTEIN, CTR. FOR LAW & SOC. POLICY, *TEEN PARENT PROVISIONS IN THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996* (1996).

³⁹ *See generally* RICHARD NATHAN ET AL., THE NELSON A. ROCKEFELLER INST. OF GOV'T., *IS THERE A LINK BETWEEN WELFARE REFORM AND TEEN PREGNANCY?* (1999).

⁴⁰ *See id.*; *see also* RICHARD P. NATHAN & THOMAS L. GAIS, THE NELSON A. ROCKEFELLER INST. OF GOV'T, *IMPLEMENTING THE PERSONAL RESPONSIBILITY ACT OF 1996: A FIRST LOOK* 39–42 (1999).

⁴¹ THE NELSON A. ROCKEFELLER INST. OF GOV'T, *NEW YORK FIELD RESEARCH REPORT* 22 (1998).

marital or reproductive behavior. To the extent that they have done anything, they have given greater attention to preventing births than facilitating marriage. Unlike family caps which spread quickly to other states, after first adopted in New Jersey, “bridefare” (cash payments by welfare offices to women receiving public assistance who marry) has not spread widely, and few other ideas about encouraging marriage have emerged. Programs that try to increase unmarried fathers’ involvement with their children tend to be spotty, and generally, small in scope. Because early evaluations show little promise of effectiveness,⁴² states may be reluctant to continue expanding them. States are required by federal law to make greater efforts to establish paternity and tighten up on child support enforcement, but these activities are aimed at requiring financial contributions from non-custodial parents and not at promoting joint parenting of mothers and fathers. In fact, some analysts believe that these requirements will further separate children from their fathers.⁴³

B. Promoting Work First: A New Political Equilibrium

In contrast to the weak implementation of direct measures to influence family structure, states have placed enormous emphasis on employment goals. Although state welfare reforms are very diverse, most of the states share a strong focus on employment, with an emphasis on a “work first” model that seeks to create *an immediate attachment to the workforce*. This emphasis on employment appears in a variety of ways, including changes in legislative politics, agency responsibilities, the distribution of power between state and local offices, the types of signals emitted by programs, and the services provided. One of the more surprising changes in the aftermath of the Personal Responsibility Act, as well as in the more comprehensive waiver programs, has been the considerable consensus supporting this new emphasis on work. In most of the states, the new emphasis on work—specifically, imposing strict and extensive employment obligations on adult recipients of welfare benefits—has commanded widespread and often bipartisan political support. As Thomas Kaplan noted in his Wisconsin field report for this study:

⁴² See generally FRED DOOLITTLE ET AL., BUILDING OPPORTUNITIES, ENFORCING OBLIGATIONS: IMPLEMENTATION AND INTERIM IMPACTS OF PARENTS’ FAIR SHARE (1998).

⁴³ See Elaine Sorensen & Robert Lerman, *Welfare Reform and Low-Income Noncustodial Fathers*, CHALLENGE, July-Aug. 1998, at 101, 101–16.

A striking feature of this abrupt change in approach toward AFDC has been the apparent breadth of acceptance of that change in the state. From the governor's first proposals to reduce AFDC benefits in families with teens not attending school (Learnfare), many (though by no means all) representatives of the inner city poor in Milwaukee have endorsed the changes. Wisconsin's Democrats were the initial proponents of 'ending welfare as we know it' in this state, and very little opposition has arisen to the requirement of W-2 that public assistance cash income must derive only from participation in work or work-like programs

....⁴⁴

The story was similar in most other states. Although partisan fights erupted in some states and on some issues, those divisions were more the exception than the rule. The most contentious issue in many states was not so much over the substance of welfare reform as over who would control or administer the program. In North Carolina, for example, the most contentious issue was over the autonomy and flexibility to be accorded to counties in operating the reforms, an issue that was also at the center of the debate in California. The most divisive question in Arizona was privatization—whether administration of welfare functions such as cash assistance and job training should be given to private organizations. In many states, a major issue concerned which state agency or agencies would have program responsibilities over welfare reforms—that is, whether labor or employment bureaucracies should have a major role in welfare reform, or whether large social service bureaucracies should continue to exert more or less exclusive control over welfare.

In some states this widespread emphasis on work displaced other emerging program orientations, some of which included a more direct emphasis on child well-being. In North Carolina, for example, comprehensive social service reform could be traced back to Governor James B. Hunt's 1992 campaign for reelection, but his original focus was on children's issues, especially pre-school age concerns, such as day care, pre-school education, child health and development, and support services for families. The resulting "Smart Start" demonstration program emphasized devolution to local governments and public-private partnerships. But after Republican gains in the state's legislature in 1994, Governor Hunt launched a work first program by executive order, a program that was later described as a "comprehensive, statewide approach to moving families from welfare to work" with little emphasis on direct services to children.⁴⁵

But the political allure of the work first approach was strong, and it showed

⁴⁴ THE NELSON A. ROCKEFELLER INST. OF GOV'T, WISCONSIN FIELD RESEARCH REPORT 9 (1998).

⁴⁵ THE NELSON A. ROCKEFELLER INST. OF GOV'T, NORTH CAROLINA FIELD RESEARCH REPORT 4-5 (1998).

some promise of establishing a widely accepted mission that AFDC had long lacked. Indeed, work seemed to be an equilibrium point for creating majority coalitions. In conservative states, provisions that emphasized antifraud and extreme measures relating to reproductive behavior—such as the mandatory birth control measures introduced in Mississippi—often failed to garner majority support, while the work-related provisions survived. While in a liberal state such as Rhode Island, entitlements survived but were conditioned by work requirements as the legislation was modified to secure broader support. In the end, work could be seen as both a responsibility that conditions benefits, as well as an opportunity to pull families out of financial dependence on public assistance; its protean character produced a new and widely shared mission under the new block grant.

Work requirements in legislation are not new to welfare, but earlier provisions had little effect on welfare because they applied to few recipients and were poorly implemented.⁴⁶ In contrast, our field research on the early stages of the implementation of the Personal Responsibility Act shows that its work requirements are being translated into major changes in the institutions of welfare.⁴⁷ There may be several reasons why so many real administrative and institutional changes are occurring in this round of welfare reform. Unlike the years after the enactment of the Family Support Act of 1988, when the nation went into a moderate recession, the strong economy of the middle and late 1990s helps to reduce caseloads, increases the amount of money available for services, and gives welfare administrators and workers confidence that even clients with weak skills can find jobs. Gerald Miller, the former secretary of Michigan's Department of Social Services and the architect of its welfare reforms, "told audiences that one thing that drove his support for welfare reform was the fact that employers kept coming to him to try and get employees."⁴⁸

The federal time limits on assistance also got the attention of states and localities. States, counties, and cities realized that if families fail to achieve financial independence, before the lifetime limits on assistance come into play, they may have to absorb the full costs of assisting these families—or face the potential political fallout of seeing large numbers of destitute families with children. Even politically moderate local governments, such as Hennepin County in Minnesota, pushed hard for strong welfare reforms, because they felt that they may be forced to use local property tax revenues to provide for poor families

⁴⁶ See generally PATTERSON, *supra* note 3; BRYNER, *supra* note 15.

⁴⁷ See generally NATHAN & GAIS, *supra* note 40.

⁴⁸ THE NELSON A. ROCKEFELLER INST. OF GOV'T, MICHIGAN FIELD RESEARCH REPORT 13–14 (1998).

after they hit the time limits.⁴⁹ Another critical factor may be the fact that governors learned that welfare reform was no longer a political quagmire, as several of them, particularly in the Midwest, championed welfare innovations through AFDC waivers and saw significant political payoffs.⁵⁰

In any event, federal and state welfare reforms have produced significant changes, not just in the laws, but just as importantly, in the vast administrative systems that carry out the day-to-day work of welfare. Perhaps the strongest program changes to date may be found in the *signals* emitted by programs—that is, the messages that are delivered at different levels of the welfare system. New signals are found in names. For example, agencies are now job centers, instead of welfare centers, and front-line workers have new job titles. There are signals in the application process as well; orientations and job search information come early in the process. These new signals put a much greater emphasis on work and using options other than public assistance to deal with financial crises. Additionally, more resources are available to support work activities, particularly child care. Several of these changes, including characteristics of these new programs and their delivery systems, are particularly important in understanding how children's interests are treated under the new welfare. The most important changes are discussed *infra*.⁵¹

1. *New Institutions*

Many of the new signals are expressed to families through the new institutions and processes of welfare. As mentioned above, one of the characteristics of this round of welfare reform is the willingness of legislators and governors to adopt new institutional structures to carry out the reforms. Program signals are being changed, at least in part, through who communicates the signals. In the past, most—if not all—signals received by welfare applicants and clients were emitted by a social service agency. Now, employment, labor, or workforce development bureaucracies have been given greater control over the design and operation of welfare programs, and their involvement sends new signals to applicants and clients. In some cases, such as Utah and Wisconsin, the entire program is operated under workforce development agencies. More typically, labor or employment bureaucracies share control with social service agencies over the new welfare. In a few states, welfare offices have been

⁴⁹ See generally THE NELSON A. ROCKEFELLER INST. OF GOV'T, MINNESOTA FIELD RESEARCH REPORT (1998).

⁵⁰ For discussions of several of these governors, see generally LEARNING FROM THE LEADERS: HOW FIVE MIDWESTERN STATES REFORMED WELFARE (Carol Weissert, ed.) (forthcoming 2000).

⁵¹ For a more extensive discussion of these points see NATHAN & GAIS, *supra* note 40.

incorporated into local job centers, thereby making welfare just one form of assistance for people who are looking for jobs—and who are expected to be looking for jobs. States that involve both their social service agencies and employment agencies in the new welfare systems are using a variety of processes, client mandates, physical facilities—such as full-service job centers—and structures for case management—such as teams or new positions that have holistic responsibilities for a family—in order to reduce the “hand-off” problem of having people move from eligibility specialists to job services. For example, in Georgia, applicants for public assistance must register for a job search before their applications can be approved.

2. New Processes and Treatments

States are also sending new signals to clients by adding new treatments and activities and by rearranging the processes by which families are handled. Most local welfare offices have a greatly expanded repertoire of program tools—*i.e.*, treatments they can apply to families—especially activities or requirements used at the point of program entry. In the past, welfare offices focused very intently on determining if a client was eligible for cash assistance or other federal entitlements such as Medicaid, often at the exclusion of any other task.⁵² Now, rather than reviewing clients' eligibility for cash assistance and other benefits after they first enter a welfare office, most states and local offices have developed other steps that may lead families to forgo applying for welfare, or that may even prevent an application from being approved. New Jersey, for example, redesigned its intake process to require families to cooperate in getting child support, before they can apply for assistance. Many states have requirements that clients seek jobs while their applications for assistance are under review. Most states have also developed diversion programs, programs intended to deal with clients who do not need continuing assistance. Some of these diversion programs are formal programs with short-term, often one-time, benefits that help a family get over a temporary crisis, such as money to fix a car needed to go to work. Yet the function of diversion involves a wide range of activities. Texas sometimes makes referrals to local charitable organizations; and local welfare offices, in many states, use a wide variety of means to impress on clients the idea that they should seek support from other sources before applying for cash assistance. These signals are sometimes conveyed in eligibility screening interviews, the development of personal responsibility agreements, and general orientation meetings.

⁵² See generally BANE & ELLWOOD, *supra* note 19.

3. *Increased Use of Sanctions*

Previous work requirements attached to welfare gave states the authority to sanction families—*i.e.*, reduce benefits or even cut off all benefits to a family—for noncompliance. But because the work requirements were not implemented fully, sanctions were not used often. With tougher work requirements under the Personal Responsibility Act, states are now imposing a greater number of sanctions on a larger part of the caseload. Most of the sanctions imposed are partial reductions in benefits. In Minnesota, for example, first sanctions only reduce benefits by ten percent. However, more states have the authority to impose full family sanctions, not simply the elimination of benefits to the offending adult. Sanctions have been especially used to enforce attendance at orientation meetings, job search, and cooperation with getting child support orders. As our field researcher in Arizona observes, most of the families hit by first sanctions—which reduce benefits by twenty-five percent—eventually comply with the program before a third sanction can be imposed—which would cut off benefits completely.⁵³

4. *Expanded Work Support Services*

States are also expanding the range and availability of services in support of work activities, especially child care. The new program signals that mothers ought to look for work are combined, in most states, with increased resources for child care, job search, transportation, and other services in direct support of work. States offered these support services before the adoption of the Personal Responsibility Act, but they are now committing more resources to them as they have become more focused on moving women receiving public assistance into the workforce.

Perhaps the greatest change has been the dramatic increase in resources for child care. TANF and state welfare reforms have created new political dynamics in support of greater child care funding.⁵⁴ With attention centered on moving

⁵³ See generally JOHN STUART HALL & GERALD J. KUBIAK, ROCKEFELLER REPORT: ARIZONA'S WELFARE REFORM EXPERIENCE (forthcoming 1999). But it should be mentioned that data on sanctions are difficult to get and hard to interpret. For example, it is very difficult to determine in most states whether sanctions are imposed because parents refuse to cooperate with work requirements, or whether they result from a failure to provide documents or other information needed for the re-certification of the family's eligibility.

⁵⁴ The popularity of child care benefits for welfare mothers contrasts sharply with the still strong political forces against child care services, an opposition based on the belief that mothers should be home with their children. This sort of opposition killed a child care initiative in 1971 and altered substantially the Child Care and Development Block Grant in 1988. Even as recently as 1998, United States House of Representatives ignored the Clinton administration's

recipients into jobs and off the rolls, elected officials are motivated to eliminate barriers to employment, and the need for child care to enable single mothers to work is an easily recognized barrier—perhaps one that is perceived to be more readily removed than other obstacles such as minimal job skills or substance abuse problems. Moreover, in some states, child care interest groups have organized as advocates, effectively pushing a solution—more child care funding—to a nagging problem—expediting employment by mothers.

In many states, governors have pushed for substantial expansions of child care programs serving welfare recipients, and political parties have even competed to claim credit for increased funding for child care. For example, in Washington, the governor was steadfast in emphasizing the importance of child care to the success of welfare reform, and state funding for child care in 1997–1999 was increased by forty-one percent over the previous biennium.⁵⁵ Georgia increased its spending on subsidized child care for families from \$18 million in fiscal year 1991 to \$143 million in fiscal year 1999, including an increasing proportion going to families not on welfare, but in transition from welfare or otherwise with limited incomes.⁵⁶ Wisconsin also added substantial new resources for child care. As part of *Wisconsin Works*, also known as W-2, the state adopted child care assistance for families below 200% of the federal poverty line and collapsed five categorical programs, some with long waiting lists, to one program with one set of benefits and co-payments. Over a period of two years, the state doubled the annual funds available for child care, increasing them to \$180 million in 1998–1999 from \$90 million in 1996–1997. Georgia, Florida, North Carolina, and other states made substantial increases in the funds available for child care.⁵⁷

child care initiative, while passing a resolution lauding parents who stayed home to care for their children. See generally Sue Kirchhoff, *House Bill Supports At-Home Parents*, 56 CONG. Q. WKLY. REP. 396 (1998).

⁵⁵ See Janet Looney & Betty Jane Narver, *Meeting the Goals of Washington's Work First Program: Key Policy Challenges*, in THE NELSON A. ROCKEFELLER INSTITUTE OF GOV'T, MANAGING WELFARE REFORM 38, 38 (1999).

⁵⁶ See, OFFICE OF THE GOVERNOR, STATE OF GA., BUDGET REPORT—FISCAL YEAR 2000, at 259, available in <<http://www.state.ga.us/services/leg/2000budget/deptsum/pg259.html>> (visited Dec. 7, 1999) (discussing the “amount of money Georgia spends on subsidized child care”).

⁵⁷ Nonetheless, waiting lists for child care have not disappeared in all of these states, and in some cases, those lists have grown. One reason for this continued competition for slots is the fact that states have been expanding the range of working families eligible for child care beyond those who are eligible for cash assistance under TANF, in part to reduce any incentives to remain on welfare for the child care benefits. Yet the number of low income families eligible for such programs is large, and even relatively generous and prosperous states, such as Minnesota, have not been able to fully fund child care services for non-TANF families.

5. *Second-Order Devolution*

Under AFDC, welfare programs were designed at the federal level, and states administered the program. Under the new block grant structure of TANF, the federal government has drawn broad guidelines, but has given responsibility for the program design of welfare services to the states; this process of devolving decision making power “down” to another level of government is occurring not only from the federal level to the state level, but also from the state level to local governments. States are devolving greater responsibilities in conducting and designing programs down to local governments, contractors, or local offices of state agencies.

Some of this “second-order” devolution is due to the changing function of welfare and the growing role of labor or employment bureaucracies, which have traditionally been much more decentralized than social service agencies. Because labor markets as well as the local institutional infrastructure, such as charitable organizations, vary so much, local variation and flexibility make more sense under a work first orientation than they did under an entitlement program. Diversion programs also tend to be highly decentralized, as they often vary depending on local circumstances. In such cases, the central state offices have little or no role.

This new decentralization is hardly limited to county-administered states, such as California and New York, in which county-level government exists and plays a central role in the administration of welfare. Even in states where there is not a county government structure, we have found downward shifts in program responsibility. Thus, states that directly administer a state-wide program and normally are highly centralized, such as Florida, show increased discretion at the local level.

C. Preferring the Environment Theory

Most state welfare systems are more complex, devolved, and work-oriented than they were only a few years ago, and theoretically, work-oriented programs could be consistent with either the resources theory or the environment theory. Yet it is the environment theory, not the resources theory, that best fits the choices that most states and localities have made in translating the new welfare laws into administrative practices, although there is variation from state to state. The importance and character of the new program signals, combined with the relatively spotty progress in connecting TANF with other service systems—especially entitlements and workforce development programs—imply that low income families will not be able to combine earnings with public benefits and services for very long or with much ease. Yet according to most research, this

combination seems to be critical to raise families with low-skilled wage earners out of poverty.⁵⁸

In contrast, welfare systems that reflected the resource theory and were designed to increase overall family resources would be accepting, even encouraging, of families who wanted to combine earnings with cash assistance. This would translate into a strong emphasis on work participation rates for persons on welfare with little or no emphasis on caseload reduction. These systems would also limit diversion activities to providing assistance for a job search and help in dealing with short-term emergencies, but they would not create unnecessary barriers to program entry. States would also design and implement eligibility systems that ensure that families who qualify for Food Stamps, Medicaid, Earned Income Tax Credit (EITC), and other entitlements would in fact receive those benefits, if the families want them. States would also pass through to the families the child support—or at least a large part of it—collected from non-custodial parents. Such systems would also have fairly generous income and asset disregards, thereby minimizing the effects that increased earnings have on the receipt of cash assistance or other benefits. And the welfare systems would be well-integrated with the state or district's workforce development system, which would make available to parents the whole panoply of work services, not just job placement, job readiness training, and other services designed to get people into any job quickly. Finally, data on earnings—not just work activities and duration—would be tracked and treated as significant measures of performance.

This, of course, is a tall order, and no states have all of these characteristics. But some are closer than others. One state that seems to be striving toward implementing the resources theory is Michigan. Michigan's Family Independence Program (FIP) has generous income disregards and no official diversion program. However, it requires applicants to begin the process of finding unsubsidized employment—by attending an orientation meeting and developing a personal responsibility plan—before they can enroll in FIP.⁵⁹ The state quickly brings to bear the services and capacities of its workforce development system to the welfare process. Initial orientation meetings are jointly sponsored by the state's welfare agency and the local workforce development agency, and contracts with local employment service agencies require reporting on average wage at placement as well as the number of placements and client employment rates after ninety days. Michigan has a well-funded, generous child care program, which pays all child care costs for welfare recipients and families in the one-year transition period. The state also pays

⁵⁸ See generally BLANK, *supra* note 23; BANE & ELLWOOD, *supra* note 19.

⁵⁹ See Carol Weissert, *The Politics and Policy of Welfare Reform in Michigan*, in LEARNING FROM THE LEADERS (forthcoming 1999).

partial child care costs for families with low incomes who are not on welfare, with no time limit on assistance. As a result, state spending on day care increased by 400 percent between 1992 and 1998.

The spirit of the system seems to be captured, however, in the Project Zero program, which offers local welfare systems greater flexibility and resources to help them reduce to zero the number of target families without earned income. This was a project with a lot of visibility and personal involvement by Governor John Engler. Though it began at only six sites, the emphasis on maximizing the proportion of families with earned income *while still on the rolls* seemed to send a strong signal to other local systems that the Administration cared about the employment of families, not the reduction of caseloads. Supporting this message is the critical fact that Michigan's welfare reform law has no time limits. Presumably the state will pay for benefits for families no longer eligible for TANF cash assistance, after they pass the five-year limit. Thus, the state's emphasis is not getting off of welfare, but increasing earnings, and if those earnings are low, combining earnings with cash assistance as well as in-kind benefits. Perhaps as a result, even though Michigan's unemployment rate plummeted between 1993 and 1997 by 43%, the decline in its Food Stamp caseload was much smaller, 27%, and its TANF decline was only a little larger, 55%. In contrast, in most states during this period, TANF caseloads declined by an average of twice the rate of state declines in unemployment (48% decline in TANF cases compared to 24% decline in unemployment); and Food Stamp caseload declines averaged about the same as declines in unemployment, not much smaller in magnitude as in Michigan.

Michigan, however, is not a typical state. Most states and localities are less accommodating to families who would benefit from combining earnings and welfare. Wisconsin, for instance, institutionalizes caseload decline as the major and overriding goal. Mothers who apply for benefits and are deemed to be employable may *not* receive cash assistance. They may receive Food Stamps, child care, Medicaid, case management, and job services; but the only cash they get is what they earn, and they are not considered to be "cases" under *Wisconsin Works* counting rules.

Wisconsin is also an unusual state. Most of the evidence suggests that more states are like Wisconsin—which stresses work *and not welfare*—than Michigan in their operations and basic orientations. This emphasis is not always explicit or obvious. But several factors tend to discourage families from combining earnings and cash or other forms of assistance for extended periods of time. First, the new welfare processes are much more complex and burdensome for families who want to get and keep assistance, and the effect is to discourage families who can avoid welfare from relying on it. This is, of course, precisely the signal that many states and localities want to generate: welfare should be a last resort. The result is

that despite the many new services available to families on TANF assistance, as well as the increased generosity of state income and asset disregards—the real “carrots” of welfare reform—the administration of the laws tends to discourage many working families from enjoying these benefits.⁶⁰ The complexity comes, in part, from the front-loading of various job search, program orientation, child support, and other requirements, before assistance is actually obtained; and in part, from all of the work participation requirements that are central to the new goals of welfare.

Yet that is just the beginning. There is strong evidence in many states and localities that the new work-related processes are not replacing, but being added onto the older “quality control” emphasis on minimizing errors in determining eligibility. In a related study of front-line practices in local welfare offices, Professor Irene Lurie reported preliminary evidence that, based on direct observations of interactions between families and front-line welfare workers, eligibility determination processes are just as complicated and lengthy as before—and in some cases, the processes are even more burdensome.⁶¹ In the first round of research for the Rockefeller Institute’s study, we also found that a majority of the states in our sample had not yet made significant changes in their quality control programs—programs which traditionally emphasized extensive documentation of income and income changes and tended to treat earnings as a source of fraud rather than a program mission. This was surprising because the Personal Responsibility Act did not continue the federal government’s oversight of the states’ quality control. However, some states are still very concerned with the potential for fraud and abuse; and some reported that they still feel pressure from the federal government to minimize eligibility errors in the Food Stamp program, which in some cases is handled by the same personnel who review clients for TANF assistance. Many local offices require frequent reporting of hours worked and earnings received, especially of changes. We also found that a quarter of the local welfare sites for which we obtained data required recertifications of twenty percent or more of active cases, every month. Finally, in a few states, home visits have been revived, which create a level of intrusiveness

⁶⁰ For information on the greater potential gains from earnings under state welfare reforms, see generally GREGORY ACS ET AL., *DOES WORK PAY? AN ANALYSIS OF THE WORK INCENTIVES UNDER TANF* (1998).

⁶¹ See Irene Lurie, *State Capacity Study: Implementing PRWORA at the Local Level*, Address at the 1999 Welfare Reform Evaluation Conference Sponsored by the Administration for Children and Families, Office of Planning, Research, and Evaluation, U.S. Department of Health and Human Services (USDHHS) (May 12, 1999). Professors Norma Riccucci and Marcia Meyers are also senior investigators in this study, which is funded by a grant from the USDHHS.

that some clients are happy to avoid.⁶² Elaborate work-related processes and requirements, explicit attempts to divert families from welfare, continuing emphasis on minimizing eligibility errors, and frequent reporting and re-certification requirements all combine to make the new welfare a hassle, as well as a helping hand.⁶³

The new emphasis, in many states, on securing child support orders for families on welfare rolls may also have the effect of discouraging families from continuing to receive cash assistance. The Personal Responsibility Act frees states to decide how to distribute the money they collect through child support enforcement. Nearly all states refuse to let families have all or most of the child support while the family receives cash assistance, thereby strongly encouraging families with support to get off of welfare. Twenty-nine states do not pass along any of the child support received. Eighteen states pass through \$50 per month—the amount they were required by the federal government to pass through under AFDC—though in four of those states, the pass-through is only temporary. One state, Kansas, passes through a reduced amount, \$40, while Connecticut and Nevada increased the amount given to families, \$100 and \$75, respectively. Only Wisconsin chose to pass through all child support.⁶⁴

One consequence of the greater costs of getting and keeping TANF assistance seems to be a dropping out of families where the potential gains are small. In states where TANF benefits are low—mostly states in the South and West—families have typically had to make do without much assistance. And now that the processes are more burdensome, many may avoid getting benefits altogether. Some patterns in the data suggest that this dynamic may be at work. As Table 1 shows, among the states that showed the largest declines in AFDC/TANF caseloads between 1994 and 1998, the average (mean) benefit levels were relatively low, while states that showed smaller declines tended to have higher benefits. The pattern seems to compound inequalities across states. In higher benefit states, families are more likely to get or stay on the rolls, even if they are working and combine earnings and assistance. In lower benefit states, families may be avoiding assistance, even when they qualify for it, unless they have no other option—and are thus even less likely than families in other states to combine earnings and welfare.

⁶² See NATHAN & GAIS, *supra* note 40, at 30.

⁶³ Professor Irene Lurie deserves much of the credit in identifying this “hassle” factor. See generally Lurie, *supra* note 61.

⁶⁴ See JEROME GALLAGHER ET AL., ONE YEAR AFTER FEDERAL WELFARE REFORM: A DESCRIPTION OF STATE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF), DECISIONS AS OF OCTOBER 1997, at 41–42 (1998).

Table 1. Average AFDC/TANF Maximum Benefits in States By Level of Caseload Decline Between 1994 and 1998. (N = 51)

Quintiles of States by AFDC/TANF Caseload Change, 1994-1998	Change in State AFDC/TANF Maximum Benefit	Average Maximum Benefit
Highest quintile	+17% to -22%	\$564
Fourth quintile	-23% to -38%	\$409
Third quintile	-39% to -43%	\$371
Second quintile	-44% to -49%	\$329
Lowest quintile	-50% to -82%	\$309

While these factors may inhibit families from combining earnings and cash assistance, other factors may prevent families from adding support from other programs, such as Food Stamps and Medicaid. In fact, there has been an uncoupling of the previously strong administrative connections between AFDC, on the one hand, and Food Stamps and Medicaid, on the other.⁶⁵ This uncoupling was intended as a pro-work measure, as federal legislators wanted to reduce incentives for families to stay on welfare simply in order to retain in-kind benefits. However, the disconnects go beyond these intended breaks. Sometimes they grow out of the greater administrative flexibility under TANF than under Food Stamps or Medicaid. While TANF services and eligibility determinations may be increasingly carried out by private organizations and employment or labor bureaucracies, eligibility determinations for entitlements must still be under the jurisdiction of health and social service agencies. The new up-front activities and burdensome procedures may also, in some cases, have the effect of creating new obstacles to getting benefits. Families may either not bother coming into welfare offices or may leave the process before getting cash assistance. But even if they have or get a job, they may still qualify for Food Stamps, Medicaid, or child care assistance; and yet many of these families may not get information about these programs and their availability to working families.⁶⁶ Also, welfare

⁶⁵ On changes in the Food Stamp program and its importance in the post-reform world, see generally CRAIG GUNDERSEN ET AL., FOOD & RURAL ECON. DIV., U.S. DEP'T OF AGRIC., AGRICULTURAL ECON. REPORT NO. 773, THE CHANGING FOOD ASSISTANCE LANDSCAPE: THE FOOD STAMP PROGRAM IN A POST-WELFARE REFORM ENVIRONMENT, (1999). On Medicaid and welfare reform, see generally Frank J. Thompson & Richard P. Nathan, The Relationship Between Welfare Reform and Medicaid: A Preliminary View, (unpublished manuscript prepared for the National Health Policy Forum, on file with authors) (1999).

⁶⁶ For a discussion of the "take-up" problem for Medicaid, see generally Thompson & Nathan, *supra* note 65.

information systems for TANF may no longer have the close connections with entitlement programs that they enjoyed under AFDC, as these systems have had to be redesigned to meet the time-limited and work-related demands of welfare reform. Interestingly, our reports on local welfare offices indicate that many of the new front-line case managers who are having the greatest problems in adapting to their new responsibilities are those that come from employment services backgrounds, as they must now deal with complex eligibility requirements and may thus make frequent mistakes.

Similar administrative disconnects may also cause families not to receive the child care assistance for which they are eligible. Many states are encountering administrative glitches that prevent families from getting the care they need. In Wisconsin, one reason for the fact that many child care resources are not being used is the administrative slippage between W-2 agencies and the Milwaukee County Social Services Department. W-2 agencies assess eligibility for child care assistance, but county social service agencies certify child care providers, set reimbursement rates, and reimburse providers—partly in response to scandals about improper reimbursements and providers with criminal backgrounds. Their slowness has caused some providers to refuse care to W-2 recipients.⁶⁷ Many states have reported a variety of other administrative problems in coordinating welfare and child care functions. Even though states seem to be making some progress in creating stronger linkages between their welfare eligibility systems and their employment services, child care services are often not very well integrated, and clients often run into problems.

The result of these management and administrative forces are real limits in the implementation of the resources theory. Although it is true that the new signals and services may be enough to increase earnings for some families, most of the evidence from previous evaluations suggests that total income is not likely to increase for most families unless they can combine their greater earnings with at least some cash or in-kind assistance (*i.e.*, over and above the assistance needed to absorb the costs of working, such as child care and transportation).⁶⁸ It

⁶⁷ See generally Thomas Kaplan, *Management and Implementation of Wisconsin's W-2 Program*, in THE NELSON A. ROCKEFELLER INST. OF GOV'T, *MANAGING WELFARE REFORM: UPDATES FROM FIELD RESEARCH IN FIVE STATES* (1999).

⁶⁸ See generally BANE & ELLWOOD, *supra* note 19; BLANK, *supra* note 23; EDIN & LEIN, *supra* note 23. One recent example is the evaluation of the New Hope project in Milwaukee. This welfare reform project—which involved extensive services, generous disregards, an earnings supplement, and work requirements—was widely interpreted as successful in part because of its moderate impact on earnings, especially for families that were not initially employed. Yet the estimated increase in earnings would not have come close to compensating for the loss of income if the families had lost their Food Stamps, AFDC, or their “earnings supplement.” Thus, any program-induced increase in overall income due to greater earnings depended on the continued receipt of public assistance. See HANS BOTH ET. AL., *NEW HOPE*

is true that the federal Earned Income Tax Credit (EITC) provides considerable help in supplementing earnings, but that may not be enough to compensate for declines in the receipt of cash assistance, Food Stamps, Medicaid, and other benefits affected by the new and more complicated management processes and structures.⁶⁹

IV. STATE WELFARE PROGRAMS AND THE ENVIRONMENT THEORY

While the Personal Responsibility Act encompasses three major theories of how children could benefit from welfare reform, only one of these theories is widely implemented. Most of the effects on children must come through the environment model, since it is clear that work and work-like activities are strongly promoted and facilitated, whether or not they result in increased overall income. Yet this model depends on several strong assumptions. It assumes that work by the head of household will make for a more structured, orderly life at home, not a chaotic or stressful one; it assumes that a working parent is a better parent, one who feels greater control over her life, greater independence, and a greater competence that carries over into her family roles; and it assumes that children will be well taken care of in reasonably safe and nurturing child care centers and other facilities. Moreover, the model depends on other factors besides the employment of the mother, including the psychological health of the mother, characteristics of the family's interactions with one another, and the quality of available child care in the local area.

Whether or not this model is correct, it is nonetheless untested, and states are not collecting the information they need to examine even the simplest aspects of the model. Our study of welfare information systems and their capacities show that states are collecting and reporting very little information about children's environments or the potential factors that affect how well the environment theory works. States know very little about child care arrangements or needs among families on welfare. In the Rockefeller Institute's field research questionnaire, a large number of questions were posed that we considered to be important in implementing welfare reform, yet many of the questions dealing with children were the ones that states were least able to answer.⁷⁰ Welfare information systems were found to be good at keeping track of the basic status of welfare cases: how many applications were filed, how many were approved, how many

FOR PEOPLE WITH LOW INCOMES: TWO-YEAR RESULTS OF A PROGRAM TO REDUCE POVERTY AND REFORM WELFARE 16, tbl.5 (1999).

⁶⁹ See generally Richard Bavier, An Early Look at the Effects of Welfare Reform (Mar. 20, 1999) (unpublished manuscript, on file with author). Richard Bavier is an analyst at the U.S. Office of Management and Budget.

⁷⁰ See NATHAN & GAIS, *supra* note 40, at 56-57.

cases were active at a particular site, and to a lesser degree, how many were assigned to a work activity and how many were actually working. But, very few state information systems could report on whether families lacked child care (and are thus exempt from work requirements), or how long they had been waiting for child care services.⁷¹ Nor do states capture much information about children and their home environments in their "tracking studies," which constitute most of what passes as evaluation in the post-AFDC world; these studies focus on adult employment behavior and the capacity of families to stay off the welfare rolls.⁷² Lacking even basic information about children and where they spend their days, states do not have the means to examine more complicated questions about work conditions, family dynamics, and child development—factors that are central to the environment theory of child well-being.⁷³ These problems are compounded by second-order devolution, the decentralization of programs within states down to local welfare offices or systems. While state-level data on child well-being and some of these intermediate conditions may be obtainable, though at substantial cost, collecting information on these connections *in each locality* is certainly a formidable problem.⁷⁴

Relying on a single theory may itself be problematic, as even the best theories fail to work in many cases. Yet implementing the other two models is not easy. The continuing political struggles over sexuality, and especially teen sexuality, may make it hard for many states to construct strong coalitions in favor of any concrete approach to the problems of teen and out-of-wedlock births. Though the resources theory may have straightforward causal linkages between its proximate and ultimate objectives—that is, increasing families' material resources will improve child well-being—putting the theory into effect

⁷¹ *See id.*

⁷² For an overview of tracking studies, see generally U.S. GEN. ACCOUNTING OFFICE, GAO/HEHS-99-48, *WELFARE REFORM: INFORMATION ON FORMER RECIPIENTS' STATUS*, (1999).

⁷³ There are also obvious privacy questions about collecting these sorts of data. Child Trends' excellent publication, *Children and Welfare Reform: A Guide to Evaluating the Effects of State Welfare Policies on Children*, suggests that states might want to analyze these causal connections to child well-being using a variety of measures, including teacher surveys, in-home surveys and direct observations, and direct child assessments. CHILDREN AND WELFARE REFORM: A GUIDE TO EVALUATING THE EFFECTS OF STATE WELFARE POLICIES ON CHILDREN (1999). That approach may help address the "black box" character of the current way in which the environment theory is implemented, but it is intrusive and expensive.

⁷⁴ Data on child poverty by state is often averaged over several years to obtain reasonably good estimates. *See generally* JIALI LI & NEIL G. BENNETT, *YOUNG CHILDREN IN POVERTY: A STATISTICAL UPDATE* (1998) (using five-year averages to get good estimates of child poverty at the state level). The U.S. Census Bureau estimates county level poverty rates for children or young people in its Small Area and Poverty Estimates program, but the latest data available in the fall of 1999 are for income in 1995, and the errors in the estimates are quite large.

poses hard administrative problems in the context of work first. Finding ways to satisfy concerns about quality control without over-burdening working parents may require enormous creativity. Most of all, however, the resources theory demands good management at the level of social service *systems*, not just at the TANF or program level. Increasing family resources in a significant way may require greater *connectivity* between difficult-to-reconcile social program principles: work first, which is largely represented in state and local TANF systems; and entitlements, which are still well represented in the Food Stamp and Medicaid programs. The tensions between the administration and operation of these basic principles are real, and they can easily lead to mutual disruption and even deterioration. The signaling and institutional realignments used to implement work first may undermine access to entitlements. But given the kinds of jobs that most welfare recipients are moving into, we may not be able to expect major increases in family resources unless all three systems are reconciled. Most states still seem to be some distance from meeting these management challenges; and as a result, children will have to depend on the success of a policy theory—the environment theory—whose ultimate connections with child well-being are more assumed than observed, and probably not very well understood.

