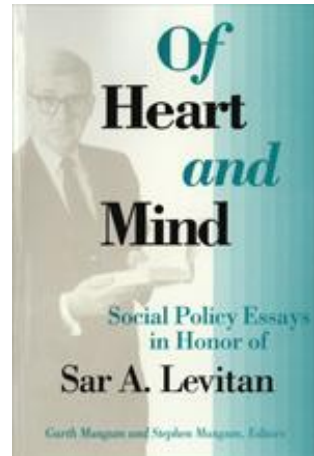

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Welfare Reform: Lessons from the JOBS Program

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CHAPTER 14

Welfare Reform

Lessons from the JOBS Program

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For three decades, Sar Levitan chronicled and analyzed efforts to reduce poverty and reform the welfare system, particularly through employment and training programs. From one of his earlier publications on the topic, *Work and Welfare Go Together* (with Martha Rein and David Marwick 1972 and 1976) through one more recent, *Jobs for JOBS: Toward a Work Based Welfare System* (with Frank Gallo 1993), Sar Levitan emphasized the symbiotic relationship between poverty reduction, welfare reform, and employment.

The Current Context

Today, the federal government is once again considering a major reform of the Aid to Families with Dependent Children (AFDC) program, one that would make more fundamental changes than any reforms enacted since passage of the Social Security Act of 1935. After campaigning on a promise to “end welfare as we know it,” President Clinton proposed legislation that would move toward imposing a two-year time limit on a family’s eligibility for AFDC payments. After the Republicans captured control of the 104th Congress, leaders in both houses sought not only to impose time limits but to transform the open-ended federal matching grants that help finance state AFDC payments into block grants that would cap federal payments to the states and give them wider discretion in designing their AFDC programs. Meanwhile,

at least half of the states have seized the initiative to reform their welfare programs by requesting waivers from federal law, and the Clinton administration has approved many of these waivers and signaled its openness to new approaches.

What has brought us to the brink of scrapping the arrangement of sixty years and moving toward time limits, block grants and, thereby, an end to welfare as a statutory entitlement for many poor families? Why is the nation considering reforms that Sar Levitan, as both scholar and humanitarian, would have undoubtedly deplored? Certainly, pledges by both the President and Congress to rein in the federal budget deficit have motivated their proposals to reform the welfare system, while governors argue that welfare costs are a heavy burden on state finances. But in actuality, federal expenditures for AFDC accounted for only 1 percent of all federal outlays in 1993 and state expenditures for the program comprised an average of only 3.2 percent of total state expenditures in 1994 (National Association of State Budget Officers 1995, p. 87). Additional factors beyond the financial burden of welfare expenditures must explain the draconian changes being considered by Congress and implemented by some of the states.

From our observations of recent events, we see three sets of additional explanations for the current focus on welfare reform. One set of explanations can be detected in the changing values about the role of women in the labor force and about the responsibility of parents for the support of themselves and their children. A second set can be found in the apparent inability of government to implement programs that significantly increase the work effort and earning capacity of welfare recipients and decrease welfare dependency and costs. The newest welfare employment program, enacted with great fanfare in 1988, is in many respects an improvement over previous programs, but was not given the chance to fulfil its promise. Finally, it is clear that political actors stand to gain by taking a tough, visible stance toward welfare reform and that even largely symbolic actions serve a useful political function, perhaps more useful than the financially costly and administratively difficult tasks involved in program implementation.

Methodology

The primary basis for these conclusions is a study of the implementation of the Job Opportunities and Basic Skills Training (JOBS) program created by the Family Support Act of 1988. The implementation study followed the progress of ten states as they moved through successive stages of developing their programs. It focused on the design and structure of the JOBS program, on the processing of individuals through the program, and on the resulting changes in the opportunities for recipients and in the demands placed upon them. No attempt was made to measure the effects of the JOBS program in reducing welfare dependency and costs or in increasing participants' earnings.¹ The study's primary question was not "Is the JOBS program effective?" but "What is the JOBS program?" The ten states, chosen to be broadly representative of the nation and illustrative of a range of state experience in implementing JOBS, include Maryland, Michigan, Minnesota, Mississippi, New York, Oklahoma, Oregon, Pennsylvania, Tennessee, and Texas.² To examine the implementation of JOBS at the front lines, three local sites were selected in each of the ten states: a large urban area, a mid-sized city, and a small or rural community.

The methodology for the study was field network research, an approach used by Richard Nathan (1982) and others to examine the responses of states and localities to other federal initiatives. The essential feature of this approach is a network of policy analysts in each state who collect and analyze information using a common instrument and then report their jurisdictions' responses in a uniform format. The first round of field research was conducted soon after the mandatory implementation date of October 1990, the second round during the summer of 1991, and the third round during the summer of 1992; the field associates updated their findings during 1994 or 1995.³

This paper begins with a review of the changing values underlying the progression of employment programs for AFDC recipients that began in 1967. It then briefly highlights some of the major lessons about implementing welfare employment programs reached by the ten-state study. After taking this broad view, we focus on Michigan, which served as a leader in rousing the wave of sentiment that encouraged the Clinton administration to recommend time-limited welfare benefits

and approve the states' requests for waivers from federal law, and that served as a model for Republicans in the 104th Congress as they pressed for welfare block grants and an end to the welfare entitlement.

Changing Values

The Social Security Act of 1935, which created the ADC program, was written with the expectation that mothers would stay home with their children, and it consequently did nothing to encourage mothers to work. Few mothers with young children were in the workforce and "a mother's place is in the home" was the dominant value. Anticipating that the typical ADC mother would be a widow and that the ADC program would wither away as coverage for survivors expanded with the maturation of the Social Security system, the Act's framers gave relatively little thought to the ADC program's design, much less to the issue of mothers' employment. In addition, the high jobless rate during the Great Depression years did not make employment appear to be a promising source of income for people with little work experience, particularly mothers burdened with the care of young children.

By the 1960s, when the nation next focused attention on the plight of the poor, several important changes had occurred. While most widows were covered by Social Security, as had been expected, the caseload continued to grow as the number of divorced, separated, or never-married mothers increased and the number of poor, female-headed families rose. The expectation that mothers would stay home to care for their children faded as the labor force participation of women rose, increasing from 27 percent in 1940 to 58.8 percent in 1994, with a much more dramatic increase among married women with children, especially those with children under the age of six. With middle-class mothers going off to work and a strong economy generating new jobs, employment became a more feasible alternative to welfare than it had been during the 1930s. As a result of these developments, in 1967 Congress required that all states operate an employment and training program for AFDC recipients, the Work Incentive (WIN) program. In 1971, as AFDC caseloads continued to mushroom, Congress mandated

states to impose a work test that required recipients to register with the WIN program and accept offers of suitable employment.

Despite the WIN program and the work test, the number of families headed by single mothers and the AFDC caseload continued to rise. When Reagan became president, his determination to halt this trend led to the enactment of federal legislation that gave states several new options for encouraging welfare recipients to work. The Reagan years were also notable for a shift in attitudes among both conservatives and liberals concerning the role of government in assisting the poor. In the wake of harsh criticism of welfare programs, many political leaders, policy analysts, and scholars argued that government should place greater demands on single parents (Murray 1984; Mead 1986). Government has an obligation to give financial assistance to poor parents, they argued, but parents have an obligation to help themselves become economically self-sufficient (National Governors' Association 1987). The idea that welfare involves a set of *mutual* obligations gained popularity both in statehouses and Congress. With the support of the National Governors' Association and its chairman, Governor Bill Clinton, Congress sought to put this idea into place with the Family Support Act of 1988.

The Family Support Act was hailed as landmark legislation that represented a new consensus on the nature of the "social contract" between government and welfare recipients. As Senator Moynihan, a chief architect of the legislation, described the contract: "Congress laid down a set of mutual obligations. Society owed single mothers support while they acquired the means of self-sufficiency; mothers owed society the effort to become self-sufficient" (1990, p. C1). To enable parents to become self-sufficient, the Act eliminated the WIN program and created the JOBS program in its place.

The JOBS program is like the WIN program in many respects, but it is stronger (1) by providing more federal funding for services and child care, (2) by requiring states to offer more types of services, and (3) by setting clear goals that states must meet in order to receive their full share of federal matching funds. States can provide a wide range of services under the JOBS umbrella, including virtually any type of education, training, or employment activity available to the general public and several work programs designed around the welfare grant. The Act emphasizes education by requiring states to offer any educational

activity below the postsecondary level that is appropriate to a participant's employment goal. The Act also strengthens the financial incentive for recipients to take a job by continuing to finance their child care and Medicaid coverage for a year after they earn enough to become ineligible for welfare. But like the AFDC program, the JOBS program is a state responsibility, so whether it would lead to significant change would depend on its implementation by the states and the agencies operating the program at the local level.

Implementing the Jobs Program

Not surprisingly, the field research found that states implemented the JOBS program in very diverse ways. Some of these differences reflect the criteria for selecting the ten states, while others stem from differences in the leadership and philosophy of elected and appointed officials, the infrastructure of organizations with capacity to provide JOBS services and child care, the organizational "culture" in the welfare agency, the strength of labor markets, and other factors. But the field associates also found considerable similarity in certain aspects of the states' implementation efforts, patterns that offer explanations for the states' waiver initiatives, Clinton's proposal to reform welfare, and the congressional Republican's efforts to dismantle the system.

The Mix and Supply of JOBS Services

JOBS implementation was generally incremental, with states building their programs upon the foundations laid by the WIN program and the options introduced in the early 1980s, so that the states' prior experience in operating these programs set them moving on different paths. Six of the study states—Maryland, Michigan, Minnesota, New York, Oklahoma, and Pennsylvania—had fairly well-developed welfare employment programs prior to passage of the Family Support Act. These states had already charted a course consistent with the federal legislation, and they expanded their programs to serve more people and to bring a broader range of services into additional areas of the state. With the exception of Michigan, which began with incremental

changes but then dramatically altered the design and organization of its program, the federal legislation supported and reinforced the initiatives these states had chosen earlier.

Another group of states—Mississippi, Tennessee, and Texas—had not taken advantage of the previous federal options to introduce major welfare-to-work initiatives. They did not have programs in place that could, with minor modifications, meet the requirements of the JOBS legislation. Their earlier approach to limiting welfare dependency and costs was to maintain low AFDC benefits rather than to operate strong employment and training programs. To increase the number of JOBS participants, the primary strategy of these states was to draw upon existing services that were free of charge to the welfare agency, particularly the activities financed by the Job Training Partnership Act and programs offered by public school systems and community colleges. In Texas, the welfare agency used its funding for child care to bargain for resources from other organizations.

Despite differences in the magnitude of their efforts, both groups of states placed a large share of JOBS participants into educational activities: adult literacy and other basic education, preparation for the GED examination, and both two- and four-year college programs. The focus on education reflects the intent of the federal legislation which, for the first time, mandated educational services as a major strategy to reduce welfare dependency. But the focus on education also indicates the educational deficits of many AFDC recipients and a recognition of the importance of education as an avenue of escape from poverty. Finally, educational services were frequently available at no cost to the JOBS program, and funding from the education system of some states was made available to match federal JOBS funds, compensating for inadequate funding from the welfare system.

Job skills training was emphasized in several states, particularly in Pennsylvania and Maryland, where JTPA was the contractor for JOBS services, and in the early days of Michigan's program, where skills training was available from both contractors and the adult education system. But the JOBS program was generally not training people for jobs that were likely to lift them well out of poverty. Many participants were being trained for clerical jobs, health-care related jobs, and other service-sector jobs that pay relatively low wages and offer few ladders to more lucrative employment.

In the absence of adequate job opportunities, requiring that welfare recipients work has remained an elusive goal of the JOBS program. Yet the field research did document some success in placing participants in jobs.

Both Oregon and Michigan began their JOBS program with an emphasis on education, although even Oregon initially assigned people with basic and vocational skills directly to training in job search techniques. After several years of this approach, however, state officials changed their program's strategy to emphasize job search as an "up front" activity. One rationale for up-front job search is that some recipients already possess the ability and skill to work in available jobs, so that job search serves as a screening device to separate people who are capable of working from those who need some sort of preparation for employment. Using job search in this way to identify "job ready" recipients enables the welfare agency to focus its education and training resources on people who are more disadvantaged. As discussed later, Michigan's switch to emphasize job search was one part of an ambitious plan by the governor to transform the "culture" of welfare—not by tinkering with the program design but by altering the gestalt of the entire system.

Not only was JOBS implementation incremental in most states, but administrators had limited resources for implementing a predetermined program model so that the design of the program was somewhat haphazard. Until the Family Support Act, federal legislation gave the states no goals regarding the participation of recipients in their WIN program, with the result that many people found the program to be little more than a paper process of registering for services that were never delivered. But the Family Support Act requires states to serve a minimum percent of the people who are required to participate in JOBS: 7 percent in 1990 and 1991, 11 percent in 1992 and 1993, 15 percent in 1994, and 20 percent by 1995.⁴ These federally mandated participation rates drove the implementation effort. State funding for JOBS was limited, so that few states spent enough to draw down their full share of federal JOBS funds, and in Oregon, which did obtain its full share, the field associate argued that "under-funding of the entire program is a persistent and chronic problem." Because funds for the JOBS program were scarce, welfare agencies could not purchase enough education and training services to meet the participation rate. To get enough edu-

cation and training slots, welfare agencies relied upon the programs of other organizations, such as public schools, the JTPA, and community colleges, for a supply of services. This meant that, in many areas, the JOBS program lacked control over the availability of services. The people served and the types of services offered were based not just on an assessment of each individual's need for services, but on the existing infrastructure of organizations and programs. So rather than implementing a clear program model, the programs of many states were "service-driven," placing recipients in the services that were available.

Expanding the types and quantity of education, training, and job search activities was generally easy when funds were available to purchase these services. Many organizations are willing and even eager to serve JOBS participants if they are paid in exchange, including local school districts, community colleges, and public, nonprofit, and proprietary training organizations. To say it another way, the supply of education, training, and employment services is elastic in response to increased funding, so that the capacity to deliver services is generally not a constraint in operating welfare employment programs. Other favorable news from the field research is that the willingness of organizations such as JTPA and the public school systems to supply services to JOBS participants free of charge, without payment of JOBS funds, was generally good. Interagency coordination of this type is often considered to be difficult, hindered by turf battles, conflicting agency goals, differences in eligibility rules and definitions of terms, and other incompatibilities. In the states and sites included in the study, the degree of interagency cooperation emerges as one of the success stories of JOBS implementation. Coordination was not good everywhere, but there was progress. The combination of a lack of funds for JOBS and the federally mandated participation rate was a powerful motivation for welfare agencies to develop formal and informal linkages with other agencies. Strong state and local leadership was most in evidence around issues of interagency coordination. But whether a lot more services can be obtained through coordination is an open question.

Administrative Challenges

Other aspects of operating the JOBS program proved more troublesome and help explain the impatience and dissatisfaction with the

approach taken by both WIN and the JOBS program. In particular, the prosaic tasks involved in processing recipients through the program are difficult for administrators to monitor and control, especially when they involve the personal interaction between the caseworker and the client. Do caseworkers inform clients about the availability of JOBS services with enthusiasm? Do caseworkers have sufficient time to do an in-depth assessment of a client's abilities and needs? Do they make an effort to learn about the client's real interests and concerns? How much effort do they exert to find an appropriate school or training program or to locate child care that meets the client's needs? Thinking about these tasks are eye-glazing to policy makers and scholars who are uninterested in the internal workings of organizations, but whether the tasks are performed with energy and commitment or with a paper-pushing mentality can make the difference between a successful and unsuccessful program.⁵

A related challenging task was insuring that individuals conform to the federal mandate that they participate in the JOBS program. Some recipients were highly motivated to participate, but mandating the participation of recipients who were not motivated was far from a trivial matter. In order to impose a participation requirement, a program needs a supply of education, training, and employment services, as well as funding for child care. A welfare agency also needs to devote staff to monitoring participation and to operating the conciliation and sanctioning process for people who refuse to participate. A fair hearing is also a right for people whose benefits are being cut or terminated. The field associates found that some caseworkers thought the conciliation and sanctioning process was too time-consuming, too much of a hassle. They also learned that participation in the JOBS program was in practice voluntary in certain states. The high cost in terms of staff time connected with mandating participation in welfare employment programs and requiring that recipients accept suitable employment goes a long way in explaining the current popularity of time-limits on welfare eligibility.

More generally, the field work indicated an imbalance between our expectations for welfare offices and the resources and respect that we give caseworkers in welfare agencies. Some framers of the Family Support Act argued that JOBS would change the "culture" of welfare agencies by shifting the focus of their attention from administering

welfare benefits to providing employment and training. But the field associates found that state and local governments were reluctant to budget more money for the staff of their welfare agencies. Even when a lack of welfare agency staff was perceived to be the major bottleneck in implementing JOBS, governments failed to hire more caseworkers. In Michigan, the state welfare agency hired more staff only when the state received the Child Care and Development Block Grant and caseworkers could be hired entirely on federal money.

The high cost of child care may be one of the major constraints to expanding the JOBS program. Participants could tap into the services of other agencies for education, training, and job search, but few other funding streams were available for funding child care. The total cost of JOBS services was about \$1.1 billion in 1992 and 1993. The total cost of child care in 1992 was at least \$755 million, or almost three-quarters as large as the cost of JOBS services.

Finding and creating appropriate job opportunities for participants has often proven to be difficult. One JOBS component—work supplementation, or grant diversion, where a recipient's benefit is paid to an employer as a wage subsidy—is a potentially powerful tool for encouraging private sector employers to hire welfare recipients. But few sites made use of this option: 0.1 percent of participants were in work supplementation. The Family Support Act required that these be “new jobs”; employers were reluctant to hire welfare recipients when they could hire unemployed people with more recent work experience; they did not want to deal with the paperwork of hiring welfare recipients; and there may also be stigma attached to people on welfare. The poor track record of work supplementation suggests that creating jobs is not a simple task.⁶

State Welfare Politics: The Case of Michigan

Michigan represented an unusual departure in the study primarily because of its dramatic shifts in program emphasis from the human capital investment model to the job search/immediate employment model. But the real implementation of the change, a program called “Work First,” did not take place until October 1994—four years after

we began our study of the JOBS program. Along the way, however, the Michigan experience illustrated the power of gubernatorial leadership in changing the focus of state welfare programs and setting an example for Congress.

Michigan had been one of the states selected for the ten-state study as one with considerable experience in operating employment-based welfare programs. The welfare/employment program in Michigan at the time of the implementation of the federal JOBS program was called the MOST program, and it continued to be called the MOST program. In fact, in Michigan as in some of the other states, keeping local titles for the new JOBS program often meant that even many of the Department of Social Services employees didn't realize that a new federal program was in place.

In order to put the programmatic changes in perspective, we need to examine changes in political leadership and in the economy that occurred during this period. With respect to political changes, the most significant change was, of course, the election of Governor John Engler, a state senator from the central area of Michigan. Although Engler, a conservative Republican with a farm background, had considerable experience in state government, his election was unexpected. Many attributed his victory to the enthusiasm of his conservative supporters and a "poor voter turnout" of Democrats in the Wayne County (Detroit) area, by far the largest concentration of voters in the state.

Among other things, Engler campaigned on a platform of welfare reform. With this goal in mind, one of the first controversial moves with respect to welfare changes was the elimination of the state-funded General Assistance (GA) program and its employment program "Job Start." One of the justifications for the elimination of the GA program was that it was necessary in order to minimize cuts in the AFDC program. The GA program focused on single welfare recipients, whereas AFDC was a "family-oriented" program. The welfare philosophy of the Engler administration was articulated in the document, "To Strengthen Michigan Families." This document became the cohesive philosophic element in the evolution of the Michigan JOBS program.

But the story of the changes in the implementation of the federal JOBS program does not result from these political changes alone. Michigan was, after all, in the midst of a serious recession at the time of these political changes. The opportunity for a dramatic shift in

demands on welfare recipients with respect to JOBS programmatic options was limited by the high unemployment rate and the limitations of the state fiscal ability to meet the federal JOBS match. Thus, it appeared to us that the major changes in the AFDC employment program focused on such things as getting waivers for greater earned employment limits and restructuring the daycare program that had serious administrative problems. So in the second year of this review of the implementation of the JOBS program, the emphasis of the Michigan MOST program was still on (1) education as the primary activity of the participants; and (2) priority in serving participants being given to volunteers, the self-initiated, and those without high school completion. It should be noted that while the educational activities included both adult education through the k-12 program and postsecondary education, the latter activity was classified as "self-initiated," since postsecondary education was not a component in the MOST plan. Tuition was not paid. Moreover, although clear patterns in terms of treatment of the participants emerged among the individualized sites in the study, there was no real dictated state policy for client flow except for those participants who fell under the federal policy with respect to age and lack of high school completion.

Then during the second year or so of this study, the Michigan MOST program developed a program to utilize the state's existing educational institutional structure, including its highly developed system of publicly paid adult education; this program became eligible for compensation under the federal JOBS program. Moreover, the state was willing to appropriate additional education funds for this program called EDGE.

EDGE projects represented a holistic approach to the education and employment barriers faced by MOST participants who did not have a high school diploma, providing an array of services, such as assessment, job readiness, customized basic education, customized skills training, job placement, and often transportation to classes and on-site child care. While the results of the EDGE program were somewhat mixed, in some counties it was clearly a success in meeting the needs of many hard-to-serve MOST participants, such as those in Port Huron, a rural county in the "Thumb" area of Michigan. The results of a small study indicated considerable success with the program as exceeding its goals in some cases in terms of education and employment outcomes.

It was even successful in recruiting women for the nontraditional Building Trades Technician program, which placed its participants at the highest wage rate.

The EDGE program was said to be too costly and was eliminated in order to use funds for the most significant programmatic change in Michigan's welfare/employment program: Work First, a program as its name implies, that focuses on immediate employment as opposed to education and training.

Another important development in the evolution of Michigan's current welfare/employment program was the implementation of a concept called the "Social Contract." The Social Contract stipulated that if welfare recipients were to receive benefits from the government they had a contractual obligation to do something for those benefits. Thus recipients were to sign a contract that they would do at least 20 hours a week of some meaningful activity of betterment, including such things as volunteering, going to school, working, or engaging in certain health or nutritional activities for their family.

The Social Contract is now a mandatory part of the Michigan program. It represents a significant departure from the JOBS implementation program as we first viewed it. In fact, it was at first voluntary and, in a sense, it seemed more of a substitute for the federal program. Moreover, unlike the EDGE program, which was extremely costly, the Social Contract did not involve contracting with outside agencies and was relatively cheap to administer.

Another important undertone about the MOST program developing in mid-1993 was that it was taking on more of a mandatory tone (even though technically participation had always been mandatory). When we first began reviewing the program, the "20-hour rule," the federally mandated requirement that JOBS participants be involved in program activities for at least 20 hours per week, was understood by administrators and caseworkers in only one of the Michigan sites. Even at the state level, administrators seemed to be looking the other way. Later, however, along with the notion of 20-hours in an activity under the Social Contract, the 20 hours rule for regular MOST/JOBS participants was being emphasized and noted in agreements with subcontractors. EDGE participants frequently exceeded those hours.

Beyond the 20 hour rule, the MOST program took on a more punitive tone as it became the "punishment" for those who did not fulfill

their Social Contract. In other words, those recipients not complying with the Social Contract became a priority group for the MOST program. So the notion of self-initiating into MOST began to diminish. Also, in interviews conducted at the state and local sites, we found the sanction process being taken more seriously than during the first phase of our study.

Why then if Michigan's implementation of the JOBS programs was as good, if not better than, that of the majority of the other states in our study and already had a higher than average percentage of AFDC recipients employed, did Michigan change its modus operandi? Governor Engler, in a February 1994 address to the National Press Club on "Welfare Reform," focused on the Michigan Model, which emphasizes employment for welfare recipients, noting that over 25 percent of Michigan's AFDC recipients were employed compared with about 10 percent nationally. In part the answer seems to lie in the political philosophy of the Governor's office, especially with his second election looming. The "get tough on welfare" stance and the elimination of General Assistance had brought considerable national recognition to Governor Engler. Now there were further political criticisms by conservatives in Michigan of the length of time welfare people were spending in education—particularly higher education. The Governor preached the philosophy that people could go to school at night, i.e., work and go to school on their own. This notion too had considerable public appeal. So the program philosophy began to move from one of education support to early employment advocacy.

But often overlooked in the analysis of the programmatic change in Michigan is the change in the Michigan economy. The condition of the Michigan economy, with its above-average degree of cyclicity, changed dramatically over the period of this study. In November 1994, Michigan's unemployment rate was 4.6 percent, the lowest in over twenty years. In contrast, at one point in the early 1990s, with its unemployment rate slightly over 10 percent, Michigan was one of the greatest labor surplus states in the United States. For a number of months in the late 1994-95 period, the unemployment rate had been at or below the national average, with employers complaining of worker shortages.

So a strategic development in late 1994 was that a new program, Work First, would become a part of the state's solution to the labor

shortage situation. Welfare recipients would be turned over to the JTPA offices to be given job readiness classes, job search, and employment as quickly as possible (a minimum of a 30-day test of the job market). The welfare program was to be a part of the state's economic development strategy. This strategy highlights the change that occurred—from a program that focused on the needs and wants of the welfare recipient, (e.g., self-initiated programs) to one that focuses on the employer's labor needs for economic development. In traditional welfare and employment/training programs, the recipient is viewed as the "client" or "customer"; in economic development programs, the employer, i.e., the firm, is typically viewed as the client. One hopes that there is a synergistic relationship between the two goals and client groups.

Finally, it should be noted that one of the administrative actions of Governor Engler, which took place early in 1994 and which contributed to the economic development thrust of the welfare program, was the institution of the "Michigan Jobs Commission." It was at first a temporary agency, but has recently become a formal agency, the last one allowed by Michigan's constitution.

From eight different units of state government, the Michigan Jobs Commission consolidated staff and 35 programs related to job generation and worker preparation. One effect of the consolidation was that the Michigan Jobs Commission, which now also included JTPA, assumed much of the JOBS responsibility for employment and training services, taking this role out of the welfare agencies. While the action was indicative of the Engler administration's taste for consolidation and block grants in the employment and training area, it may also have been an attempt to change the culture of the program, as in Massachusetts. Robert D. Behn, in *Leadership Counts: Lessons for Public Managers* (1991) gives a vivid account of how Governor Dukakis of Massachusetts and his appointees in the welfare agency changed the attitudes and behaviors of caseworkers so they strongly motivated recipients to prepare for work and seek employment.

However, it should be noted that even without block grants, Governor Engler and Department of Social Services Director Miller were able to make a series of changes to focus more attention on the employment-based nature of the welfare program. A strong and coherent document early on presented a strategic vision for welfare reform.

Besides, Engler was able to gain national visibility with his welfare policy; there were political rewards to taking a tough stance on welfare.

The state of the economy has a considerable impact on the effectiveness of not only work-based welfare programs in general, but also on the choice of program model: human capital investment or job search/job placement. Early findings from the JOBS evaluation being performed by MDRC in the early 1990s show that Grand Rapids, Michigan was successful in increasing average earnings and reducing welfare expenditures by using a job search model. But the welfare agency in Grand Rapids is atypical. First, administrators were proud enough of their program to volunteer to participate in the MDRC evaluation. Second, sites for the evaluation were limited to agencies with mature programs. Third, Grand Rapids operates a mandatory program, as indicated by its sanctioning rate, which is the highest in the state. The strength of conservative Republicans in the area permits and may even explain this. Finally, the economy of Grand Rapids is unusually robust for Michigan, even in periods of high unemployment, so that job search is likely to be a more effective strategy than in some other parts of the state.

Lessons from the Implementation Study

Ample evidence has accumulated that welfare agencies are capable of operating programs that increase employment and reduce welfare expenditures by an amount exceeding program costs. The benefits of these programs are not uniformly greater than their costs, however, with the net benefits varying considerably according to the particular program and the characteristics of recipients. Also, programs appear to be more effective in reducing welfare costs than in increasing total family income and reducing poverty. Finally, the evidence of positive net benefits comes primarily from evaluations of job search and work experience programs rather than education programs, where benefits accrue over a longer time period and are not yet apparent from ongoing evaluations (Gueron and Pauly 1991; LaLonde 1995). For these reasons, the payoffs to the individual components of the JOBS program remain uncertain.

Even if the technology for designing effective programs were understood with greater certainty, the challenge of *implementing* successful

programs would remain. The ten-state study contains some good news in this regard: the supply of education, training, and employment services expands readily with increased funding. But there are challenging financial, political, and interorganizational tasks that must occur in order for implementation to take place as planned. In addition, welfare administrators must be willing and able to make changes internal to the welfare agency, such as creating an environment in which caseworkers effectively motivate recipients to get off welfare. Although some state officials, such as those in Michigan, have implemented JOBS with gusto, directives and financial incentives from Washington have been insufficient to guarantee that all states renegotiate the Social Contract to demand an obligation by welfare recipients.

The efforts of the 104th Congress to impose time limits and block grants can be viewed as a brute force way to motivate state leaders and welfare agencies to implement successful programs and to motivate recipients to take advantage of them and join the workforce. Will such a tough approach achieve its purpose? The answer depends on several factors. First, a time limit on welfare presumes that sufficient jobs are available to absorb people who lose their eligibility for welfare. Recent research indicates that the economy is generating jobs for low-skilled workers, particularly women, so that the availability of jobs per se is strong. The more serious problem will be the low wages paid by these jobs and the poor prospects for advancement into middle-income employment (Blank 1995). Substantial government spending on child care, health care, and wage supplements like the Earned Income Tax Credit will continue to be necessary if many of these families are to remain at their current level of well-being. So while more people may work, the cost to government may not fall in states concerned with poverty among families with children.

Second, the implementation study illustrates the political dynamic around welfare reform. Strong leadership has been visible in the states recently, but the direction of leadership has been less toward aggressively implementing the JOBS program and more toward reforms that limit welfare eligibility and benefits and condition benefits on certain behavior. This suggests that governors and welfare commissioners prefer to take the initiative in seeking welfare reform rather than respond to mandates imposed by the federal government. When federal legislation of the early 1980s gave states the option to operate new welfare

employment programs, many state leaders were enthusiastic in designing a new program and taking ownership of their creation. But when federal legislation required states to implement the JOBS program, consisting of services that many states were already providing, JOBS became just another federal mandate requiring program changes and additional expenditures. Rather than *devoting* political capital to increasing expenditures for the JOBS program, some state leaders chose to restrict welfare eligibility and benefits as a way of *generating* political capital. One state welfare commissioner explained that officials stand to benefit from this tough approach because “the public blames the welfare system for problems in their own life.” At low cost to the majority of voters, a hard-line stance on welfare policy offers state leaders and Congress an easy opportunity for political gain.

Yet if state leaders are actually faced with time limits and block grants, their political calculus may change. They may no longer be able to attribute their welfare problems to federal mandates and will instead be responsible for devising and implementing ways to spread limited funds to feed, house, and clothe poor children. Unless they are willing to be accountable for an increase in the number of destitute and homeless children, which we optimistically believe is unlikely, their opportunities for creating political capital at the expense of poor mothers and children will be exhausted or at least reduced. Instead, they may once again turn to the federal government for financial help and accept the accompanying strings. As shown by the implementation study, they will also be creative in complying with the federal mandates that remain. So although time limits and block grants will increase the pressure on states to prepare welfare recipients for work and move them into the labor force—and to discourage women and girls from bearing children they cannot support—we do not view them as stable policies that will persist over time. Welfare has been reformed about every five years, in 1967, 1971, 1976, 1981, and 1988. If the 104th Congress makes sweeping changes, they may well be reversed when the next recession raises welfare rolls and reduces state revenues.

NOTES

1 The Manpower Demonstration Research Corporation is evaluating the JOBS program in seven sites using random assignment to a control group to measure the effectiveness of alternative

programmatic approaches Preliminary findings from this evaluation are presented in Frudman and Friedlander 1995

2 The sample of states was selected to provide diversity in several characteristics: per capita personal income, poverty rate, the level of fiscal stress expected in 1990, the structure of public assistance administration (i.e., administration by the state government or by local government under state supervision), prior experience in operating a welfare employment program, and geographic region.

3. Hagen and Lurie (1992), Lurie and Hagen (1993), and Hagen and Lurie (1994). Funding for the study was provided by The Pew Charitable Trusts, the U.S. Departments of Labor and Health and Human Services, the New York State Department of Social Services, and the Foundation for Child Development Irene Lurie served as the project's co-principal investigator, Colletta Moser as the field associate for Michigan.

4 The federally mandated participation rate for AFDC-UP families, two-parent families whose principal wage-earner is unemployed, is 40 percent in 1994 and rises to 75 percent by 1997. In 1994, only nine states achieved a 40 percent rate of participation.

5. The success of the JOBS program in Riverside, California is frequently cited as an example where "organizational culture" positively affects program effectiveness. MDRC GAIN Evaluation.

6 We also found that implementing work experience programs was costly and infrequently used The time needed for site development and monitoring of these positions was more than most welfare agencies could afford

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