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## Raising a Flag of Caution in the Race for Community-Based Approaches to Rural Welfare Reform: Early Findings from Texas

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## **RAISING A FLAG OF CAUTION IN THE RACE FOR COMMUNITY-BASED APPROACHES TO RURAL WELFARE REFORM: EARLY FINDINGS FROM TEXAS**

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**ABSTRACT** President George W. Bush's executive order establishing the White House Office of Faith-Based and Community Initiatives heightens expectations that local organizations will provide superior services to support the objectives of welfare reform and address poverty. However, this expectation raises concerns about the capacity of community-based organizations (CBOs) to effectively implement reform projects in non-metropolitan areas with limited access to important support services. This paper addresses these questions using early findings from an evaluation of four locally-organized welfare reform projects in rural Texas. We find that the reform projects experienced shortcomings in management, funding, and community involvement that appear to limit overall effectiveness and the capacity of CBOs to sustain the provision of services over time.

The devolution of responsibility for welfare reform from federal and state governments to localities has led to a revival of community-based approaches to alleviate poverty (Nathan and Gais 1999). While part of the effort seeks to put an end to the traditional "one size fits all" model, the new model of the welfare state rests on the assumption that communities are in the best position to identify needs, mobilize resources, and customize services to local conditions (Fredericksen and London, 2000). Experimental partnerships between states and localities now dot the social landscape of America, raising expectations around the contributions that community-

based organizations can make to anti-poverty efforts at the local level (Farnsley 2000; Chaves 2001; Withorn and Jons 1999). President George W. Bush's executive order establishing the White House Office of Faith-Based and Community Initiatives heightens these expectations (Office of the Press Secretary 2001).

Renewed interest in community-based approaches, however, raises concerns about their effectiveness, especially in rural areas. Swanson (2001) reminds us that these approaches are not new, nor are they panaceas for achieving programmatic goals. The degree of local democracy, inclusiveness, and the quality of local social, economic, and physical infrastructures often limit their potential effectiveness in rural communities.

While much has been written about the root causes of poverty in rural America (Anderson et al. 2000; Blee and Billings 1996; Castel 2000; Duncan 1996; O'Hare 1997; Weinberg 2000), comparatively little research has been devoted to community and faith-based organizations—the chief cornerstones of current policy efforts—that federal and state governments are counting on to plan, to implement, and to sustain welfare-to-work innovations at the local level. Questions must be raised about the strengths and liabilities of these organizations as instruments of public policy: Do they have adequate capacity to spearhead innovations in welfare reform? Is too much faith being put in the potential of these organizations than their current status warrants? And to what extent do local socioeconomic conditions limit their capacity to alleviate poverty and dependency in rural communities?

We address these questions with early findings from projects implemented by community- and faith-based organizations (CBOs/FBOs) in rural Texas. These projects were part of the Texas Local Welfare Innovations Project initiated by then Governor George W. Bush to increase welfare avoidance and workforce preparation among Temporary Assistance for Needy Families (TANF) recipients and potential recipients. Two of the rural projects were administered by secular organizations, and two were administered by faith-based organizations.

We begin with an overview of the Bush initiative and the four rural projects. We then report findings on the capacity of the CBOs and FBOs to initiate and sustain service innovations over time. We follow with a discussion of the strengths and liabilities of

community-based approaches to welfare reform, and close on a cautionary note with regard to assumptions that are currently being made about the capacity of CBOs to effectively implement welfare reform projects in rural communities.

### **Background**

During the 2000-2001 biennium, the Texas Department of Human Services (TDHS) used legislative appropriations from the federal TANF block grant to fund local innovation projects to increase welfare avoidance and workforce preparation. Promoted by the Bush administration, the Texas Local Welfare Innovations Project provided competitive funding for community and faith-based organizations to deliver a range of services to TANF recipients as well as potential recipients with incomes less than 200 percent of the federal poverty level. The goal was to expand support services to these populations, not duplicate "work first" services of the Texas Workforce Commission and local workforce development boards.

TDHS publicized funding for welfare innovation projects throughout the state electronically (via its website) and through "bidders meetings" conducted by regional TDHS staff. In some areas, the proposals were written independently by the CBOs and FBOs; in other areas, TDHS staff worked with CBOs and FBOs to develop the proposals. Applications for funding for the Texas Local Welfare Innovations Project were reviewed and rated by regional TDHS staff, then forwarded to state officials for final selection. Sixteen of the more than 100 applications received by state officials were awarded funding. First-year contracts averaged \$114,000, with a range of \$9,000 to \$200,648. Fifteen of the awards went to private, non-profit CBOs, and one award was given to a city government agency. Seven of the projects had a faith-based organization as the lead agency or a major service provider. The CBOs and FBOs that were awarded contracts varied in organizational size, geographic location, and social service experience. Project innovations varied as well, spanning the continuum from single- to multi-service strategies focused on welfare avoidance and workforce preparation. Services included assistance with rent, car repair, transportation, childcare, utilities, work clothes, licensing, tutoring,

**Table 1. Unemployment Rate in Rural Project Areas.\***

<b>Project Area</b>	<b>1995</b>	<b>2000</b>	<b>Change in Rate</b>
Hunt County	6.1	4.2	-1.9
Wichita Falls Area*	4.4	3.7	-.7
Cochran County	6.4	7.8	+1.4
Gonzales County	4.2	3.0	-1.2
<b>Average</b>	<b>5.28</b>	<b>4.68</b>	<b>-.6</b>

\*Average rate of unemployment over eight-county service area.

Source: Texas Workforce Commission 2001b.

GED/ESL preparation, and mentoring. To underscore the significance of the initiative, then-Governor Bush held a press conference to announce funding of the first projects.

The investigators studied all 16 funded projects, four of which served rural areas. These four projects are the focus of this article. The average population in these rural service delivery areas was 13 residents per square kilometer. Similar to other rural counties in Texas, there was a 3 percent average net decrease in the population between 1990 and 1997. In 1995, average poverty rates in these rural project counties (22.2 percent for households and 31.7 percent for children) were higher than overall state averages (18.5 percent and 26.9 percent, respectively) and higher than the counties served by urban projects (18.9 percent and 27 percent, respectively). Interestingly, average unemployment rates between 1995 and 2000 were lower in the rural project counties (4.8 percent) than in the urban project counties (5.1 percent) (Texas Workforce Commission 2001a). The lower average rate of unemployment and higher rates of poverty parallel research indicating that poverty and employment are more likely to coexist in rural communities than in urban centers (RUPRI Rural Welfare Reform Research Panel 2001). (See Table 1.)

Similar to national trends, the state of Texas experienced an overall decline of approximately 47 percent in the AFDC/TANF caseload from 1995 to 2000. There was an overall decrease in AFDC/TANF usage in all of the counties served by the rural projects in the six-year period between 1995-2000. The largest decrease

(50.7 percent) occurred in Hunt County, located 60 miles north of Dallas. The smallest decrease (26.8 percent) occurred in Gonzalez County, located 60 miles southeast of San Antonio. The average decrease over the four service areas was 41.6 percent. On average, food stamps usage declined as precipitously as rates of AFDC/TANF, with an average decline of 42.7 percent. Thus, the welfare innovation projects were implemented at a time when AFDC/TANF and food stamp caseloads were already dropping rapidly. (See Tables 2 and 3.)

The social safety net in Texas is one of the most limited in the nation. Whether measured in total state government spending per capita (\$2,584), percentage of poor children covered by AFDC/TANF (21 percent), or actual cash benefit levels (a maximum of \$201 a month for a family of three), Texas ranks at or near the bottom nationally in every category (Capps et al. 2001). The structure of the welfare system is also unique. TANF time limits in Texas are multi-tiered, varying from one to three years, depending on the education level and work experience of the household head(s). The one-year time limit for adults is the shortest of any state (children may continue to receive benefits up to the federal five-year time limit). Texas also administers a limited diversion program (a lump sum payment of \$1,000 in lieu of continued benefits) and offers Medicaid coverage of 12-18 months for households transitioning from TANF (Capps et al. 2001).

### **Rural Projects**

The first of the four rural projects is located in Hunt County, near the Texas-Oklahoma border. Administered by a nonprofit CBO that has been in the transit business for many years, this project sought to increase the ability of low-income rural residents to access child-care, employment, and training opportunities. With first-year project funding of \$100,000, the CBO implemented four new fixed-schedule, curb-to-curb routes, and also expanded hours of operation to accommodate night and weekend work shifts at local manufacturing plants. The goal of the project was to use state funds to subsidize the transit fares of over 250 clients during the first year of operation.

**Table 2. AFDC/TANF Usage in Rural Project Areas.**

<b>Project Area</b>	<b>1995 (total # of recipients)</b>	<b>2000</b>	<b>Percent change</b>
Hunt County	2,249	1,109	-50.69%
Wichita Falls Area	4,636	3,067	-33.84%
Cochran County	228	103	-54.82%
Gonzales County	947	693	-26.82%
<b>Average</b>	<b>2,105</b>	<b>1,243</b>	<b>-41.59%</b>

Source: Texas Department of Human Services 2001.

**Table 3. Food Stamp Uses in Rural Project Areas.**

<b>Project Area</b>	<b>1995 (total # of recipients)</b>	<b>2000</b>	<b>Percent Change</b>
Hunt County	8,309	4,515	-45.66%
Wichita Falls Area	19,761	13,186	-33.27%
Cochran County	999	445	-55.46%
Gonzales County	3,573	2,272	-36.41%
<b>Average</b>	<b>8,160.5</b>	<b>5,104.5</b>	<b>-42.70%</b>

Source: Texas Department of Human Services 2001.

The second rural project is located in the Wichita Falls area and encompasses an eight-county area along the southwest border of Texas and Oklahoma. Administered by a community action agency with over 35 years of experience as a provider of multiple services

in the area, this project provides transportation to and from employment and childcare sites and assistance with childcare at no cost to participants. Several current or former TANF recipients are employed by the agency as transit drivers for the project at the starting wage of \$6.00 per hour. The first-year state contract for this project was \$240,000, and the projected service population was 65 low-income clients.<sup>1</sup>

The third rural project is located in Cochran County, 60 miles west of Lubbock near the New Mexico border. The project serves a town of 2,000 residents and is organized by an inter-denominational ministerial alliance and directed by a local minister. The alliance works in partnership with the local school district to provide off-campus tutoring services during after-school hours to youth from low-income households who are at risk of failing one or more subjects. GED preparation and computer training services are also offered. A key feature of this project is the use of local high-school aged youth to deliver most services. The project had a long-range goal of preparing youths to become employed rather than to avoid welfare, which was the more immediate goal of the other projects which served adults. The first-year TDHS contract award for this project was \$41,000, with a projected target population of over 100 student participants.

The fourth project, also faith-based, received the smallest first-year contract award from TDHS (\$9,000). It is located in a town of 400 residents in Gonzalez County, 60 miles southeast of San Antonio. The project was designed and implemented by the local United Methodist Church. Known as Family Pathfinders, the project offered survival skills training for women, GED preparation, and tutoring in basic computer applications. The survival skills course, offered over a two-week period in the parish hall, addressed topics such as health and nutrition, employment readiness, child management, assertiveness training, and money management. Church members served as curriculum instructors and volunteers provided transportation, childcare, and lunches to women attending

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<sup>1</sup> Interestingly, although this is the only project that employs TANF recipients with TDHS funds, the starting wage and lack of full-time hours leaves some drivers under the poverty level and eligible to continue receiving cash assistance.



training sessions. This project had a projected first-year target population of 10-15 clients.

### **Evaluation Plan**

As members of the evaluation team at the University of Texas at Austin, we visited each site between February and May of 2000, with visits averaging two days per site. We conducted semi-structured interviews with administrators and service providers and observed service delivery. The interview schedule had to be sufficiently flexible to accommodate the different types of organizations, which as described above ranged from a small women's church group to public transportation authorities. Three research team members conducted the interviews. The interviewers began by asking about the history of the organization, including the type of experience that the organization had working with low-income populations, how the organization learned about the opportunity to apply for TDHS funding, and the extent to which local TDHS staff were involved in the proposal's development and implementation. In addition to the semi-structured interview, there was considerable opportunity to speak more informally with service providers and recipients about the program during the two-day visit. At a minimum, key staff and a TDHS representative were interviewed at each site. At other sites, volunteers, clients, and staff of community partner agencies also participated in interviews.

Copious notes were taken during each interview. The lead interviewer at each site drafted the report and provided an analysis that was reviewed by other team members. In addition to site visits, we utilized follow-up phone calls with project leaders to discuss progress and implementation issues and to clarify previous discussions when necessary. We also conducted consumer satisfaction surveys with participants, reviewed contract compliance with state managers, and analyzed quarterly performance reports submitted to TDHS.

Our evaluation of first-year projects centered on implementation issues and performance outcomes. In accord with the novelty of the projects and the high priority TDHS placed on understanding implementation and portability issues, the framework we used for the study consisted of five domains of organizational capacity:

management, technology, funding, community involvement, and performance. We believe that these domains could affect the ability of the CBOs to initiate and sustain their service innovations: The research questions guiding this exploratory study were:

1. *Management*: Do project administrators have strong management skills? Have project administrators and fiscal staff managed public contracts in the past? Does the CBO have adequate management control systems to meet the budgeting, bookkeeping, and reporting requirements of the state contract?
2. *Technical Resources*: Does the CBO have adequate staff, equipment, facilities, and competency to deliver the service innovation as planned? Is the service delivery technology “sound”?
3. *Funding*: Is funding adequate for the CBO to deliver project services as planned? Does the CBO have ample funds to handle cash-flow problems, high accounts receivables, and other fiscal contingencies normally imposed by state contracts? Is a local plan in place to fund the service innovation when the state contract ends?
4. *Community Involvement*: Are local civic groups and organizations involved in project planning and implementation? Are risks and responsibilities distributed among multiple community partners? Is the project “owned” by the lead CBO or the community at large?
5. *Performance*: Do project services address the needs of the population and the area? Does the CBO have adequate capacity to deliver the type and quality of services to achieve the planned outcomes of the project? Will the services likely help participants avoid welfare or prepare for work? What local conditions, if any, limit the potential effectiveness of the project to achieve state goals in welfare avoidance and workforce preparation?

### **Strengths and Liabilities**

We summarize below the findings of our first-year evaluation on the four rural CBOs in the Texas Local Welfare Innovations Project. The findings address their strengths and liabilities as instruments of public policy in welfare reform at the local level.

## **Management**

Management plays a key role in the organization and effective delivery of program services. CBOs and FBOs depend heavily on executive leadership and internal management control systems to initiate and sustain innovations (Pynes 1997; Schmid 1992; Vinzant and Vinzant 1996). Management expertise among the rural projects varied substantially. Although all of the project managers exercised vision and creativity in adapting organizational strategies to meet the service requirements in the state contract, the lack of management experience in two of the projects hindered service performance. In the evaluation study, it proved difficult to disentangle a lack of management experience from an organization's limited capacity to administer state contracts. The greatest observable difference was between secular CBOs and FBOs. Both transit projects were administered by secular, nonprofit organizations that had managed state contracts for many years. The leaders of the two faith-based projects had no prior experience in contract management of any kind, and the new organizations they formed to respond to the welfare innovation funding opportunity did not have adequate internal capacity to meet the demanding budget, bookkeeping, and reporting requirements of TDHS. These management control problems were so severe in the Methodist church group project that it could not continue providing services in the second fiscal year.

## **Technical Resources**

Community-based organizations that do not have adequate staff, equipment, facilities, and service technologies have difficulty initiating and sustaining a new product or service innovation (Glisson 1992). Two rural projects experienced severe constraints during program implementation due to technical limits related to their isolated location. The rural transit program serving Hunt County (near the Texas-Oklahoma border) had difficulty advertising services, recruiting clients, and establishing eligibility for program participation. The agency relied solely on the local welfare office for client referrals. When referrals from TDHS proved inadequate, the project had limited recruitment alternatives. Public service announcements,

a recruitment strategy used throughout the state in other projects, were not possible due to the absence of a local television or radio station and limited readership of the local paper. Instead, the project relied on word-of-mouth advertising, a process that requires more time to develop. Though the project served a definite need and the agency was well suited to delivering the services, only 19 families were recruited in its first two quarters of operation. The project was later de-funded by TDHS for lack of participants.

The faith-based Family Pathfinders/Survival Skills project, which also did not receive continuation funding, offered GED courses and computer skills training as part of its core service technology, but service provision was limited to the local library for a limited number of hours per week and at another location twenty miles from the community. This same project offered survival skills training to women living in the local housing project. Because no public meeting space was available in the community, the only facility adequate for use was a church hall. While this location may not have been an issue for project participants, most of whom were not members of the denomination, it does point to space and facility limitations that sometimes create technical challenges for welfare reform projects in small, isolated communities.

## **Funding**

To initiate and sustain an innovation, CBOs must have adequate funding to deliver services, handle fiscal contingencies, and to finance the innovation over time (Gronbjerg 1992; Kramer 1981). Although the total budget for each project varied substantially, state funding was sufficient for each of the rural CBOs to deliver services as planned. Each CBO or FBO also leveraged an impressive amount of in-kind contributions for their projects, typically in the form of administrative overhead (e.g., administrative services, facilities, and equipment). While these contributions made their applications for state funding more competitive, they eventually became burdensome for the two FBOs. It became increasingly difficult to maintain a consistent cadre of volunteers over time. Both organizations experienced severe cash flow problems as well, due to delays in payment from a state contract that was structured on a cost-reimbursement basis. Some agencies were not clear that funding would be provided on a cost reimbursement basis rather than up

front in the form of a grant. The director of the Family Pathfinders project had to request loans from acquaintances and members of her congregation to purchase training materials during the start-up phase of the project. The other faith-based CBO did not have adequate cash available to pay for project services other than on a month-to-month basis. Finally, three of the four CBOs did not have a plan to continue the project beyond the timetable of the state contract. Their service innovations were almost totally dependent on state funding for survival.

The projects based in Hunt and Gonzalez Counties were not given funding to implement services for a second year. The transportation program in Hunt County was not able to recruit enough eligible passengers to use its services, and the program in Gonzalez County could not manage the fiscal requirements and reimbursement structure of the state contract and opted not to continue past the first year. The other two programs continued through the second year of the contract but were not awarded funding to provide services for a new two-year cycle in the 2002-2003 biennium. To our knowledge, only the tutoring program located in Cochran County is able to provide a scaled down version of services without funding from TDHS.

### **Community Involvement**

A rural service innovation is more likely to succeed when CBOs get community stakeholders to take ownership of the problem and its solutions. Especially important is involving responsible citizens and relevant professionals as joint partners in the problem-solving process to ensure the innovation is owned by the community at large rather than by any one agency or group of professionals (Rothman, Erlich, and Teresa 1981; Poole 1997). The faith-based tutoring project excelled in community involvement. The ministerial alliance responsible for the project involved city officials, school district administrators, and teachers in project planning and implementation. From the project's inception, these community stakeholders were already developing plans to continue funding for project services at the end of the state contract.

In contrast, the rural transit projects were administered by local agencies with substantial budgets. Their leaders mainly

viewed the state contract as a funding mechanism to expand existing services, rather than an opportunity to mobilize the community to assist low-income populations whose lives might be impacted by welfare reform. The services did not always fit the desires of program participants. For example, curb-to-curb transportation services to employment and daycare sites were offered to some riders who would have preferred assistance to repair vehicles they already owned. In the two larger projects, no effort was made to distribute risks and responsibilities for the innovation to other community partners, or to build local constituencies to advocate for the project after state funds were exhausted. Family Pathfinders, on the other hand, won stakeholder support from the mayor, city council, and local churches. But the community of 400 residents, where the project was located, simply did not have enough resources to continue the project after state funding was cut. This example illustrates that community involvement is a necessary, but not sufficient, condition to sustain rural innovations in welfare reform.

### **Performance**

The ability of a CBO to initiate and sustain a human service innovation over time must ultimately be judged by the extent to which local needs are met and public goals achieved (Brody 1993; Kramer 1981). Although consumers generally reported that services provided by the four rural projects were high in quality and met major needs, participants in the various programs also reported that services were too limited to help people in their community avoid or stay off welfare. Their perspective was not surprising, given that services in all of the rural projects were insufficient to meet individual need. Although this was also true of projects located in metropolitan areas, it appears that the lack of alternative support services generally available in the rural areas magnifies the perception among low-income residents that structural barriers such as a lack of employment options, affordable childcare, and health care often supercede an individual's ability to overcome poverty and welfare dependency. Project participants who completed a consumer satisfaction survey were quick to note that discrete services such as tutoring, survival skills training, GED preparation, childcare, transportation, and basic computer literacy were inadequate to address the multiple personal and environmental obstacles to employ-

ment and self-sufficiency. As one respondent stated, “I appreciate what the project is trying to do for me, but I’ve given up and given in.”

### **Discussion**

Findings from the Texas Local Welfare Innovations Project raise concerns about the potential effectiveness of community- and faith-based approaches to welfare reform in rural communities. Although the findings are limited to four projects, they nonetheless warrant our raising a flag of caution in the race for community-based solutions to welfare problems.

Milward’s (1994) warning of a *hollow state* in non-profit human services best fits the scenarios described in this article, with public officials assuming the private sector has more capacity than the public sector does to achieve state goals at the local level. The rural FBOs in our study did not have adequate administrative experience or internal control systems in place to manage the state contract. They also did not have adequate cash reserves to handle reimbursement delays and other fiscal contingencies normally imposed by state contracts.

The CBOs also encountered major technical challenges during project start-up and implementation due to facility limitations and barriers in eligibility determination and client recruitment. Three CBOs relied entirely on state funding for project continuation, dampening expectations in policy circles about the capacity of CBOs and FBOs to fill gaps in public funding at the local level. Furthermore, none of the CBOs integrated their innovations with other welfare reform activities in the community, and only two engaged other community stakeholders in the effort. Their services tended to be narrow in scope, reflecting pursuit of specialized interests and organizational prerogatives rather than promotion of broad community goals or the broad employment objectives of participants.

Thus, in the call for welfare reform, policy makers should not put too much faith in the capacity of community- and faith-based organizations to overcome local socioeconomic conditions that severely limited the effectiveness of their anti-poverty efforts in the past. None of the four projects have the capacity to have an

impact on the workforce preparation and welfare avoidance on a scale comparable to structural barriers to self-sufficiency in their communities. Local welfare-to-work projects are no substitute for community development initiatives that can strengthen and enhance regional service, employment, support, and opportunity networks (RUPRI Rural Welfare Reform Research Panel 2001). Substantially larger amounts of public funding are needed to address the root causes of poverty in rural America, such as employment instability (O'Hare 1997), unsustainable economies (Weinberg 2000), economic inequality (Blee and Billings 1996), disaffiliation (Castel 2000), and social stratification (Duncan 1996).

### Conclusion

Although public policy has long neglected rural America, policy-makers and planners should be cautious about the potential role that rural community and faith-based organizations can play in welfare reform. The state's efforts to promote community involvement in welfare reform is reminiscent of the War on Poverty and its efforts to mobilize communities to eradicate poverty. Though well intentioned, such decentralized and fragmented efforts cannot do more than assist a handful of individuals to become self-sufficient. Analyses of the urban projects also reveal that they faced similar problems (Ferguson et al. 2001). While findings from Local Innovation Projects in Texas indicate that rural CBOs and FBOs can play an important role in the provision of services to low-income residents, account must be taken of organizational and environmental limits that may hinder the capacity to initiate and sustain local service innovations over time. The role of CBOs and FBOs may be more to assist rather than to take the lead in helping poor and low-income individuals and families achieve economic self-sufficiency.

Given that significant government funding for poverty eradication will not be forthcoming in the foreseeable future, state administrators must do all they can to tap into and strengthen the capacity of the private and religious sectors to achieve welfare reform goals at the local level. Eligibility criteria for state contract awards should be based, in part, on the capacity of CBO applicants to develop, manage, and sustain a welfare reform innovation. Adequate state funding should be provided to cover administrative expenses and direct service costs. Technical assistance and other



supports also should be provided to help CBOs develop service innovations needed by the public sector, similar to the organizational investment model recently adopted by some foundations (Letts, Ryan, and Grossman 1999).

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