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Britain's New Deal and the Next Round of U.S. Welfare Reform

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Abstract

The United States will begin another round of debate on welfare reform during the 107th Congress, which convened in January 2001. The new congress and administration must decide on reauthorization of funding for Temporary Assistance for Needy Families, the program established in 1996 as a replacement for Aid to Families with Dependent Children. Among other things, the reauthorization debate will focus on issues of program funding, rationalization, performance, best practice, and direction. This paper argues that all phases of this debate would benefit from more widespread understanding and appreciation of the British Labour government's welfare reform program, including both the New Deal welfare-to-work programs and related changes in benefits and coverage. This paper reviews the ideology, strategy, and implementation of British innovations with regard to links to U.S. reforms and as a source of new perspectives and ideas for the reauthorization debate.

Britain's New Deal and the Next Round of U.S. Welfare Reform

Welfare policy was not an issue in the 2000 presidential campaign in the United States. Both news and strategy seem to account for this outcome. On the news side, the caseload is down, and so is poverty. In 1994 on average 5.0 million families were receiving cash assistance through Aid to Families with Dependent Children; by 1999 the number of such families receiving aid (now called Temporary Assistance for Needy Families, or TANF) had fallen by 47 percent, to 2.6 million. The latest Census Bureau figures (for 1999) show that the poverty rate for families with children, 10.8 percent, has reached a 20-year low. On the strategy side, by 2000 both Democrats and Republicans claimed credit for the central welfare reform of the 1990s, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PRWORA. Criticism of PRWORA would have contradicted these assertions of paternity and invited identification with “welfare as we knew it,” the social assistance system the nation’s politicians so love to campaign against.

But welfare politics are certain to be resurrected during the term of the 107th Congress. PRWORA funding ends September 30, 2002; the nation must purchase another installment before that date. Reauthorization will likely force the country to turn over the PRWORA rock and confront a variety of frightful bugs, big and small. Several important issues will fuel the debate, including:

Funding. Both the aggregate level of funding and the allocation of the TANF block grant across states are products of the politics of 1996. While some states were substantially advantaged by the outcome, others lost. Current levels of funding bear little relation to the distribution of poverty, state fiscal capacity, or state performance. Any attempt to reformulate the block grant allocation will force renewed discussion of links between PRWORA objectives and PRWORA allocations.

Rationalization. PRWORA substantially increased the latitude granted states in constructing their TANF programs. Proponents argue that this latitude permits states to tailor program details to local circumstances, competencies, and opportunities and, over time, to develop through experimentation a sense of “what works.” Neither adaptation nor convergence is readily apparent. For example, states have adopted some 43 different procedures for dealing with benefits for recipients who work (Giannarelli and Wiseman, 2001). Lack of cohesion at the state level is fostered in part by uncoordinated program multiplication in Washington.

Performance. PRWORA includes rigorous requirements for the rate of involvement of recipients in work or work-preparation activities. However, the standards are reduced for each state by the percentage decline in benefit caseload since 1995. This provision creates both an incentive for states to exclude people from TANF benefits and an opportunity for states to avoid the administrative effort required for activist transfer policy. The content and the benchmarks for PRWORA's participation requirements and incentive programs must be revamped, but development of appropriate performance measures is both technically and politically difficult.

Learning. Prior to PRWORA, significant deviation of state AFDC programs from national requirements required a "waiver" from the federal government and an agreement by the state to evaluate outcomes. Under the new rules, waivers are no longer necessary for many important dimensions of program variation. As a result, states have retreated from commitment to evaluation. At the same time, the ability of the relevant agencies of the federal government to promote and police evaluations has been curtailed. The number of private organizations involved in promotion and synthesis of research has grown, but most of the research still making headlines was originally the product of the waivers process, and agencies report difficulties in obtaining state cooperation in new welfare-to-work research efforts.

Vision. PRWORA was motivated by the political appeal of "ending welfare as we know it." While a political consensus was achieved about what was to go, agreement about the direction of change, that is social assistance as we might want it, is far from achieved. Antipoverty programs at the federal level have multiplied, but plans are lacking for what is to be constructed from such building blocks.

To be sure, other peoples' reauthorization agendas will differ from that sketched above. The point is that despite the silence of the campaign, there is much about welfare reform to discuss. The constraints that kept welfare policy from becoming a point of contention in the presidential election debates will be missing when the reauthorization debate begins.

All this means that the country could be in for a resurrection of a rather shopworn welfare debate. For welfare reform veterans, this is hardly a pleasant prospect. The outlook needs the refreshment of new perspectives. Fundamental work-oriented reform of social assistance has been under way in Britain since at least 1987; this makes the United Kingdom a place to look. Since Labour achieved a parliamentary majority in May 1997, the pace of change has accelerated. Many of these innovations are drawn from American experience, but the British initiatives are in no respects PRWORA clones. To date the flow of reform ideas has largely been from west to east. The time has come to begin to right the imbalance in this trade in ideas by finding lessons and ideas in British experience relevant to the future of

welfare in the United States. In this paper we review connections between reform in the United States and the British New Deal, then consider possibilities for transferring some ideas back across the Atlantic. We conclude by addressing the growing number of opportunities for concurrent program development and experimentation.

HOW THE UNITED STATES INFLUENCED THE NEW DEAL

Welfare reform has been a cornerstone of the Labour government's social policy since it assumed power (Bennett and Walker, 1998). It has borrowed ideas directly from the United States (and elsewhere) but has also built on initiatives introduced by preceding Conservative governments that were themselves influenced by U.S. thinking. As might be expected given the broader coverage of the British social assistance system, the reforms have extended well beyond the domain—families with children—of TANF. The new initiatives include a family of New Deal welfare-to-work policies aimed at young and long-term recipients of unemployment benefits and disabled people as well as single parents; tax credits and other policies intended to raise take-home pay; bridging schemes to facilitate the transition to work; area-based antipoverty and economic regeneration initiatives; revised child support payments policies; and increased cash benefits to help defray the cost of children. We will refer to the entire Labour social policy portfolio as the New Deal, even though this convenient label in fact applies only to the welfare-to-work schemes. The American influence may be seen in the rhetoric and ideology of the reforms, in the strategies adopted, and in the details of implementation.

Ideology

At the level of ideology and rhetoric, three ideas from the U.S. debate surfaced early in British policy. The first export was commitment to proactive welfare policy. The task of social assistance in Britain has been recast to reduce emphasis on the essentially static requirements of income support and to

increase attention to changing the situation of individuals receiving welfare benefits. The second export was the idea of mutual obligation. On the one hand, able social assistance beneficiaries are expected to seek work; on the other, society should assure opportunity to find it. Linking assistance to mutual personal and state responsibilities was hardly new to British thinking, but the revival of such ideology in discussions of welfare-to-work policy in the United States stimulated similar rhetorical emphasis first by Conservative politicians and subsequently in a more concerted way by Labour ones. The third export was concern about the underclass. The change from passive to active policy is promoted in Britain as necessary for confronting problems of long-term and especially intergenerational dependency. Proactive welfare policy, justified by reciprocity and aimed in part at the underclass, is hardly the whole of New Deal strategy, but these components were very much part of American welfare thinking by the end of the decade of the 1980s.

Strategy

British borrowings from American welfare reform extended beyond ideology to specific strategies for promoting change. Within the system, the beginning was promoting “welfare *to* work,” a phrase that nicely catches both the change from passive to active and the desired end result. The fact that only a preposition lies between “welfare” and “work” also reflects British response to the growing U.S. emphasis on work first. Work-first strategies stress the importance of getting recipients into jobs as the first step in a process that is intended to lead to a change in life prospects. Project Work, a mandatory scheme for young people who had been unemployed for 2 years, was piloted by the Conservative government and its extension was included in the 1997 Conservative Party manifesto. As in the United States, work first in Britain does not preclude training. For example, participants in Labour’s New Deal for Young People may use education programs to satisfy program activity requirements. But work first does mean immediate job-related activity of one sort or another. Like many U.S. welfare-to-work

programs, New Deal practice is typically organized in a track overseen by a caseworker—called in Britain a “personal advisor.”

Beyond what happens within welfare offices, Labour policy includes a major effort to supplement the push of obligation and casework with the pull of financial incentive (H.M. Treasury, 1999). The centerpieces of this effort have been the introduction of Britain’s first national minimum wage and a national wage subsidy, the Working Families Tax Credit (WFTC). The WFTC replaced an earnings subsidy (“in-work benefit”) for working families introduced by Margaret Thatcher’s government in 1988. Like the U.S. Earned Income Credit (EIC), the WFTC is intended to increase work incentives by paying working families a supplement based on household size and composition.

Welfare-to-work and make-work-pay strategies operate countrywide. Britain has also developed programs targeted to specific subgroups of the poor. Fifteen employment zones have been established in areas of high unemployment; these appear to be similar to U.S. efforts in that funds for training, job placement, and means-tested benefits are pooled in a personal job account that can be used to fund whatever activities will contribute to getting the participant back to work. Like the Clinton administration, the Blair government has worked to form alliances with business groups to promote hiring of welfare recipients and to raise business awareness of and sense of participation in the welfare-to-work effort.

Implementation

For 3 years, representatives of both the Labour government and the Conservative opposition have regularly visited welfare offices in the U.S. In the beginning, the standard tour included sites in Wisconsin and California and congressional and administrative offices in Washington, DC. Over time, the itinerary has branched to include welfare-to-work and community development operations in Baltimore, Boston, Chicago, Florida, New York, and elsewhere. These experiences have influenced the operation of New Deal programs at the ground/office level in at least four ways. First, the obvious

benefits of experimentation have contributed to a willingness to pilot new approaches with the intention of gaining experience pertinent to national roll-out. Second, visits to “one-stop” centers in various states that provide benefit and employment services under a single roof led to piloting of similar centers in “ONE” demonstrations in 12 areas. Third, the extensive use of private organizations for providing various welfare-to-work program components in the United States has been copied in the development of new public-private partnerships in local social service delivery in Britain. Finally, Britain has adopted the U.S. practice of setting out the reciprocal obligations of agency and client in welfare-to-work contracts that are an integral part of the case management process.

These and many other connections explain why the ideology, strategy, and implementation of the New Deal looks and feels like welfare reform as known in the United States. Before turning to the opportunities for reciprocation, we make two points. The first is that to date the Labour government may well have made better use of the American “laboratories of democracy” than has the United States itself. The discretion permitted states by federalism, the policies of Presidents Reagan, Bush, and Clinton, the Social Security Act, and waivers have combined to provide a virtual cafeteria of reform strategies. The Labour government has been able to pick and choose from the substantial body of evaluation data developed in the United States over 30 years of struggle with welfare reform and to incorporate this information in the formulation of general policy.

The second point is that these gifts did not all bear Clinton administration labels. Surely some—the WFTC, the minimum wage, partnering with business in promoting recipient hiring—do so. But a very large trove of ideas was collected from Republicans, notably in California, Wisconsin, and the U.S. Congress. Some of these transfers came by way of Conservative governments led by Margaret Thatcher and John Major. Both Republicans and Democrats have a stake in reauthorization, and both parties may find ideas of interest by looking at what Britain has accomplished.

WHAT'S IN THE NEW DEAL FOR THE UNITED STATES?

Return for a moment to the last of our propositions about the state of U.S. welfare policy—the “vision thing.” Suppose an American politician were to accept our claim that what is missing is the 180-degree turn from ending the old welfare to getting a social assistance system that suits us. What lessons might such an entrepreneur take away from study of New Deal ideology, strategy, and implementation? By lessons we do not mean pedantic prescriptions, but rather useful insights gained from the experience of struggle with common problems.

Ideology and Rhetoric

If vision is the most important element missing in U.S. policy, it is probably in ideology that the most valuable New Deal lessons are to be found. Here are some opportunities.

- *Include security as a policy objective.* “Work for those who can, security for those who cannot” is one of the most memorable of Prime Minister Tony Blair’s characterizations of New Deal objectives (Command Paper, 1998). The phrase usefully underscores the work orientation of social assistance while reminding listeners that government is responsible for the safety net. Security has both individual and aggregate components. PRWORA arguably has reduced security at both levels. At the individual level, security for those who cannot work has to do with reliability, adequacy, and access, all of which seem to have eroded with PRWORA. In aggregate, the provisions of the law for maintaining the safety net in face of recession are wholly inadequate. An ancillary security theme might address the national responsibility for reviewing how the system would respond in the face of an economic downturn.
- *Link policies to social inclusion.* Labour (and, in general, European) rhetoric refers primarily to efforts to reduce social *exclusion*—the failure of some people to gain access to the benefits of economic transformation and to enjoy a sense of equal participation in the political and social order (Room, 1995). We think “inclusion” would play better as a political theme on the U.S. side of the Atlantic. Americans

do have a sense of what it means to miss the train. The sense of speed-up and change in today's society is sometimes overwhelming, and relating assistance to making sure people are aboard links to both the work and the security themes. "Exclusion" sounds to the American ear like someone has pushed the poor off; it focuses attention on institutions and not opportunities, victimization and not bad luck.

- *Get serious—and specific—about targeting child poverty.* Tony Blair introduced the idea of child poverty as a measuring rod for social assistance achievement in his Beveridge Lecture at Oxford in March 1999 (Blair, 1999). This theme was picked up in more general terms in President Clinton's January 2000 State of the Union speech. But while Clinton referred to ending child poverty as a "pledge to 21st century America," Blair made the objective specific: End child poverty in 20 years. Subsequent government publications have reiterated and refined this pledge to include intermediate objectives (Department of Social Security, 2000). Ending child poverty is not a goal of PRWORA; indeed, poverty itself is hardly mentioned in the legislation. However, the idea is politically attractive, and concern for child well-being surely extends across party lines. New Labour strategy provides some clues about how better to connect reducing the number of children living in poverty with other reform goals.

If there is a problem with ending child poverty as the object of reform, it is that in both Britain and the United States the well-being of children is first and foremost an outcome of the opportunities available to and choices made by parents. Virtually all children are indeed poor in the sense that when considered alone they lack income adequate to provide for necessities. Our child labor and larceny laws make it generally illegal for children, when considered without reference to family, *not* to be poor unless income is accomplished through inheritance or fortunate discovery. Except in the case of orphans and children in foster care, ending child poverty therefore links to strategies that affect parents. Child poverty rates in the United States are already coming down, largely as a result of the growing employment and earnings of mothers. If this rate of decline is to be accelerated, it may be best to promote this objective in conjunction with a strategy of raising earnings or reaching out to those caretakers who have not yet made

it into the labor force. Here, too, Britain provides useful ideas. One of the indicators selected for assessing progress toward eventual elimination of child poverty is the number of children living in homes where no one works. In announcing publication of the Labour government's second annual poverty audit, Social Security Secretary Alistair Darling drew the connection clearly: "Today, for the first time we can announce that the number of children living in homes where no one is in work has fallen by over a quarter of a million. These children are already benefitting from the improvements in family living standards a job brings" (Darling, 2000).

- *Link reform to modernization.* An important theme of New Labour welfare reform rhetoric is that no matter how appropriate British welfare policy was for the circumstances in which it was established, times have changed. As circumstances change, so must institutions. Most of the rhetoric that surrounded ending welfare as we knew it focused on consequences, real or imagined, of the system for its beneficiaries. But many of the changes really relate to the fact that a system established 60 years ago in the midst of a depression to provide residual benefits for widows and surviving children should not be expected to meet the needs of a dramatically different social and economic milieu. The Labour government emphasized the need for bringing assistance strategy up to date, indeed to attuning assistance strategy with a sense of the direction of economy and society. In so doing, the government turned ending welfare as they knew it from obsession with the shortcomings of the system now grown old to affirmation of change with the assurance of security.

There is more to modernization than catching up. Labour pushed welfare reform as one dimension of an effort to project an image of Britain as a hotbed of innovation. Welfare reform was touted as an accomplishment by the Clinton administration, but attention to the substance of accomplishment—that is, to how genuine and universal the changes are as accomplished on the ground—has been missing. "Ending welfare as we know it" is not only backward looking, it is static; stopping something makes it stand still. In contrast, in the context of contemporary British and American

society, modernization is dynamic. It draws attention both to substance and to the challenge of creating security in the context of government committed to change and renewal.

- *Promote the program.* The last element in our list of rhetoric for import concerns another Labour government theme: the necessity of making welfare *popular*, that is, politically viable (Blair, 1999).

Returning to the first rhetorical opportunity, achieving political viability would seem to be fundamental to promoting security for those who must rely on social assistance. The challenge should be to make enthusiasm for the system as it exists as great as polls reveal support is for efforts against poverty in the abstract. There are two tasks here. One is to close the gap between the system as it is and the system as it is characterized, and the other is to convince voters that government does a good job and can continue to do so. To date there is remarkably little evidence on citizen perceptions or assessments of the accomplishments of welfare policy in the aftermath of PRWORA.

Strategy

Strategy is the practical means of achieving rhetorical/ideological goals. New Labour policy offers lessons here as well. Here's our list.

- *Join-up government.* For reasons related in part to restrictions imposed by PRWORA, the fragmentation of social assistance in the United States has grown substantially since 1996. Five federal departments—Agriculture, Health and Human Services, Housing and Urban Development, Labor, and Treasury—are involved in significant ways, and several others participate in welfare-related initiatives. These divisions are rooted in the past, and the programs to which they are attached are in many ways badly designed, ill-coordinated, and wasteful. New Labour has preached “joined-up” policy making to promote service integration and, having established a Performance and Innovation Unit in the heart of government, is using the combined power of Number 10, the Cabinet Office, and the Treasury to drive such initiatives (Performance and Innovation Unit, 2000a). The *Reaching Out* report of the Cabinet Office Performance and Innovation Unit, states that

Central Government initiatives which affect the same people in local areas are run separately and not linked together. This reduces their effectiveness, not least in the poorest neighborhoods, and imposes unnecessary management burdens on local organizations. Regional networks of Government Departments are fragmented, with no part of central Government responsible for bringing its contribution together to assist local areas. . . . To improve the delivery of Government objectives . . . better mechanisms are needed to link different policies at regional and local level. (Performance and Innovation Unit, 2000b, p. 1)

Joining-up in the United States is complicated by tradition, distribution of program responsibility across different congressional committees, and other problems. Nevertheless, the idea probably makes sense to citizens. A president committed to joining up would emphasize the difficulties presented by existing structures for achieving modernization, work focus, and security. He (or, in due time, she) would establish a highly visible interagency joining-up task force to develop proposals for program integration.

There is more to the joining-up story than interagency task forces. In PRWORA, Congress substantially reduced the role of the federal government in structuring social assistance and expanded the authority of state governments. The response of the Clinton administration was to acknowledge this state responsibility but to promote the role of federal agencies in developing and operating related programs. In general the result is a hodgepodge, with little integration and little accountability. New leadership might attempt to rectify this situation by establishing new procedures for linking federal and state policies. Here the New Deal rhetoric of partnering (used in Britain to refer to cooperation between government and the nonprofit sector) might serve as an appropriate metaphor for reconstituting the federal-state relationship in welfare reform under reauthorization. The president could consider extending the joining-up message from cross-departmental efforts to a new partnership with states. This would provide context for developing with governors a scheme for mirroring what was accomplished in Washington with integration of policies at the local level.

Our discussion of joining-up illustrates the ambiguity of the distinction between rhetoric and strategy, since in Britain joining-up is a matter of both. Were we to add the details, we would also blur

the boundary between strategy and implementation. Merging of ideology, strategy, and implementation may itself be part of the lesson: “Ending welfare as we know it” seemed to get little further than ideology.

- *Integrate tax and benefit systems around assistance to and in work.* Britain’s Working Families Tax Credit was devised in light of the design and apparent effects of the American EIC (Walker and Wiseman, 1997; H.M. Treasury, 1998). However, the architecture of the WFTC reflects much greater attention to the consequences of the new system for the combined effects of the various benefit programs for work incentives. Moreover, the British pay-as-you-earn tax system makes the connection between work and the WFTC payoff much more evident. Most EIC recipients see the EIC contribution to earnings from work only in the following year, when they file their income tax returns. In contrast, WFTC recipients see the benefit in their wage packet or salary checks almost immediately after beginning employment. The response of the American system to job-taking involves a very complex interaction between the Food Stamp, TANF, and EIC programs, among others. For the most part, each component has been structured without consideration of the consequences of interactions with other programs for the welfare-to-work transition or access by the working poor to benefit support (Giannarelli and Wiseman, 2001). Here attention to British practice, and the consequences for household behavior, could be productive in planning both Food Stamp and TANF reforms.
- *Enhance accountability.* In welfare as in other government programs, a distinction may be drawn between process and effect, inputs and outcomes. Reform is generally intended to change process so as to affect outcomes. Failure can occur in two ways. One is that government may fail to produce the change in process. The second is that the change, even if accomplished, does not have the anticipated effect. It is common in literature on government “reinvention” to argue that accountability has been excessively oriented toward input, as opposed to outcome. However, without careful assessment of what is accomplished on the input side, reasons for both failure and success may be difficult to identify.

The Labour government has promoted and practiced accountability, both for the operation of government programs and for their consequences. The advantage of including process measures is that since process can usually be assessed earlier than outcomes, such measures provide useful management feedback. Knowing just what is achieved in day-to-day operations can discipline claims about effects. For Britain's New Deal for Young People, nine indicators of program performance related both to process and output are posted on the Web.¹ In the United States, assessment of the consequences of work-oriented welfare reform has been hampered by lack of information on the effects of state programs on access to social assistance and the experience of applicants and recipients. One objective for a new federal-state partnership might be to develop tools for assessing process accomplishment. British experience can contribute ideas about what to measure and how to turn willingness to undertake such assessment to political advantage.

- *Identify models.* Leaders are supposed to set examples, but public management may be better served by finding them. Several of the British New Deals were piloted in such a way that the contractors had to devise modes of implementation within the broad framework of policy objectives and financial incentives with the intention of identifying best practice. Similarly, British local authorities since 1999 compete for "beacon status," and 42 now work in partnership with the Improvement and Development Agency to disseminate information and best practice in aspects of policy ranging from education through housing to sustainable development (Department of the Environment, Transport, and the Regions, 1999). Developing models or best-practice emphasis could be a useful tactic for promoting harmonization of state policies, especially if funding were provided to assure full information on procedures and case flows in such locations selected as beacons.
- *Lead in learning; promote evidence-based policy making.* A strong case can be made that the federal government should play a major role in the development of the research agenda and its pursuit.

¹See <www.dfee.gov.uk/ndimprove>.

The third report to Congress by the U.S. Department of Health and Human Services on the Personal Responsibility and Work Opportunity Reconciliation Act includes a chapter on research in progress (U.S. Department of Health and Human Services, 2000, p. 253), but the chapter does not provide a sense of direction in the research effort. Here the Labour government's promotion of evidence-based decision making, innovation piloting, and research planning as a collaborative effort with other stakeholders could provide a model. It has established a Centre for Management and Policy in the Cabinet Office with the task of promoting evidence-based policy and developing "knowledge pools" (some of which, no doubt, are shallow). The New Deal offers examples of both success and failure. For example, in the United Kingdom the exigencies of program roll-out have in some cases reduced information gain from piloting (Walker, 2000). Nevertheless, the strategy of promoting more active federal leadership in learning would seem to provide important benefits in the United States.

- *Link education and training programs to lifelong learning.* Opponents of means-tested and targeted benefits often argue that universal programs such as Britain's Child Benefit and National Health Service offer a better way of preventing poverty than do the targeted programs in the United States. In addition to assuring access, such programs eliminate stigma and promote a sense of community—solidarity. It is unlikely that means testing will be eliminated from social assistance in either Britain or the United States in the foreseeable future. However, Labour strategy offers ideas for connecting specific components of welfare-to-work programs to more general national goals. A good example of this occurs in the Labour government's package of programs to promote "lifelong learning." The idea is that globalization and the pace of technical change require that citizen-workers keep up, and therefore education cannot be said to end with the formal schooling of youth. By emphasizing and celebrating nationwide involvement in education, Labour links the training component of welfare-to-work to a common national activity. Such links would seem to be promising components for any strategy intended to enhance the political legitimacy of welfare policy.

- *Reach out to include needy adults without children.* Assistance for nonelderly childless individuals in the United States is the responsibility of the individual states and is provided, where available, through general assistance programs that for the most part focus on keeping derelicts off the streets. With the exception of the New Hope project in Milwaukee (Bos et al., 2000), work-oriented income support experiments in the United States have not addressed the needs of the general population of low-income childless individuals and couples. The Workforce Investment Act (WIA) of 1998 includes provision for training low-income youths aged 14–21 who are parents, runaways, school dropouts, or deficient in basic literacy skills. For adults 18 and older the WIA underwrites “core services” such as job search assistance, and “intensive services,” such as comprehensive assessments, as well as job training. Availability of these services is not conditional on family status, and the WIA requires that they be delivered through a one-stop delivery system. Development of these one-stop centers raises the possibility of more ambitious strategies for helping single and childless adults to support themselves. British reform strategy began by focusing resources on a New Deal for Young People that linked income support for youth 18–25 with work-related obligations. New Deals, involving varying degrees of compulsion, are now being extended to all people of working age without paid work, including those, such as the disabled, who are receiving social insurance benefits. The Young People and 25 Plus New Deals in particular could provide models for experimentation with more ambitious help-to-work and support-in-work schemes for poor people without children.

Implementation

At the level of implementation, there is a problem with finding U.K. lessons for the United States. The particulars of implementation are principally relevant in context of strategy. Thus it could be argued that until the United States adopts more of Britain’s strategy, not much can be learned from details. However, even without convergence of strategy, some immediate lessons for the United States can be found in looking at the ways in which systems borrowed from the United States have been refined

and adapted to British circumstances. Thus the new department contemplated for support of persons active in the labor force (informally called the “working-age agency” and combining elements of services now provided by the Employment Service and the Benefits Agency), currently scheduled for a 2001 inauguration, will be usefully studied as another example of methods of integrating employment and welfare services. Studies are needed to compare public/private contracting for service delivery in the United Kingdom with similar procedures in the United States. In some British agencies, personal advisors have access to a special intervention fund that may be used to address exceptional problems of clients; the use of such funds could provide information pertinent to structuring of the responsibilities of U.S. caseworkers.

Identifying best practice is useful only to the extent that such identification is translated into widespread application. Britain appears to have made more progress in developing strategies for best practice roll-outs than have federal and state government agencies in the United States. A strategy for enhancing accountability requires measures of performance. Both the national performance indicators used in Britain and those applied to local area agencies deserve careful evaluation and comparison to procedures in the United States.

OPPORTUNITIES FOR MUTUAL BENEFIT

Our discussion to this point is summarized in the three columns of Table 1. We close our comments by speculating on what might belong in an “Opportunities for Mutual Benefit” column.

Ideology

At the rhetorical level, we suspect that in the near term the most important consequence of the recognition that the United States might have something to learn from Britain could be a common appreciation of the importance of maintaining momentum. In some ways times are too good for welfare

TABLE 1
The US⇌UK Policy Loop

	Taken from the USA	Possible Lessons for the USA	Opportunities for Mutual Benefit	
Ideology/ Rhetoric	<ul style="list-style-type: none"> • Proactive policies • Personal responsibility and social obligation • Dependency/ underclass 	<ul style="list-style-type: none"> • Include security as policy objective • Link policies to social inclusion • Target child poverty 	<ul style="list-style-type: none"> • Link reform to modernization • Promote the program 	<ul style="list-style-type: none"> • Reinforcement of reform momentum • Legitimization of area targeting and community development strategies
Strategy	<ul style="list-style-type: none"> • Welfare to work • Work first • Casework/guidance • Tax-based earnings subsidy • Minimum wage • Geographic targeting • Business alliance 	<ul style="list-style-type: none"> • Join up government • Integrate tax and benefit systems around assistance to and in work • Enhance accountability • Identify models 	<ul style="list-style-type: none"> • Link education and training programs to lifelong learning • Lead in learning; promote evidence-based policy making • Reach out to include needy without children 	<ul style="list-style-type: none"> • Development of job retention and career advancement support • Exploration of tradeoff between local discretion and equity • Integration of process and impact evaluation
Implementation	<ul style="list-style-type: none"> • Piloting/prototyping/ demonstration projects • One-stop service delivery • Public-private partnerships in delivery • One-stop service delivery • Recipient-agency contracts 	<ul style="list-style-type: none"> • Welfare/employment agency merger • Best practice roll-out 	<ul style="list-style-type: none"> • Personal advisor resources • Targets and accountability 	<ul style="list-style-type: none"> • Information systems • Performance standards • Case management • Public housing • Coping with scale • Effective client targeting

reform. The problems—cost, caseload—that helped to motivate initial reform efforts are now diminished in importance, and the opportunities presented by exceptional funding (the PRWORA block grant in the United States) may soon disappear (although in Britain there is now a commitment to continue funding through a newly established Employment Opportunity Fund). Few would claim that the job of restructuring social assistance is complete on either side; it would be unfortunate indeed if ambition is lost when so much has been accomplished. The narrowness of vision that sees welfare reform at an end is exposed as soon as it is recognized that traditional welfare is but one element in a broader program of social assistance. Moreover, social assistance is, in turn, a potentially key component of more strategic policies to foster economic and social advance in a rapidly changing world.

Beyond sustaining momentum, both governments need to develop a political strategy for justifying area targeting and community development strategies. On both sides of the Atlantic, the contraction of poverty has been uneven, both socially and geographically. The consequence is that as the overall incidence of poverty declines, continued progress may require increasing focus on particular areas and communities. In both countries it is argued that such targeting is more effective than simply making individual circumstances—low income, joblessness, etc.—the basis for relief. However, it is not clear that such targeting is efficient, and both countries would benefit from better information on the efficacy of place- and community-based strategies. Spatial targeting may also have political disadvantages, increasing the social distance between the beneficiaries of social assistance and the electorate. Clear evidence of its social and cost effectiveness might be used to build political consensus for spatial targeting that extended beyond the notion that such efforts are a cheap way to be seen to be doing something.

Strategy

Implicit in our long list of possible strategic lessons for the United States in British experience is the notion that the United States has a good deal of catching up to do. This limits the possibilities for

mutual benefit in the development of strategy. However there appear to be opportunities for some strategic refinement, including:

- *Developing job retention and career advancement support.* Policy makers in both countries express concern about progression beyond job placement and the types of support in work that are most productive in sustaining employment and raising wages.
- *Assessing the trade-off between local discretion and equity.* An important part of the American ideology and an increasingly significant aspect of New Labour rhetoric involves the importance of local discretion in welfare-to-work programs. This seems to offer an opportunity for collaborative study of just how local discretion is best designed into such programs. We need to clarify the trade-off between administrative latitude and system equity.
- *Integrating process and impact evaluation.* In our discussion of enhanced accountability, we stressed the distinction between assessment of process and of outcome. It would be beneficial to both sides to focus renewed attention on the study of program process and the linking of process studies to both management and effect assessment.

Implementation

British politicians are fond of speaking of “getting it right” as the object of experimentation with welfare strategies. As the ideology of new welfare and common strategies for attaining welfare goals emerge, the opportunities for mutual benefit are likely to appear increasingly in improving the building blocks of assistance programs. Since assistance programs are multifaceted, the list of opportunities for mutual benefit in component development can become very long. A few examples, drawn from management concerns already surfacing in TANF operation, can give a sense of the possibilities:

- *Information systems development.* The change from passive delivery of benefit systems to active case management has generated much greater demand for information to support both management and evaluation. Computer-based case management systems now in use are almost universally judged

inadequate, but the problems encountered in designing systems that support effective case and system management without inhibiting change are substantial. Such problems are also common, and this suggests that management information systems offer an important opportunity for collaborative effort.

- *Performance standards.* Given convergence in operations procedures between British and American systems, comparisons of process should be helpful in establishing norms for agency and caseworker workloads and performance.
- *Case management.* Case management is central to activist policy on both sides. There exist many variations in the character of such management. Both sides need to learn more about the consequences of variation in the practice of case management as well as techniques for training case managers and communicating the lessons of experience from the skilled to novices.
- *Public housing.* Public housing poses special problems for welfare-to-work strategies. Especially in the United States, such housing is often located in places remote from jobs, and public housing leads to geographic concentration of some of the most disadvantaged families. In both the U.K. and U.S. systems, persons in public housing lose some benefits—generally through rent increase—when income grows, so the incentives for employment and earnings increase are reduced. Recently, both countries have begun experimenting with procedures for offsetting these effects. Strategies for addressing the exceptional needs of public housing residents and for counteracting housing benefit disincentive effects are a common interest.
- *Coping with scale.* In passive benefit systems, neither geographic concentration nor the absolute scale of operations poses much of an administrative problem. If mail can reach families, so can checks; administrative costs per dollar or pound of benefits may actually decline with the number of beneficiaries. Neither is true for more active interventions. It is generally easier to operate small programs than big ones; it is particularly difficult to involve dispersed rural recipients in employment-development efforts. Again, there appear to be mutual gains from finding ways to move from small-scale

demonstrations to widespread implementation and for extending employment assistance access to the inconveniently situated.

- *Effective client targeting.* Tailoring services and approaches to individual needs is an important part of the rhetoric of most welfare-to-work programs. In practice, targeting services to clients for whom they are likely to have greatest benefit is quite difficult, and the evaluation work that is available is typically cast in terms of comparative effects on new applicants and long-term recipients, or on high school graduates versus those without such qualification. Study of targeting methods and outcomes would seem also to offer the prospect of mutual benefit.

This list could surely go on. However, it is instructive to desist and consider the entire implementation row in Table 1. There appear to be fewer immediate lessons for U.S. practice from New Deal implementation than there are useful ideas for ideology and strategy. Should the new administration in the U.S. choose to resume reform and benefit from Britain's innovations in rhetoric and strategy, attention to the practical would grow. There would be much to learn together.

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