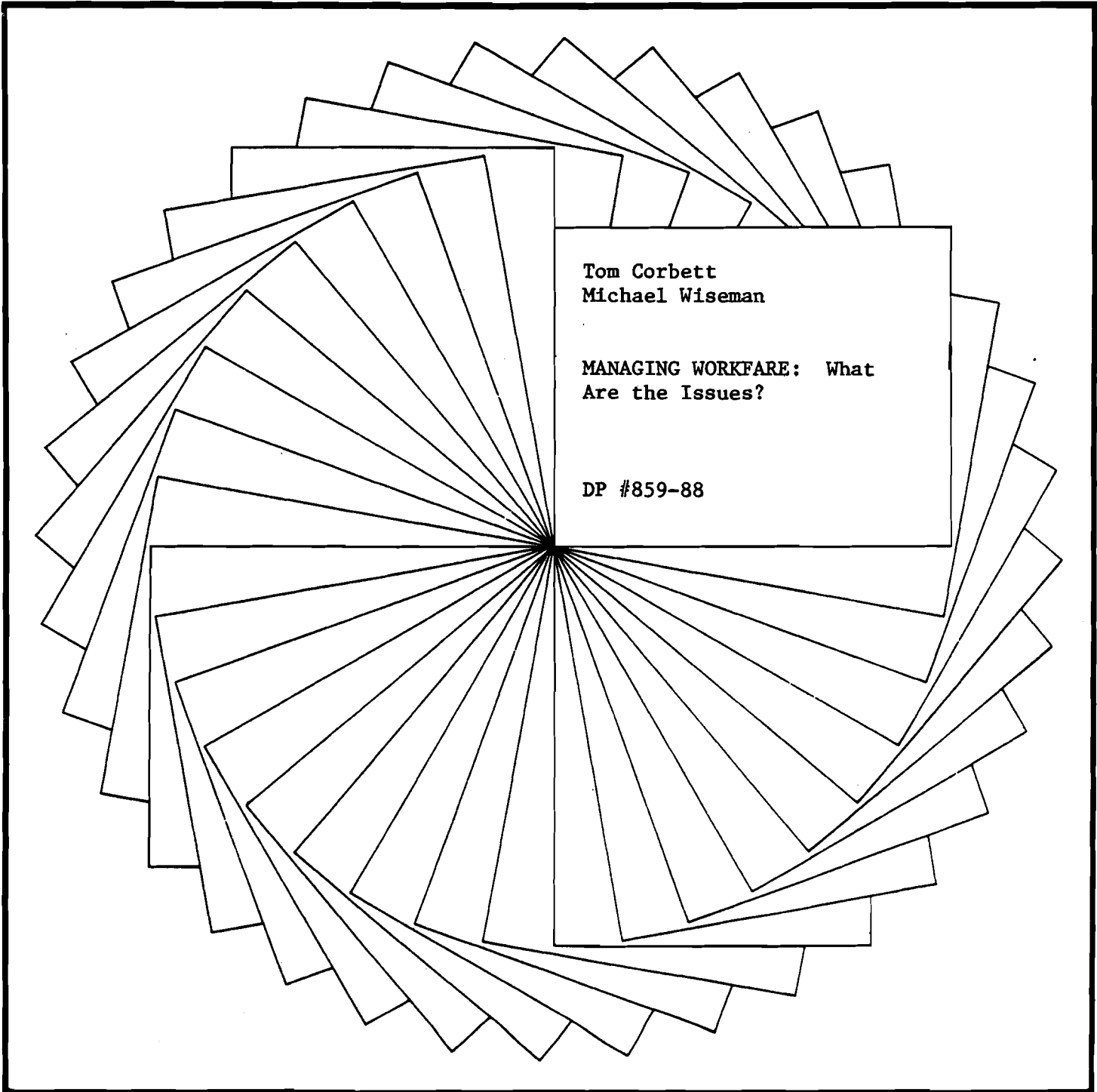




# Institute for Research on Poverty

## Discussion Papers



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MANAGING WORKFARE: What  
Are the Issues?

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Managing Workfare: What Are the Issues?

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This paper is one of several prepared while developing a management assessment report for the Wisconsin Department of Health and Social Services on the implementation of the Work Experience and Job Training Program in Kenosha County. The paper represents the opinions of the authors and does not necessarily reflect the official opinion or policy of the Institute for Research on Poverty, the Kenosha County Department of Social Services, or the Wisconsin Department of Health and Social Services.

## Summary

### Managing Workfare: What Are the Issues? Tom Corbett and Michael Wiseman\*

This paper is one of several prepared in the context of developing a management assessment report on the implementation of Wisconsin's Work Experience and Job Training Program in Kenosha County, Wisconsin. While other reports in the series review specific aspects of Kenosha County's experience, the object of this study is to catalog principal management problems encountered in designing and implementing workfare programs as part of welfare reform.

Traditionally the term "workfare" has been applied to welfare policies which required welfare recipients to work in return for payments. The new workfare, of which WEJT is an example, involves more general, and generally more humane, programs than this. The hallmark of the new workfare is explicit linkage of income maintenance to employment or employment preparation. These programs tend to be processes, steps certain welfare-receiving adults are expected to take in conjunction with receiving income support.

The processes incorporated in state workfare initiatives vary substantially. But all of the new workfare programs share five important

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features: (1) they augment or substitute for financial incentives for employment; (2) they add a real-time dimension to income support; (3) they are interventionist in orientation; (4) they are highly politicized; and (5) there is some local variation in content. Design and management problems arise in selecting workfare goals, determining the exact nature of the program, deciding how it will be administered, and evaluating its consequences.

The goals cited for linking welfare to efforts at self-support include deterring voluntary dependence, reducing dependency, improving skills and helping people learn to function independently. These goals are not mutually exclusive, and pursuing any one may conflict with the others or with the general income maintenance objectives of assuring adequate benefits, protecting the recipient from stigma and abuse, and minimizing costs. Thus management of workfare begins with deciding which goals to pursue.

Given goals, the next set of choices concerns the nature of the program. This paper reviews six structural features of workfare programs: (1) choice of recipients to be targeted, (2) program components, (3) methods for determining which services are appropriate for particular clients and procedures for excusing recipients from workfare requirements, (4) recipient rights, and (5) the extent to which members of the target population are exposed to program services and requirements.

Once goals have been selected and the building blocks assembled, workfare must be implemented. Getting workfare going requires solutions to six management problems: (1) where to vest authority, (2) how much

discretion to allow, (3) how to provide workfare services, (4) how to keep tabs on what's happening, (5) how to get under way, and (6) how to slow up. The first two of these problems are issues to be faced by levels of government above the workfare-delivering agency. The last four are, in many contexts, agency choices.

While management issues are of paramount concern during workfare start-up, program design must include provision for evaluation of outcomes. The notion of outcomes should be comprehensive: evaluation should include the nature of the program created, the effects on participants, and the consequences for nonparticipants both within and outside of the welfare system.

Welfare experimentation is a popular prescription for welfare reform. The position taken in this paper is that workfare is a complicated business. Just "doing it" is hard enough in the short run. Thus the state (and, on the national level, the federal government) should attempt to establish separate demonstration and experimental objectives. The most important immediate objective is to demonstrate the operation of a complete workfare program, that is, a program in which the various choices outlined above have actually been faced and addressed with specific policy decisions.

Once initiation of such demonstration is completed, the workfare systems provide the appropriate umbrella for the investigation of various program options. As important candidates for experimentation the paper suggests measuring and evaluating the consequences of (a) requiring successful search for part-time work as a condition for moving on to training, (b) varying the mode of provision of child care, (c) shifting

from a focus on obligatory to voluntary participation in programs, (d) extending the earnings disregard for longer periods, (e) varying the target groups, and (f) extending medical coverage for persons obtaining jobs that do not provide health care benefits.

## Managing Workfare: What Are the Issues?

Tom Corbett and Michael Wiseman\*

Welfare experimentation is a popular prescription for welfare reform. In Up from Dependency: A New National Public Assistance Strategy the Domestic Policy Council responded to President Reagan's 1986 State of the Union request for "a strategy for immediate action to meet the financial, educational, social, and safety concerns of poor families" by reporting that the country "should initiate a program of widespread, long-term experimentation in the restructuring of public assistance through community-based and state-sponsored demonstration projects" (Office of the President, 1986, p. 10). In The New Consensus on Family and Welfare the Working Seminar on Family and American Welfare Policy concluded that "state and local governments should be given great latitude to experiment with methods of reducing poverty and dependency" (Working Seminar, 1987, p. 118). And Title VIII of Senator Moynihan's proposed "Family Security Act of 1987" provided for expansion of the authority of the Secretary of the Department of Health and Human Services "to waive existing federal statutory and regulatory requirements for several income maintenance and social services programs in order that states may experiment with methods

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to more effectively and efficiently assist low-income households" (Moynihan, 1987, p. 20).

Cynically interpreted, this interest in experimentation might be nothing more than a cheap substitute for action. However, there are many things about the feasibility and consequences of actual or possible welfare policies that we would like to know before encouraging major changes in the present system. Experiments, if properly conducted, can provide needed information as well as an opportunity for creative governance. Since many of the state and local innovations that have attracted public attention in recent years have involved the relation between welfare and work, it is likely that the demonstrations and programs envisioned by the Domestic Policy Council, the Working Seminar, and Senator Moynihan are also work-related. This paper reviews some of the informational needs and administrative issues pertaining to welfare employment programs that might be the focus of these efforts.

The problems we will review are very management-oriented. If we agree with the Working Seminar that "Recipients of welfare [who are able to become self-reliant] should be required to take part in work (or time-limited training programs) as a condition of obtaining benefits,"<sup>1</sup> then the issue becomes how to make such a requirement a part of the income maintenance system. If we do not agree, it is generally because of considerations of fairness, feasibility, or effectiveness. The fairness issue concerns whether government has a right to modify the requirements for welfare receipt in the manner suggested by workfare programs. Those who question work requirements on feasibility grounds doubt the ability of welfare bureaucracies to deliver a work-oriented welfare program at



reasonable cost. Those questioning the desirability of work requirements on effectiveness grounds doubt the utility of such requirements in the depressed local economies in which recipients must look for work. All three positions turn to some extent on empirical questions: (1) Are welfare work programs inconsistent with other objectives of public assistance policy? (2) Can welfare bureaucracies deliver? (3) Do such policies affect dependency? While each of these issues is important, tentative acceptance of the Working Seminar's position on the role of workfare means we move to question (2), the issue of whether or not welfare agencies can in fact produce workfare. It is here that experiments have something to offer.

### The New Workfare

#### A Model

Before investigating management issues it is necessary to establish what workfare is. The term will be applied here to any program in which income maintenance is explicitly linked to employment or employment preparation. Thus, as one of us has argued elsewhere (Wiseman, 1987a), workfare programs are not simply mechanisms for making welfare recipients work in exchange for benefits. Rather, they tend to be processes, steps certain welfare-receiving adults are expected to take in conjunction with receiving income support. While programs differ substantially in detail, most are variants of the very simple scheme we have outlined in Figure 1.

The model new workfare program depicted in Figure 1 incorporates the following process. To begin, recipients meeting certain qualifications are, upon application for welfare or sometime thereafter, assessed for

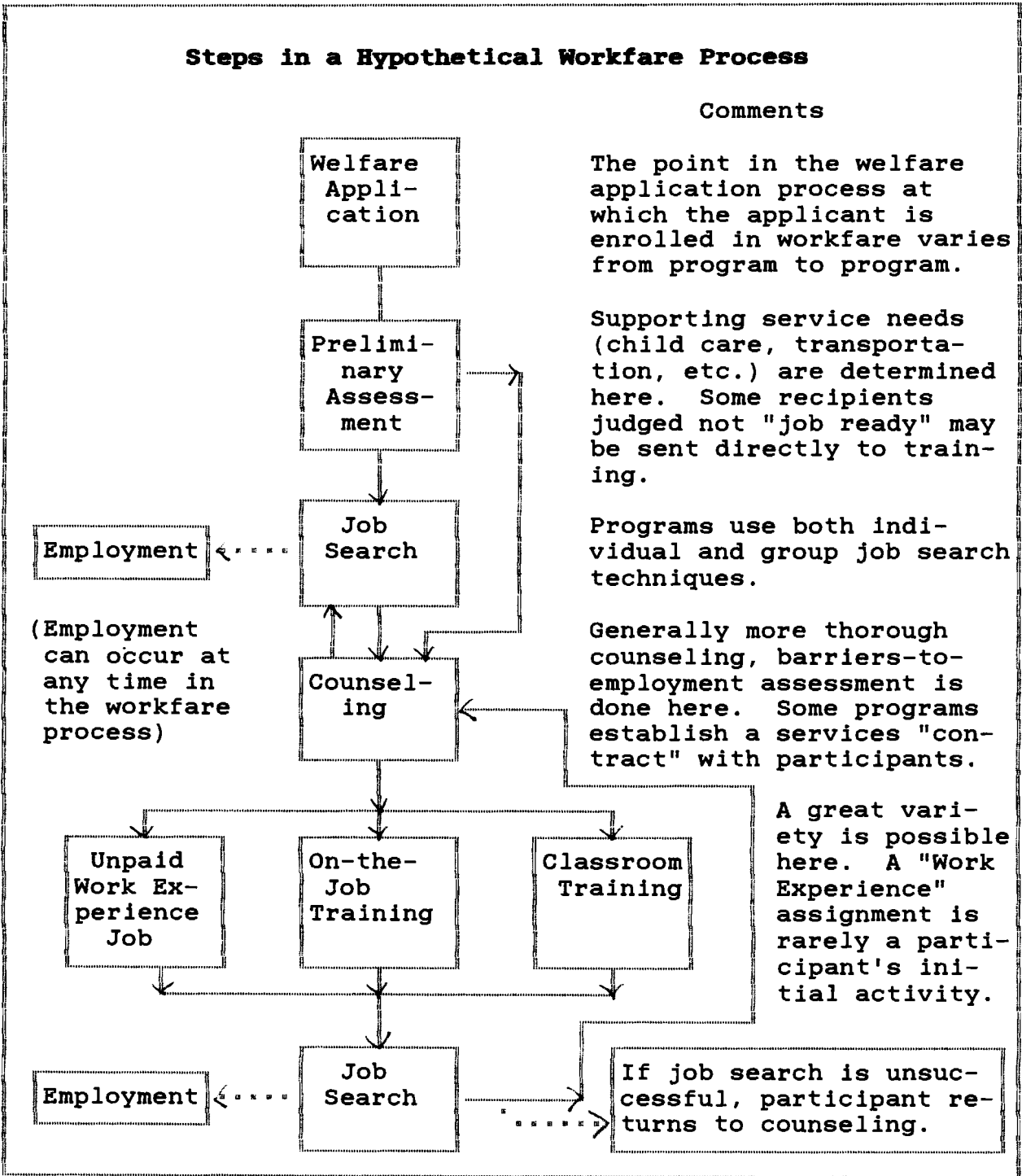


Figure 1 (from Wiseman, 1987a).

employment readiness. Based on the results of that assessment, participants are routed either to training or, after arrangements are made for certain supportive services such as child care, to a structured program of job search. If the search fails to produce employment, the case is reexamined. Based on the results of this review and creation of a "contract" between the recipient and the agency, he or she begins a training or employment program. After an interval determined by the nature of the program and the system adopted by the welfare office, the recipient again looks for a job along with those initially assigned to training programs. In either case, if again no job is found, it's back to counseling and a new plan or, in some models, assignment for a time to publicly provided employment.

#### Key Features

There are many variants on the process--choice of sequence is one of the management issues to be addressed below--and in practice the diversity of opportunities and the heterogeneity of recipients make such flow charts extremely complicated.<sup>2</sup> But all of the new workfare programs share five important features: (1) they augment or substitute for financial incentives for employment; (2) they add a process dimension to income support; (3) they are interventionist in orientation; (4) they are highly politicized; and (5) there is some local variation in content.

Incentives. Welfare work programs are appealing to some because they seem to offer a way out of McGovern's Dilemma. This problem, which figured in debates over income support proposals made by Senator George McGovern during his 1972 presidential campaign, arises in the conflict

between the goal of assuring that welfare benefits are adequate for meeting basic needs and the goal of creating incentives for welfare recipients to work. Creation of financial incentives generally means reducing the rate at which benefits are decreased as earned income increases. But if government appends financial incentives for employment to an income support system with an adequate guarantee for families without other income, the resulting scheme will generally (a) provide benefits to some families with incomes in excess of minimum standards of living, (b) increase the number of families receiving benefits, and (c) reduce work effort for family members who would be working in the absence of the program. On the other hand, adding a system like Figure 1 to an income support program creates incentives for self-support by making welfare dependence more costly in terms of time and effort required. If the training and job-search assistance components work, the program also improves the ability of recipients to support themselves.<sup>3</sup>

Process Orientation. Before the advent of the new workfare, welfare was focused, for the most part, on delivery of benefits to the current caseload, those persons receiving assistance at a point in time. The new workfare follows trends in research on welfare dependence and shifts the emphasis to the dynamics of welfare receipt. Welfare policy is still concerned with the point-in-time circumstance of recipients. But attention is now also focused on where each recipient stands in the sequence of events that makes up the workfare process. In contrast to point-in-time, this is point-in-process orientation.

Individualization and Intervention. The new workfare programs emphasize intervention. Programs are tailored to "individual needs."

"Counseling" and "assessment" are everywhere. Welfare caseworkers, a key part of welfare operations in the 1960s but out of vogue in the 1970s, are back. Individualization and interventionism are consistent with a general trend in welfare away from entitlement programs emphasizing uniformity of treatment and few requirements toward a system of reciprocal obligations and expectations where specific obligations and expectations depend very much on just who the client is and how he or she behaves. This tailoring has always been what casework is about.

Politicization. Workfare activities tend to be highly politicized. In state and federal politics the work program is often the fulcrum used by proponents to lever increased public funding of benefits and other services or as the answer to those who would argue for benefit reductions. In local politics the work program becomes a point of contention for organized labor, for certain feminist groups, and for welfare rights organizations. Motivating the welfare bureaucracy which delivers the program is itself a thorny political problem.

Local Operation and Local Discretion. Finally, workfare activities require extensive local management. Once eligibility is established, most income maintenance programs may be comfortably run from the state capital or even, as in the case of Supplemental Security Income, from Baltimore. But counseling, job search assistance, and training have to be done within feasible commuting distance of recipients, and sensible choices regarding the type of job search strategy to pursue or training to undertake require an intimate knowledge of conditions in local labor markets. It is doubtful that such expertise can be applied or sustained from afar.

Local management is not the same as local control. It has been traditionally argued that if financed and administered locally, welfare will be underprovided and inequitable. Underprovision occurs because the benefits of caring for the needy are not necessarily confined to the boundaries of the providing jurisdiction. In comparing costs with the benefits of caring, local governments will accordingly undercount benefits while being very aware of costs. Such governments might also feel compelled to keep benefits low in order to avoid attracting needy persons from other more stingy jurisdictions. Inequitable variation in standards of assistance arises from interjurisdictional differences in taxable resources and taxpayer attitudes toward the needy. Some argue that regulation by higher units of government is also needed to assure that certain rights of recipients are respected.

These spillover and equity considerations have historically led to recommendations for either assumption of responsibility for income transfers by higher levels of government or for systems of cost-sharing and regulation that encourage more generous and more uniform provision of public assistance than would otherwise be the case. In contrast, the new consensus argues that local and state discretion should be enhanced. Managing this change while bounding the inequity of interstate and interjurisdictional variation in workfare programs is a much more difficult problem than that posed by regulating the delivery of public assistance checks.

Massachusetts' Employment and Training Choices (ET-Choices) welfare employment program provides a good example of the importance of local discretion in the new workfare. In a recent paper, Robert D. Behn (1987) has interpreted the management style utilized in operation of ET-Choices

in terms of the "Tight-Loose" property of management ascribed to management of top companies by Peters and Waterman in their book In Search of Excellence. Massachusetts' success, according to Behn, is attributable in part to management concentration on the largely political task of achieving consensus about, and adherence to, program goals. But while treatment of goals is "tight," treatment of methods is "loose": local offices are apparently granted considerable discretion in the approach taken to recruitment, guidance, and training of ET-Choices participants. The contrast with the traditional objective of welfare reform--uniformity of recipient treatment--is striking.

#### Choices and Issues

Once a welfare-work program has been proposed, the focus of attention necessarily turns toward goals, the precise nature of the program, the way in which it will be administered, and its consequences.

#### Goals

The range of possible objectives for employment-related programs is much greater than for income support programs. The implication of this latitude is that without careful attention to goal setting, the play of other influences will push programs in many different directions. The goals cited for workfare programs--or the goals which are implied by program structure--fall generally under one of four categories: those related to deterrence, those associated with reduction of dependency, those related to enhancement of skills, and those associated with the ability of recipients to function effectively in modern society.

Of the four, deterrence is probably the goal that is least regularly cited. But even in their more moderate forms work requirements raise the cost to recipients of public assistance and can amount to a test of need. A workfare requirement is a social statement that, given certain conditions, those unwilling to commit themselves to efforts at self-support are unworthy of assistance. Interpreted this way, denying assistance to a family headed by an adult who is unwilling to look for work is no different from denying assistance to a family which reports possession of too much cash.

A second and more frequently cited goal for workfare is to reduce dependency. This can be defined as reducing the incidence of public assistance receipt among all families or as increasing the proportion of recipient income that is derived from earnings. The two definitions are not necessarily consistent. For example, lowering benefit reduction rates in welfare grant computation is likely to raise welfare incidence (increase dependency), but such a change may also raise the share of the welfare population with earned income (reduce dependency). Choosing which definition of dependency to use in assessing program outcomes is an important decision for workfare planners.

A third goal, related to the second, is to enhance human capital. More specifically, this means giving welfare recipients whatever skills or credentials are required to obtain good jobs. Until recently it was common to hear critics of welfare work programs complain that there were no jobs, period. Now the consensus seems to be that while at least low-wage jobs are accessible to welfare recipients in most areas, it is jobs providing income adequate for self-support that are difficult to come by.



High-wage placements are important for publicity purposes, and they are essential if the goal of reducing dependency is interpreted in terms of permanent departure from public assistance. But finding and preparing candidates for skilled jobs among the welfare population is not easy, and it is often expensive. Prolonging unemployment in the search for the job that will earn notice in the Boston Globe may mean that other opportunities for reducing dependency in the sense of reducing welfare payments are forgone. This might be inconsequential if eventually all recipients received Globe-class placements. But if some end up with only a long duration of joblessness, such policies may well reduce the likelihood of eventual transition to self-support.

Functioning is a fourth goal cited in connection with workfare. The New Consensus on Family and Welfare identifies "behavioral dependency" as a problem for "a substantial minority of the poor" (Working Seminar, 1987, p. 5). If "inability to cope" is a problem, then training for behavioral independence is presumably the answer. How this is accomplished is not certain. But it is at least arguable that people are prepared for functioning independently by a counseling and assistance-intensive welfare work system. Conflicts may arise between a goal of placement only in "good jobs" and the functioning goal of encouraging recipients to make the best of the skills and opportunities they have.

The question of goals cannot be separated from the issue of program costs. At a minimum, this relationship between outcomes and costs has two dimensions: (1) expenditures associated with running a workfare program, and (2) the various economic benefits derived from enhanced

labor market participation. Putting a high priority on obtaining a net cost savings may suggest that deterrence or reducing dependency be set as a dominant program goal. Likewise, resource constraints may set practical limits with respect to achieving the more difficult goals of improving "human capital" or enhancing "behavioral functioning." Balancing costs and program goals is not a straightforward proposition. Simple workfare programs (i.e., those relying upon conventional workfare components and mandatory job search) may appear cost beneficial in the short run. However, placements may be short-term and the less job ready may not be appreciably assisted by the program. Short-term placements in any available job may, in effect, be a substitute for more substantial and costly improvements in human capital and behavioral functioning that lead to real reductions in long-term dependency. How one deals with program goals and cost considerations provides the framework within which many of the subsequent design and management decisions are made.

Goals and costs are not the only concern of interest. Since workfare policies are welfare policies, some goals of welfare employment programs are the same as those commonly cited for basic income maintenance. One of these is to protect clients from stigma and abuse; another is to secure a minimum standard of support for those without alternatives. Minimizing stigma is generally a matter of the operating agency's style. Securing adequate benefits involves the relation between the transfer component of welfare programs and the supply of public assistance. Assume for the moment that voter willingness to give (which we might measure by the amount a welfare system assures a family with no other resources) is a positive function of both voter perceptions of recipient need and the expected size of the caseload, given benefit levels.<sup>4</sup> Then

it is possible that workfare programs increase the supply of public assistance by validating the need of people on welfare and by reducing the number of them at any level of support. This (possible) link between work programs and political support points to one of the many problems with the language used in discussing workfare. Behn (1987) and others emphasize client orientation of workfare programs as if the only clients were the recipients. This works, and indeed treating recipients as "customers" may be a useful management style, as long as the interests of voter/taxpayers and participant/recipients coincide. But we do not yet have a clear picture of how comprehensive this coincidence is.

Deterring voluntary dependence, reducing dependency, improving skills, helping poor people learn to cope, maintaining cost efficiency, protecting the dependent from stigma and abuse, assuring adequate benefits, and linking welfare to efforts at self-support in order to achieve these things are generally laudable goals in the abstract. The problems arise in the real conflicts between, for example, using money to enhance skills in some substantial way and using money for benefits. Making the linkage between benefits and efforts at self-support is not costless; welfare-work programs are expensive. The larger the proportion of recipients for whom income maintenance is to be connected to effort at self-support, the more expensive it becomes to provide even the first steps in the workfare process to all eligibles.

#### Program

Given goals, the next set of choices concerns the structure of the program. Five structural features are considered here: (1) choice of

the target group, (2) selection of building blocks, (3) decision-making, (4) definition of recipient rights, and (5) completeness.

Target Group. A fixed budget creates a trade-off between breadth and intensity of coverage of workfare programs. On the one hand, if the spirit of the new workfare is to integrate the welfare employment program with basic income maintenance, all recipients should participate in some phase of it. On the other hand, a fundamental conclusion of the new welfare research is that a significant fraction of welfare cases close in a relatively short time (Ellwood and Bane, 1983). Unless such closures are temporary, it is important that welfare employment obligations not interfere with natural turnover. The targeting problem is to develop rules that will focus resources most productively, given the goals of the program.

Dimensions commonly considered for making such distinctions concern choosing people for program participation on the basis of (a) duration of time on public assistance, (b) volunteering, (c) age, (d) the age of dependent children, (e) the number of dependent children, and (f) human capital factors such as education, training, and recent employment history. Each of these factors is justified on the basis of connection to expected productivity or cost of training. The striking fact about this list is not that these factors seem inappropriate, but that in practice so little is known about the numbers of clients in the various subgroups they define. Suppose workfare requirements were to be concentrated upon teenage mothers. In representative welfare programs what proportion of new openings are attributable to this source? We don't seem to know.

Components. Most of the new workfare programs are constructed from building blocks provided by the Omnibus Budget Reconciliation Act of 1981, the residuals of the WIN program, and training paid for by the Job Training Partnership Act.<sup>5</sup> Several issues arise in constructing a program from these components. The first concerns the mix between job search assistance and training. Despite the fact that organized job search may be the only component of welfare employment assistance with productivity that enjoys empirical confirmation, many are critical of job search requirements because they do not enhance work skills or result in good job placements. Even if job search assistance, taken alone, could have beneficial effects for most recipients, it is not clear that such programs will do so in the context of processes like that depicted in Figure 1. If recipients view the training programs as valuable, and access to training is granted primarily to those who are unemployed, then incentives are created for failure in job finding.

A second issue regarding components involves establishing the menu of training and work experience programs to be made available. Here the choices seem to lie along three dimensions: (1) whether training will be in general or occupation-specific skills, (2) which occupations to select for occupation-specific training, and (3) the degree to which training is carried out with specific employers as targets. Training for specific occupations calls for exceptional acumen among workfare administrators, since they must be able to predict both demand and supply at some point in the future for the positions they expect workfare training graduates to fill. Training for specific employers generally requires focusing on large ones, since only big firms require sufficient new hires

to make targeting useful. Targeting large firms ignores the significant contribution of small firms to net employment growth in most areas. Excessive concentration on specific skills may raise the chances of a "good job" placement, but it is not clear that such a focus really equips workers for coping with the vagaries of a labor market in which frequent technological changes put both jobs and employers at significant risk.

Most, but not all, workfare programs include direct employment, or "Community Work Experience" programs (CWEP). But the approach to public sector work varies. One approach is to treat job placements in the public sector as essentially on-the-job training in government. An alternative is to view CWEP as a job of last resort. In this model CWEP jobs are minimum-wage, minimum-skill opportunities considered at best to be methods of establishing or preserving work habits. Assignment to last-resort jobs can serve as a form of sanction; the problem is that if any last-resort job assignments are for noncompliance, then all will appear to be.

The role of unsubsidized employment in the workfare process is also an important issue in program design. Suppose a welfare recipient can find part- or full-time employment, but the resulting salary is too low to lead immediately to termination of welfare. Should employment of this type be encouraged or discouraged? One stance is that such jobs are to be avoided, since they may substitute for longer-term investments in human capital development. An alternative position is to require success in finding such a job as a condition for access to training for employment upgrading. Again, the choice depends upon program goals and the relation between first job and ultimate employment prospects and the

role of employment--any employment--in increasing recipient coping capabilities.

Selecting among building blocks and putting them together is the process by which form is given to program goals. Structure follows from program purpose, but detail reflects the special circumstances of each site.

Decision-making. The hypothetical workfare process in Figure 1 incorporates several branches. Few workfare programs feature a single-process route for all participants; even a bare-bones program like that tested in San Diego included two tracks (Goldman, Friedlander, and Long, 1986). Every program must include a procedure for directing participants into particular sequences. Assignment in San Diego was, for experimental reasons, random. In nonexperimental programs, sequence assignment at best reflects beliefs about what works, for whom. At worst, sequence assignment is a consequence of what's available when the recipient is processed.

Complex workfare programs require multiple decisions to be made about clients at different points in the workfare process. Five decision points are particularly important. The first is the choice of whether to exempt or exclude a potential client from participation. The second is generally encountered when participants are separated into those who are ready for employment and those who are not. Those job-ready are typically directed toward job placement, while the others are routed to more intensive services. For those on the service track the third decision concerns which services each client is to receive. The fourth decision point is determined by the recipients themselves: When, and under what

circumstances, should sanctions be applied for noncompliance with workfare regulations?

The fifth decision concerns what to do when all is said and done. While rarely acknowledged, in practice every caseload includes some people who are eligible for workfare according to standard criteria but for whom the prospects for employment are, judged on one ground or another, exceptionally low. Experience has shown that occasionally people's capabilities are misjudged; it is therefore important to guard against excluding people from participation prematurely. However, for those with intractably low earnings capacity, workfare requirements can become just another form of harassment. How, and when, this judgment is made is another feature of program design.

For others the first round of services may not work, and indeed that failure constitutes additional information about them. The program must accordingly be designed for rerouting those individuals to another round of evaluation and a new service or employment sequence. To fail to include provisions for recycling may reduce the apparent seriousness of the work requirement, since without recycling it can be outlasted.

It is not obvious how these gatekeeping, service-allocation, sanctioning, and triage decisions should be made, or by whom. In some cases--for example those decisions involving compliance with search requirements--they may be rule driven. In others, discretion of case managers may be essential. The important thing is that these decisions are made in all work-welfare programs, and attention needs to be given to the relation between such choices and overall program goals.

Recipient Rights. Protection of recipients was cited earlier as one of the goals of workfare operation. But at the same time workfare



programs attempt to exert the state's authority to infuse an obligation for self-support. Discovering ways to protect rights in the context of establishing an obligation to work is one of the most difficult aspects of program design. One fallback is to retreat from any sanctions for noncompliance and to resort to moral or hedonic suasion. Another is to emphasize reciprocity, so that new client obligations are balanced by new state obligations. This approach generally involves creation of a contract between recipient and agency in one of the counseling stages which sets out both recipient obligations to participate in job search and training programs and agency obligations to deliver services.

Completeness. A workfare program is complete if these elements are knit together in a process that is regularly experienced by every recipient meeting "target group" criteria. In principle, when a program is complete it should be possible to prepare a short list of recipient characteristics which would predict with reasonable reliability where in the process he or she should be.<sup>6</sup> Completeness in this sense is a matter of choice. Individual programs may be complete for certain classes of recipients and incomplete for others; operating in this way may be the appropriate way to deal with uncertainties concerning the size of the total recipient pool and the amount of resources available. Nonetheless, if the program is complete for no group, the integration of the employment preparation obligation with income support that was earlier cited as the hallmark of the new workfare has not been achieved.

#### Management

While it is relatively easy to sketch workfare programs, it is difficult to manage them. The new workfare requires three types of

management. One level--case management--works directly with participants or the welfare employees who shepherd clients through the workfare process. A second--program management--monitors the movement of all participants, coordinates contracting for program components, and schedules the provision of services. The third--executive management--is responsible for providing overall program direction and assessing program performance. Getting workfare going requires solutions to six management problems: (1) where to vest authority, (2) how much discretion to allow, (3) how to provide workfare services, (4) how to keep tabs on what's happening, (5) how to get under way, and (6) how to slow up. The first two of these problems are issues to be faced by levels of government above the workfare-delivering agency. These are executive, indeed often legislative, decisions. The last four are, in many contexts, agency choices.

Location of Authority and Permitted Discretion. Local control of workfare can begin only after authority has been established and the range of discretion defined. Authority has three dimensions in workfare. One relates to control over program design, a second concerns the monitoring of clients, the third has to do with the disbursing of funds. These three elements need not be vested in the same agency. In the days before the WIN demonstrations, WIN job search requirements were implemented through local offices of the state employment services; counseling and planning for service delivery were also done there. In general these arrangements were found to be unsatisfactory, and the difficulty of interagency coordination eventually prompted experiments with co-location of income maintenance and WIN services. But problems of management when

authority is diffuse are not all solved by proximity. While other considerations may dictate collaborative provision of work-related welfare services, failure to place ultimate responsibility for the program in all of the dimensions cited above in one set of local hands may lead to trouble.

A related issue concerns size of jurisdiction. What, in workfare, does "local" mean? In many states local, for welfare purposes, means county. But counties can be very large and contain quite diverse economic and social environments, and this might suggest the need for a more decentralized workfare operation. On the other hand, small unit administrators may have little clout in dealing with politicians or service deliverers, and it may be difficult for small jurisdictions to assemble a satisfactory set of training and work experience opportunities.

Once authority has been vested, its bounds need to be defined. Virtually all of the elements of workfare program structure discussed earlier are candidates for modification at the local level. Presumably the extent of modification permitted local administrators depends upon one's perception of the importance of site-to-site variation in the factors that influence program design and operation and the competence and motivation of program administrators.

Providing Services. Most workfare components are best viewed as a collection of building blocks glued together by an operating, or case-management, system. There is nothing in the structure of the programs that requires that the services that constitute these building blocks be provided by the sponsoring agency. But the use of other agencies for everything from client intake to training raises all the problems of

contracting and regulation that occur in attempts to "privatize" public service delivery in other governmental functions. Putting a box in the diagram that calls for "Preliminary Assessment" does not show how to find the agency to do it, how to write a contract, or how to work with the agency to improve the efficiency and quality of service provision over time. Accomplishing these things may prove particularly difficult when the goals and philosophies of available provider agencies differ from those of the responsible workfare agency. As in other specialized services, the number of organizations available to provide the various workfare components will in most jurisdictions be small or zero; this makes competitive bidding unlikely and forces the sponsoring agency into longer-term nurturing relationships with many of its cooperating agencies. Doing this is not easy; the best model for such relationships might be the interaction between large firms in high-technology industry and their satellite suppliers.

Monitoring. Keeping tabs on what is happening is important at all levels of workfare organization. The case manager's task is to coordinate service delivery and to monitor progress of recipients through the workfare process. In most cases this function is carried out by a single person, but we have little evidence yet on the productivity of various alternatives and how large case managers' caseloads can be before the goals of the program are seriously compromised. Many questions persist about the functioning of the case managers. How much discretion should be given at this level? Should their decisions be subject to review? What qualifies a person to fill this position?

The complexities of workfare management at all levels require a new approach to data acquisition and utilization. For one thing, the

information requirements for workfare program management are much different from those of income maintenance per se, since the essential function of income maintenance data systems is to keep count of the collection of families currently eligible for assistance and the amount they are to receive. Eligibility last month, or six months ago, is generally not relevant to this point-in-time calculation.<sup>7</sup> But program management for workfare requires point-in-process information. And, unlike income maintenance records, the focus of workfare record-keeping is the individual, not the family budget unit. A Management Information System (MIS) capable of reporting on participant counts by component on any date and on the distribution of participants at various times following case opening is essential for cost containment, for evaluation of program alternatives, and for service planning.

The workfare MIS is one of those things that is easy to describe but difficult to construct. Problems arise because of the process-orientation of workfare record-keeping and the difficulty of achieving compatibility with information systems maintained by agencies already involved in welfare employment programs, most notably the state employment services. The difficulty of creating an MIS is related to the issue of "who runs the show." MIS is a tool of program management; if responsibility for program management is not located in a single agency, the likelihood that an information system can be developed to track cases and provide information to support decision-making is low. In addition, most local agencies do not have the resources for developing one on their own.

The Problem of Start-Up. Most discussions of workfare begin, as has been true in this paper, with a notion of what a workfare program would look like once implemented. This ignores the significant problem of transition from old programs to the new. The key management decision in planning for this transition involves the choice between a focus on new entrants and concentration on the existing caseload. There are good reasons for going either way. Attempting first to track new entrants properly provides the best signal of the change in welfare system orientation to the outside, and it is most consistent with the need to accumulate good information on the long-term operation of the program. On the other hand, it is the long-term cases that have accumulated in the existing caseload that contribute so substantially to welfare costs; hence a case can be made for starting with the stock of current recipients and not the flow of new entrants. The actual mix will depend on program goals and the size and composition of the two groups. The choice cannot be made without an audit of the existing caseload and a review of characteristics of both groups.

Recent experience is that convincing welfare recipients--and the public--that the new workfare is any different from the old WIN is a problem. In both California and Wisconsin, county workfare operations have had to struggle to collect the number of recipients planned to participate in training and job search programs as programs get under way. The failure of programs to deliver expected numbers of participants in turn creates difficulty for contributing organizations who budget and employ staff based on the activity levels projected by workfare program staff. This experience has served to emphasize the importance of planning for start-up as well as long-term operation.

The new workfare calls for changes in staff attitudes as well as attitudes of recipients. Perhaps the best case for focusing start-up on recipients who volunteer is that doing so is a confidence-builder for program staff. Likewise, emphasis on the most job-ready of participants, while questionable from the perspective of the actual effect of the program on outcomes, may be desirable in the initial phase of program development, since it creates success stories. Once a program develops a track record and the steps in the process are well understood, attempts can be made to extend the reach of the program further into the population of potential eligibles. Initially this can be done by evangelical recruitment. Eventually the workfare obligation may be brought to bear.

Graceful Stagnation. The opposite side of the start-up problem is the slow-down problem, that is, what to do when recipients are caught between program components because of timing or capacity problems. The legislation that established California's GAIN program specifically prohibits "unassigned pools" of recipients. However, regardless of what they are called, any welfare work program must include "wait states" for recipients who are waiting for initial evaluation, who are between program components, or who are waiting for initiation of particular training programs. These pools must be elastic to permit the program to cope with unexpected changes in applicant flows, problems in delivery of program components, or resource shortages. The problem is not so much that such states will exist. The difficulty arises in keeping track of the numbers of recipients in them and the procedures used for selecting individuals from each pool for transition to the next activity.

### Consequences

While management issues are of paramount concern during workfare start-up, program design must include provision for evaluation of outcomes. The notion of outcomes should be comprehensive: evaluation should include the nature of the program created, the effects on participants, and the consequences for nonparticipants both within and outside of the welfare system.

Program. A major consequence of workfare legislation is workfare programs. A generation of implementation literature tells us that the link between legislation and program is less reliable than is commonly acknowledged. The first step in evaluation is therefore to understand the nature of the program created. The object is to identify the sequence of experiences of potential participants over some time period and the managerial process that produced that sequence. This is appropriately termed a process analysis, although this term is also occasionally used to refer to nothing more than a general description of a program or agency's activities. We use the term to refer to efforts to characterize the program actually experienced by participants. Suppose a workfare program were to be studied for two years. A process analysis would begin with an audit of the caseload on January 1st that established where in the workfare process each adult already receiving assistance was located on that date. To this would then be added monthly data on adults in new cases. What happens to people in each of the two groups, and to which people it happens, would be the essential information for analysis of just what workfare means in terms of recipient experience. This is the first of the consequences of workfare that needs to be studied. Such



an inventory would be a useful complement to information gained from interviewing managers, operators, and clients.

Recipients. The second component of evaluation is the study of outcomes. The focus of these studies will be on employment and welfare receipt. A growing professional consensus sees random assignment of participants to "treatment" groups, which go through the workfare process, and "control" groups, which do not, as the only reliable method for estimating the net effect of such programs on recipient experience and behavior. The management problem is that random assignment is difficult if not impossible in the context of a complete workfare system. How does the state communicate commitment to workfare principles if it is so unsure of the idea that (say) half of all recipients aren't allowed to participate? Better targets for genuine experimentation are evident within the process: a complete workfare system would be the ideal context for experimentation with differences in types of job search, job training, or counseling programs. Alternatively, the "control" baseline might be one type of job search coupled with one kind of general skills training. Such experimentation, of course, assumes that acceptable outcome measures can be developed and agreed upon. These measures must conform with the goals specific to each program, i.e., deterrence, self-sufficiency, behavioral functioning, etc.

Nonrecipients. In concentrating attention on outcomes for persons who actually get into the workfare program, it is important to keep in mind that programs have spillover effects for others who do not. The most obvious is that any program that increases labor supply--and workfare programs are intended to do so--must put downward pressure on wages

and increase search times for jobless persons who are not welfare recipients. These effects are probably impossible to measure. Other consequences may be evaluated with more precision. One is the effect of the presence of workfare on the flow of applications for assistance. A second is the effect of workfare on the supply of job training for people not receiving public assistance. A third concerns the change in program induced among the agencies which receive contracts for provision of workfare services. For example, if Goodwill Industries ceases to provide general assistance in order to focus on providing workfare component services under county contract, this reallocation must be considered as one of the consequences of program operation.

The important general point is that workfare programs offer many opportunities for selection. Evaluation of outcomes in this context requires understanding the selection procedures used in identifying participants and allocating services. Then the results for both those who receive services and those who do not may be considered.

#### Experiment with What?

We return now to President Reagan's call for experimentation. The point of this overview of workfare options is that workfare is a complicated business. Just doing it is job enough; speaking of experimenting is in many instances premature. Under the circumstances it seems appropriate to establish separate demonstration and experimental objectives.

Demonstrations. While workfare has attracted much talk, the number of street-level operations is quite small, and most of these systems

appear to be "incomplete" in the sense the term is used above. What is talked about in the state capital and what is actually delivered at the local level may be quite different. Most of the existing evaluation data relate to very modest programs that are simpler in design than even the system sketched in Figure 1. If national policy calls for pursuing this matter further, the next step should be to develop real examples of solutions to operations problems. This includes demonstrations of the following:

- Design and Implementation of a Real-Time System. The nation needs six or more sites in which complete workfare systems are in operation. For each operation we need a uniform system of data collection.
- Design of Performance Indicators. We now have considerable experience in measuring error rates in welfare eligibility and grants determination. We need equivalent auditable indicators of workfare program operation.
- Design of Local, State, and Federal Data Summaries. Under the Reagan administration the quality of information on characteristics of welfare recipients has declined precipitously. For workfare budgeting, we need to know more. Two changes seem particularly useful. One is to add a sample of new openings to the existing cross-section recipient sample. The second is to include sample evidence on employment-related services received among the data collected on adults in recipient families.
- Design of a Workfare Management Information System. What is needed here is first a formal review of requirements for a generic workfare MIS and then development and implementation of such a system in any site.
- Environmental Survey. The economic environment of workfare programs is often not well understood, in part because data on potential employers are collected only for larger areas or are difficult to obtain. For a few sites a complete study of economic environment would be useful to determine what information, if any, could profitably be collected on a regular basis for guiding workfare planning.

Experiments. Finally, within the context of workfare systems, what experiments would be useful? This list has received much more attention

than the demonstration list, so it is not emphasized here. Generally any information that would assist in making the design choices described earlier would be useful. Some of this might be obtained from experiments. Our impression is that more evidence on the consequences of the following would be most useful: (a) requiring successful search for part-time work as a condition for moving on to training, (b) varying the mode of provision of child care, (c) shifting from a focus on obligatory to voluntary participation in programs, (d) extending the earnings disregard for longer periods, (e) varying the target groups, and (f) extending medical coverage for those obtaining jobs that do not provide health care benefits.

#### Summary

The past twenty years have witnessed the transformation of many schools of public administration into schools of public policy. Part of this transformation has come about, we suspect, because conjecturing about and criticizing policy is in many ways a good deal more exciting than carrying it out. However, when methods of doing the things that policies call for are uncertain, methods of management become themselves issues for policy study.

This paper has proposed a definition for workfare programs and summarized important issues that are likely to arise in the implementation and operation of such programs. Since actual programs described as workfare often fall far short of the paradigm, it is argued that what is most needed in workfare policy is a series of demonstrations of both workfare systems and procedures for collecting data about them. These programs

and their clones then may become the laboratories for following up on the mandate for experimentation that is contained both in current popular discussion of welfare policy and proposals for federal welfare reform.

Demonstrations and experiments are worthwhile only if something is learned from them and that something is effectively transmitted to the larger community of government. These externalities mean that even the most highly motivated units of local government are unlikely to carry out enough experimentation or to invest enough in studying effects. This provides the classic justification for supporting such efforts through grants-in-aid. Currently most federal provision for investments in management research is made under the same terms as are payments for other operating expenses. It is not clear why such a ratio is appropriate for encouraging the exploration needed in the workfare area. The agenda of the Assistant Secretary for Planning and Evaluation should therefore include not only deciding what the goals of the new work-welfare policies are but also the appropriate procedure for investing in studies of delivery systems.

One conclusion bears repeating. Doing workfare is a challenging management problem. Operating a new workfare system calls for a combination of talents unusual for either persons with experience in income maintenance or for persons with experience in traditional employment programs. This raises a big question: Where will the managers for such programs come from?

## Notes

<sup>1</sup>Working Seminar (1987), p. 111. The qualifier "who are able to become self-reliant" is interpolated from the sentence in the original text that follows the one we have quoted.

<sup>2</sup>See, for example, the client flow chart for California's Greater Avenues for Independence (GAIN) program as depicted in Wallace and Long (1987), p. 33.

<sup>3</sup>An exception to this generalization occurs if the services provided by the program are sufficiently valuable to attract recipients and to discourage early job-finding.

<sup>4</sup>This is the Orr (1976) model. See also Plotnick and Winters (1985).

<sup>5</sup>These components are discussed in Wiseman (1987b). See also U.S. General Accounting Office (1987).

<sup>6</sup>This is the point of one of the workfare "tests" described in Wiseman (1987a).

<sup>7</sup>A minor exception to this statement is created by retrospective budgeting practices followed to facilitate calculation of benefits for recipients with nonwelfare income.

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