

1. Introduction

Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) fundamentally changed the American welfare system. It replaced the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance to Needy Families (TANF) program, mandated high participation rates in welfare-to-work (WTW) activities, imposed a five-year lifetime limit on cash aid receipt, and devolved considerable additional discretion to the states. To allow the states to exploit the increased discretion, the legislation converted federal funding of state welfare programs into a block grant free of most of the federal restrictions that had constrained their AFDC programs.

California was among the last states to reform its welfare system. The state's Thompson-Maddy-Ducheny-Ashburn Welfare-to-Work Act of 1997 was not enacted until a year after PRWORA, on August 11, 1997. That legislation replaced AFDC with the California Work Opportunity and Responsibility to Kids (CalWORKs) program. CalWORKs is a "work-first" program that provides support services to help recipients move from welfare to work and then toward self-sufficiency. As required by PRWORA, CalWORKs includes a 60-month lifetime time limit on the receipt of cash assistance. However, it also includes a strong safety net: Although California will stop paying the adult portion of the grant (19 percent for a family of three), after the 60-month time limit, the state will continue the much larger children's portion of the grant. Finally, the legislation significantly increases counties' flexibility and financial accountability in designing their welfare programs.

The California Department of Social Services (CDSS) and California's 58 counties moved promptly to implement their CalWORKs programs in the final months of 1997 and the early months of 1998. CDSS wrote Guidelines to serve in place of regulations, and county boards of supervisors (BoS), senior county welfare department (CWD) staff, and the interested public worked together to define a new vision for welfare programs, both in terms of general goals and specific decisions about how to implement those goals by changing the organization of the welfare department and its programs. Calendar year 1998 was spent

implementing the many changes laid out in county plans and struggling to move the existing caseload through the earliest steps of the new program. Calendar year 1999 was spent moving the cases through the WTW sequence of activities.

By the end of calendar year 1999, the initial surge of planning and implementation was completed. In most counties, programs, new structures, and staff were in place at the much larger scale needed to handle the existing caseload and the requirements of the new legislation.

Objectives of This Report

This report describes state and county implementation of CalWORKs through late 1999. Among the implementation issues considered are

- How did the state and counties deal with the short deadlines required by the late state legislation?
- What were the crucial state-level policy issues?
- How have counties used their new flexibility to design programs that address local concerns?
- To what extent are these programs structured to focus efforts on the outcomes specified in the legislation—providing work, lowering caseloads, moving toward self-sufficiency, and improving child outcomes?
- How have recipients actually moved through the program steps?
- How are support services arranged? To what extent are they being used?

Methods

The analysis reported in this document reflects a multi-method exploration of the implementation of welfare reform and its subsequent outcomes. Appendix A provides more information on our methods, as well as references to supporting documents with detailed descriptions of our methods and results. Here, we discuss our methods briefly.

Field interviewing was the primary method for collecting the information presented in this report. The process analysis team conducted its fieldwork at the state level (at CDSS, at allied state agencies, with state-level advocates, and with interest groups). This was done intensively in six “focus counties” (six to ten days per county) and less intensively in 18 “follow-up counties” (one to two days per county). Figure 1.1 graphically identifies the six focus counties and 18 follow-up counties.

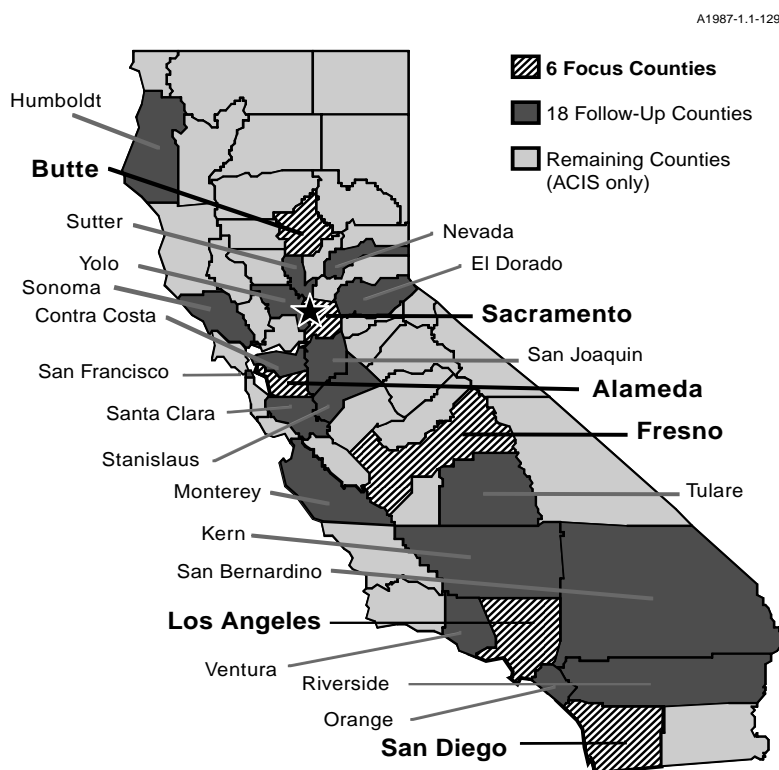


Figure 1.1—Six Focus and 18 Follow-Up Counties

Fieldwork in the counties involved interviews with upper management (senior CWD and county officials), line workers (office directors, supervisors, caseworkers), and limited observation of field office facilities and CWD staff-recipient interactions. Appendix A also provides a general discussion of who was interviewed at each level and an overview of the structured interviews we conducted.

This fieldwork was supplemented by two formal survey efforts. First, repeating a similar effort in the fall of 1998, an All-County Implementation Survey (ACIS) was mailed to the director of the CWD in each of the state's 58 counties in August 1999. Another survey instrument was mailed to the leadership of each of the non-CWD Alternative Payment Providers (APP), who handle child care payments. The 1999 ACIS will be followed by a third such effort in the summer of 2000. Further details on the ACIS can be found in Appendix A and in RAND MR-1052-CDSS, *Welfare Reform in California: Results of the 1999 All-County Implementation Survey*.

Second, the CalWORKs Staffing Survey (CSS) was mailed to approximately 150 caseworkers in each of the six focus counties and in 13 of the 18 follow-up

counties in August 1999. Further details on the CSS can be found in Appendix A and in RAND MR-1178-CDSS, *Welfare Reform in California: Results of the 1999 CalWORKs Program Staff Survey*.

The fieldwork and surveys were augmented with analyses of data derived from official data systems. The counties report caseloads (CA 237/CW 237), aid payments (CA 237/CW 237), expenses (CA 800, County Expense Form), and the status of recipients in the WTW program (GAIN 25/WTW 25) to the state on official monthly or quarterly forms. Counties report individual-level information on who is receiving aid in the MediCal Eligibility Determination System (MEDS). In addition to drawing from these data, we used some information from the six focus counties' individual-level eligibility and WTW data systems.

These fieldwork, survey, and data analysis efforts were supplemented by our review of written documents. In particular, we reviewed the CalWORKs emergency regulations, CDSS's implementing and clarifying All County Letters (ACLs), County Fiscal Letters (CFLs), and All County Information Notices (ACINs). We also read the official County Plans, the county Notices of Action (NoA), county policies and procedures, and reports to BoS and senior CWD management.

Finally, we surveyed the secondary literature, including newspaper and magazine articles; government program reviews (e.g., those from the U.S. General Accounting Office (GAO), U.S. Congressional Budget Office (CBO), California Legislative Analyst's Office (LAO)); the academic and policy literature on welfare reform (e.g., the Urban Institute, Manpower Demonstration Research Corporation (MDRC), Joint Center for Poverty Research, Mathematica Policy Research, California Budget Project; various scholarly journals); and relevant public management and social science literature.

In considering the results, the timing of the fieldwork, survey completion, and other activities should be kept in mind. The bulk of the fieldwork at the state and focus-county levels was conducted between April and July 1999, and at the follow-up county level between July and August 1999. CalWORKs programs are still evolving; thus some of the description presented here will inevitably be out of date by the time the review and publication processes are completed.

A Theoretical Perspective on the Implementation Process

This document and the fieldwork and analysis that underlie it is informed by our view of the implementation process. Before examining CalWORKs

implementation in the balance of this report, we take a step back here to present some perspectives on implementation.

A Linear View of the Welfare Reform Implementation

Figure 1.2 presents a simple, linear view of the implementation of welfare reform legislation within a federal system of government. At the top of the figure, Congress and the president jointly enact federal legislation (in our case PRWORA 1996) to address a problem (welfare dependency) and to improve a set of ultimate outcomes (caseloads, self-sufficiency, child well-being) that are shown at the bottom of the figure.

Implicit in most such legislation is a characterization of a social problem and a causal theory of its sources and how it can be improved. In the case of PRWORA, the problem is long-term welfare dependency and the birth of children to unwed mothers. The causal model implicitly posits that a lifetime entitlement to cash assistance enables long-term welfare dependency, discourages work, and encourages the formation of families out of wedlock. Furthermore, while families may need cash assistance, if this cash assistance is provided on a strictly temporary basis and is combined with time limits and aggressive support services, the combination will enable almost all families to achieve self-sufficiency.

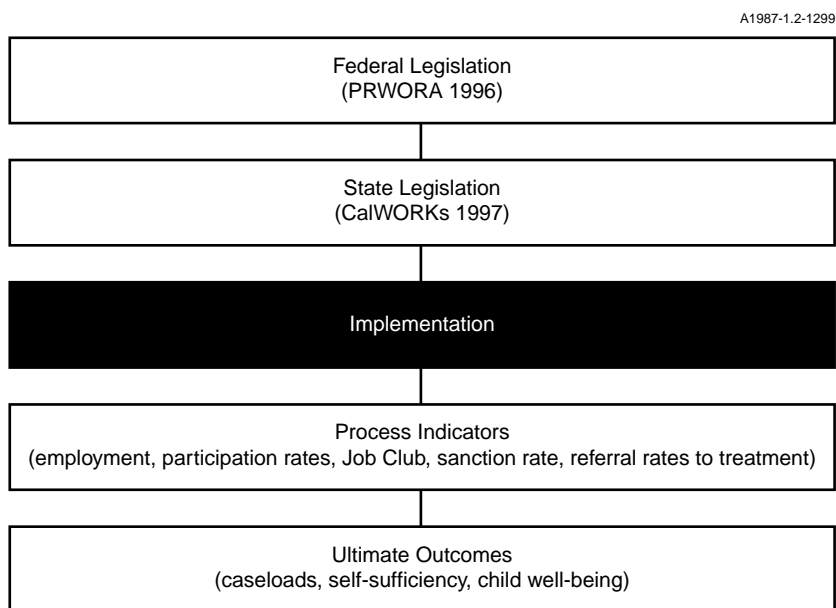


Figure 1.2—A Linear View of Welfare Reform Implementation: From Legislation to Outcomes

In our federal system, national legislation is often written leaving considerable discretion to the individual states. PRWORA is a leading example of such deliberate devolution of discretion to the states. In California, the 1997 CalWORKs legislation exploited this discretion to specify the activities and services to be provided in some detail. In particular, the legislation specified program components—the flows through which we use as the process indicators (shown in Figure 1.2)—that include employment, participation rates, Job Club, enrollments, sanction rate, and referral rates for treatment to behavioral health providers.

Between the state legislation and these process indicators is the “black box” of implementation shown in Figure 1.2. We characterize this black box as shown in Figure 1.3. The process of implementation involves multiple organizations: CDSS/the CWDs, other government agencies, for-profit firms, community-based organizations (CBOs), and other nonprofit organizations (the horizontal dimension shown in Figure 1.3). It also involves multiple levels of each implementing organization: senior leadership in the CWD, supervisors, caseworkers/service providers, and aid recipients (shown along the vertical dimension in Figure 1.3). Finally, these processes are replicated within each of California’s 58 counties (the geographic dimension shown in Figure 1.3).

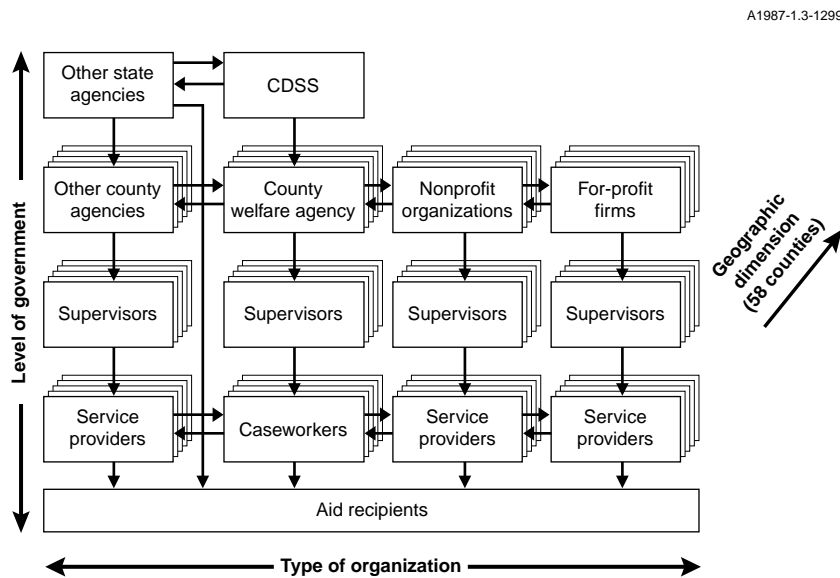


Figure 1.3—CalWORKs Agency Interactions: The Three Dimensions

A Richer View of Implementation

This linear, top-down model of the implementation process is oversimplified (e.g., see Mazmanian and Sabatier, 1983; Goggin, 1987; Goggin, Bowman, Lester, and O'Toole, 1990). A key insight of the implementation literature is that policy implementation is a complex process. Policies are almost never implemented at the street level in the way their planners intended. The implementation process changes both the policy and the implementing organization in a process of mutual adaptation. This occurs because each level of an implementing organization's staff has considerable discretion. Thus, one challenge for policy developers and higher-level staff is to determine how to motivate staff at the next-lower organizational level to take the actions perceived to be important for successfully implementing change. Policymakers and administrators have a variety of ways to influence implementers' behavior, including using regulations, oversight, incentives, mandates, potential penalties, and monetary and nonmonetary rewards.

The complexity inherent in implementing any policy is multiplied in CalWORKs because California has devolved so much authority to the counties. Instead of establishing a single CalWORKs WTW program, the state legislation has devolved planning authority for WTW programs to the counties. Each county is expected to have its own plan to implement CalWORKs, its own program components (i.e., its own set of WTW activities and supportive services), and its own structure and operations for delivering those services (e.g., to know whether to use outsourcing or in-house staff).

These county decisions are driven in turn by elements of the county's context, which we list below. These elements guided our data collection and figure prominently in our description of county choices and our analyses of county implementation of CalWORKs plans. County context elements include the following:

- *Economic Conditions.* PRWORA/CalWORKs emphasizes work as an alternative to the receipt of cash aid. The success of this strategy is likely to vary with local economic conditions: When and where the economy is more robust, work-first strategies are likely to be more successful. Beyond robustness, other features of the local economy may also matter (e.g., the seasonality of work and the availability of work for non-English speakers).
- *Historical Experience.* CalWORKs was to be implemented not by a new organization, but by the same CWD that had administered AFDC/GAIN. This recent local history casts a long shadow over CalWORKs

implementation. Some counties had successful models and relationships on which to build, while other counties did not.

- *Caseload Characteristics.* The demographic composition of the caseload varies widely from county to county. Some counties have many Spanish speakers, some have few. The composition of the caseload will affect the dominant implementation issues and, thus, the county policies chosen.
- *Local Human Services Context.* In most places, successful CalWORKs implementation is predicated on a robust network of “partners.” Implementation requires service providers for child care, education and training, transportation, mental health, substance abuse, and domestic violence; a business community willing to participate in economic development, mentoring, and job provision; community-based organizations to help with reaching isolated communities; and for-profit firms, nonprofit organizations, and community-based organizations to bid on RFPs to provide core WTW services (i.e., Job Club, case management, and job retention services). Larger, more metropolitan counties are home to a richer array of potential partners. Smaller, less metropolitan counties report a limited pool of local partners and difficulty attracting bids from nonlocal organizations (e.g., national for-profit firms).
- *Political Orientation.* For at least the last two decades, welfare policy has been a highly charged political issue. Conservatives have favored a less generous, more work-focused approach. Liberals have favored a more generous, more human-capital development-focused approach. Conservatives have favored outsourcing, particularly to the private sector. Liberals have favored implementing policy through government employees and CBOs.
- *Implementer Will.* At all levels, those implementing policy are not automatons. They have beliefs about the appropriateness of the policy, about its likely efficacy, and about the role they are being asked to play. Those who are expected to implement the CalWORKs plan either undermine or support the change in a thousand small ways every day. Studies of implementation reveal that innovations often succeed or fail because of what those on the bottom understand and support.² It is thus critical to know the extent to which staff believe in the program.

²A clear example of this power at the “street level” can be found in studies of implementation of change in schools. While superintendents and principals may support a change in practice, if classroom teachers are not committed to it, they may simply close the doors of their classroom, leave the new materials on the shelf, and proceed to teach as they always have. See J. Hannaway, *Contracting as a Mechanism for Managing Education Services*, CPRE Policy Brief, and M. McLaughlin, “Learning from Experience: Lessons from Policy Implementation,” *Educational Evaluation and Policy Analysis*, 9(2), pp. 171–178.

This richer view of implementation guides our evaluation effort. As we describe outcomes at each level, we often ask the following questions:

- How are the actions of those at each level of the implementation process encouraged or constrained by the actions of those above them and how do they in turn encourage or constrain the actions of those below?
- What factors affect the decisions that are made at each level?
- To what extent are those encouragements, constraints, and factors changeable through policy choices at higher levels?

Organization of the Document

We organize this report as shown in Figure 1.4. We begin by proceeding in order through each level of government with respect to the core eligibility and WTW activities (as in Figure 1.2). Then we examine “services,” the generic term we use to refer to activities other than eligibility and core WTW: such as child care, transportation, education and training, behavioral health (substance abuse, mental health, domestic abuse), and child welfare (including child support, child and protective services, immunization, and school attendance).³

Following this introductory chapter (not shown in the figure), Chapter 2 reviews the reform legislation at the federal and state levels, as well as the context in which that legislation was written. It also reviews caseload trends.

Chapter 3 considers the implementation activities of the lead state agency, CDSS, with respect to eligibility and WTW. Chapter 4 considers budgetary issues. (Most discussion of CDSS interaction with other state agencies and joint funding is deferred until the discussion of the individual support services in Chapters 7 to 11.)

Chapter 5 moves to the counties and describes how they organized themselves to implement the new CalWORKs programs. How did counties choose to respond to the potentially much higher level of effort implied by the CalWORKs legislation? How did they divide the work between the CWD and its contractors, among different groups of CWD employees, and between different classes of contractors? Chapter 6 considers street-level implementation and the content of

³CDSS uses the term “services” differently. Officially, it uses “WTW services” to include WTW Activities, Child Care, and Work Support Services (that include mental health counseling, substance abuse treatment, and domestic violence services). It uses “supportive services” to refer to transportation and ancillary expense services.

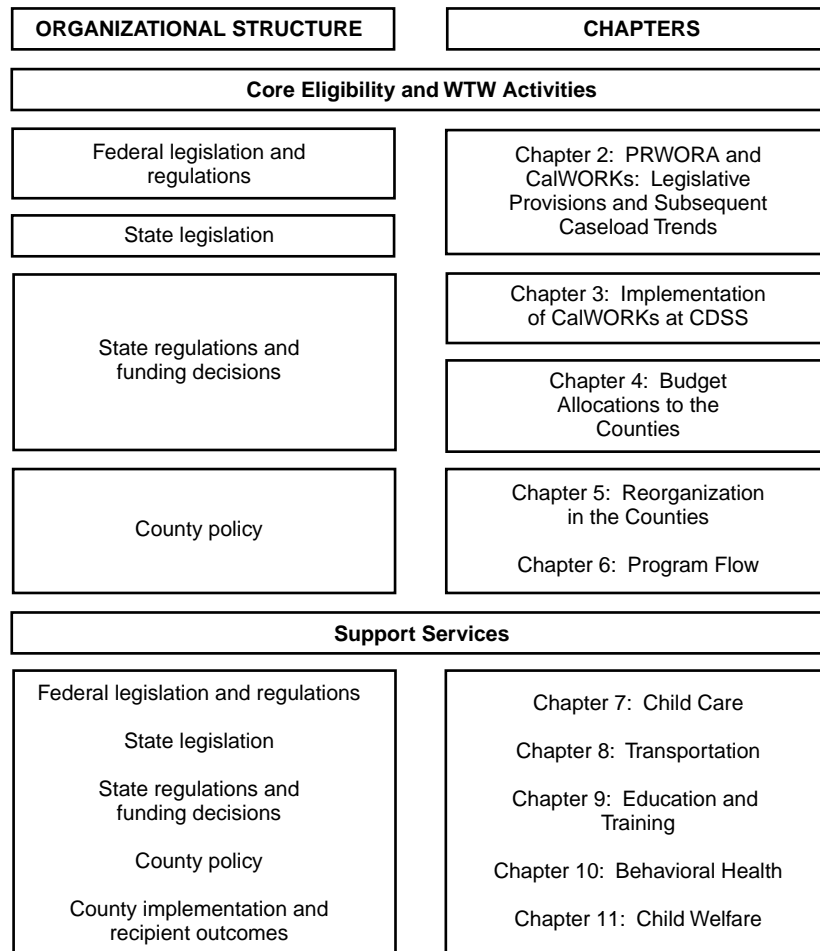


Figure 1.4—Organization of the Document

the programs. It also presents some early results for process indicators. In both chapters, we attempt to describe variation across the counties.

Having considered in detail the core eligibility and WTW components, the report then considers each of the services, beginning with the services most recipients need in order to work—child care (Chapter 7) and transportation (Chapter 8). We then consider education and training (Chapter 9), which had been the core of most county GAIN programs in the pre-CalWORKs era, but whose prominence was deliberately decreased in the work-first focus of CalWORKs. Chapter 10 considers treatment for mental health problems, alcohol and substance abuse, and domestic abuse problems. The authors of the CalWORKs legislation believed that these problems were common barriers to employment among welfare recipients. Chapter 11 considers several aspects of child welfare,

including child abuse, foster care, child support enforcement, school attendance, and immunization.

Each of the chapters on services follows the same organizational structure as shown on the top left side of Figure 1.4; in other words, each chapter begins with the provisions of the federal and state welfare reform legislation and any follow-on or related legislation and regulations. Each chapter then turns to state-level implementation: the actions of CDSS, the actions of the corresponding lead state agency, relations between the agencies, and funding. Each chapter then addresses many of the same issues discussed in considering implementation of WTW eligibility and activities. These issues include decisions at the county level about how to structure the services, which agencies would provide them, and how those agencies would be selected and monitored. As discussed above, these decisions were driven by the county's history in providing the services, by who was expected to need and use the services, by how much capacity existed to provide the services, and by the will to provide as much or as little of these services as possible.

Chapter 12 (not shown in the figure) discusses issues for further considerations—legislation, in regulation, by senior management, and by the workers.