

**OLD ASSUMPTIONS,
NEW REALITIES**

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OLD ASSUMPTIONS, NEW REALITIES

ECONOMIC SECURITY FOR WORKING FAMILIES IN THE 21ST CENTURY

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CHAPTER 8

RECONSTITUTING THE SAFETY NET: NEW PRINCIPLES AND DESIGN ELEMENTS TO BETTER SUPPORT LOW-INCOME WORKERS

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As the introductory chapter of this volume describes, the current social welfare system of the United States evolved incrementally, as policymakers built upon the foundation of the Social Security Act. While public social benefits such as Medicaid and Supplemental Security Income developed because of changing economic and demographic conditions, fundamental issues in the social welfare arena were not reconsidered. Other chapters in this volume discuss why new policy options, such as asset development or labor-market enhancements, are now necessary, and they explore how to accomplish more deep-seated change. In this chapter, I take a different course. I hold constant the policy options and instead focus on the actual operation of the social welfare system. How could a system be designed that actually aligns with the new policy goals of “making work pay” for low-income citizens?

In the mid-1990s, when the United States eliminated an entitlement to public assistance, public policy goals shifted from “income support” to “work support.” Current service delivery arrangements remain largely

untouched. Cash and near cash benefits, such as tax credits or food support, employment services, and other social services, continue to be delivered through systems built for another era. As Scott W. Allard (this volume, chapter 7) notes, nonprofit organizations play a critically important role in the safety net. Yet public management approaches do not capitalize on their resources. There are new ideas and approaches that could be applied to redesign these systems and work more effectively with networks of public and private organizations (Goldsmith and Eggers 2004; Sandfort and Milward 2008). In this chapter, I consider how such an approach, if carried out purposively, could actually reconstitute the safety net for low-income workers.

I begin by describing current service delivery structures used for implementing cash assistance, work support and other social services for the poor, paying particular attention to the assumptions underpinning these administrative arrangements. As Scott Allard (this volume) describes, these arrangements do not constitute a true system at all. Rather, they are fragmented gestures that actually place additional burdens upon low-income citizens rather than ameliorating them. To develop new principles that guide design, I rely upon backwards mapping analysis. This approach considers how systems can be oriented to maximize the impact of policy where frontline staff and citizens interact. It differs markedly from the assumptions of performance contracting that have shaped much administrative reform in the last fifteen years (Fredrickson and Fredrickson 2007; Heinrich and Choi 2007; Moynihan 2008). Rather than seeing government as merely an issuer of contracts for service, this analysis highlights that government can play an essential role improving the capacities of private organizations and public-private partnerships. Purposive public investment can both create and leverage network-wide resources that are currently underused. Certainly it is neither feasible nor desirable to “wipe the slate clean” and begin anew, but it is necessary to explore options for systems redesign.

The current economic environment and long-term fiscal constraints facing the United States increase the urgency of this task. Public resources are even more limited than in the past. The needs of citizens are considerable. System inefficiencies arising from outdated assumptions and administrative practices are inexcusable. System ineffectiveness because of narrow conceptions of what is scalable cannot be allowed. We must think carefully about system design to help reform our social-welfare system to thrive in the new realities of the twenty-first century. This chapter begins such a discussion.

CURRENT SERVICE STRUCTURES

Scholars and social-welfare advocates within the United States often draw upon the “safety net” as a metaphor for public policies and service delivery arrangement supporting the poor. While scholars decry the holes in this “net” (Albelda and Withorn 2002; Cloward and Piven 1971; Ehrenreich 2002), the metaphor itself conjures up images of a coherent set of policies and aligned services designed to catch disadvantaged citizens during a crisis. It implies elements that operate as an integrated whole. Yet we are far from that reality. Though Jacob S. Hacker (this volume, chapter 2) describes what he calls the Great Risk Shift in the balance of risk over the last thirty years, it is fair to say that in terms of daily operations, no coherent social-welfare system—no real safety net—has ever really existed in the United States.

As the introductory essay of this volume points out, the 1935 Social Security Act established a foundation for social-welfare system policy and service provision that was incrementally modified throughout the twentieth century. Some changes enhanced the initial premise of the act, such as bringing income support to disabled adults or extending benefits to needy parents. Others tried to deal with emerging issues, such as changes in family structure, increased volatility of labor markets, and the severing of social benefits such as health care from employment. Fundamentally, though, these policies were shaped by a deep ambivalence about the role of government in ameliorating poverty and income inequality (Gordon 1994; Katz 1986; Lemann 1988; Patterson 2000; Soss 2002; Stone 2008). Historians point to a distinction made between the “deserving” and “undeserving” poor (Gordon 1994; Gordon 2002; Katz 1986; Patterson 1986; Skocpol 1992) that became deeply embedded in both policy and its administration. Old Age, Survivors, and Disabilities Insurance—the official name for Social Security—was available for those worthy of support, poor through no fault of their own. The federal government assumed administrative responsibility and crafted program rules and procedures to assure accessibility and efficiency. In contrast, cash welfare for single mothers or transient men was shaped in relation to a presumption of unworthiness. States and counties assumed administrative responsibility for these programs, with considerable variation in policy and practice resulting.

While some federal and state public organizations were involved, other policies depended heavily on nonprofit agencies for implementation (Smith and Lipsky 1993; Allard 2009). Over the last century, social-welfare system policy created a maze of administrative systems. As Allard (this volume,

chapter 7) reports, tens of thousands of unique local “safety nets” now exist, created by the incremental adoption of policies, each responding to particular problems, depending upon new institutions and different administrative tools (Salamon 2002). Some policy arenas are governed by public entities. In others, policy created boards of public, nonprofit, and business elites to govern. In some cases, public bureaucracies are the main service delivery infrastructure, whereas in others the public sector benefited from nonprofit expertise. Each policy created its own implementation structure (Hjern and Porter 1981), often guided by the administrative assumption of the need to curb citizen demand in light of inadequate resources. To understand fully the resulting complexity and how it inhibits our abilities to create a vibrant social-welfare system that can meet the challenge of new social realities, let us consider the current implementation structures being used in various programs for low-income citizens.

Variation Among Implementation Structures

When thinking of the safety net, many people conventionally focus on a set of policies that provide cash or near-cash support to low-income citizens. Some of these policies, such as Temporary Assistance for Needy Families (TANF), provide direct cash transfers on a time-limited basis. Others provide subsidies for particular goods, such as food, medical care, or child care. In these sets of policies, public bureaucracies are the main institutions administering public benefit. For a few programs, such as Medicaid and Supplemental Nutrition Assistance Program (formerly the Food Stamp Program), federal rules shape much of program administration. Significant administrative authority rests with state governments for distributing cash assistance and child-care subsidies. In some instances states devolve such responsibility to county governments. Thus, even though these programs are implemented by public organizations, there is considerable variation in policy and practice between the states (Adams, Snyder, and Sandfort 2002; Ewalt and Jennings 2004; Soss et al. 2001). Throughout, the dominant administrative assumption is of top-down control and written rules, focused on assuring fair eligibility assessment (Brodkin 1986; Meyers, Glaser, and MacDonald 1998; Sandfort 2000). Benefits are targeted to those in extreme destitution. As a result, eligibility determination for many programs occurs through face-to-face interviews, where citizens must provide documentation of their conditions to access support. Although policy changes have encouraged people to work and to see cash and other assistance as work-supports, administrative practice of these programs still often necessitates

that clients take time from their jobs or family responsibilities to secure and maintain benefits.

Many other public policies targeted to low-income citizens are implemented through other partnerships forged between government and non-profit service providers. For example, a national network of nonprofit Community Action agencies operates many federal programs, such as Head Start (which provides early education enrichment and family support to very low-income children), Low Income Home Energy Assistance, and Weatherization Assistance. State governments work with this network to implement different initiatives for low-income citizens, such as surplus food distribution, Individual Development Accounts, and volunteer mobilization. These nonprofits were established during the 1960s' federal War on Poverty and as a result operate in both remote rural and urban regions designated by the government (Clark 2000). Although many respond to local needs and in many rural areas have become the largest nonprofit human service agency, federal and state governments are their dominant funders. Like the public bureaucracy, their administration is guided by top-down rules within government-defined service areas.

A second, parallel service delivery infrastructure in which government and nonprofits partner is in workforce development. Michael A. Stoll (this volume, chapter 3) discusses the federal and state public policies that fund training, job placement, on-the-job training, and work retention. The incremental nature of policy adoption in this field has created a dizzying array of programs and administrative authorities. Six federal agencies, as well as many state-level departments (Rubinstein and Mayo 2007), administer these public programs. For example, a Minnesota inventory identifies seventy-one public programs, each administered by sixteen state and federal agencies.¹ These public agencies in turn work through community or technical colleges, private for-profit firms, and nonprofit agencies to deliver actual training and workforce development services. The federal Workforce Development Act of 1998 attempted to increase coordination, emphasizing one-stop service provision, state-level governance bodies, and local governing Workforce Investment Boards (WIBs). Like Community Action, local WIBs operate within officially designated geographic areas where they are responsible for providing an access point for all federal programs (Herranz 2008). Yet because of more robust state funding and private-sector workforce initiatives in this field, federal mandates have limited consequences in some states.

In addition to financial subsidies and employment, federal and state governments increasingly use tax expenditures to reward work (Dickert-Conlin,

Fitzpatrick, and Hanson 2005; Garfinkel 1990). Significant expansion has come in the last fifteen years through the Earned Income Tax Credit (EITC) and similar state-level benefits. An appealing aspect of this government tool is its seeming lack of administrative apparatus because eligibility is assessed through annual income tax preparation (McDaniel 2002). Because the process of tax filing can be daunting, particularly for low-income people with limited English or education, private nonprofits leverage volunteers to assist in tax preparation through grants from the federal Internal Revenue Service (and, in some instances, state governments).

In many of these examples, nonprofits were created because of the adoption of top-down public policies (Smith and Lipsky 1993). Yet settlement houses, mutual aid associations, and other community-based organizations also long have served low-income citizens. These organizations use charitable contributions to offer clothing, child care, and emergency shelter. They run food banks and English classes (Cordes and Henig 2001; Hasenfeld and Powell 2004; Fabricant and Fisher 2002). As Allard (this volume, chapter 7) describes, these organizations have become significant forces in the public social-welfare system infrastructure. State and local government departments contract with them for culturally specific programs, chemical dependency treatment, mental health, and enhanced case management for multiproblem clients. Other nonprofit specialist organizations also compete for such contracts and all are evaluated according to specific terms of performance. Administratively, it is assumed that competition among such private agencies leads to great efficiencies and higher-quality services, although this assumption is not backed up with much empirical evidence (Bickers 2007; Heinrich and Choi 2007; Van Slyke 2003). This belief often limits consideration of ways in which public investment could help improve how such agencies work with low-income citizens.

These various implementation structures emerged as institutions and networks were asked to carry out the policies adopted incrementally over the last century. Through various small and large public management decisions, society has created a mass of administrative systems ostensibly focused on supporting low-income workers. Many assumptions underpinning these arrangements align with federal or state policymakers' perspectives. From that vantage point there is a substantive distinction between cash assistance, Medicaid, Energy Assistance, Head Start, employment training, and tax assistance. Considerable technical details must be adhered to regarding eligibility and program access; mastery of such details requires specialization. Yet, as this brief overview highlights, the specialization can create a maze of programs, each with different entry points and

accountabilities. There is no coherent system but rather an amalgam of policy gestures, each focused on slightly different ends.

Consequences of Administrative Complexity at the Frontlines

The top-down categorical orientation of many of these arrangements creates significant consequences: at the public-sector frontline, in nonprofit agencies, and for citizens. Many of these consequences are hidden from common view. Privatization has stripped many previous functions from public agencies. From the vantage point of public workers, a daunting maze of nonprofit organizations exists, some with contracts for employment services, others for housing, still others that provide transitional housing, fuel assistance, emergency food, early-childhood services, or ethnically based services. Frontline staff's knowledge of these agencies often emerges from experience, making phone calls, and perusing available brochures (Sandfort 1999).

Nonprofit service organizations experience the complexity in a different way. Many receive funding from state, county, and city governments, and from more than one department within each level. Each funder has its own grant and contracting application, proposal or bidding processes, negotiation terms, and accountability requirements (Grønbjerg 1993; Smith 2005). Because payment processes also vary, nonprofits develop funding strategies contingent upon the practices of their public funders. Staff working directly with clients must know the range of available community resources. Like the public welfare workers, the ability to locate the resources requires very specific, technical knowledge because of the particularity of local arrangements.

In day-to-day operations, staff in public organizations and private agencies must deal with these consequences as they interact with low-income citizens. The lack of systematic design often serves to create the tasks that are their daily work. They complete and process applications, make service referrals, and document results for categorical funding sources. What can get lost amid this activity is a focus on the ultimate goals of public policy. It is not that organizations are not well versed in tracking various program outputs; most grants or contracts from funders carry requirements to document performance. However, the very structure of service arrangements obscures the real goal: the cumulative effect of these many investments. Are low-income Americans able to navigate the labor market and adequately support their families?

The consequences of current arrangements naturally are felt most acutely by low-income citizens (Soss 2002; Rank 1994). Think for a moment of

a low-income mother. She might be working two jobs to make ends meet, shuttling a toddler back and forth to day care on a city bus, sharing an apartment with a friend. How does she navigate the current service arrangements? Or consider a middle-aged couple whose grown children repeatedly come to stay with them when experiencing transitions in their own lives. The couple's history of retail work doesn't provide them a solid asset base or any access to health insurance, which, as they age, is increasingly important. What type of safety net can they access?

When either family seeks assistance from the public bureaucracy, it currently confronts distinct applications for health insurance, nutrition assistance, and child-care subsidies. The same is true if it inquires about employment training opportunities, assistance with energy costs, or transitional housing in local nonprofits. Each program has unique eligibility criteria and documentation requirements. Oftentimes they must be accessed through different agencies. Dealing with the daily operations of these systems actually make it difficult to maintain a job. To find applications for "work supports" and attend eligibility interviews and benefit redetermination meetings, citizens must take time from work and family. Time spent navigating the local service bureaucracy is time not focused on building employment skills or caring for family issues.

To support low-income citizens so that they can work and improve their circumstances, we need to redesign these current arrangements. We need to realize the essential role private nonprofits play at various levels of government as partners in public service provision (Salamon 1995). We need to invest in structures that capitalize on technical expertise, embrace a new public-sector role, and use new information technology resources. In short, we need to reconstitute the safety net so that it supports low-income, working Americans with the tools of the twenty-first century. To do so, we must first articulate principles to guide investment in the redesign of such a system.

USING BACKWARD MAPPING TO GENERATE DESIGN PRINCIPLES

To guide such a redesign, it is helpful to articulate new principles to focus our reconstruction of the system. An analytical tool called "backward mapping," developed many years ago by Richard Elmore (1979), is helpful. Backward mapping involves focusing not on the incremental adoption of work-support policies and programs and the top-down administrative logic that supports them, but on the interactions of frontline workers and

citizens to provide beacons to orient system redesign. Considerable research stresses the significance of such frontline interactions in cash assistance and social-welfare system provision (Brodkin 1986; Cooney 2007; Hasenfeld 1992; Meyers, Glaser and MacDonald 1998; Sandfort 2000).

Our analysis starts by examining the specific behavior that generates the need for policy intervention. In this case, citizens earning at or near the minimum wage face considerable job instability. Conditions are challenging; job cycling and lay-offs are common (Blank, Danziger, and Schoeni 2006; Cancian et al. 2002; Ehrenreich 2002). Without intervention, former welfare recipients and other low-income workers' earnings remain low over the long term (Cancian et al. 2002; Zedlewski, Chaudry, and Simms 2008). Few low-income jobs provide benefits—neither health nor dental, nor retirement savings. Yet these workers struggle with a high incidence of physical and mental health problems, as well as challenging health issues within their families that often inhibit their ability to retain work (Powers 2003; Siefert et al. 2004). Many struggle with the high costs of dependent care for their children and aging parents. Employment alone does not address these challenges. While public policies and programming do exist to help with some of these issues, significant percentages of eligible families do not access public programs (Zedlewski, Chaudry, and Simms 2008).

These realities generate the need for public policy intervention. Backward mapping analysis begins by considering the desired qualities at the frontline of a system. What interactions should citizens experience from publicly funded agencies so that their employment efforts are supported and they are able to manage their family issues? What interactions would enable them to pursue other opportunities? Think about our single mother working two jobs with a toddler, the middle-aged couple who for years have worked at retail jobs that don't provide benefits, even though they are increasingly a base of support for their extended family. What interactions would support their work efforts and allow them to access public resources for which they are eligible?

In thinking through these questions, four reasonable design principles emerge, which meet both the objective of public systems and citizens' needs.

1. *Fair application of policy.* Work-support benefits need to be targeted to individual circumstances as delineated in public policy. Eligibility criteria need to be met and benefits distributed in a fair manner so that they reach groups for which they are targeted.
2. *Accessible services.* At the margins of the labor market, job hours rarely adhere to the conventional nine-to-five schedule. Consequently, pub-

licly funded programs must be accessible at various times of the day and have a range of access points. Information about public benefits should be communicated clearly for citizens with a wide range of abilities and languages. Application processes should be user-friendly.

3. *Appropriate matching of need to support and services.* The specifics of people's lives vary, and the need for work supports differs. When people are asked to reveal personal information to public systems, the process can be eased significantly if frontline staff and citizens speak the same language and share cultural references. It might be difficult in some locations to accommodate the diversity of all client populations, yet attention to small details often can ease relations tremendously.
4. *Reliable information to aid decisionmaking.* In the new economy, information is plentiful, even overwhelming. Sources that provide consistent information and resources that help people answer the most pressing and persistent problems they face are priceless. Such resources allow people to develop options when they must respond to the unexpected.

Such principles are logical. Consistent implementation of them would assist, rather than hinder, citizens' efforts to navigate the dynamics of the low-wage labor market. They are, in Elmore's notion, characteristics of frontline interaction inadequately supported by current administrative assumptions and arrangements in social-welfare system delivery. Because analysis based on backward mapping starts from frontline conditions, it challenges system designers to move out of a top-down analytical framework. Instead, the analytical challenge becomes to design systems that support interactions between frontline staff and citizens and embody these principles. They also act as dimensions of performance measurement that help to define implementation effectiveness. Given the inherent limitation of public resources, our design also must consider how to use the tools of the twenty-first century such as networks, information infrastructures, and new approaches to public governance.

ELEMENTS IN NEW SYSTEM DESIGN

Current social-welfare system administration was designed top-down: static structures were developed incrementally from policy parameters. Backward mapping pushes us in the opposite direction. Analytically applying this tool focuses our attention on considering how, at each level of the bureaucracy or service network, managers could create incentives to achieve the desired frontline interactions.

It is more feasible to envision state-level administrative reform than a national-level design, yet because of state variation, it is not possible to definitively identify policy programs to include in system redesign. Some states might be poised to include the full range of cash and near-cash benefits, such as Temporary Assistance for Needy Families, Supplemental Nutrition Assistance, Low-Income Home Energy Assistance, Individual Development Accounts, various employment and training programs, early-childhood education efforts, and emergency food support. Others might focus on a narrower programmatic band. Yet each state faces some choices of how to proceed. In all situations, there are specific design elements that can be defined. If the focus is on elements rather than particular structures, networks that take advantage of particular local and state resources can be developed. Such network systems can evolve to respond to future conditions (Goldsmith and Eggers 2004).

The specific institutions involved in a reconstituted safety net also will likely take different forms. In some states there are rich networks of neighborhood organizations with deep historical roots that will be important elements in the system redesign. In others, Community Action agencies, established originally by government, might be the main direct service providers. Intermediary agencies with sophisticated technical skills that package public and private resources already exist in some places. Their expertise would need to be applied more broadly or gaps filled in other states. New statewide systems will need strong public governance to assure accountability to citizens. Depending upon the context, governance authority could rest within a state agency, in a governor's office, or a quasi-public entity that is a public-private partnership. In any particular state, all of the elements must be held together through formal networks and clearly defined responsibilities.

Table 8.1 summarizes the system design elements of direct service providers, intermediaries, and public governance. Direct service providers work directly with families. They are the ones whose practice must align most closely with our backward mapping principles, and their work is crucial to a high-functioning system. However, they can only provide that level of service if they have adequate technical and information resources from elsewhere in the network.

Intermediary organizations, public or private, can provide such support. Their role is packaging concrete resources and essential technical knowledge for the network: financial, program, organizational resources, network capital, and policy awareness. These "implementation resources" (Hill 2003) can improve effectiveness and efficiency within the whole system.

TABLE 8.1 Design Elements Needed to Reconstitute the Safety Net

Design Element	Roles	Promising Examples
Direct service providers	<p>Work to ensure that basic principles of service delivery are achieved:</p> <ul style="list-style-type: none"> • Fair application of policy • Accessible services • Appropriate matching of service to need • Reliable information 	<ul style="list-style-type: none"> • Multiservice organizations • "Centers for Working Families" • Enhanced case management through information systems
Intermediary agencies	<p>Work to increase the efficient sharing of resources within the network around the following:</p> <ul style="list-style-type: none"> • Financial resources • Program capacity • Organizational capacity • Network capital • Policy understanding 	<ul style="list-style-type: none"> • Joint fund development for public and private sources • Tools and technical assistance for direct service • Facilitated peer learning • Advocacy training; fiscal and social analysis
Public governance	<p>Work as systemwide guardian to achieve public intent (enable workers to navigate and thrive in low-wage labor market):</p> <ul style="list-style-type: none"> • Fair eligibility determination • Design and integrate network • Guard against private-interest capture • Monitor systemwide results 	<ul style="list-style-type: none"> • Electronic application and eligibility verification

Source: Author's compilation.

Finally, public governance must act as a neutral guardian to ensure that the system remains focused on public rather than private goals. Public agencies must ensure that eligibility for public programs is assessed fairly and assume responsibility for systemwide design and integration. Each system element has unique roles and core competencies upon which the others depend. Let's examine each in turn, and consider promising current examples being used throughout the country to support low-income workers that also are consistent with our system design principles.

Direct Service Providers

Direct service organizations provide assistance and support to low-income citizens. They are essential because of their particular knowledge of community resources, client circumstances, and local labor-market dynamics. With this knowledge, staff can work to embody the backward mapping principles, providing services that are fair, accessible, appropriate, and reliable for their clients. Trusted resources can be invaluable to low-income citizens, who can make use of help in strategizing how to navigate the inevitable challenges that arise when one is trying to balance competing demands among work, life, and family responsibilities. Seasoned staff recognize the morality inherent in direct service work (Hasenfeld 2010) and know that trust must be earned through quality relationships. Oftentimes service effectiveness hinges on frontline staffs' ability to work with clients to achieve small wins that over the longer term add up to something more significant (Herr, Halpern, and Wagner 1995). To be supported in such activities, staff and supervisors need organizational reinforcement that enables access to resources, tools, and information that can be customized to respond to particular needs. They also must be managed in ways that incentivize and reward responsive practice. Without this intentionality, frontline staff respond to the dissonance between what the needs of the people and the design of policy with actions inconsistent with policy intent (Maynard-Moody and Musheno 2003; Sandfort 2000).

Many organizational settings could support effective practice. Some nonprofit organizations operate in service niches, such as employment training or early-childhood education, that provide such client-centered programming. Faith-based organizations may bring in unique values that might be particularly important to families struggling at the edge of the economy. Long-standing organizations, such as settlement houses and mutual assistance associations, try to work holistically with low-income families by offering many services in one place. In spite of these strengths,

too often such organizations do not feel that client-centered practice is reinforced by systems dynamics; pressures pull them in other directions, such as those mandated by private funders or public authorities (Fabricant and Fisher 2002; Jennings 2002).

There are exceptional leaders at the frontlines of current social-welfare system delivery who try to overcome strictures that currently accompany the categorical nature of funding, narrow eligibility requirements, and pressures to document outputs rather than more large-scale results. A few current experiments are worth highlighting because they operate more in keeping with our desired frontline conditions. A national foundation is investing in "Centers for Working Families" in thirteen metropolitan areas, with others under development. Controlled social experiments also are happening in three local "Work Advancement and Support Centers."² At all these sites a broad range of employment, financial services, and income supports are combined, sequenced, and delivered to clients. Staff members help low-income workers stabilize income, access public work-support programs, and obtain fairly priced financial services by resolving credit problems. Eventually, they turn to building assets through matched savings accounts and other products.

Another model operates in rural North Carolina. Connect Inc. uses enhanced information systems to improve how staff members work directly with low-income citizens making the transition from public cash assistance to work.³ Because it operates in rural areas and across large geographic areas, Connect Inc. developed computer software to enrich, automate, and track clients in ways not typical with traditional case management. By drawing on comprehensive databases and client management software, staff members access information about employment, transportation, child care, and other services across the region. They regularly participate in three-way calls with the client to facilitate access to work-support resources and to role-model how to effectively navigate complex situations.

Flexible philanthropic dollars and, increasingly, public funds support these direct service efforts. They are bolstered with information systems that integrate across the silos of current service arrangements. They build upon the unique role that community-based organizations can play in helping single parents who are confronted with unstable employment and limited social support. Because of their unique contextual knowledge of places, direct service organizations can tap and build upon local resources. Although program evaluation of these specific innovations is ongoing, their promise is that they can deliver more accessible, appropriate, and reliable information and service to low-income citizens. Such improvements, though,

require new types of investments: intermediary organizations that help facilitate these changes and support them at the frontlines.

Intermediary Organizations

Intermediary organizations are a second design element in a more coherent system geared to the new realities of low-income workers.⁴ Intermediaries operate in many substantive areas. They garner information and resources to decrease transaction costs between two parties—in this case, direct service providers and the state—thereby increasing operational efficiencies and program effectiveness. Intermediaries “build capacity” of service agencies by buffering them from environmental turbulence, providing access to new sources of financing, offering program tools, bolstering management support, creating networks among similar organizations, and cultivating policy knowledge (see table 8.1). They also provide information to public decisionmakers about the successes and challenges of policy implementation visible from frontline agencies. Intermediaries are one administrative tool for enhancing systems’ capacity in a context where neither pure markets nor public provision operate effectively.

Although not yet widely used for safety-net programs, intermediaries play important roles in fields such as mental health, community economic development, and affordable housing. (See Paul Osterman, this volume, chapter 4, for a discussion of their roles in workforce development.) Much like social welfare, these three fields have all experienced significant policy changes in the thirty years since 1980. As a result, they needed to redesign service systems. Each depends upon various forms of government funding, including grants-in-aid, tax credits, contracts, and vouchers. Keith Provan and H. Brint Milward’s (1994) research in Arizona highlights intermediary organizations that began managing networks of mental health providers after deinstitutionalization to create a continuum of care, which led to more positive outcomes for vulnerable citizens (Milward et al. 2010). In community economic development and housing, nonprofit community development corporations’ work is bolstered by various intermediaries that package resources at a magnitude not possible by individual direct service agencies (Glickman and Servon 1999; Smith 2008; Walker 1993; Walker and Foster-Bey 2004). Initially, national philanthropic funders such as the Ford Foundation, Local Initiatives Support Corporation, and Enterprise Foundation seeded intermediaries’ formation; now the public sector has come to depend upon them as essential partners in urban redevelopment and affordable housing construction.

Since welfare reform, some private foundations—most notably the Annie E. Casey Foundation—have funded intermediaries to bring new resources to direct service providers assisting low-income families. Their efforts reflect the new reality that in a decentralized social-welfare system, some parts of the system must focus on research, development, and improving implementation conditions to assure and improve service effectiveness. Many of these efforts currently are being evaluated, so no definitive conclusions can be drawn, but they offer some promising practices to consider. For example, Seedco, a national intermediary organization, developed an on-line benefits tool called *EarnBenefits* that allows frontline staff to help workers assess their eligibility for work-support benefits such as food support, health insurance, tax credits, and energy assistance.⁵ Citizens can ascertain what the application process requires, get information about local access points, and manage administrative requirements so they can maintain benefits once they are secured. The intermediary works with local partners to customize the tool since public program eligibility, application processes, and community resources vary by state and locality. Intermediaries bring a level of technical expertise that enables the development of such tools, which can provide invaluable support to direct service providers.

Intermediaries also build program capacity by disseminating field-specific technical knowledge. In current service arrangements, many policies require staff to master significant technical details in order to implement them. For example, helping low-income citizens access tax credits requires technical knowledge about tax preparation, distinctions between state and federal rules, and electronic filing processes. Even though the Internal Revenue Service provides funding for nonprofits to run voluntary tax preparation sites, many multiservice agencies feel unable to take on this task because of the technical complexity. Intermediaries such as the Center for Economic Progress and Accountability Minnesota help such organizations recruit volunteers, offer certified training, and monitor results.⁶ They also develop alternative financial products that can be offered to customers to help them experience mainstream financial services. In these ways the intermediaries provide technical assistance and strategic partnerships to bolster direct service providers’ ability to offer services consistent with the principles of backward mapping. Many categorical public programs are quite technical; intermediary organizations can specialize in particular arenas and share this expertise with direct service organizations.

Intermediaries also can build networks and policy awareness among direct service organizations. This can occur in various ways, but all focus

on convening people from different vantage points so they can share information and grapple with finding solutions to problems they have in common. For example, Seedco in New York City works through a subsidiary, the Nonprofit Assistance Corporation, which regularly convenes an alliance of sixteen direct service organizations that provide training and employment support. Through peer learning and formal training, valuable explicit and tacit knowledge is developed and shared across the network (Agranoff 2008; Argyris and Schon 1974). Such meetings also serve as learning venues for those operating at the system level, offering insight into how policy ideals manifest near the ground. Important “lessons from the field” and more nuanced understanding of the importance of cultural competence and neighborhoods improves the learning of the whole network. Such learning builds adaptive capacity of the whole system.

Another model is the Economic Analysis and Research Network, which operates at a more macro level. This network brings together statewide intermediaries in forty states who conduct and highlight policy analysis about issues disproportionately affecting low-income working families.⁷ This information, accompanied by the state-level budget analysis conducted by many of these same organizations, is an important resource that local service providers can draw on to inform planning and to understand their own work within a larger policy context.

These examples point to potential roles intermediary organizations can play. Intermediaries can bolster financial resources, program capacity, organizational and management capacity, network capital, and policy awareness (see table 8.1 for a summary). Such activities allow decentralized networks to align around common aims. In the new reality, where government and nonprofits work together to implement and refine social-welfare system policies, such activities are essential to enabling the whole to operate as a coherent system.

Public Governance

To support practices consistent with the design principles, the reconstituted safety net must have an entity that serves as a neutral administrator, system designer, and monitor. These are the new key competencies of public governance. Unlike any other institutions, governments allow society to develop collective responses to “wicked problems” (Agranoff 2007; Milward et al. 2010). Public management has gone beyond old administrative assumptions grounded in bureaucratic authority and rules, and increasingly reflects the new reality that public and private organizations

must sometimes work together in loosely coupled yet centrally governed networks. In other words, the role of the public sector can change from one being a service-providing *government* to one of providing *governance* within social welfare.

Many technical details would need to be worked out and many empirical tests of various models conducted if this vision of social-welfare system redesign is to be realized. Conceptually, public governance is the only mechanism that can viably walk states down such a path. Without public-sector intervention, neither current institutions nor market forces will create change. Public governance possesses unique authority to assure adherence to policy mandates, design and integrate implementation networks, and define and monitor system-level performance. Let’s consider the possibilities of each and some examples of current experiments.

Public policy defines particular eligibility criteria for cash assistance, supplemental nutrition assistance, child-care subsidies, earned-income tax programs, and other social-welfare system programs. It would not be rational to pass responsibility for eligibility determination to intermediaries or private providers. Yet current administrative practices could be improved. In many states, state or county staff determine eligibility for cash and near-cash programs. Interacting with staff in local offices can create barriers for low-income citizens because conventional office hours require people to take time off from work, first come, first serve practices create long waits in reception areas, and frequent recertification paperwork is easily misplaced. Eligibility determination should be not only fair but also accessible, and the process should ensure that clients receive appropriate services. Some states—Utah is one—are centralizing eligibility determination and utilizing information technology systems to streamline processes. Applications are taken on-line for some programs, and application materials are electronically accessible in others. Staff use electronic information now readily available in other state agencies rather than requiring paper documentation of an applicant’s wages, assets, and address. Many states use such approaches in other work-support programs, such as unemployment insurance. Making use of existing data can streamline service provision and decouple eligibility determination from face-to-face interactions.

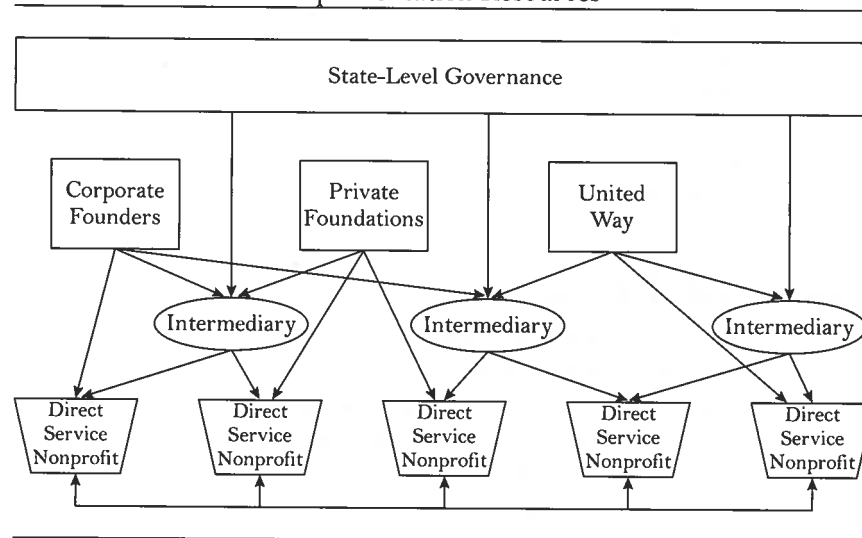
Under public governance, managers are seeing their roles differently than they did under traditional public bureaucracies. Making progress on large public goals requires collaborative management through partnership with other organizations (Agranoff 2007; Klijn 2005; Milward et al. 2010; O’Toole, Meier, and Nicholson-Crotty 2005). In other fields, public managers are playing new roles, such as facilitators and system designers,

to make this vision a reality (Blomgren and O'Leary 2008; Kickert, Klijn, and Koppenjan 1997; Crosby and Bryson 2005). Given the interests entrenched in current institutional arrangements, such public governance in social-welfare system provision will require real leadership. In light of the range of institutions and fields currently involved in income- and work-support programs, the purposive design of networks is essential (Agranoff 2007; Agranoff and McGuire 2003; Klijn 2005).

In this context, design involves rising above the details of the original legislative mandates, unique implementing institutions, and professional relationships that have become de facto state-level service arrangements. It requires thinking carefully about how to arrange design elements into a coherent system focused on buffering low-wage workers from the dynamics of the labor market. It requires taking risks—because no empirical evidence currently exists to guide design options. What are the most effective sites of direct services that support low-income workers in a particular state? Is a co-location or call center model more effective in reaching families in particular regions of the state? What intermediary organizations can provide resources to enhance the program, organizational, and network capacity of direct service organizations? How can these various nodes be linked through information systems to facilitate efficient and effective communication about benefits, community resources, or program innovations? How can linkages change as new situations arise? Although the specific answers to these design questions will vary by state, developing them is fundamental to effective public network operation.

Figure 8.1 offers a visual representation of a network design option incorporating all of the elements I have discussed.⁸ This visual assumes that, like markets, public service delivery systems have a shared infrastructure of rules, institutions, and knowledge provided by an array of public and private organizations. Public leaders must recognize, hone, and further refine this infrastructure. The United Way, private foundations, and corporations already invest in infrastructure that serves low-income citizens, yet the critical linkages between them and other system components are often not made. Frontline service organizations have important knowledge that they have gained from their service delivery practice, knowledge that is often lost in the top-down and contracted-out administrative systems built in the last century. Systems that capitalize on frontline knowledge of local conditions will be able to operate more effectively to realize our backward mapping principles of citizen services. But systems also need to invest in that knowledge development through the purposive use of intermediaries and the establishment of robust information systems.

FIGURE 8.1 State-Level Network of Funding and Other Implementation Resources



Source: Author's illustration.

A final role of public governance in a system reflecting the new realities is to ensure that citizens can access information about public investments and results. To do so, public leaders must help articulate enterprise-level outcomes or larger systemwide standards of performance. Current policy reflects multiple, and sometimes competing, goals: enhancing earnings from low-wage work, providing early-childhood education so parents can work, limiting access to cash assistance, limiting family size, providing emergency services, and mandating participation in the low-wage labor market. Even more minute performance measures structure the reporting requirements of the actual service providers. The contested nature of poverty reduction and incremental adoption of policies over time created this diversity. Political realities make it likely that such dynamics will continue, but public governance can guarantee that minute measures are not what drive the operation of the entire work-support system. Instead, governance can involve a public process toward clear, systemwide results that are articulated, measured, and used to make adjustments throughout the system.

These new roles for the public sector in social welfare are consistent with new realities. The public sector is no longer the hierarchical bureaucracy of twentieth-century government; it is using new decisionmaking

processes, and its representatives are assuming new roles as integrators in many fields. Leadership is essential to reconstitute the system so that it focuses more clearly on helping low-wage workers navigate the dynamics of the labor market. Leaders will need to discover new ways to communicate and work with the private nonprofit, philanthropic, and business entities already involved in current service delivery arrangements. They will need to focus on designing, integrating, and assessing the performance of the actual networks used for policy implementation.

CONCLUDING THOUGHTS

Since the mid-nineties, the goals of the American welfare state have dramatically shifted. Although temporary assistance is available to very needy citizens, the focus of government intervention is on supplementing earnings from employment and providing employment and social services. Unfortunately, the infrastructure of public service delivery has not shifted to account for this new emphasis on supporting people as workers.

This chapter has described how current arrangements prevent low-income workers from efficiently accessing publicly funded programs designed to help them navigate the low-wage labor market, make ends meet for their families, or create opportunities for advancement. Yet these structures are outcomes of the decisions of our government. They are based on assumptions of the old era that distinguished between the deserving and undeserving poor, tried to limit citizen demand for public services, and embraced top-down approaches to public management. Twenty-first-century realities require us to consider how advances in systems design can realign the public welfare system so that it can more effectively achieve policy goals.

Backward mapping focuses our attention on the frontline experiences of citizens. From this vantage point, characteristics of high-quality service delivery become clear. Agencies must fairly assess eligibility for services. Services must be accessible to workers with inflexible work schedules and must be matched to particular family circumstances. Agencies should help people sift through the mass of information they encounter about work supports. Direct service organizations play an essential role in carrying out these visions, but their work must be supported by a network of resources. Intermediary organizations can provide some essential elements of support with their unique ability to package resources in ways not accessible to many direct service agencies. And public governance is needed to ensure proper design, alignment, and performance of the whole network.

The direction taken by many public systems' reform efforts seemed to suggest that the path to creating more effective services for citizen "customers" involved merely moving to performance contracting. This approach holds private non-profit and for-profit organizations accountable for particular results. I argue here that the nature of the problem at hand—responding to the challenges created for citizens by the realities of contemporary low-wage labor markets—requires more thoroughgoing change, particularly in the public funding of intermediaries and the development of stronger public governance. Crafting an effective social welfare system requires working in partnership with private service and intermediary organizations. Much of the redundancy, complex relationships, and categorical program silos that exist in current service arrangements were results of a lack of such system oversight. Although no state is currently operating a complete system as envisioned here, the examples provided throughout this chapter suggest that private funders and organizations are not waiting for the public to act; they are taking the initiative in making small experiments to reconstitute a safety net geared to the new reality of actual social needs. The government has a social imperative to promote opportunity and economic security for low-income citizens and to ensure the efficient operation of a social-welfare system that actually supports low-income workers so they are able to survive, thrive, and have opportunities for advancement.

NOTES

1. For more information on Minnesota's public programs for job seekers, see www.positivelyminnesota.com (accessed July 11, 2010), the website of the Minnesota Department of Employment and Economic Development.
2. Evaluation of the first initiative, sponsored by the Annie E. Casey Foundation, is being conducted by Abt Associates; preliminary assessment is due in late 2010. The second experiment is being done by Manpower Development Research Corporation. For more information see www.aecf.org/MajorInitiatives/FamilyEconomicSuccess/CentersforWorkingFamilies.aspx; accessed July 12, 2010.
3. Northern Connections operates a similar model in west central Minnesota. For more information, see www.connectinc.org (North Carolina) and www.northernconnections.org/ (Minnesota).
4. In theories of the state, nonprofit organizations are sometimes conceptualized as "intermediary" institutions interfacing between citizens and government. The term also is used in various literatures to represent organizations carrying out dramatically different roles (Brown and Kalegaonkar 2002; Honig 2004). For conceptual clarity, I modify a framework developed by

Norman J. Glickman and Lisa J. Servon (1999, 2003) describing the roles of community economic development intermediaries that focus on building capacity in programs, organizations, networks, finances, and policy.

5. For more information about the initial learning of *EarnBenefits* see www.aecf.org/upload/PublicationFiles/FES3622H5026.pdf; accessed July 12, 2010. See Seedco's website: www.earnbenefits.org; accessed July 12, 2010. The Minnesota office of the Children's Defense Fund has developed a similar on-line tool, Bridges to Benefits, for use throughout Minnesota, the Dakotas, and Montana, at www.bridgetobenefits.org; accessed July 12, 2010.
6. Center for Economic Progress is the convener of the National Community Tax Coalition, www.centerforprogress.org, which also provides national training on free tax preparation. Accountability Minnesota is a statewide free tax preparation intermediary, www.accountabilitymn.org; both accessed July 12, 2010.
7. The Economic Analysis and Research Network is coordinated by the Economic Policy Institute; see www.earncentral.org; accessed July 12, 2010.
8. This model sees government as network integrator. For other design options, with government playing different roles, see Stephen Goldsmith and William D. Eggers (2004, chapter 4).

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