



# A Study on Ideological, Political Background of the TANF Implementation

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Background of the TANF  
Implementation

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Chapter

01

# Introduction







## Chapter 1

# Introduction

### 1.1 for the reflective review of policy implementation

There have been many definitions of the concept of policy implementation. The simplest of them may be a “process of bringing the content of policy into reality (Anderson, 1984).” Policy objectives can be achieved and target issues can be resolved only when the numerous policy instruments and plans contained in the policy are brought into reality through the process of implementation. In this respect, policy implementation is a critical process and an important factor in the achievement of policy goals.

Policy implementation is a very complicated process. It is not affected only by such macroscopic factors as the ideological and political backgrounds. It is also affected by such microscopic factors as frontline offices and resources. The factors affecting policy implementation include targeted problems; the content of the policy; the circumstances and context of implementation; and the characters of implementing organizations and other resources.

There has been a tendency of viewing administration as a series of technical and value-neutral choices. This tendency has been particularly strong in discussions about how Korea should

implement public assistance policy. As a result, it has been argued that there should be an ideal answer, the most effective and efficient implementation model that is detached from ideology or values on whose foundation the policy was formulated. Many people have thought that various problems or faults arising in the course of policy implementation will be resolved as long as they try to seek this answer. This stance has manifested itself in studies to develop a variety of microscopic models trying to plan policy implementation limiting it to the structure, functions and staffing of implementing organizations.

Recently, policy implementation has been a hot issue in social policy. Nevertheless, studies are still limited to the development of models at a technical level. At the stage of policy formulation, there are considerations of political and ideological geographies and debates based on them. However, once the ball is over in the court of policy implementation, such serious discussions are rarely found.

This study try to considers policy implementation as inseparable from the ideological background and political context of policy and the basic orientation of administration. To emphasize this point, we set out to analyze the case studies of public assistance implementation in the United States before and after 1996. At that time, ideological and political backgrounds had the strongest influence on social assistance in USA. This study examines how the implementation of public assistance policy was aligned with the backgrounds.

## 1.2 Why does "background" of policy implementation matter?

This paper looks into the implementation of public assistance policy in light of its congruence with ideological and political backgrounds, the general circumstances of public administration and the content of policy. In the analysis or understanding of policy implementation, it is important to consider the context of the policy. However, there is not enough basic research into the relationship between policy content and implementation as well as the history of administration.

The research just for implementation model development may lead it away from the goals of the policy concerned. Against this backdrop, this study attempts to examine the relation between policy implementation and the values behind the policy. The study is based on the premise that all the choices made for the policy implementation reflect the ideological and political backgrounds, and that, the backgrounds are not irrelevant to subsequent results and impacts.

Public assistance is the core policy for the poor and the working poor. So public assistance area dramatically shows a battle of social values. In this respect, the implementation of public assistance policy is very useful in looking into the relationship between policy implementation and policy background.

The reason why we pay attention to American public assistance practices has to do with the national characteristics of the country. Among leading industrial countries, the United States is the latest

to introduce social welfare programs. In addition, its social welfare system is based on residual welfare, which minimizes the scope of the state's intervention. Moreover, America is a country with a historic and social background that values personal responsibility. For this reason, every time welfare policy is changed, there are clear differences in positions on personal responsibility. Under these circumstances, public assistance has always been a political issue because assistance for the poor and social minorities (e.g., Old Age Assistance, SSI, AFDC, Medicaid, Food Stamps and Housing Assistance) is financed by taxes. In the United States, consensus has been formed among researchers since the 1960s that the working poor should be supported; nevertheless, the issue of providing support for the able-bodied poor has not been out of sensitive debates. That is, we may get a simple and clear view into the attitudes of governments toward social welfare by looking at the roles and meanings of public assistance and subsequent changes in benefit coverages and levels in a country built on the foundation of political ideology of which self-help and limited state intervention forms the basics. What is particularly noteworthy is the abolishment of Aid to Families with Dependent Children (AFDC) with a history of 50 years, and the introduction of Temporary Assistance to Needy Families (TANF). This may serve as an important case study as it is an event in which ideological differences were encapsulated. Social and public responsibility for the poor was stable up until the 1970s. By comparison, in the 1980s, the question of personal responsibility re-emerged and started to become a social issue. Then, it was emphasized

and brought into reality dramatically by the welfare reform in 1996.

Another reason for analyzing the implementation of public assistance policy in America with the 1996 welfare reform as the starting point is that, unlike in the past, the importance of implementation was fully recognized by the reform, and therefore, thoroughly planned. In the United States, the importance of administration was recognized again, mostly starting in the 1980s. American scholars realized that there existed discrepancies between law/policy and frontline implementation in the course of policy reform and its implementation and that behaviors of field workers were very important in achieving the objectives of welfare programs(Lurie, 2006: 2-3).





Chapter

02

# **Contribution and limitation of previous studies**







## Chapter 2

# Contribution and limitation of previous studies

### 2.1 Overview of previous studies

Few of the Korean studies on the implementation of public assistance policy look into the background of policy implementation or its relevance to policy content. Studies by Lee, Seonggi(1996) and by Lee, Hyunjoo et. al.(2005) included considerations about the implementation, content and background of welfare policy to a certain extent but, overall, Seonggi Lee's research was concentrated on the content of policy, while Hyunjoo Lee's was focused on the internal structure of policy implementation. In short, their research did not have a sufficient level of considerations for policy backgrounds nor did they make an attempt to link them together in earnest. Nevertheless, these two studies can be seen as indicating that surrounding factors need to be considered in the implementation of welfare policy.

The existing studies on the implementation of public assistance policy in connection with policy background can be divided largely into three categories. The first category includes studies related to the development of front office models for public assistance (e.g., Kang, Hyegyul et al., 2005; Kim, Byeongkuk, 2008; Kim, Pildu, 1996; Lee, Jaewan, 2002; Cho, Seongnam et. al., 2007; Lee, Hyunjoo, 2007). The key contents consist mostly of analyses

of the limitations of existing models and proposals of a new model. But they lack in elaborate discussions of the background or context of the model and take little account of the relevance of policy implementation target areas to policy content, orientations and background, showing an ambiguous position on individual target areas.

Second, there are studies focusing on the changes of administration and attempting a historical understanding of the changes (Kang, Changku, 2000; Kim, Sooneun, 2003; Kim, Sooneun, 2005; Lee, Seokwon, 2002; Chung, Moosung, 2003; Jeong, Jaewook, 2004, etc.). They take account of administrative background but tend to limit their analysis to administration, slightly negligent of securing its relationship with policy. Even if some of them include the relationship between individual policies and administration in their analysis, they tend not to expand it to an understanding of the fundamental background.

The third category of studies shows interest in both changes in social policy and changes in policy implementation approaches (Kim, Seunghyun, 1998; Park, Kyeongsuk, 2003; Sim, Jaeho, 1997; Lee, Sangil, 2004, etc.). They deal with social policies, but lay more emphasis on the analysis of policy implementation and administrative changes. They also are too limited to provide a comprehensive understanding of what implications social and political contexts may have on policy implementation.

## 2.2 Limitations of previous studies and plan for this study

In Korea, most of the studies on policy implementation so far have tried to design and test an improvement model and develop an executable model based on test results. On the other hand, discussions or research about social policy and public assistance administration have not been dealt with in the context of policy content or ideology behind policy. Even studies that attempted at discussions about background fail to show a full-blown analysis of the effects of ideology or politics that serve as a foundation.

Foreign countries have recently been laying emphasis on the importance of administration in coping with poverty issues. Consequently, they show a tendency of taking administration into consideration when designing policy instead of positioning administration as an area of subordinate choices to simply execute what has been decided. That is, administration itself is being considered as a key link for realizing the ideology of policy. Against this backdrop, it is needless to say that it is more likely for policy implementation to be affected by the ideological and political backgrounds of policy.

This study intends to encompass in its analysis policy, the ideology of policy and the implementation of policy, which have not been discussed comprehensively in existing studies. To identify their relationships more clearly, it also attempts a historical approach focusing on the times when the nature of public assistance policy was greatly changed. Through such analysis, this study

wants to communicate to the readers that the implementation of policy is not a result of neutral choices made in a vacuum but an area at the basis of which the dynamics of ideology and politics come into play.



Chapter

03

# **Analysis framework**





## Chapter 3

# Analysis framework

In the past, policy implementation was considered administrative techniques that were separated from political ideology and contents of program or policy decision. It was considered that, while policy decision was a process affected by values, policy implementation was a technical process detached from values or a social context. From this perspective, policy implementation was viewed as politically neutral. However, the recent tendency in understanding policy implementation is that it is a political process mirroring the ideologies of the society.

Sabatier and Mazmanian (1980) pointed out environmental circumstances as critical influencing factors in the implementation stage. Examples include support of interest groups and authorities. If a policy is to be implemented over a long period of time, it is all the more important to maintain political support from interest groups and executive and legislative authorities. Also, in terms of implementation relationships between central and local governments, higher-level decision makers without sufficient support and incentives cannot help negotiating with lower-level administrators. Therefore, environmental factors are all the more important.

Most researchers studying policy implementation agree that environmental factors such as political, economical and social conditions, public support or sovereign support have impact on

policy implementation. Unlike the general acceptance of environmental factors at this abstract level, however, there still remains a strong tendency of understanding policy implementation as an issue for which a neutral solution can be found, similar to the past approach viewing it as a matter of administrative skills<sup>1)</sup>. This tendency leads to an attitude that people can find and agree to the same solution without taking political circumstances, administrative keynotes or other environmental factors into consideration, even if they have different perspectives. They think that it is possible in the fields where policy implementation is discussed, though it may not be the case in other fields.

In the meantime, a new argument has surfaced. Some researchers take one more step and contend that various factors come into play in the course of execution and, as a result, policy implementation may move in a different direction from that intended to achieve desired objectives. As is emphasized in the bottom-up approach, they point out that specific policy implementation activities in the front line may be carried out in a different manner than was intended at the time of policy planning. We agree that the influences of frontline authorities, organizations or people can affect how policy implementation proceeds. But this study does not deal with discussions about the implications of microscopic factors, which are represented

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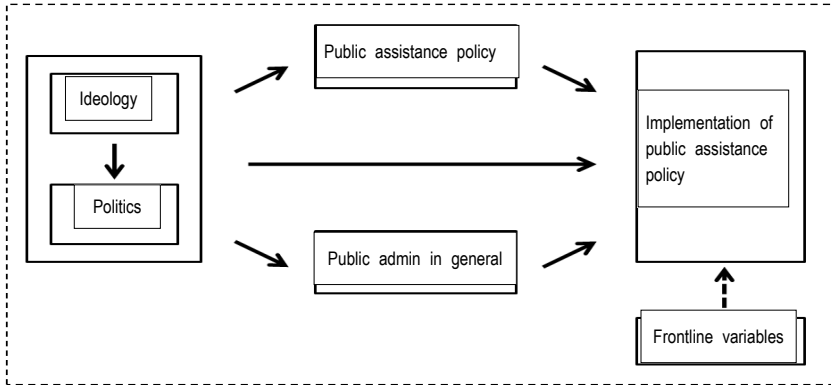
1) Kyeonghyo Park (1990) stressed that policy implementation was considered a technical process to realize project goals specified and agreed to, rather than a central part of the political process.



by the box with a dotted arrow in the analysis framework shown below. We believe that it is easier to secure the achievement of policy goals, and choices for policy implementation can also be clearer, only when analysis and discussions are carried out considering the influences of the values, ideology, and politics underlying policy formation. In this respect, our analysis focuses on the implications of macroscopic factors on policy implementation. This does not mean to say that we deny the existence of microscopic factors. Rather, we are simply stating that the emphasis of our study is on the influences of macroscopic factors.

Against this background, the analysis framework of this study is structured as in the following diagram. The ideology of a society influences the basis of its politics, policy, and administration. The content of policy and the general keynotes of public administration influenced by ideology and politics in turn influence the implementation of public assistance policy. On the other hand, ideology and politics do not exert influence on policy implementation only through the keynotes of policy and administration; they also influence it directly. As mentioned earlier, the microscopic variables of frontline players are not included in the analysis of this study. The reason is that, although we see their influences, it is likely to make the points of this study complicated and unclear if we also factor them into our analysis.

[Figure 1] Factors influencing public assistance implementation



In this study the concept of congruence is used about the relationships of these factors. We use this concept to refer to a relation in which one factor influences another factor and in which changes in one factor cause changes in another. Furthermore, congruence means not only the relationship itself in which all parties involved give and take influences but also the state of agreement in which characteristics or changes take place in the same nature.

The background and content of public assistance policy and its implementation are congruent with one another. This relation of congruence may or may not be recognized but, regardless of recognition, congruence exists. As a matter of fact, congruence is a prerequisite to the successful achievement of policy goals through implementation. But it is sometimes misunderstood that policy implementation is designed or can be designed without fully reflecting the background or content of policy. If it happens, the goals of the policy concerned cannot be accomplished properly.



Chapter

04

# The welfare reform of 1996





## Chapter 4

# The welfare reform of 1996

### 4.1 Overview of the welfare reform of 1996

The theory of “Welfare State in Crisis” that emerged in the late 1970s led to efforts to relieve the government of pressure on welfare budgets and improve policy efficiency. As a solution, the concept of welfare on the condition of work started to be used as a main tool for welfare reform. Controversy over welfare reform, that has been around for a long time in the United States, was settled for the time being in 1996 when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) passed the Congress. The gist of the PRWORA is to replace Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS) and Emergency Assistance (EA) – which has been the cornerstones of public assistance since the enactment of the Social Welfare Act in 1935 – with Temporary Assistance for Needy Family (TANF).

The purposes of TANF are to: 1) provide assistance to needy families so that children may be cared for in their own homes; 2) end the dependence of recipients on government benefits by promoting job preparation, work, and marriage; 3) prevent out-of-wedlock pregnancies; and 4) encourage the formation and maintenance of two-parent families.

AFDC was formed and maintained as a joint program between federal and state governments, offering entitlements to individuals only if they met certain eligibility criteria. On the other hand, TANF, which replaced AFDC, ended entitlements to cash assistance for individuals and allows the federal government to provide block grants to states so that state and local governments both have discretion and responsibility for designing and administering public assistance. Under TANF, the federal government has only to provide grants within a certain limit, and any other federal assistance than flat-amount grants is strictly restricted. TANF also allows states to divert any savings from welfare expenditures as reserves for the state government, curbing states' urges to spend more.

The welfare reform enforces a 60-month lifetime limit on the receipt of benefits, but states can institute shorter limits. States can also provide cash assistance for more than five years within the limit of their general budgets and select activities suitable for the conditions of individuals to work (job training, education, job search, etc.). Work requirements are imposed on all recipients. States may penalize non-exempt persons who do not cooperate with the work requirements: According to federal government provisions, persons who do not fulfill the work obligation receive a reduced benefit or may lose it entirely. States that fail to meet the minimum work participation rate, which is 50% of all recipient families, may be sanctioned by up to five percent reduction of their TANF block grants for their first failure, and the penalty increases by two percent each year until compliance is achieved. Under the Maintenance of Effort (MOE) requirement, states must

spend 75 percent of FY 1994 spending on state expenditures for welfare purposes if they meet work participation rate requirement. If not, however, they may be penalized to adjust the MOE percentage upwards. To promote employment, child care provisions as well as parental responsibility for child support have been strengthened. The key content of TANF also includes discouraging out-of-wedlock births and abortions, while encouraging marriage, so that a two-parent family can be formed. Family caps are in effect as well, denying the incremental increase in cash assistance associated with a new member being born or added to a recipient family.

There had been consistent voices against public assistance programs giving welfare entitlements to the poor, arguing that they would give rise to welfare reliance, but it was during the 1992 presidential election, when Bill Clinton promised to "end welfare as we know it," that welfare reform started to be discussed in full bloom (Haveman, 1997). The welfare reform laid out by Bill Clinton and the Democratic Party included recommendations not only to reform AFDC but also to strengthen work incentives and training and education in welfare-to-work programs riding on the tides of the times that stressed active labor market policy. After the inauguration of Bill Clinton, states were allowed to experiment with various attempts to reinforce work requirements through waivers of the Social Security Act, and the enactment of the PROWRA in 1996 can be seen as a process of completing such devolution (Hwang, Deoksun et al., 2002)

## **4.2 Changes in attitude to public assistance programs**

### **4.2.1 Changes in public assistance receipts**

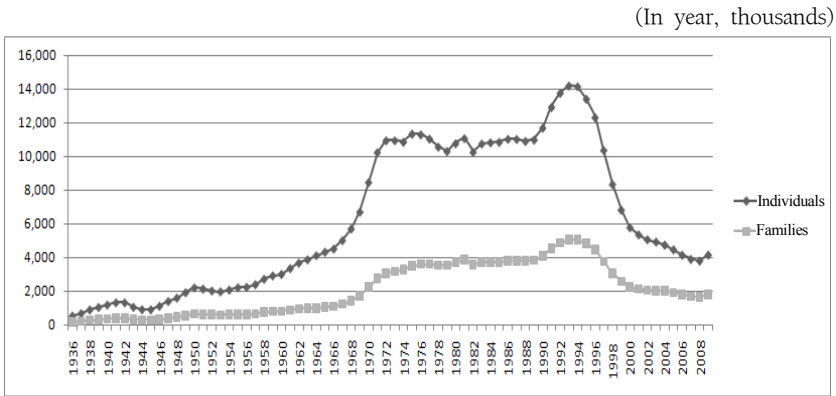
Understanding of the changes in the size and composition of the poor and public assistance recipients before the 1996 welfare reform is useful in understanding the circumstances around the time of the reform. This will help us understand the background against which budget pressures due to increasing recipients, welfare reliance due to AFDC, and moral hazards became social issues.

Welfare rolls showed a steady increase between the enactment of the Social Security Act in 1935 and the welfare reform in 1996. In the late 1960s and early 1970s in particular, President Johnson's War on Poverty initiative caused welfare recipients to increase, despite the growth of GDP in real terms before and after 1970 (Barr, 1998). Since the 1980s, various policies had been enforced to hold down the growing number of claimants, for example, excluding a certain portion of earned income from income verification or expanding employment training programs. But they had not been particularly effective and, to make matters worse, real GDP dropped significantly. As a result, AFDC recipients increased rapidly once again between 1989 and 1994 (O'Neill & Hill, 2001). On the contrary, reforms of public assistance programs like the 1996 PRWORA legislation produced the effect of reducing recipients. The number of recipients reached 14,225,000 in 1994 but fell rapidly to 8,770,000 in 1998 after the reform. Even after that, it had shown a steady, though less



dramatic, decrease due to economic downturns and then, increased slightly after 2008.

[Figure 1] Trends in individuals and families on public assistance in the United States (1936 – 2009)

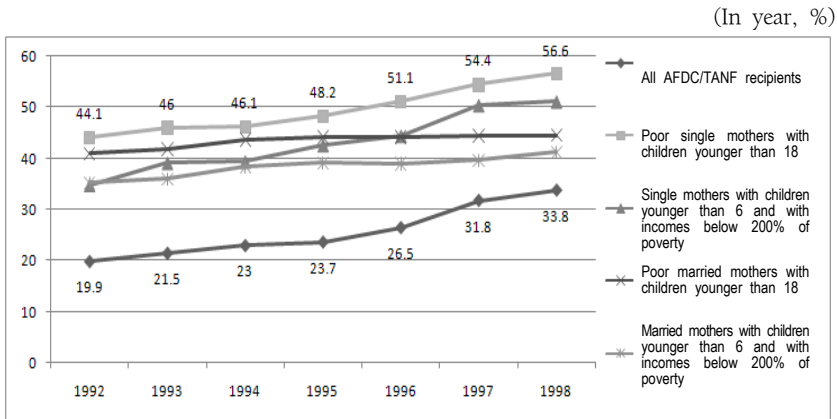


Source: U.S. Department of Health and Human Services, Administration for Children and Families.

The problem of AFDC undermining the motivation to work served as a driving force for welfare reform, coupled with changing perceptions about the able-bodied poor. In fact, the ratio of working recipients to all AFDC recipients in 1992 was 19.9%, less than one fifth of the total. This pattern is repeated in the percentages of work participants in each type of recipients. Only about 20% of all AFDC/TANF claimants in 1992 were working. Single mothers with children younger than 18 years of age showed the highest ratio of working recipients at 44.1%. These percentages had shown an upward trend by degrees but started to increase more briskly after the 1996 welfare reform. In 1998, 33.8%

of all welfare recipients and 56.6% of single mothers with children younger than 18 years were working.

[Figure 2-3] Trends in work participation rates by classifications of recipients (1992 – 1998)



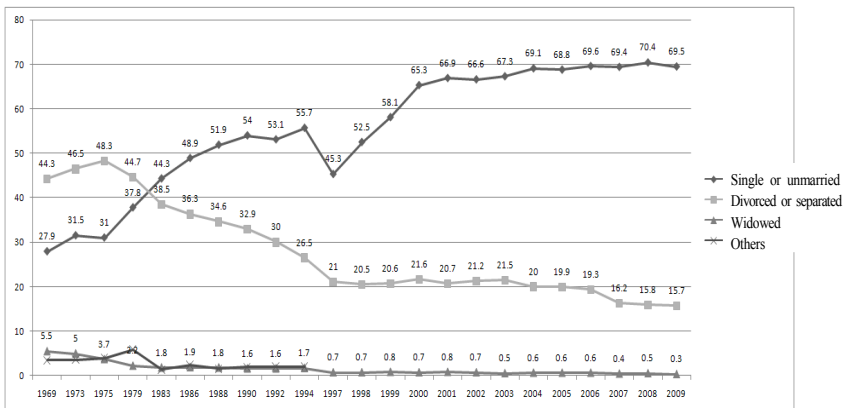
Source: U.S. Department of Health and Human Services (1999), Temporary Assistance for Needy Families (TANF) Program, Second Annual Report to Congress, August 1999 (reconstructed)

AFDC's initial target groups were war widows and children without proper care. However, a look at the changes in the ratios of recipients according to marital status between 1969 and 1994 confirms that the percentages of single and divorced or separated parents increased, as shown in the graphs below. Up until 1994, right before the welfare reform, the size of single parents (unmarried, divorced or separated) with children had increased steadily. In 1994, unmarried or single parents accounted for 55.7%, while people receiving benefits because of divorce or separation recorded 26.5%. The two groups combined took up more than 80%.

As the ratios of single parents for the reasons of being not married, divorced or separated increased, the welfare issue was associated with the ethics of the middle class. It became an objective of welfare reform to prevent single mothers from increasing while promoting the formation of two-parent families. The following graphs show that the number of unmarried or single-parent families dropped to 45.3% of the recipients after peaking at 55.7% in 1994. Despite the reform, however, the share of single or unmarried single-parent families grew steadily until the early 2000s, and then, the growth started to slow down in 2005 when the welfare reform was reauthorized. The percentage of recipients due to divorce or separation went down by about 5%p, from 26.5% in 1994 to 21% in 1997, and has maintained a steady level in the range of 20% afterwards. But as we can see, even this figure starts to go down slightly in 2005.

[Figure 2] Trends in recipient percentages by material status (1969 – 2009)

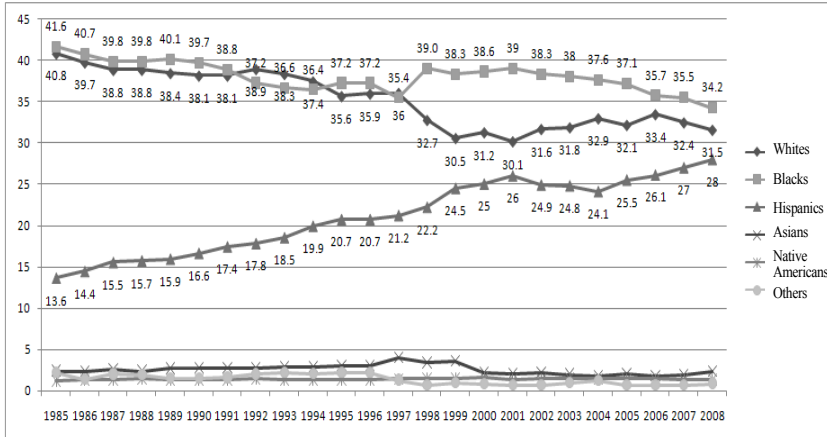
(In %)



Source: National Emergency TANF Datafile

Another issue with public assistance recipients can be seen from the perspective of racial composition. While blacks took up about 12% of the total American population, they accounted for a high percentage of welfare recipients: The ratio of blacks to AFDC recipients in 1995, right before the welfare reform, reached as high as 37.2%. A look at the US poverty rates in 1995 by race reveals that poverty among the black population was relatively high at 29.3% and that poverty among the Hispanics was 30.3%, also high relative to whites (11.2%) or the total population (13.8%). This gave rise to the bias that black single-mother families, one of the main recipient groups of AFDC, were either abusing the program or weak-willed to work. There is a fair chance that this racist bias had impact on the welfare reform. A considerable number of blacks dropped out of the welfare rolls right after the welfare reform but re-entered by meeting the poverty and work requirements defined by the new programs. In the meantime, Hispanics have become yet another major recipient of public assistance.

[Figure 3] Trends in the racial compositions of public assistance recipients in the United States



Source: Administration for Children and Families, National TANF Datafile

### 4.2.2 Spreading criticism against AFDC

Public assistance programs in the United States before the 1990s were centered around AFDC based on the 1935 Social Security Act of 1935. AFDC provided cash assistance to families with children younger than 18 years old who satisfied certain criteria. It is representative of public assistance programs designed to protect children without proper parental care. A considerable portion of AFDC funds - about 55% - came out of the federal government's funds. Consequently, eligibility and benefit levels were determined by federal policies and regulations, without state involvement (Haveman & Wolfe, 1998).

Because the purpose of AFDC was to protect children without

proper parental care, the majority of AFDC recipients were single, divorced and widowed mothers with children after the 1950s when entitlements began to be given to adults. The social convention at that time dictated that housewives with children did not generally seek employment; therefore, the AFDC programs were far from promoting employment (Bloom, 1997). Against this backdrop, the AFDC programs applied the 100% implicit marginal tax rate if recipients got a job and earned an income: As income rose, so their benefits tapered downwards. This lowered their motivation to work and, subsequently, they stopped searching for a job or cut down on work hours, even stopped work altogether (Haveman & Wolfe, 1998; Lee, Sangeun, 2003). As benefits had the adverse effects of weakening incentives to work, criticism arose that AFDC did not give the motivation to get off the welfare rolls; the benefit levels themselves were not enough to escape from poverty; and that, the process of checking a person's eligibility for AFDC benefits or delivering such benefits was overflowing with practices infringing on his/her human rights. Under these circumstances, AFDC was criticized by both the liberal and conservative parties. The liberals pointed at the insufficiency of AFDC benefits (especially for child care), while the conservatives pointed out the needs for motivating recipients toward work and self-sufficiency.

Furthermore, because AFDC gave entitlements to unmarried or single mothers raising children, it came under criticism that it increased illegitimate children and broke down the family system (Kim, Taeseong, 2005). The main target recipients at the time of the introduction of AFDC were war widows and single parents,

but, as divorced women and single mothers grew overwhelmingly, voices against them started to grow louder, finding fault with the tendency to keep giving birth or not declaring marriage to hold on to entitlements.

Other issues also emerged along with them: a rapid growth of claimants and subsequent financial burdens. The War on Poverty initiative in the late 1960s and early 1970s resulted in a dramatic increase of AFDC recipients. To reduce the rapidly growing recipient population, the American government allowed a certain portion of earned income to be disregarded from income determination (earned income disregards), while enforcing various policies including the expansion of job training programs through JOBS, for example, since the 1980s. However, it failed to achieve the recipient reduction goal, and AFDC recipients increased significantly once again (O'neill & Hill, 2001)








Chapter

05

**Ideological and political  
backgrounds of the welfare  
reform**





## Chapter 5

# Ideological and political backgrounds of the welfare reform

The ideological backgrounds of the US TANF policy can be summarized as neoliberalism, neoconservatism, paternalism and neofederalism. This study intends to analyze these ideological backgrounds, at a theoretical level, based on the content of policy reflective of ideology. In terms of political backgrounds, we first look at how the Democrats and the Republicans - who represent liberal and conservative ideologies in America - formulated the TANF bill through what specific political behaviors (conflict, competition, arbitration, coercion, agreement, etc.) in the congressional or bicameral system between 1992 and 1996. Then we look into how the TANF bill was revised through the interactions of the President, the Administration and the Legislature in their respective institutional and political contexts.

### 5.1 Ideological background

Social policies of the United States have all gone through changes with the times, from classical liberalism to social liberalism to new liberalism, and then to neoliberalism, but it is not an exaggeration to say that liberalism is embedded in all of them. To understand the characteristics of neoliberalism, which is closely related to PRWORA, we need to understand

new liberalism first. It is because new liberalism is the ideological foundation of social insurance and public assistance - income security programs representative of the classical welfare state era or the Keynesian era.

In the 1990s, neoliberalism gained prominence in the United States due to liberal political culture, weaker labor class, decentralized federal system, conservative bicameral structure and sensitivity to the public sentiments toward the middle class. The new liberalism that emerged after classical liberalism acknowledged the necessity of state intervention against the excessive harmful effects of laissez-faire, while still recognizing personal liberty and the overriding status of the market. Classical liberalism recognizes "society" as a unique domain separate from the market - for example, the existence of the domain of civil society or family - and also recognizes its unique order and principles within its domain. On the other hand, neoliberalism is distinct from classical liberalism as it is a kind of market fundamentalism (Ahn, Byeongyeong & Lim, Hyeokbaek, 1999: 87-89). Unlike Keynesism, which advocates active government intervention for demand management to maintain the capitalist economy in the 1900s, neoliberalism follows the tradition of neoclassical economic philosophy in that it regards prices as an action selection mechanism for individuals. Also, neo-liberals regard monetarism as important for it controls money in circulation through tight-money policy to curb inflation, and thus, stabilizes the value of currency and induces investments to increase. They also value supply-side economics as it gives entrepreneurs investment incentives through tax cuts, and thus, creates jobs

(Kim, Suhaeng et al., 2003; Harvey, 2005). In addition, they highlight the deregulation of the labor market, the privatization of government organizations, public budget reductions, and strict eligibility requirements for social welfare with a focus on the duty to work<sup>2)</sup>.

Also, neoliberalism embraces both radically-inclined New Rightists with the characteristic of complete distrust of the government as well as neo-conservatives, the traditional majority who tolerate government intervention if necessary (O'Connor and Robinson, 2008: 40). What is characteristic of New Rightism is that both classical liberal and conservative leanings are encapsulated in it. In other words, the ideology has a contradictory nature of pursuing more intervention-free, more competitive social relationships and trying to restore earlier social and political authority at the same time. Therefore, New Rightists oppose the welfare state strongly in that the government, which they see as less capable than the market, intervenes in resource distribution and that recipients' freedom of choice is denied. Furthermore, they argue strongly that one's social rights come into being only when one fulfills one's duty, as a citizen, to work. Milton Friedman was a typical new rightist. He criticized

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2) Neoliberalism is distinguished from the past traditional liberalism in two aspects: First, while liberal thinking assumed a close relationship between political freedom and freedom in the market, neoliberalism takes one more step and views market freedom as a model that replaces political freedom. Neoliberalism tries to expand market logics and apply them as organizational principles to both social and political relationships (Brown, 2006, Soss et. al., 2009: 2, recited). Second, it attempts to consolidate the operations of the state and the market and rearranges the state from a market perspective.

social welfare policy strongly, saying that it weakened the family, reduced incentives toward work, savings and innovation and restricted freedom (O'Connor and Robinson, 2008: 41)<sup>3</sup>). New right ideology was accompanied by a tendency of stressing results and efficiency. In the 1990s, after going through the 1980s, its emphasis on the importance of measuring the performance of the public sector evolved in the direction of emphasizing the measurement of achievements and their drivers as well as various factors triggering operational innovation based on proven causes and effects<sup>4</sup>). Under this background, neoliberalism was factored into the welfare reform as specific measures advocating personal and regional self-regulation, stronger private and market mechanisms as well as the application of such mechanisms to the public sector, emphasis on work ethics, work requirements and time limits for entitlements.

At the heart of the conservative ideology (or reinforced neo-conservatism) is the acceptance of differences and tensions inherent among individuals, such as gender, race and nationality

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3) King attacked workfare – public assistance on the condition of work that had been spreading fast in the United States and the United Kingdom since the 1990s – as non-liberal (1999). According to him, workfare runs against the central principle of liberalism, equality in treatment and respect for personal freedom, by treating the poor differently from other citizens and forcing them to change their behaviors without respect to their wishes (O'Connor and Robinson, 2008: 43, recited).

4) The driving forces of such transformations can be found in the development and spread of measures and indicators emphasizing the importance of activities, such as Activity Based Costing, Activity Based Management (Ness and Cucuzza, 1995) and Return on Management (Simons and Dávila. 1998) as efforts to introduce performance measurement systems (Eccles, 1991) began to spread.

or class, and it is closely related to the paternalistic familism. In connection with conservatism, paternalist familism, racism or racial discrimination and regionalism are closely related to the evolution of public assistance in America.

Paternalistic familism was combined with racist discrimination against blacks that had exposed itself outright in the 1960s, giving birth to the talk about “welfare queens” in the 1980s. This pejorative phrase, which has caught on since it was often mentioned by President Reagan, refers to a social myth mostly about young black women that they seek to collect welfare payments through child birth as a means for livelihood.

Neo-paternalism had impact on poverty governance. For example, neo-paternalists held that the poor might need to be pointed to the right direction to live more constructively. They assumed that the government should intervene for the poor in a way that was instructive and authoritative enough to force regulation. Maintaining this stance, neo-paternalists saw it necessary to see adults on welfare like children and requested government organizations to act like family heads with authority, not just as friends who helped them (Soss et. al., 2009: 4).

Neo-paternalism is distinguished from old paternalism. Unlike paternalism in slavery or colonialism, the new paternalism is a citizens' cooperation project aimed at leading target recipients into full citizens. They focus on groups of poor people defined as too irresponsible to command respect from others or from a community of other citizens than themselves - people who do not show the basic level of self control expected of respectable citizens, such as the homeless, criminals, drug addicts, lazy fathers,

single teenage mothers and unmarried mothers demanding welfare entitlements (Soss et. al., 2009: 5-6). They criticize that the behaviors of these groups threaten not only their own interests but also the desires of the liberal democratic society for broad and equal political order.

Paternalistic familism refers to a social belief that regards the male responsibility for the livelihood of his family as the core principle of the family system; takes the female spouse's subordinate status and child care responsibility for granted; and emphasizes the obligation of mutual care between parents and children. In other respects, paternalists point to the shortcomings of the poor as reasons for poverty and tend to criticize what they view as unhealthy ways of living among colored people and ethnic groups. Consequently, the effects of paternalism (or neo-paternalism) have been expressed as family formation and maintenance, emphasis on marriage, strengthening the father's roles in family care and the premise of women playing men's roles as family heads.

On the other hand, neo-federalism aims at reducing the size and authority of the federal government, while increasing the authority of state governments. Coupled with the ideology of nationalists, it shows a tendency of strict restrictions on immigrants to receive social security benefits or even their exclusion.

Soss and his research team (2009) considered that liberalism and conservatism in America at that time worked together to create neoliberal paternalism and, along with other liberal researchers like Mayer et. al.(2001), they pointed out that such an ideological trend contributed to the marketization of citizenship.



A comparison of PRWORA provisions with the corresponding provisions of the old law will show relatively clearly the characteristics of neoliberalism, paternalistic familism and nationalistic federalism embedded in PRWORA. First, PRWORA has neoliberal leanings, which can be summarized as stronger self-responsibility and work ethics. Neoliberalism emphasizes the principle of self responsibility among recipients and justifies the granting of inferior payments to income earners. Standards, programs or procedures intended to prevent or minimize reliance on public assistance fall under this category. By increasing the supply of labor into the low-wage labor market, they help accelerate competition among them. Three provisions of PRWORA - time limits, work requirements and work incentives - are examples of the neo-liberalistic nature.

Specifically, PRWORA has formulated a lifetime limit of up to five years on the receipt of welfare benefits to minimize the federal government's duty to relieve the poor. It underscores work ethics by providing benefits on the condition of work including employment, education, training and participation in public work and forces dual responsibilities (child care and work participation) on female recipients by expanding child care facilities and extending Medicaid benefits. All of these correspond to neo-liberal ideas. Furthermore, it encourages states to get actively involved by promising an additional budgetary support worth a billion dollars over four years to states with high work participation rates. This also is a neoliberal characteristic of PRWORA.

Second, PRWORA also shows the characteristics of

paternalistic familism. It includes standards, programs or procedures that determine terms of benefits based on the marital status of a claimant or force gender-differentiated child care duties on parents by inducing the formation of a nuclear family around husband and wife. In fact, they indicate government intervention to promote child care by female recipients that have been stressed consistently through Mother's Pension in the 19th century and AFDC in the 20th century. Unlike in the past, however, PRWORA refuses that the government pays public assistance to women under 18 years of age for child birth and forces their parents to live in together and check school attendance. So it can be said that this approach proposes a new model of "suitable fit." Besides, it collects child care support from divorced fathers more aggressively and demands more strongly that they should cooperate with child-caring mothers for that purpose<sup>5)</sup>. This shows that PRWORA has even the nature of paternalistic police state in which the state plays or supplements the role of the male in a family as the bread winner. PRWORA also denies benefits for a child born while the family is receiving benefits. This is yet another characteristic of paternalistic conservatism and familism that restricts women's freedom and therefore runs against liberalism<sup>6)</sup>.

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5) New efforts were added to collect child care expenses more forcefully by setting up a dedicated team within the administrative branch and having the employer report if the father gets a new job. If the father refuses to pay for child care, the state government is allowed to confiscate his driver's license or passport or indict the child's grandfather (Bryner, 1998).

6) In other areas, the concept of disabled children has been reduced to children with a disability that may result in death or that is expected to cause marked functional

Third, neo-federalism is the governing ideology of the Republican Party. It is an ideology that, among others, Richard Nixon and Ronald Reagan emphasized. It aims to reduce the functions of the federal government in health, education, environment and social welfare areas through federal budget cuts, and encourages deregulation and privatization. On the other hand, coupled with nationalistic ideology, it tends to impose strict restrictions on immigrants to receive community care or even exclude them from such benefits. This tendency manifests itself in the PRWORA standards, programs and procedures that stress and increase the decision-making power of state governments to determine the sizes and conditions of benefits as well as operate and finance programs to help people off the welfare rolls. It is also found in efforts to reduce the federal government's financial burdens and induce state governments or the private sector to increase their financial shares while emphasizing federal supervision and regulation over state performance in reducing the welfare rolls. The payment of block grants, the recognition of states' self-regulation over budget allocations and emphasis on states' MOE obligations also fall under this category. It is also neo-federalistic to hold states responsible for people who have reached the five-year time limit on the receipt of federal benefits. The "race to the bottom" among states to cut back

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limitations that may last 12 months or longer. Children who do not satisfy this criteria are denied SSI benefits, and those charged with misuse or abuse are also denied SSI benefits. If adult children lives in with their parents, they should apply food stamps together with their parents. All of these can be said to show leanings toward paternalistic familism.

the size of benefits may restrict the freedom of recipients to move across states. Efforts to prevent the race by allowing a state to apply the terms of another state from which a new recipient comes for up to 12 months are also considered neo-federalistic.

On the other hand, there are nationalistic provisions as well. Legal immigrants are denied Supplemental Security Income (SSI) and food stamps for ten years or until they become citizens, and new legal immigrants are denied almost all the federal social services<sup>7)</sup>. Besides, child nutrition services are no longer offered to illegal immigrants; only emergency medical benefits are available. Lastly, the income of sponsors is taken into consideration when an immigrant's eligibility for benefits is determined. All of these are considered nationalistic.

## 5.2 Parliamentary political system and TANF

The House Wednesday Group made up of about 50 Republican House members can be said to have played a key role in having a public assistance reform bill (H.R.3500) brought into Congress in 1992. Starting in January 1991, they put together a reform bill around out-of-wedlock births and work evasion among the poor and published a report in October 1991. The majority of the report's content laid the foundation for various reform bills including the PRWORA bill, which was passed in 1996. The

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7) But refugees, exiles and veterans are exceptions.

group was led until 1996 practically by E. Clay Shaw, who was one of the key leaders in the process of formulating the Republican reform bill for public assistance. Among the proposals of the October report, the time limit for benefits signaled a policy change: Public assistance was no longer legal entitlements of the poor that it was the government's duty to provide. Rather, the government could pay for it, at its discretion, within the limit of its budgets.

The main background in which the Republican House Representatives came to participate actively in the submission of the welfare reform bill in 1992 was that it was a presidential election year and that Bill Clinton, then the Democratic nominee, highlighted welfare reforms as key campaign issues. In other words, the Republican Party decided to make full political use of public assistance reforms in order to seize the initiative to the advantage of their party in the bicameral system. Besides, public assistance reforms emerged as one of the key election issues as the media pointed out that the welfare rolls had been growing rapidly since the 1988 enactment of the Family Support Act, despite declining unemployment rates, and that a major group of recipients were female householders due to births out of marriage.

In May 1993, the Republican leadership set up a task force with the leadership members as well as representatives of the Republican Congressmen sitting on various welfare-related committees including the House Ways and Means Committee to come up with recommendations for welfare reform. With a view to solidarity within the Republican Party, they made their

best efforts to put together a bill on which they all could agree. The recommendations of the welfare reform task force led by Tom DeLay and Rick Santorum passed the general meeting of Republican Congressmen on October 13, 1993. They were a product of incorporating the inputs of team members and going through various procedures. They were successfully brought into Congress on November 13, 1993, proposing to make work participation compulsory, impose sanctions on out-of-wedlock births, impose time limits, combine various benefit programs into one block grant and deny benefits to non-citizens (Haskins, 2006).

In the meantime, the Democratic Party had difficulty even in just reaching agreement between the President and Congress regarding public assistance reforms. The Republic victory in the Congressional election on November 9, 1994, added momentum to the drive for the welfare reform bill towards sanctions state discretion and sanctions regarding work behaviors and out-of-wedlock births.

When the Republican reform bill failed to become law because of President Clinton's veto, the National Governors Association tried to pass a welfare reform bill once again. The state governments and governors played a decisive role in passing the Republican-led public assistance reform bill in 1996 after it had been vetoed twice and in danger of being discarded. Tommy Thomson, Governor of Wisconsin and Chairman of the National Governors Association, and John Angler in charge of public assistance came up with welfare reform recommendations through compromises with the Democratic governors and handed them

over to Republican Congressmen. After that, conflicts continued to get intensified due to the political backgrounds of the governors as well as differences between the Republican and Democratic parties. However, the public assistance reform bill finally passed the House of Representatives on July 18, 1996, and then, the Senate on July 23 of the same year.

The last step to go through was the President's approval. Bruce Reed, who was serving as a public assistance advisor on the White House staff, was one of the designers of the welfare reform bill during the 1992 presidential election. He recommended President Clinton to sign the Senate-approved bill for the following reasons: The bill ensured work support programs including work requirements and child care; the collection of child care expenses was very similar to the recommendations of the Department of Health and Human Services (DHHS); giving discretionary powers to states would provide flexibility in implementation; and, above anything else, the number of poor children might not be as big as expected, thanks to Earned Income Tax Credit (EITC) and many other incentives. President Clinton finally signed the bill into law on August 22, 1996, ushering in the TANF age (Haskins, 2006).

To grasp the ideological nature of TANF and PRWORA, it is essential to analyze the ideological inclinations of President Clinton. He was a leading "New Democrat" even within the Democratic Party. Even before he was nominated as a presidential candidate, his views showed big differences from the basic ideologies or platforms of the Party. Besides, one of the key catchphrases of his presidential campaign, "end welfare as we

know it,” was a forewarning that he would work to eliminate welfare reliance, which was known as the biggest problem of public assistance, and lead people out of poverty through work efforts. As a matter of fact, prior to the AFDC reform, President Clinton initiated a reform to expand federal support for increasing income among poor families by expanding the EITC in 1993.

President Clinton’s New Democrat movement is similar to the “New Labor” vision that Tony Blair proclaimed when he was elected the leader of the Labor Party in the United Kingdom in 1994. Many similarities are found in their visions in that the anti-poverty measures implemented in both countries during the 1990s stressed work efforts. For example, to be eligible for Job Seeker’s Allowance, a British unemployment benefit, claimants should seek employment for a certain period of time with the help of an employment counselor called New Deal Personal Adviser. If they fail to find a job during this period, they must participate in work activities. Other similarities include their emphasis on various earned income tax credits designed to induce recipients into self-support through work.

President Clinton’s moderate rightist leanings deepened when he was working as an initial key member of the Democratic Leadership. After losing three presidential elections in a row since 1980, the Democratic Party identified the “excessive liberal inclinations” of the candidates as the reason for the failures and came around to create the Democratic Leadership to justify the needs for turning right. The Progressive Policy Institute was established as a think tank. It was led by Al From, a conservative who later served on the White House staff for Clinton’s “Third



Way” policy, and Will Marshall, who played a leading role in the “New Democrat” movement. The Democratic Leadership steered away from the efforts to expand the welfare state and civil rights that the Democratic Party had pursued up until the 1970s and strived to consolidate mid-to-right inclinations through government budget cuts and emphasis on personal responsibility. Their status was enhanced greatly when two of their founding members, Bill Clinton and Al Gore, were nominated as presidential candidates in 1992. As for Bill Clinton, he took the chair of the National Governors Association from 1985 till 1987 when he was Governor of Arkansas and contributed considerably to having the “New Democrat” movement take root deeper in the party (Stoesz, 2000).






Chapter

06

# **Changes in administrative environment by 1996**





## Chapter 6

# Changes in administrative environment by 1996

The administrative system of the United States has been the target of reform every time a new government is inaugurated since the early 20th century. That is, for the purpose of improving the effectiveness, efficiency, transparency, and economy of government operations, the restructuring of the administrative system has always been discussed (Light, 1997)<sup>8</sup>). However, points of emphasis vary greatly with the times. The differences can be understood to originate from differences in perspectives on diagnosing problems as innovation targets, and the differences in perspectives can be said to reflect ideological positions on policy values and government roles.

We intend to examine changes in the keynotes of public administration, starting with the Reagan Administration, before we move on to the Clinton Administration. The reason is that a considerable portion of the changes that started in the Reagan

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8) According to Paul C. Light (1997), there are largely four tides of government reform: The first tide seeks efficiency through the application of scientific principles to organization and management; the second seeks increased economy through attacks on waste; the third seeks transparency and ethics through procedural improvement and access; and the fourth seeks improved performance in government activities. Their points of emphasis are cascading rather than mutually exclusive, and associated initiatives have changed with the times. Since the 1980s, there have been an efficiency-driven reform (Financial Officers Act of 1990), an economy-driven reform (Department of Housing and Urban Development Reform Act of 1989) and a performance-driven reform (Government Performance and Result Act of 1993), among others.

Administration remained strongly in the Clinton Administration. Administrative reform often emerges as a measure to counter prevalent distrust with the Government<sup>9)</sup>. The reform of the Reagan Administration came when the public approval of the government dropped to the 30% range, the lowest post-war rating attributable to the economic downturns and declining national competitiveness since the oil shock in the mid-1970s. The Clinton Administration also faced high public distrust because of big government debts and economic downturns and saw mounting pressure on the needs for reform. Therefore, as a part of efforts to get support back from the general public (especially white middle class), the administrations resorted to administrative reform packages. As reform packages clearly reveal the core political values of an administration, we will take a look at them to understand the administrative keynotes of the two administrations.

The Reagan Administration's reform can be differentiated from those of the previous administrations in the following contexts: First, it is distinct in terms of the roles of the government and the direction of administrative reform. Administrative reforms before the 1980s can be said to have concentrated on boosting the roles and capabilities of the government. Consequently, they were mostly into establishing and strengthening a centralized, top-down administrative state around the federal government.

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9) Arnold (1995) regards public distrust with the government as the motivation of administrative reform that has been pursued in the United States since the 1980s. It is said that the will to reform the government was very strong as the approval rating plunged from 76% in 1963 to the 20% range in the 1990s.

The introductions of the Social Security Act, various social welfare programs through the War on Poverty and budgeting systems such as the Planning, Programming and Budgeting System as well as the Carter Administration's performance-based personnel reform are reflective of the tendency of emphasizing centralized rationality.

After the 1980s, however, there was a growing tendency of viewing the market as the criteria for judging the effectiveness and efficiency of the government, stressing the roles and autonomy of state and local governments relative to the federal government. In other words, the differentiations between public and private sectors that had been tacitly recognized started to be denied or reduced. Also, in terms of performance evaluation criteria, the level of satisfaction among recipients as well as responsiveness were stressed, rather than the delivery itself of desired services through the introduction of a program (Brudney and Wright, 2002). This tendency can be seen as congruent with the roles of government proposed by neoliberalism that was running high at that time. Therefore, whereas reforms before the 1980s proceeded in the direction of building up the roles of the federal government, reforms after the decade were pursued forward in the direction of building them down. These keynotes of the Reagan Administration were not only retained as they were by the Clinton Administration – a Democratic government – but it is our judgement that they were also linked to the introduction of the National Performance Review (NPR), probably the biggest post-war administrative reform<sup>10</sup>).

In the 1990s, the Clinton Administration pursued a reform

based on the New Public Management principle of creating a government that “works better, costs less” but, overall, it maintained the policy keynotes of the Reagan Administration including a smaller government, decentralization, stronger roles of the private sector in the public sector and reduction in welfare recipients (Brudney and Wright, 2002). It can be said that this is a little different from the conventional moves of the Democratic Party. To understand it, we need to look at two political considerations facing the Clinton Administration. One is that they needed to secure support from the mostly conservative middle class, and the other is that they had to draw support from officials who would actually have to execute the reform tasks.

What we can figure out from the political circumstances and election results in the 1980s is that there were prevailing objections to the roles of the government that had leaned toward expansion up until the 1980s. Consequently, there was a lot of support for reducing the public sector that might be in the way of boosting the competitiveness of the private sector. Of course, the American people still were supportive of the various entitlement programs introduced by the Democratic government<sup>11)</sup>, but the newly

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10) This reform took the longest time in the history of the federal government. It included more than 1,200 changes.

11) According to Paul Light's analysis (2003) of the results of a 1997 public opinion survey, 16 percent of the respondents said that the government had wrong policy priorities and therefore it should cut down on or terminate projects. On the other hand, 14 percent responded that it had wrong priorities but it should adjust or maintain, rather than terminate, projects. Another 22 percent said that it had right priorities but it should cut down on or terminate projects, while 39 percent saw it necessary to adjust or maintain, rather than terminate, projects as it had right priorities. This means that, although there was high demand for reform on account



inaugurated Clinton Administration was not in a position to disregard Republican-inclined policies because of the generally conservative-leaning political climate. Furthermore, the fact that it was a divided government - Congress was controlled by the Republicans - reinforced this tendency.

In whatever form administrative reform may be established, implementers of the reform are officials, who are actually the intended target of the reform. In administrative reform, therefore, it is a very important task to decide what position to take on them. Having expressed antagonism against bureaucracy openly, the Reagan Administration (1981 - 1989) moved ahead with a policy of downsizing public servants and appointing conservative-inclined people aggressively as senior civil servants<sup>12</sup>). As a result, the Clinton Administration was inaugurated into a conservative bureaucratic environment, and therefore, needed to gain control and provide incentives at the same time by any means. This need grew far bigger after the 1994 Congressional election when the Republicans took dominance in both House and Senate. Under these circumstances, the Clinton Administration's bureaucratic reform was focused on reforming the system - the way they worked - rather than the personnel that the Reagan Administration gave priority to. That is, they

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of distrust with the government, people were also obsessed with the benefits from ongoing policies and projects.

- 12) Of course, the attempts were made by utilizing Civil Service Reform Act (1978) initiated by the previous Carter Administration to reinforce political influence among high-ranking officials. These attempts were possible particularly because the Congress that was supposed to contain political appointments was actually controlled by the Republican Party (Rockman, 2001).

did not see the problem of bureaucracy as a problem of bureaucrats but a problem of the system: The old system created in the age of mass industrialization was not working well in an information society that required flexible and adaptive responses. Some of the evidence of system-oriented changes can be found in the involvement of a large number of officials in the National Performance Review (NPR) - which represented the Clinton Administration's reforms - to develop reform plans or in the fact that the Administration started efforts to create an electronic government using information technology.

To serve as the leading organization of administrative reform, the Clinton Administration instituted and operated the NPR on the basic assumption that the government organizations at that time were built on the hierarchical control and large-scale bureaucracy originating from the Industrial Revolution era. They believed that the rule-based, procedure-oriented administrative approach, though effective in the past, was now in the way of innovation and that they needed organizations and behaviors that could respond more flexibly in an age of global competition under the rapidly changing environment propelled by revolutionary information technology. In other words, rather than producing and delivering goods and services on a large scale, the government should make use of voluntary actions and outsourcing by establishing a structure of incentives<sup>13)</sup> and should

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13) For example, the Federal Activities Inventory Reform Act (FAIR, 1998) requires a federal agency to submit a competitive proposal if an activity they perform exists in the private sector. Although it is not mandatory to outsource such an activity, the law requires at least a process of securing justification for not outsourcing

also promote competition not only within the government but also with the private sector. From this perspective, they believed that administrative reform should also be carried out in the direction that could boost government performance, rather than focusing on increasing the roles and capabilities of the government. Specific proposals included: i) Remove unnecessary rules and budgeting processes that run the risk of leakage and do away with formalism through decentralization; ii) Raise customer voices, accept market mechanisms and break down government monopoly so as to become consumer-oriented; iii) Allow employers to get better results through training, responsibility and good labor conditions; iv) And go back to the core functions of the government so that the government can be run cost-effectively. The government will subsequently be able to eliminate unnecessary tasks and activities.

The NPR reform has three distinctive characteristics: First, while earlier administrative reforms targeted mostly structural problems (for example, functional and organizational adjustments), the NPR focused on microscopic operations to achieve goals. For this reason, there were many measures at lower levels, such as organizations to which clearer missions and goals were given, and emphasis was laid on measuring and evaluating performance in achieving goals. Furthermore, the empowerment of frontline officials was emphasized. This came from the recognition that the services of various organizations

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it if they decide not to do it. That is, federal agencies are to use outsourcing as a kind of frame of reference.

to the same customer would inevitably be consolidated out in the field, and therefore, the capabilities and discretion of frontline officials were indispensable.

Second, the boundary between public and private sectors became blurred. According to Kamensky, J (1996), private organizations at that time knew that organizational cultures and operational processes needed to be transformed in order to survive the rapidly changing world. So they had been pushing for decentralization, flat organizational structures, more engagement of the employer at workplace and better responses to customer demand. These developments had led to quicker responses to customer demand and services of better quality. The NPR position was that the government was also under desperate circumstances, though different in nature, and should be able to respond to customer desires just like private companies. Therefore, the Administration believed that they needed to pursue efficiency through competition and, to make it happen, they considered it necessary to introduce various market or private mechanisms focusing on the similarities, rather than differences, between public and private administration. "Reinventing Government (1992)" written by David Osborne and Ted Gaebler can be said to have provided guidance for administrative reform at that time. They proposed ten principles<sup>14)</sup>, requiring the functional transformation

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14) The 10 principles are as follows. The government should:

1. Do the steering, rather than rowing, in the public service delivery system.
2. Empower citizens so that they can participate more actively in the ownership and control of public services.
3. Inject competition into service delivery, as it is useful as it provides incentives for efficiency and improves accountability at the same time.

of government organizations. It can be said that they had impact on the development of techniques to comprehensively measure and manage the multi-dimensional identity of the public sector. That is, they helped promote the development of management techniques to measure the entrepreneurial government, the government as a system open to its surrounding environment and the government as a machine producing goods comprehensively, and thus, maximize the effectiveness of outcomes.

Third, there was a strong bottom-up tendency in which reforms took place at state and local government levels, and then, were rolled up to the federal government<sup>15)</sup>. It is worth noting that “Reinventing Government” highlighted the principles and necessity of reform in the federal government focusing on the

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4. Be mission-driven, not rule-driven.
  5. Fund results, not inputs. Funding should be aligned to measured accomplishments, and performance information should be used to improve results.
  6. Meet the needs of citizens as customers rather than those of bureaucracy or interest groups.
  7. Be enterprising. Public enterprises should be fostered to help create funds, not simply to make spending.
  8. Focus on anticipating and preventing a problem, rather than coping with it after it happens. Therefore, strategic planning is essential in proposing a framework of performance management.
  9. Strive to build up teamwork and promote innovation through engagement and decentralized management.
  10. Use market mechanisms to accomplish public goals.

15) This is a tendency found across all the administrative reforms in the United States. An important reason for this is that, considering the realities of American politics that America is a federal country and that it cannot help being sensitive to public support, public services themselves (including welfare services) requiring reform actually are available at a local government level. This tendency was particularly evident in the Clinton Administration that pushed for Reinventing Government.

various reform cases that had taken place at local government levels so far. It is noteworthy that President Clinton brought to light his experiences in Total Quality Management (TQM), which he himself had introduced as a governor of Arkansas, continuously throughout the government reform process. In addition, as Mead (2004) pointed out, the experiences of state-level reforms, as in Wisconsin and Florida that carried out experimentally-similar reforms (W-2, Work First) of the welfare system earlier, served as an important catalyst for the introduction of TANF<sup>16</sup>).

In other areas, the Clinton Administration carried out scaling down the functions of the federal government and pursued devolution to states. The Reagan and Clinton Administrations pushed ahead with first-order devolution (transfers of power and programs from the federal government to state governments). What is noteworthy is that, since the 1996 introduction of TANF, second-order devolution (transfers of state control to county governments) has taken place in a considerable number of states (Gainsborough, 2003)<sup>17</sup>). As more emphasis was put on

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16) Wisconsin Works (W-2) is a preemptive public assistance program of Wisconsin State that replaced AFDC at the state level. Introduced by Governor Thompson in 1987, it consisted of four tiers: unsubsidized employment, subsidized jobs, community service work experience and a combination of cash assistance and make-work requirements. This model is known to have had a decisive impact on the enactment of PRWORA (1996), the abolishment of AFDC and the introduction of TANF.

17) A considerable portion of operational power for AFDC had already been transferred to 15 states (first order devolution) before the introduction of TANF. By comparison, a total of 14 states transferred a considerable portion of operational power and responsibility down to county governments (second order devolution) after the introduction of TANF (Kim and Fording, 2009).

performance-oriented administration, the merit-based pay system was expanded, and the performance evaluation system became mandatory among government organizations (Shafritz et al., 2001). Besides, Bill Clinton promised a reduction in force during the presidential election and, upon inauguration, his administration set an agenda to reform the public servant salary system and the method of calculating the federal Medicaid benefits and reduce the public servant workforce by 100,000 (Shafritz et al., 2001). In practice, they started downsizing in earnest with the enactment of the Federal Workforce Restructuring Act in 1994, resulting in a reduction of about 426,000 federal servants between 1993 and 2000.

The reduction took place mostly among lower-level civil servants, and this is a characteristic different from the previous initiatives for bureaucratic reform in that the main target of the earlier reforms was mostly senior civil servants. Yet it also indicates that a considerable portion of frontline functions were outsourced and that their roles were not very different from those in the private sector. On the other hand, there are people who view this as a result of being obsessed with cost savings to show tangible results<sup>18)</sup>.

Autonomy and incentives increased as a way of operating government organizations, rather than the traditional top-down approach. For example, the social security function that used

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18) In terms of downsizing methods, reductions were made mostly through voluntary early retirements (about 10% more effective in terms of budget savings) rather than involuntary discharge (Bae, Gwihee, 2007).

to be under the DHHS was transferred to the Social Security Administration (SSA), an independent executive agency, in 1994, and some of the federal agencies were converted in 1997 into performance-oriented organizations like the “Next Steps Agency” in the United Kingdom. Examples include the Education Department's Office of Student Financial Assistance, the Patent and Trademark Office of the Department of Commerce and the Air Traffic Control Office of the Federal Aviation Administration (Kim, Keunse, 2005).

As the number of public servants was reduced, the Clinton Administration set up the Government Information Technology Services to carry out reform measures for informatization and an Electronic Government and proposed the National Information Infrastructure vision with a focus on services to the public. For example, they moved on to introduce and apply information technology to the performance management and evaluation system by enacting the Information Technology Management Reform Act (1996) and executed an Electronic Data Interchange project together with the Department of Finance, the Internal Revenue Service, the Department of Labor and the SSA. With the goal of establishing a government-wide electronic mail system, they set up the E-mail Program Management Office within the Office of Management and Budget. Alongside with these efforts aimed at improving operational methods within the government, customer-oriented informatization was also driven as one of the important policy goals to boost service efficiency and bring the government closer to citizens. A prime example is “Access America (1997).” It is considered a more detailed implementation



plan for electronic government, proclaiming more education in information technology for the public and implementation guidelines, specifying PR strategies and naming key government agencies in charge. As a result, not only were a variety of on-line contact points and information-providing web sites created but also measures were taken to invigorate electronic commerce by, for example, paying all federal benefits through the Electronic Benefits Transfer (EBT) until 1999. However, computerization was strengthened to provide computerized support and ensure process efficiency as a replacement for reduced manpower, and it was also required to support processes linked to various services including employment offices. The desperate needs for verifying data in computer systems to monitor welfare frauds were not irrelevant, either. In addition, verifying and integrating information was an important tool for case management.





Chapter

07

# **TANF implementation and the impacts**





## Chapter 7

# TANF implementation and the impacts

## 7.1 TANF implementation and its characteristics

Welfare policy and the ideological and political environments surrounding it as well as the inclinations of the times toward public administration obviously affected the implementation of TANF. States are given autonomy in TANF implementation, and as a result, show differences in policy implementation according to their political backgrounds. Nevertheless we can find common characteristics in implementation throughout all the regions of the United States, which can be summarized as below:

### 7.1.1 Decentralization and diversity in implementation

It should be noted that state governments largely have more power and flexibility in planning and running welfare programs after the welfare reform. States are given more authority and autonomy to decide how much of the federal funds should be used for cash benefits and various other supportive services and to define types of services available on welfare programs and eligibility rules for cash assistance. In addition, states can make the following choices:

- i ) State governments can set shorter time limits or extend

the limit to more than five years using its funds, not the federal funds.

ii) State governments may select what is suitable considering the work conditions of individuals (job training, education, job search, etc.).

iii) Recipients must be engaged in work within 24 months of being on assistance, and states may make this time period shorter.

One of the purposes of defining welfare-to-work programs under PROWRA was to bring about considerable organizational and planned changes in the formation of state welfare programs by giving considerable discretionary powers to states. Such devolution did not stop at the state level nor was it limited to the content of policy. Rather, state control was pushed down again to lower-level governments, and devolution was also allowed for policy implementation.

Some states transferred TANF operations to counties or other local offices. Fourteen states executed second-order devolution (transfer of state control over public assistance operations to a county or a smaller government). Eight of them delegated authority over budgeting, together with work requirements, sanctions and time limits to counties. Six of them delegated the authority to local committees administering TANF and the Workforce Investment Act (Soss et. al, 2009: 538). A look at the tendencies of second-order devolution tells us that states with more welfare recipients are more likely to delegate TANF authority to lower-level regions in 1996 (Soss et. al., 2009: 545)

Up until 1935, relief for the poor was left mostly in the hands

of private charities. Public relief was provided by cities, counties or other local governments without any involvement from states or the federal government. The history of shifting responsibility for poverty relief to local governments or private charities continued for a long time after that. Amid such sentiments of American society, reliefs for poor classes that might deserve moral criticism, like the “undeserving poor,” had caused serious social conflicts. This was why higher-level decision makers handed over relevant authority to local governments as a key strategy for avoiding political risks<sup>19</sup>). As a result, Aid to Dependent Children (ADC), the predecessor of AFDC, was intended to prevent crime and beggar mentality and considered the responsibility of local governments, rather than state governments. To avoid political controversy, states did not set up a separate administrative agency within the state government and took advantage of local administrations for a long time. They maintained informal intervention through only supervision or technical support, avoiding formal legislation. Even under AFDC, major political issues continued to be determined at a local level.

However, the federal or state governments started to intervene in poverty issues to a greater extent. As states began to employ a staff and set a budget in 1939, they were able to supervise local governments. State governments could recommend local governments to enforce various support programs. In 1962, states

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19) In this context, local governments' range of discretion for the deserving poor continued to get narrower.

were given authority to implement social service programs 75% of whose expenses were paid for by the federal government. State intervention in social assistance became complicated, and states became aggressive in adjustment or standardization. As welfare entitlements started to be recognized as a legal privilege in the 1970s, the budgetary support of the federal government and the application of relevant procedures and regulations were reinforced. In the mid-1970s, the federal government supported 50% to 60% of welfare programs, especially family welfare expenses, and full expenses of other programs (Sauber, et. al., 1983: 206). The federal government's quality management of state AFDC implementations was also one of the examples of the changes in the attitudes of the federal government (Lurie, 2001: 13). However, since the 1980s when the value of efficiency in social assistance started to be stressed, higher-level governments began to show a tendency of pushing down the responsibility for poverty relief gradually to lower-level governments. After TANF, they finally delegated the power of developing and applying welfare programs to state and local governments. Consequently, policy and implementation may be different among the states and, even within the same state, they can be different from county to county.

### **7.1.2 emphasis on workfare**

Linking welfare benefits to employment has always been a task for policy makers, but there has always been skepticism about its success. In TANF implementation, however, linking



welfare to work has become a very important policy goal.

Under AFDC, the first responsibility of a local welfare agency is to determine eligibility for receiving and maintaining cash assistance and various other benefits. Even though AFDC included workfare programs, welfare organizations did not put much of importance on JOBS and other requirements. The role of welfare agencies to link welfare to work did not go beyond determining whether to offer a workfare program or adjusting the level of benefits when sanctions had to be executed. Some welfare agencies would refer recipients to local employment service organizations, but most of recipients looked for and participated in work-related services for themselves without formal referrals or commissioning from welfare agencies.

Policy reforms by PROWRA caused considerable changes in the welfare service delivery system. A major change in the delivery system is intervention by workforce development agencies. Yet another important change is an increase in the numbers of services provided by welfare organizations and people involved. The last change to mention is that many welfare organizations went through changes in their roles and human resource allocations.

The workforce development system has developed separately from the welfare system. It includes various employment, education and job training services for workers and job seekers. Traditionally, the workforce development system is more decentralized than the welfare system. The services were entrusted mostly to non-profit and for-profit organizations. Because of this characteristic on the employment front, it is believed that strengthening the link between welfare and work has contributed

to accelerating the privatization of TANF. Under these circumstances – also because employment support offices and organizations providing training or other services required for employment were two different entities in most cases – there were great needs for cooperation or integration among the organizations involved.

Since the 1996 welfare reform (way before that in some states), workforce development agencies have played a big role in providing employment-related services. One of the most noticeable changes that took place in Wisconsin is the assignment of the welfare and workforce development staff to one state-level office. In some areas including Hennepin, welfare agencies are working with workforce development agencies to provide employment and training services to TANF recipients. Welfare or work development agencies are also in charge of managing employment services. In some areas like San Diego, California, welfare agencies have the responsibility of administrative management for both welfare and employment services and sometimes provide employment-related services through contracts with service providers. Increasing reliance on work development agencies is in sync with the objective of welfare reform: To convert welfare programs into workfare programs.

### **7.1.3 privatization and increase in service organizations**

After the reform, the federal government gave new flexibility to states, allowing them to entrust charities or religious or private organizations with the administration of TANF or the provision

of services (Lurie, 2006: 15). In some areas, non-profit organizations were even given responsibility for the selection of public assistance recipients and welfare administration (Austin, 2004). As organizations involved in the implementation of public assistance have become more and more diverse, it goes without saying that the decentralization of responsibility for public assistance has become much stronger.

PRWORA allows states to contract out all TANF services ranging from eligibility to case management services including employment services. Some states like Wisconsin outsourced the traditional services of welfare offices such as eligibility and case management, while most states continue to take responsibility for the aforementioned services but contract out welfare-to-work services to for-profit or non-profit organizations. Employment services are managed by welfare agencies or workforce development agencies, but work and training services themselves are provided often by community organizations with contracts with the state government or county agency.

With privatization, the number of service providers and organizations involved has increased, and the welfare system has become more complicated. It has also become more difficult to make roles and responsibilities clearer. Besides, as more private organizations get involved, ensuring efficient communications among all the organizations involved is one of the obstacles to overcome.

#### **7.1.4 Performance evaluation and contract out**

Private agencies participate in implementation on the basis of performance-based contracts with governments. Competitive bidding and performance-based contracts are used mostly to confirm if community service providers are competent to provide work and social services. The federal government's monitoring system over states also provides key implementation rules and procedures by which TANF's intended ideological objectives can be maintained as they are or can be changed. With the introduction of TANF, states have to do the performance-based reporting, not the management reporting that they used to do. At every quarter, they should report to the federal government the numbers of recipients off the welfare rolls by reasons, percentage reductions in out-of-wedlock births and the details and budget allocations of the services provided. Based on these reports, the federal government give performance bonuses to the top five (in terms of teenage birth reductions) or top ten (in employment rates) states. This makes states strive to innovate not only the content of their services but also the relevant management information systems. For this purpose, they have restructured the content of their services and human and physical allocations (Weissert, 2000). As it turned out, the policy implementation tool called monitoring actually has redefined the content and nature of services.

There has been no end to controversy over supervising the performance of contracted agencies as well as the completion of duties. Performance measurement and payment/damages

systems need to be selected and agreed to by both administrative implementation organizations and contracted agencies. It is also difficult to obtain data to supervise performance-based contracts and the performance of service providers. These precedents of welfare-to-work service outsourcing in the United States tell us the following: i) The role of accountant is important in checking out poorly-performing organizations or poorly-designed contracts; ii) To respond to complaints from service recipients against the poorly-working service delivery system, their experiences need to be monitored, and the service delivery system needs to be improved; and iii) it is hard to maintain open competition within selected contractors. This is because existing contractors already have experiences in providing services and also the advantage of continuity in maintaining relationships with service recipients.

### **7.1.5 roles of local welfare agencies**

With the implementation of TANF, the roles of field welfare institutions changed in the direction of putting employment over eligibility verification. Realizing that the selection process worked as a lever for reducing welfare reliance, some state or local government officials tried to make the eligibility process more rigorous and administrative processing slower (Lurie, 2001: 52). For example, selection could be delayed until a large number of documents were filled out, or an application could be denied unless all the required documents were prepared.

Welfare rolls decreased rapidly after TANF, but the number

of applicants did not fall down as many. The slow reduction in applicants means that workers in the field continued to have big workloads in selecting eligible claimants. In the meantime, many field workers reported that the unit hours required to process an application increased with the implementation of TANF (Lurie, 2001: 51-3). Increasing workloads on frontline officials slowed down application processing and added pressure on computerization. Furthermore, it is believed that this tendency was likely to get worse because the government at that time was oriented toward public manpower reduction, and therefore, not likely to adopt manpower replenishment as a solution to resolve the workload issue.

After TANF, there was less approval of entitlements and a much stronger demand for welfare-to-work than eligibility verification but, out in the field, demand for accuracy in determining eligibility did not decrease very much. As TANF was usually processed together with food stamps<sup>20)</sup>, quality control was enforced because it was still in force for food stamps although it was removed from TANF. For this reason, the attitude of trying to reduce administrative errors remained. It was like meticulous selection on top of passive selection (Lurie, 2001: 54). As a result, the burden of eligibility verification on frontline welfare institutions did not decrease much after the reform, while their workloads increased in other areas like stronger welfare-to-work requirements and new welfare-to-education

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20) The implementations were separated from each other at the federal level, but many states were still processing the two programs and medial support together.

requirements.

Under these circumstances, the roles of agents in field offices began to be divided, and there appeared agents in charge of specialized roles such as eligibility decision and financial education. In Wisconsin, income maintenance workers were renamed to finance and employment planners, while in Michigan eligibility workers were renamed to family independence specialists. In the meantime, Kansas introduced case managers in charge of both benefits and job preparation, whereas Ohio initiated the position of account manager (Weissert, 2000). At a glance, this may look like the level of expertise went up, but it does not mean that states have become more likely to employ specialists. It would be reasonable to say that these developments should be understood as divisions of roles.

### **7.1.6 cash assistance application process**

Since TANF, the application process has changed to become more rigorous and made work as a condition for assistance. The application process under typical AFDC was as follows: initial interview, eligibility verification, initial interview for cash assistance and presentation of work-related rules and services, if applicable. Since the welfare reform, many local welfare agencies require TANF applicants to participate in orientations for work requirements and restrictions and also to meet the requirements of other programs. Most welfare agencies require TANF recipients to participate in work efforts such as job search and job seeker enrollment before they approve the application.

Some cities like Dallas, New York and San Diego introduced fingerprinting or photo registration to reduce possible welfare frauds. Other cities like New York pay home visits while the documents filed by cash assistance applicants were pending. Home visits have almost disappeared as they have been avoided since the 1970s when privacy infringement issues were raised because they could work as surveillance over poor women. As the application procedures have become rigorous, with many conditions and steps before an application can be processed, the process of getting entitlements have become complicated and slow. These changes reflect distrust with the attitudes of the poor and necessity for correction. On this premise, it naturally is difficult to acknowledge entitlements.

It is also important to note that TANF support processes vary with regions. In more conservative regions, the application process tends to be stricter and more complicated than in other regions. For example, the application process in a Seattle welfare agency is relatively easy and simple as it consists of initial interview and verification, eligibility interview and eligibility decision. In other cities, however, it is very complicated. To take the example of Raleigh, North Carolina, TANF applicants have to participate in a pre-verification process before an eligibility interview and register for work activities during the verification process. In Dallas, Texas, fingerprints are required from TANF applicants and, if work requirements are applicable, they have to participate in work-related education. TANF applicants in New York have to go through various procedures including eligibility interview, eligibility verification review, HR training, home visit,



fingerprinting, photo shooting and job search training before an eligibility decision is made. All these differences are not unrelated to the differences between the liberal inclinations of Washington State where Seattle is located and the political characteristics of the other states.

### **7.1.7 case management**

Welfare agencies laid emphasis on employment by restructuring staff responsibility in the application process. Welfare institutions put more emphasis on communicating the importance of work and personal responsibility to applicants through frontline activities such as initial inspection, selection interviews, orientation and job search. Although a considerable number of welfare agencies have different people in charge of eligibility and employment support, some of the agencies in Seattle and Detroit have consolidated TANF eligibility and employment case management into one function.

Internal restructuring and cultural changes in welfare agencies have brought about important additional changes to the welfare service system. If focus is to be laid not only on welfare provision but also on employment, it is necessary to enhance the understanding of a series of subjects including TANF eligibility, work requirements, supportive services and service providers on the part of the welfare agency staff. On this background, the roles of welfare agency staff have been extended. In addition to their traditional roles like eligibility issues, some of the welfare agencies have given their staff new roles to verify recipients'

ability and disability to work, monitor recipients' participations and adjust and link work-related services.

Yet another change arising from this process is that case management services have become widespread and reinforced. Whether contracted out or provided by city or county organizations, case management services generally include inspection, program evaluation, supervision and tracking recipients' participations and compliance with program requirements.

With regard to the behaviors of parents, all states accepted the policy of requiring recipients to sign a personal responsibility agreement (PRA) as a prerequisite for assistance, in order to achieve the objectives of TANF. The PRA has led the agency staff to become a little more paternalistic. Some states even allow the field staff to request applicants to participate in parental training, asset management training, living skills training, family planning or counseling or drug abuse treatment. This is how the PRA has come to reduce welfare incentives, which in turn has resulted in reduction of welfare reliance.

### **7.1.8 Computerization and management information system**

The Management Information System (MIS) is said to have become very elaborate since TANF (Lurie, 2001: 220). Ever since TANF, states have developed more powerful computer programs on their own or in response to the demand of the federal government or funds. Computerization reduces the needs for interviews with applicants or recipients and makes it a lot

easier to find out welfare frauds by checking the information reported by applicants or recipients themselves.

It has been pointed out as a problem that, as the number of recipients and applicants increases, the field staff have not been replenished proportionally. According to a study published in Washington State (Washington State Department of Social and Health Services, Administrative Services Division, Research and Data Analysis, 1999: 5-6), the caseload per case manager in the field of developmental disability was 78 cases in 1979, but it increased to 175 in 1996. Besides, the cases became more severe and complicated and coupled with many other problems. Of course, the caseloads in Washington State are relatively smaller, but efforts to reduce the public workforce or prevent its expansion as well as changes in the nature of cases helped accelerate the needs for computerization further.

### **7.1.9 political influences of the state governments**

In most cases, state governments have become more self-regulatory and show autonomy in TANF operations since the welfare reform. They also tend to play up employment and privatize services in TANF operations, though different in levels. Yet there still exist subtle differences, depending on the political positions of states. In Wisconsin, Republican governors have carried out strong reforms for a long time. In this background, the integration of work and welfare as well as privatization have been strongly pushed forward. Though also influenced by Republican governors, Minnesota carried out a moderate reform

relative to Wisconsin. The state attempted to link welfare to employment around workforce development agencies, but it did not go as far as to consolidate the overall organizations. However, from the fact that work support organizations were at the center of integration, we can see the level of attention that the state government paid to employment. Delaware had a Democratic governor at the time of the welfare reform, which may be why there has been no second-order devolution and the state government takes responsibility for public assistance. While stressing employment, it manages the welfare-to-work program with the DHHS at the center and emphasizes support, rather than pressure, to realize employment. Overall, the state shows a tendency of maintaining the roles of the public sector strongly. California was also run by a Republican governor, but he was a moderate politician, which may explain why employment support is maintained on the axis of local welfare agencies based on the traditional approach.

## **7.2 correlation of backgrounds and public assistance implementation**

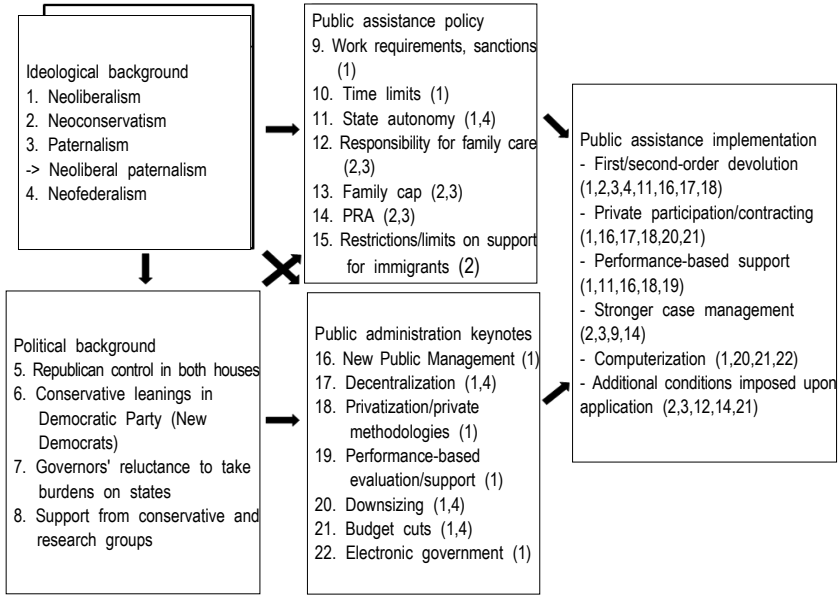
This study is intended to show that the historical background of the society in which public assistance policy is established and executed affects the implementation of public assistance. In other words, the implementation of public assistance is not only influenced by the policy itself but also by the ideological and political backgrounds of the times and the keynotes of public administration underlying the policy. The concept of congruence

is used to describe the relationship in which inherent factors affect and get affected by one another. This is such a natural premise for the relationship between the two but, in Korea, debates and studies about the implementation of public assistance have made their points as if there existed a neutral answer that provides rationality, largely in the implementation of public assistance policy. Such discussions have proposed as alternatives implementation approaches that have nothing to do with the background of the policy or changes in its content.

What we have discussed so far can be summarized into the figure below. It shows the relationships among ideological and political backgrounds, public assistance policies reflecting them, keynotes of public administration and public assistance implementations affected by those factors.

Overall, the keynotes of public administration have been influenced by the ideology of neoliberalism through the New Public Management theory, whereas neoliberalism, conservatism and paternalism have exerted influence on public assistance policy. On the implementation front, all the ideologies have influence through public assistance policies and public administration principles. When it comes to the direct influences of ideological and political backgrounds on the implementation of public assistance, they are omitted because they are not as obvious as to be expressed separately in the figure.

[Figure 7-1] correlation of public assistance implementations and backgrounds



Note: The number that comes at the start of each factor represents that factor (concept). The numbers in parentheses indicate the factors that had influence on them.

TANF, which replaced AFDC after the enactment of PRWORA in 1996, clearly mirrors the ideological inclinations of the United States at that time. As the recognition of AFDC entitlements was discarded and operational autonomy was given to states, TANF takes on the institutional characteristic of providing time-limited cash assistance after putting an applicant through a strict selection process with work requirements. Such institutional factors as sanctions on failure to meet work requirements and forcing fathers to share child care support have been added.

Ideologies that influenced the American public assistance policy at that time are neoliberalism, conservatism, paternalism and neo-federalism. On the political front, we can cite the Republican Party's will to reform public assistance on the strength of their control over both the House and the Senate; the conservative shift of the Democratic Party; state governments' strategic responses to avoid burdens; and the rise and support of theorists in the conservative camp. The keynotes of public administration reform at that time can be summarized as management by the National Performance Review based on the New Public Management theory. The key characteristics include the downsizing of the government, emphasis on similarities between public and private administration, accommodation of market mechanisms, and emphasis on decentralization and performance. This study intends to look at the characteristics found in the implementation of TANF in connection with its ideological and political backgrounds, public administration keynotes, and the content of public assistance policy at that time, as described above, and thus, confirm congruence among the factors.

### **7.2.1 Decentralization and dispersion of responsibility**

The biggest characteristic that has come to light in the course of TANF implementation is decentralization, that is, devolution. In some states, even second-order devolutions were carried out to transfer state control to counties or lower-level regions. Devolution has strengthened the autonomous status of state governments. As a result, regulations and procedures, such as

work requirements, have become differentiated among the states.

First-order or second-order devolution has a lot to do with the conservative nature of the regions. It is found that states with a large number of welfare recipients delegated more of TANF authority to sub-regions in 1996 (Soss, 2008: 545) and that conservative states aimed at the upper economic echelons transferred more authority to lower-level regions. Also, there was more second-order devolution in states with a large black population. Overall, states accommodating all the three paternalistic TANF principles - excluding babies born while the mother is on welfare; stricter time limits than 60 months; and restricting all benefits upon breach of the regulations - were more likely to transfer power (Soss, 2008: 547). This suggests that decentralization was combined with neoliberalism, paternalism and conservatism. It is also an indication of the neo-federalist approach that represents the traditional tendency of reducing the responsibility of the federal government.

In short, the federal government transferred authority to state or sub-state governments while breaking away from responsibility for entitlements. It went further to transfer power to the private sector, turning the granting of public assistance into a contracted relationship. As a result, responsibility has become decentralized and blurred. On the frontline of welfare administration, there has been growing demand for closer relationships between welfare and employment organizations as more and more organizations, other than welfare agencies, get involved. However, the increased involvement of different parties has made accountability more uncertain.



## 7.2.2 Privatization and performance-based contracting

Against the backdrop that the participation of the private sector in employment services already was comparatively active, privatization in TANF implementation has taken place briskly since the welfare reform because of its focus on employment. The levels of privatization vary with the regions. Some started with applicant selection to privatize welfare services (Wisconsin, Palm Beach, etc.), while others privatized only employment service case management (McConnell, et. al., 2003). At the beginning, the strengthening of privatization was very powerful, and outsourcing was recommended as a standard, according to the 1998 “Federal Activities Inventory Reform Act.” Calling for the participation of the private sector can be said to be an acceptance of the market mechanisms, and this is where neoliberal values revealed themselves most clearly.

Neoliberal values are also found in the adoption of performance-based evaluation and contracting. A prime example is the Government Performance and Results Act. Budgets are allocated on the basis of performance from the federal government to state governments, from local governments to private organizations. After TANF, state governments do the performance-based reporting, not management reporting, and performance-oriented TANF operations are incorporated in contracts between state governments and the private sector. Performance evaluation initially was carried out using a single quantitative indicator especially representative of results. This generated such negative effects as limiting selection to preferred

types of applicants. The New Public Management theory with neoliberalism as its background and the Clinton Administration's administrative reform based on it led to performance-based contracts.

### **7.2.3 Strengthened case management and monitoring**

Case management in itself means that case managers are assigned from the resource pool of a field office to individual cases and that the cases can have their needs identified and receive necessary services in a timely and comprehensive manner through the help of case managers. However, case management is based on the premise of discretionary powers of field resources, which can be utilized differently depending on policy objectives. Furthermore, service offers and even eligibility decisions may depend on the decisions of individual case managers. What is unique about this is that it takes place within the limits of frontline relationships among individuals rather than in an open process. In other words, case management is a way of providing services on the premise of professional handling, and therefore it is not easy for external or other people to monitor. In this environment, it is pointed out that accountability decreases; specialism increases or the discretionary nature of relationships between citizen and welfare staff grows strong; and the rules and procedures of public assistance implementation apply in secretive and closed places to which only a few have access and discretion, rather than in places of open debates accessible to everyone (Mayer, 2001).

It can be said that case management is where the dispersion

of responsibility and decentralization ends up. It has been used for the purpose of strengthening the imposition of work requirements by frontline personnel. In case management, policy implementers have found a way of forcing work requirements more specifically through discretion of frontline workers. As a matter of fact, moral judgments and education for frontline case managers have been strengthened significantly relative to the past.

In this context, case management has been used as an important mechanism through which paternalism and conservatism are brought into reality out in the field. It is also a choice for realizing neoliberal values in the sense that its main purpose is to emphasize work. Under the case management system, the application procedures have become rigorous, with many conditions and steps before an application can be processed. As a result, the process of getting entitlements has become complicated and slow. These changes mirror distrust with the attitudes of the poor and necessity for correction. On this premise, it naturally is difficult to acknowledge entitlements.

#### **7.2.4 Computerization and unified network**

Aggressive efforts for computerization since TANF can be explained in connection with the facts that the workforce have not increased relative to the size of applicants and that nevertheless the welfare work process has become more complex. Heavier caseloads make interviews with target cases and close identification of required services less likely and lead the

workforce to process cases mechanically. In addition, to monitor the fulfillment of work requirements or check out welfare frauds, computerization is an important tool.

The most to-the-point comments on the evaluation of computerization and the issues involved are found in the research literature that analyzed recent changes in welfare administration of the United Kingdom. Discussing the results of computerization that was implemented as part of efforts to simplify administration, the authors criticized that the attempt had caused a "uniform network." They also pointed out that information technology and administrative innovation had brought about the centralization of management control, separation of related concepts from implementation and the de-skilling of the workforce, rather than the decentralization of decision making, broader flexibility and technological diversity.

They criticized that these attempts fragmented the work process and prevented the achievement of consistency in services considered as an all-round concept. They also pointed out that the recent administrative transformations in Western welfare states were rather based on the bureaucratic model.

In the sense that it is a mechanism to provide work efficiency, computerization is considered a choice from the perspective of the New Public Management movement that is founded on workforce reduction. This mechanism has made it possible to carry out strict monitoring in a short time, giving up all-round intervention. From this perspective, it is also a choice mirroring the neoliberal idea of self-responsibility.

### **7.2.5 Imposition of more conditions in the application process**

The TANF application process has become more complicated as more procedures were added, like fingerprinting, photos or home visits. These additional steps imply moral disparagement about recipients or applicants reflective of conservative ideology.

As an example, home visits mirror the image of a paternalistic state or public who wants to check the household circumstances of recipients as well as their work conditions and circumstances; also check if children are getting healthy child care; and response accordingly. There are both positive and negative positions on home visit. Some argue that it gives a chance to understand the circumstances that a recipient or applicant is placed in as well as their needs more objectively and lays the ground for providing suitable services. Other contend that it is intended to find out if applicants/recipients have more income than the baseline and leads them to try to get off the welfare rolls. Public debates about the risk of privacy infringement led to the abandonment of home visits. The reason why home visits were brought back into public assistance in the United States with such a history is to check the conditions of recipients through home visits and put pressure on them to get off the welfare rolls.

### **7.3 Impacts of new public assistance implementation**

It was recognized that the policy objectives had been achieved to an extent since the 1996 welfare reform. By declaring that welfare was not an entitlement nor a privilege and putting the

time limit of 60 months on social assistance, TANF allows states to restrict welfare by limiting access or stopping benefits (Lurie, 2001: 77). As a result, among eligible single-parent families, the social assistance take-up rate decreased from 81% in 1996 to 57% in 2000. Although the economic conditions and the tax system contributed to the decline, it can be said that the dramatic changes in the welfare system also contributed a lot.

Reductions in welfare benefit take-ups, subsequent decreases in welfare reliance and fiscal expenditures, increases in work participation and falling poverty rates can be cited as accomplishments of the welfare reform (Hwanjun Kim, 2003). Since the welfare reform, the number of recipients has gone down dramatically, work efforts and income among single-parent families have increased and poverty rates have declined, as intended by the system. However, there are mixed voices about whether they can be seen as achievements of the welfare reform. It is because decreases in recipients and increases in work efforts may be attributable to the economic upturns that continued during the late 1990s, and it is practically difficult to identify the effects of the system itself separately (Hwanjun Kim, 2003). Evaluations of the effects of increased state autonomy and welfare-to-work programs as well as financial incentives are also mixed (Seokwon Lee, 2002). For this reason, there have been continuous attempts to review which welfare policy is the most effective and cost-efficient in what form.

From an economic perspective, there was an obvious reduction in welfare expenditures, but there was an additional burden on states for public assistance expenses, and voices were raised

to criticize the reasonability and usefulness of forcing recipients without the ability or will to participate in work. Besides, arguments arose that attaching work as a condition not only restricted the freedom of recipients but it was also a kind of "new paternalism" forcing government-pursued values on recipients, and the question of child care among families that fail to meet work requirements was raised as an ethical issue.

It is found that applications for Medicaid and food stamps for which, unlike TANF, eligibility is granted on entitlements were also falling (Lurie, 2001). On the other hand, there has been criticism that such changes are making the life of struggling families worse. Moreover, as the American economy failed to maintain its earlier economic boom and recently went through a crisis, there are doubts about whether TANF results can be seen as the positive results of the programs. Some view the earlier positive results as an illusion overlapped with the effects of the economic conditions. On the one hand, work participation is found to have increased as work is more emphasized than education. On the other hand, in terms of fiscal savings, there does not seem to be consistent results.

Compared with these positive evaluations, there are also very strong voices against the negative effects caused by changes in public assistance implementation. More than anything else, criticism against declining publicness has spread. At the core of the criticism is the transition from entitlement to conditional aid (Weaver, 2000; Soss et. al., 2009: 1, recited). Denying entitlements and instability in the recognition of civil rights are seen as key issues. As responsibility is decentralized and services

are transferred to the private sector, private organizations form relationships with recipients on contracts, not administrative rules, and allow the individual discretion of case managers to come into play. States, like Wisconsin, have even introduced a "fact-finding procedure" to check facts about judgmental errors in the work process, replacing the "due process protection." Such deprivations of entitlements built on civil rights are pointed out as the main side effects caused by various public assistance implementations.

### **7.3.1 Deprivation of entitlements and weakening of public responsibility**

Discussions about welfare benefits as legal rights had continued and made a certain level of progress since United States Supreme Court Chief Justice Warren Burger, provided an opportunity to define administrative procedures to deprive a recipient of welfare benefits in 1969. As a matter of fact, the rights of AFDC recipients appeared to be materialized into basic standards and procedures going beyond state autonomy.

The discretion of frontline staff or local governments in selection or benefit decision diminished as welfare assumed the status of legal rights and the federal government recommended states to standardize the cash assistance process through the Quality Control system (Lurie, 2001: 13). As state governments took part in the quality management of programs according to the demand of the federal government, they got involved deeply in the implementation of public assistance such as reviewing



related files, interviewing clients and developing resources. If the level of formalization is to be compared with other advanced countries, we may reach a different conclusion, but at least up between 1980 and before the 1990s, poverty relief responsibilities in the United States were moved from the private sector to local governments, then to state governments and finally to the federal government, and the federal government's acceptance of responsibility was high.

However, since the 1980s when the value of efficiency in public assistance started to be emphasized, signs of pushing the poverty relief responsibility of higher-level governments down to lower-level governments started to show up. The federal government in particular passed responsibility aggressively. In fact, the Reagan Administration had already made state power stronger with the enactment of the Omnibus Budget Reconciliation Act in 1981. According to the Act, states received one payment with seven federal subsidies combined and were given flexibility in spending it. As explained in Chapter 5, devolution to states or counties took place actively in the course of TANF implementation<sup>21</sup>). With two other researchers, Richard Fording

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21) Because welfare was no longer an entitlement, federal law implicitly permitted states to operate a cash diversion program, where applicants were offered a one-time payment on the condition they withdrew their application for ongoing assistance. The majority of states chose to permit this option. Washington State had one in place. Income and asset criteria were similar to those of TANF, and only half of earned income was recognized to determine the income level. If a recipient got to receive TANF benefits within one year, he/she had to give back part of the payment. Workers could offer diversion assistance to applicants who in their judgment could avoid ongoing assistance if they had cash to meet a short-term

analyzed the results of devolution and found that the likelihood of a client staying on the rolls declined in a little more conservative counties with stronger extents of devolution (Fording, Soss, Schram, 2007). In the United States, politicians and administrators have been concerned about the localization of public assistance, as they think that the more localized it becomes, the smaller the defending forces for the poor will become and the more difficult it becomes to distribute budgets for them.

### **7.3.2 Privatization and uncertainty**

McConnell (2003) analyzed the successes and difficulties of the privatization drives of six American regions (Delaware, Hennepin, Lower Rio Grande Valley, Palm Beach, San Diego and Wisconsin). In all the regions, service delivery was fundamentally changed by privatization, though different in the level of privatization. When it comes to the delivery of public services, it is typical for one institution to provide almost all services, and service providers are rarely changed. Once privatized, services are provided by various organizations, which are a mixture of public and private service providers. These providers may change over time. This climate posed new challenges to organizations in the provision of TANF services. The best representative is to adjust service delivery by public and private organizations. This may be considered as a response

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crisis, affording workers a powerful vehicle for exercising discretion in distributing cash (Lurie, 2001: 87).

to the dispersion of responsibility. The new structure made the issue of responsibility broader and more complicated, causing a new structure in the relationships of public workers, contractors and clients. This structure by nature brings high risks and uncertainty, and responsibility can get lost easily amid flat and hybrid governance.

The new structure makes the accountability of elected officials more remote and might encourage officials to shift blame to the contractors (Handler and Hollingsworth, 1971). This weakens public servants' responsibility and sensitivity in program operations. After all, concerns about accountability have become stronger due to reliance on private players, especially for-profit welfare organizations, in the new structure. Private organizations do not rely much on such public service values as openness, fairness, public participation, bipartisanship and access to the administrative complaint handling structure. On the other hand, taking advantage of discretionary expense control, organizations ultimately cut down expenses available to the field staff who are more focused on the desires of clients.

According to Benish, the market accountability mechanisms used in the W-2 programs of Wisconsin were not sufficient. Due to the "right of first selection" provision, new contracts usually were awarded to existing contractors without competition. The actual experience with contract awards shows that competition was very limited. Also, not all the contractors who had their contracts renewed passed the standards. In Milwaukee, the contract with a private contractor was terminated because there were many problems found during the fourth contract wave (2004 – 2005).

With the start of PRWORA, social policy was bound together with administrative reform. The public administration reform expanded the devolution of rule determination and decision making power to local governments and private institutions and adopted a market-oriented and incentive-based approach. In addition, strong and external regulation and monitoring were replaced with self-regulation and self-accounting by contractors. Wisconsin showed the most typical changes as well as the full width of changes that could be found in private operations as it also experienced the negative effects of contracting out to the private sector based on performance-based evaluation. It has recently shown signs of recentralization<sup>22)</sup>, going back to a more centralized and bureaucratic administration.

Many problems have been pointed out in the area of performance evaluation. Private agencies are supposed to receive support on the basis of their performance, but this process has produced side effects, such as exclusion of eligible recipients. Initially,

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22) There were attempts to apply the public law norms and rules to contracted private agencies. For example, in Wisconsin, the following provisions of the administrative code applied: The code requires contracted agencies to take certain procedures in case of participants' complaints and objections and adhere to the requirements of notice and record-keeping. It requires agencies to give an applicant written and verbal notice of a proposed action and the reasons for it before taking action that will result in a 20% or more reduction in the participant's benefits. As it was widely recognized that there were serious problems with contractors, political attention increased and advisory panels were set up and put in operation. There were public hearings as well. In other respects, there was a growing voice that such key welfare administration functions as eligibility verification or sanctions should be kept under the traditional, non-competitive rules. As it gained momentum, in some cases, welfare contracts were terminated and converted into function-specific contracts.

contracts tended to include process measures, but there was only one indicator: Percentage of cases placed in a job coming back on W-2. The rapid reduction in the caseloads during the first wave gave high profits to agencies, and this brought public criticism on the way they handled their caseloads. In the case of Wisconsin, during the second wave, the government set out to conclude contracts using more improved performance measures and attempted to cut down on profit levels. However, W-2 service providers continued to generate high profits, partly because performance targets were too low to be meaningful. In the third wave, however, contracts continued to be revised with more performance measures, and the number of agencies satisfying them dropped rapidly. Despite this development, contractors tried to secure incentives by focusing on key indicators, showing a tendency of ignoring the rest. Typical side effects did not go away: They would classify applicants eligible for cash assistance as job-ready participants and place them at a job; try to avoid difficult cases; and cut down on expenses and lower the quality of services.

In extreme cases, racial discriminations were pointed out. It was said that W-2 agencies applied more sanctions on blacks during the application process. According to the American Civil Liberties Union and the Milwaukee branch of NAACP, a study conducted by the Department of Workforce Development (DWD) on the application of sanctions by W-2 agencies found that black W-2 participants had been sanctioned at a higher rate than whites between 2001 and 2003. As a result, a committee was established by the DWD, and the committee recommended that the

discretionary powers of W-2 agencies should be restricted by specifying sanctionable behaviors and good reasons for avoiding sanctions.

### **7.3.3 Case management and moral sanction**

States that accepted workfare programs tried to ensure flexibility in both meeting the needs of participants and managing the programs by giving agencies and field agents greater discretion. The focus on getting people to move to work changed the roles of frontline workers from eligibility verifiers to case managers. Compared with the past, workers in field offices were asked to get involved in personal conversations the subjects of which are the client's living, attitudes and financial issues. Because of the hidden purpose of case management, field workers had little discretion in exempting applicants from work.

Expertise is a prerequisite to case management, but the heightened attention to case management at that time was not accompanied by expertise. Budget cuts had impact on the level of expertise of people who implemented TANF. It was difficult to allocate a sufficient budget to education and training, and it was not easy to employ people with expertise, either. Nevertheless, TANF required more expertise as a human service than in the past but, under the circumstances, it was highly likely for case management to be limited to moral intervention (Lurie, 2001: 7).

However, discretionary powers have been delegated to wider areas in the direction of stressing work. The discretionary powers

delegated are moving from the margins to the core functions of welfare administration to include rule making, budget allocation and employment service planning. Under W-2, the discretionary powers of case managers are so broad to cover activities in all areas including child care support, financial eligibility for job access loan application, application of work-related and work-unrelated conditions, disciplines and punishments on participants who fail to meet the terms of the program, decision on whether to provide work support services such as transportation, evaluation of participants' job readiness, extension of subsidies to work places supporting participants. This is a return to the highly discretionary social business model in the past.

With regard to the actual behaviors of parents, all states accepted the policy of requiring recipients to sign a personal responsibility agreement (PRA) as a prerequisite for assistance, in order to achieve the objectives of TANF (Lurie, 2001: 4). The PRA has led welfare agents to become a little more paternalistic. Some states even allow the field staff to request applicants to participate in parental training, asset management training, living skills training, family planning or counseling or drug abuse treatment. This is how the PRA has come to reduce welfare incentives, which resulted in reduction of welfare reliance. And home visits resumed. Home visits can provide information about how a recipient family lives, such as unreported family members, income or assets, and reveal problems that may require additional services, such as domestic violence or disability (Lurie, 2001: 3).

### 7.3.4 Computerization and rigid deskilling

Increased use of computerized data made the welfare application process more rigorous. Computer systems provided office personnel information about applicants, which was not available before information technology innovation. Fingerprint recognition and welfare history inquiries were made possible by the technology. But the workloads in frontline welfare offices were still heavy because applications did not decrease very much. The enhanced computer systems did not cut down the time it took to process a case. There was too much information to gather to give the workers time to solve clients' problems and provide them the information that they could use to help themselves (Lurie, 2001: 3).

As mentioned earlier, computerization is under criticism that it has brought the systems into a "uniform network." Computerization is said to have caused the centralization of management control, separation of related concepts from implementation and the deskilling of the workforce. If the number of application cases does not fall while the workforce is shrinking, and if the government would still want a large number of recipients off the rolls by imposing strict work requirements under the circumstances, then it is very likely for computerization to be used as a tool to impose strict selection procedures and work requirements and emphasize self-responsibility within a limited period of time. It gets all the harder to lay the main focus on all-round intervention, identification of needs or referral to required services. After all, the work environment of welfare



offices have changed in a way that makes powerful monitoring over welfare applicants possible and all-round services for them more difficult. Computerization too is just one of the elements in the environment that mirrors the neoliberal value of efficiency and the policy orientations of New Public Management.





Chapter

08

# **Implications of American experiences**





## Chapter 8

# Implications of American experiences

### 8.1 Environment of public assistance implementation in Korea

Korea has introduced part of the New Public Management innovations since the 1990s. The administrative reform drive of the Kim Youngsam Administration is evaluated as neoliberal innovation based on the ideology of globalization, rather than administrative reform following the New Public Management principles. Government innovation along the lines of New Public Management got started in high gear during the Kim Daejung Administration. To restructure the public sector, the Kim Daejung Administration pushed forward efforts to downsize the organizations and functions of the central government, while privatizing public corporations and innovating the management of government-affiliated organizations. In addition, they introduced the Responsible Administrative Agency Program and the Open Position System as well as personnel management based on performance and merits to improve the organizations and HR operation systems. In the field of financial operations, they took innovative measures including the introduction of performance-based budgeting system (Lee, Jongsoo, 2010: 37, recited). If we remember how the American welfare reform was passed with the help of the conservative group within the

Democratic Party, this situation in Korea can be said to mirror the same choices that have been by liberal governments in the world over the past ten years, for example, the administrative reform of the "New Labour" Party in the United Kingdom.

The Roh Moo-hyun Administration also carried out diverse reforms. They worked to establish a performance-oriented administrative system, improve the administrative service delivery system, boost transparency in administrative behaviors and strengthen cooperation with communities. As part of efforts to establish a performance-oriented administrative system, the administration built an integrated performance management system and improved the way they worked through business process reengineering. In terms of government organization redesign, they designed a decentralized organizational structure. To improve the administrative service delivery system, they set out to improve the administrative service contracting-out process. The Roh Moo-Hyun Administration took such reform measures as the construction of a performance-based personnel evaluation system and the expansion of the merit-based salary system, particularly to establish a performance-oriented administrative system (Lee, Jongsoo, 2010: 37).

The National Basic Living Security Act (NBLSA) represents Korea's public assistance programs. It does have many differences from TANF, the U.S. public assistance program that we have analyzed above. For example, while TANF mainly targets low-income families with children and consequently has a high percentage of able-bodied fathers or mothers, a large portion of NBLSA recipients are the elderly and the disabled who are

unable to work, and even those who are able-bodied usually have low ability to work. At a glance, the Korean Act may appear to be free from normative or ideological arguments relative to TANF. As a matter of fact, the NBLSA does not always determine eligibility solely based on work ability and so has always been drawn into arguments, as is the case with TANF. Koreans had believed until the mid-1990s that there would always be full employment in their country. Therefore, in some sense, it may be natural for them to raise doubts or questions about such programs. In this respect, the Korean situation has similarities to that of America where public assistance programs have gone through repeated debates and have been changed accordingly.

The NBLSA that took effect in 2000 can be interpreted as a result of many forces combined together: economic crisis from 1997 to 1998, citizens groups' active movement to make it law and the inauguration of a liberal government. At that time, there were no social mechanisms to handle unemployment and poverty issues stemming from economic difficulties. Therefore, the implementation of the NBLSA is considered an inevitable choice as a social safeguard. But the government at that time initiated the NBLSA as law granting entitlements to benefits, marking a milestone in the history of social policy in Korea.

The implementation of the NBLSA has left the public sector with the burden of having to run the programs while recipients have increased beyond comparison with those in the past. Only a few years ago, there was no assistance policy to speak of for low-income earners, and the NBLSA now is a core policy to support them. Besides, the number of recipients is not small,

so the effective and efficient operation of the NBLSA has been a key policy issue. For this reason, there have been many studies and policy plans to improve the implementation of public assistance programs. A pilot project for running health and welfare offices was carried out for five years from 1995 through 1999, and another pilot project for running social welfare offices was implemented for two years from 2004 to 2006. Since 2006, organizational changes have been made to reinforce the function of community services at city, county and district levels. In 2008, efforts were made to install "Hope Welfare Support Groups." In an attempt to bolster the frontline case management function, this initiative included organizational structures and staffing plans.

Most of the efforts to improve the implementation of public assistance claim that their purposes are to achieve specialization, efficiency, integration and integration and they include such implementation instruments as expansion of the responsible organization, division of roles, stronger case management function and computerization as implementation strategies. Case management in particular is the most typical implementation tool that has never been off the list on the grounds that it is designed to realize "sensitive welfare" responding to the needs of individual cases. Even after the Lee Myungbak Administration took office, service integration and case management systemization – such as “Hope Welfare 129” – were cited as key improvement plans.

In discussions to come up with plans for improving public assistance implementation, duplication and budget waste prevention has been mentioned as one of the key objectives



since the Roh Moohyun Administration. The objectives of the delivery system restructuring initiative in “Hope Korea 21” (2005) included: "Restructure the city, county and district departments that implement resident welfare services to prevent the duplication or omission of support and inefficient uses of budgets by integrating and consolidating employment support, housing, welfare and health care services" and "strengthen field presence and expertise of 'Eup,' 'Myeon' and 'Dong'<sup>23)</sup> welfare organizations as they can provide customized services, which will boost the welfare experience index level of the Korean people." Policies were executed to institute a private engagement mechanism through community welfare consultative bodies, and efforts to improve access to welfare for those in welfare blind spots were made after the major accidents and crimes for livelihood (e.g., death of a disabled child in Daegu in December 2004) that shocked the Korean society. Despite such efforts, the government's aggressive response to poverty issues tended to be diluted during the discussions about how to implement public assistance. Organizational restructuring carried out to bolster integration, and thus, improve access and convenience for recipients failed to be maximized as diverse purposes got mixed up.

Some of the 2007 government data pointed out such problems as poor management of implementations by frontline administrative agencies and inefficient budget and manpower management due to service duplication. The documentation was

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23) "Eup," "Myeon," and "Dong" are the administrative divisions of a county or a city in Korea.

prepared by the department in charge of social policy, so it is a little confusing because it is contrasted to the nature of the government at that time. It is understood that pressure on the increase of welfare budgets at that time gave rise to a sense of crisis that they should ensure the health of the policy and programs and that, as a result they strongly sought solutions for policy monitoring. Of course, after the advent of a right-leaning government, the issues tend to be mentioned strongly out in front and, in this regard, information exchange and verification through computerization is particularly stressed. As a prime example, the Integrated Social Welfare Management Network encompassing cities, counties and districts was constructed and made available in 2010. This network was built with a focus on the accurate and quick verification of data required to determine eligibility, such as income and assets. Paying benefits through a single benefit payment account and operating a computerized system that enables users to display welfare records and payment history are all connected with this policy background.

In brief, all of the liberal and conservative governments show similar tendencies in their discussions about public assistance implementation: Their policy alternatives are similar in organization and vague in purpose. In our judgment, this outcome originates from the tendency common to both conservative and liberal governments: Ideological geography influences the formulation of the content of policy but both believe there is a third, neutral alternative in implementation, regardless of the ideological nature of policy. If we look at the results of analyzing American cases, policy implementation is fundamentally influenced by ideology,

politics, policy concerned and public administration keynotes. In other words, if there is a specific policy orientation, there should be an implementation model that fits it, that is, a congruent model. This is something that should be remembered in an attempt to develop a model or select an implementation instrument.

## **8.2 Issues on public assistance implementation**

Revocation of entitlements, decentralization, privatization, performance-based contracting, workfare and stronger case management have been selected as key implementation instruments for public assistance in the United States since 1996. Also in Korea, they have often emerged as issues and gone through discussions and reviews. From hereon, for each of the issues, let us summarize lessons we can learn from the experiences of the United States.

The National Basic Living Security Act of Korea recognizes entitlements. The financial crisis and subsequent mass unemployment as well as changes in the understanding of the poor's will to work at the time of the introduction of the law served as the background for acknowledging entitlements. In Korea, however, there still remain a moral expectation of the poor to work as well as doubt and suspicion of welfare fraud. The key issue here is whether protection from poverty should be recognized as civil rights or not. Discussions have continued about whether government protection for the poor should be recognized as basic rights. Nevertheless, legal entitlements provided for by the NBLSA have been retained. In this respect,

we can say that it is very liberal. Yet the specific realization of entitlements should be completed through implementation out in the field. To recognize entitlements in reality, frontline workers should be able to make an all-round approach to applicants and recipients, so that they can understand their needs and provide the kind of support that can satisfy the needs.

Public assistance in Korea is administered through central planning and management and local implementation. It is not that local governments can implement the policy autonomously once eligibility is determined based on the standards of the central government. Therefore, it is hard to say that public assistance implementation is decentralized. When decentralization started in earnest after 2006, the NBLSA providing for public assistance programs was not excluded from the beginning from the list of the policies to be devolved. There were internal discussions about the feasibility of transferring public assistance to local governments. Fortunately, for the present, there is no cause for concern about the decentralization of public assistance implementation because there is as much demand for recentralization as call for decentralization. Among public assistance policies, the self-support program was once named as an undertaking that might be devolved to local governments in connection with employment. The security of livelihood forms the basics of a country, and it is a civil right. For this reason, it is risky to leave room for discretionary decision that might result in different levels of support among local governments. Therefore, careful considerations should be made about whether this can be guaranteed when a public assistance undertaking

or, more specifically, a self-support project providing work opportunities is proposed.

With regard to privatization, the NBLSA is not up for privatization nor have there been any such attempts, except for the payment of cash assistance. Self-support projects are contracted out to private institutions, who also participate in the "employment support for vulnerable groups" program in which employers get support to employ participants. It means partial privatization. Even in privatized programs, we can see the tendency of maintaining or restoring public responsibility for major functions like eligibility and placements if we look at the cases in the United States. The roles of the private sector tend to be limited to provide specialized services to assigned recipients.

What should be mentioned alongside with privatization is the performance-based approach. In the United States, performance-oriented evaluation caused side effects in the course of operating TANF. For example, applicants favorable to welfare agencies were selected. Also in Korea, performance-based evaluation is used in self-support projects, and there is no small concern about the evaluation system. What is pointed out as the main problem is that it ignores the significance of unquantifiable but critical aspects like recipients' social participation, maintenance of work activities and state of health and emotional rehabilitation. Human services are soft services, and it is widely accepted that, unlike hard services, the results of soft services cannot be expressed only in quantitative terms. When choosing a policy approach to recipients' self-support, this should be taken into consideration and careful attention should

be paid to both quantitative and qualitative aspects of results.

Integration and case management have been proposed most frequently in Korean public assistance restructuring initiatives. But, in light of the experiences of the United States, it is hard to expect that case management will be approached only in good faith. Discretion will produce different results depending on what you pursue with it. It should be pondered what case management is selected to achieve in Korea. Both liberal and conservative governments have emphasized case management, but it should be pondered whether they really have the same objectives. Besides, it should be reviewed whether discretionary powers, a prerequisite to case management, are granted and, if so, at what levels, so that case management will not be abused easily as empty political propaganda. Together with case management, home visits are always emphasized as a tool for field presence. Home visits also deserve careful considerations: How they are designed, or will be designed, to be used and for what purposes.

When it comes to computerization, which has been strengthened as the most important implementation tool, it can also be designed and used differently depending on what is the main objective. The government has recently been pushing forward integrated history management and welfare fraud prevention. Also, with computerization, job functions at frontline offices have continued to be divided. When compared with the backgrounds and meanings of computerization in America, there are many similarities. Researchers, policy planners and computer system specialists should consider what is the policy target of the computerization drive early at the planning stage.

Play up the accomplishments so far. As if given solutions, Strengthen privatization and case management have been repeated in the development of public assistance implementation models. It is time for us to give sincere thought to what kind of public assistance policy we want and then re-evaluate the way the policy is being implemented. Unclear goals in public assistance policy aggravate confusion in policy implementation. Yet in recent public assistance implementations, we see various problems mixed up, such as the absence of fundamental questions, various ambiguities, and conflicting choices. Discussions in the area of public assistance implementation should maintain a stream of thought that starts with a more serious review of the fundamental questions and leads to the selection of specific tools.

We hereby inform you that this is a summary of the following paper:

Hyunjoo Lee, Hyunseob Keum, Jeongmin Park, Boram Hwang and Sujin Park (2011). A Study on the Background of Public Assistance Implementation: the case of TANF. Korea Institute of Health and Social Affairs.





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