Building the Plane While Flying It:
Welfare Reform and Community Governance Strategies

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Since February 1997, the California Communities Program has been monitoring implementation of welfare reform in California counties. This is the latest in a continuing series of brief reports examining the impact of welfare reform on the patterns and processes of community governance. The study draws on review of local documents and on periodic interviews with more than 100 government, non-profit, and business decision-makers in a diverse set of urban and rural counties. These include Butte, Fresno, Kern, Sacramento, San Diego, Tulare, and Ventura.

While its long-term effects on child, family and community well-being remain uncertain, welfare reform's impact on local governance has been immediate and unexpectedly promising. Across the state, leaders report an upsurge in civic conversation, a multiplicity of new community partnerships, and heightened levels of civic concern and energy. A variety of forces are fueling this trend, including: increased local discretion under policy devolution, rapid diffusion of ideas about "reinventing government," perception of a rare window of opportunity to "fix a broken system," and fear over the human and community consequences if welfare reform should fail.

Counties have long suffered at the bottom of government's fiscal food chain, forced to administer policies determined at the state and federal levels. Now they find themselves not only with significant policy discretion but also with substantial new resources. The latter is the combined result of a robust (if unequally so) economy, declining caseloads, and special welfare-to-work appropriations from state and federal government. But the sense of opportunity is tempered by a keen awareness of how difficult it is to redesign a 60-year old system while simultaneously meeting the ongoing needs of clients, employees, businesses and citizens. Pressured by time-bound caseload reduction mandates, new partnerships must be forged before trust is fully established. New program elements must be designed before complementary elements have been fully thought out. New discretion must be granted to front-line staff before retraining and reorganization plans can run their course. Local decision-makers face the daunting challenge of "building the plane while flying it" (Page, 1997).

In this brief, we focus on the ideas about reform that are driving local decisions. In what ways is the new civic energy being channeled? What new patterns of community governance are emerging? How credible and consistent are the assumptions on which new implementation strategies are based?

Local Welfare Reform Strategies

As articulated in county welfare reform planning documents, and in our discussions with local leaders, we have found four distinct approaches to organizing local welfare reform collaborations: integrated services, community partnerships, privatization, and advocacy (Figure 1). The four represent distinct sets of ideas about the fundamental problems to be solved, and the core strategies for solving them, if welfare reform is to succeed locally. In the discussion that follows, we will treat these four as "ideal types" rather than complete or precise empirical descriptions. Our purpose is to isolate the key ideas driving reform, and to encourage critical reflection on the strengths and liabilities associated with different ideas or combinations of ideas. As one long-time student of governmental reform put it, the problem is not a shortage of ideas, but "too many ideas and not enough systematic thinking about which ones were applicable to particular situations and whether the ideas were compatible with one another" (Peters, 1996, p. 128)

Figure 1. Four Governance Strategies

Definition of Primary Task	Inter-organizational Relationships	
Management	*Cooperative* Integrated Services	*Competitive* Privatization
Community Development	Community Partnership	Advocacy

The four types are distinguished along two dimensions. The first is whether the primary challenge of welfare reform is seen as management (e.g. "the capacity to bring together diverse processes and divergent programs into a coherent whole") or as community development (e.g. "we can't succeed unless the whole community contributes to some part of the process.") The second dimension concerns whether inter-organizational relationships are framed primarily in cooperative or adversarial terms. The former envisions win-win arrangements flowing from consensus-based decision-making processes. The latter presupposes competition for scarce resources and an inability to satisfy all interests.

While intellectually distinct, the four approaches typically coexist in the thinking of local decision-makers. The result is a patchwork quilt of competing and sometimes contradictory activities that bear marks of all four perspectives. The most coordinated local efforts, where planning capacity and elite political interest is high, attempt to achieve greater coherence. In Sacramento, the watchword is community partnership. In Ventura, it is integrated service delivery. In San Diego, it is privatization oriented around "managed competition." But even in these counties, examples reflecting the influence of all four approaches can be readily found. If coordination is to be achieved and contradictions avoided, decision-makers need a clearer handle on the tradeoffs inherent in different approaches, and a starting point for reflecting on which approaches are most appropriate in which settings, and why. Toward that end the following brief summaries are offered.

Integrated Services

From this perspective the key problem to be overcome is the fragmentation and inefficiency of existing service delivery systems. Disciplined by clear outcome goals, the task for managers is to coordinate resources more rationally by thinking holistically about family problems and services. Key methods include identifying where duplication or inefficiencies exist, and conducting outcome assessments that pinpoint the program activities most responsible for success and failure.

This approach requires that agencies serving the same population coordinate their activities. For example, mental health, welfare, and probation agencies may develop a joint case management team rather than dealing with clients independently. Or job training and economic development agencies may join forces in a new career center. A variety of institutional mechanisms can be employed, including informal alliances, inter-agency task forces, memoranda of understanding, or "one-stops" in which related services are co-located.

In most cases integrated service efforts are led by government agencies, and generally include only one or two of the largest and most professional non-profit organizations. In a few cases, dynamic neighborhood or community organizations have taken leadership for integrating services. Examples include the Del Paso Heights System organized by the Mutual Assistance Network in Sacramento, and Solutions South Bay, organized by the local Human Services Coordinating Council in Chula Vista.

Key strengths of the integrated services approach are greater efficiency in deploying scarce resources, cross-training of agency personnel, and the ability to make client services more convenient and rational. Over and against these are the substantial costs involved in disrupting established organizational procedures, resolving difficult issues of confidentiality, introducing inequities in the treatment of clients (due to an uneven understanding of available services by staff), and other ways in which gains in convenience may be offset by a corresponding decrease in quality of service.

Community Partnership

From this perspective there are two central problems. First are policies that limit how much and how long government can provide services to particular families (necessitating greater reliance on voluntary organizations). Second is the limited input which clients, community-based organizations, and front-line agency staff (in both the public and non-profit sector) have in planning service-delivery systems. Both problems suggest the need for efforts to promote community participation in policy formation, planning and service delivery. They also suggest that collaboration will not succeed unless it has a strong bottom-up component to complement, if not supplant, the emphasis on coordination from above by agency managers.

A key structure in facilitating this cooperative approach to community involvement is some type of human services coordinating council. These take differing forms, from long-established non-profit umbrella organizations, to loose but continuing confederations of stakeholders, to more ad hoc and temporary bodies. Their roles include collecting community information, mapping assets, creating forums for identifying and considering alternatives, and engaging in focused problem-solving activity. While these entities may involve government players, they remain independent of formal government processes. When led well and staffed sufficiently they provide a distinct planning voice more broadly representative of local citizens. We have found the degree to which this capacity is present or absent in a given community to be a critical variable in how proactive counties have been in responding to welfare reform.

Community partnership can make planning more inclusive and government more responsive. It envisions a larger role for non-profits and businesses, not merely in service delivery, but as partners in planning and decision making. On the other hand, a participatory approach is time consuming, and sometimes met with citizen apathy. Responsiveness to a wide range of community voices may actually increase the need for central coordination. In addition, the appearance of a consensus-based approach may conceal a more adversarial reality, such that non-profit and citizen groups are co-opted by entrenched government or business interests.

Privatization

From this perspective the key problems to be overcome are the size and cost of government, the monopoly enjoyed by various service delivery agencies, and the bureaucratic structures that inhibit creativity, flexibility, and accountability for performance. The solution is to create a more entrepreneurial and experimental administrative culture in which competition, managerial freedom, and market incentives are linked to strict performance standards and rewards.

Key administrative structures in this approach are competitive grants and performance-based pay. San Diego County has combined these into a system of "managed competition." The county is divided into six regions. Welfare-to-work services in three regions are provided by private corporations (Maximus, Inc. and Lockheed Martin IMS); in two regions by county government, and in one region by a non-profit (Catholic Charities). Managers from the lead agencies are free to form cross-sector partnerships as they see fit, but remain responsible for meeting strict performance standards.

Business assumes a primary role in this approach, both as a model for how government should be managed and as an alternative provider of welfare services. Government's role is to be responsive to market signals, enforce accountability, and wherever possible to downsize by deferring to or mimicking private sector operators (presumed to be more efficient). Non-profit involvement varies from major coordination roles to peripheral functions, depending in large measure on whether they have the size, administrative capacity, community connections, and/or track record to compete for large contracts.

Advocates of this approach believe it will encourage innovation, efficiency and accountability. But tradeoffs are present. Tight time deadlines and strict performance standards may provide a disincentive to try out untested ideas, or to build systems for the long haul. Built-in competition between regional providers may result in duplication of services and conflict with the desire of businesses for a "single point of contact." An ever-shifting array of contracted service providers may undermine the continuity necessary to build effective teamwork and establish long-term accountability. Privatization also erodes the clout of public sector unions, exacerbating the decline in stable employment that is one of the causes of the welfare crisis in the first place.

Advocacy

The advocacy approach values collaboration that enables groups with common interests to pursue those more effectively. We have encountered four versions of this approach. The first is traditional welfare rights advocacy, which seeks to hold the line against the erosion of hard-won client benefits and protections. The second is bargaining by public sector unions to protect jobs, wages and working conditions. The third is community organizing, which seeks to build community power to negotiate with public officials so that welfare-to-work plans and services truly benefit residents. The fourth is an effort by local officials to lobby state and/or federal officials for resources, special exemptions, etc. (Local leaders note that welfare reform has done more to prompt attention to state government on the part of local officials than any policy change in the recent past.)

In all of these variants, the problem is viewed as primarily political rather than administrative in nature. The key infor-

mation is an analysis of power relations, and the key strategy is the building of political alliances with the clout to advance community interests—whether narrowly or broadly defined. The tactics are primarily adversarial, and may include legal challenges, legislation, formal agreements, regulatory appeals, rule-making inter-pretations, behind-the-scenes negotiations, etc.

As with the other three approaches, advocacy carries with it inherent tradeoffs. Legal protections against the misuse of bureaucratic discretion often create red tape that slows or prohibits flexibility that is helpful to clients. Attempts to challenge the basic parameters of current policy may rally concern for injustice, but also may waste time that would be more profitably spent making the best of current policies. Special deals for particular localities may promote flexibility and innovation, but also may insure that implementation favors already powerful regions at the expense of others. Still, the advocacy approach helps question the widespread assumption that we are better off with business, government and non-profits all on the same side of the collaborative table. It retains a role for non-profits as effective checks on government and business, champions for social justice, etc.

Governing for the Long Haul and the Big Picture

In the short run, many politicians and members of the public are measuring the success of welfare reform by how rapidly caseloads are declining. Each of these four approaches can justify itself in terms of the speed by which it achieves results. Privatization touts the ability of business to hire and fire personnel quickly and as needed. Integrated services designed by central managers avoid the time drain involved with long periods of public input. Community partnership can activate the assets most needed to solve the problem. Effective advocacy can insure that the poor themselves actually benefit directly with delivery of tangible resources.

Whatever the validity of these claims, it is important to remember that the caseload decline to date has less to do with any particular reform strategy than with an expanding economy and an end to welfare as an entitlement. While welfare officials may wish to capitalize on the public good will accompanying caseload decline, they would be better advised to do so in a way that builds support for ongoing reform efforts, rather than by claiming a spurious victory.

Over the long haul, local communities will judge welfare reform by whether it achieves a much tougher set of goals—improved child and family well-being (including less poverty), a better-trained and motivated workforce, more efficient and equitable use of public funds, increased civility in public deliberation, etc. The true test of all the approaches outlined here will come over the next 5-10 years, as new administrative arrangements, community partnerships, and hundreds of procedural details are gradually worked out.

For example, it may be that caseload declines are masking an underlying pattern of "cost shifting" in which reductions in welfare spending are offset by increased costs in other public programs. Unlike private contractors, county governments are legally obligated as "service providers of last resort" and do not have the luxury of ignoring whatever negative fallout may ensue from welfare-to-work activities. To insure that cost shifting is not ignored will require a level of programmatic integration and information system development that will be difficult to achieve.

To meet this challenge, county leaders are learning to mix and match collaborative strategies adroitly. Faced with pressing immediate demands, they retain a rich contextual and situational understand-

ing. Faced with untested partners and complex sequencing requirements, they exhibit patience. Faced with a rush to produce results, they develop an "easy spontaneity" with all segments of the community rather than relying only on familiar faces. Faced with turf and ego claims, they legitimize alternative solutions and keep the focus on problem solving. Faced with the pressure to succeed, they embrace risk and learn from failure.

Welfare reform has been viewed by some as an impossible mandate and others as a goal already achieved. It might be more helpfully viewed as a practical test of governance skills and administrative creativity, and a "window of opportunity" for exercising dormant civic muscles into playing shape.

RESOURCES

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