Amanda Sheely

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Article (Accepted version)
(Refereed)

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Constraints on local welfare discretion in an era of second-order devolution

Amanda Sheely, MPH, MSW, PhD
Assistant Professor
Department of Social Policy
London School of Economics and Political Science

Abstract

Under devolution, state and local governments are expected to use the greater authority granted to them to design new and innovative programs that are tailored to local needs. Existing research on the devolution of welfare programs has reported substantial variation in the policies adopted by states in the wake of welfare reform. However, under *second-order devolution*, local governments also gained discretion over welfare services. Some have argued that, while devolution should increase flexibility, local governments face constraints that limit their functional discretion. Using California as an example, I assess whether there is variation in the service priorities adopted by local governments and whether these priorities translate to frontline practices. I show differences in the service priorities of local governments; however, these priorities are not associated with differences in sanctioning or time limit exemptions. Thus, while local governments may formally adopt different priorities, state and federal policy choices, as well as client characteristics, may restrict priorities from translating into differences in caseworker behavior.

Key words: devolution; welfare reform; local governments; discretion

Introduction

There is a longstanding debate in the United States about the best way to divide responsibilities between national and subnational governments. This debate is especially pronounced about the level of government that should have authority over redistributive programs serving poor people (Donahue, 1997; Nativel, Sunley & Martin, 2002). Proponents use multiple justifications to support devolving service provision to subnational governments, including making services more efficient and better aligning the costs and benefits of providing services (Kincaid, 1998). Most importantly for the current study, supporters of devolution assert that, when free from federal constraints, states will have the ability to engage in experimentation and innovation that will lead to better service provision through the increased ability to tailor services to local client needs (Shipan & Volden, 2012).

The merits of devolution were a core part of the justification for the passage of the Personal Responsibility and Work Opportunity Reconciliation Act in the United States in 1996, commonly called "welfare reform." Through its replacement of the Aid to Families with Dependent Children (AFDC) with the Temporary Assistance to Needy Families program (TANF), welfare reform sought to fundamentally change the nature of the cash assistance program serving poor families. Under AFDC, it was argued that overbearing federal regulations led to a heavily bureaucratic eligibility-compliance model of service provision in which case managers were primarily focused on rule enforcement and accuracy (Bane & Ellwood, 1994). By handing authority over to states to design and implement their own programs, proponents of devolution argued that states would be able to design and implement programs that could focus on moving recipients off welfare rolls and into paid employment. Overall, welfare reform has been cited as a "vivid example of authority cascading to lower levels of government" (Donahue, 1997, p. 7), making the policy a strong candidate for understanding the effects of devolution and decentralization.

Although lawmakers passed welfare reform with the intent of giving substantial policy authority to state governments, researchers have pointed out that discretion on the books does not always translate into actual functional discretion (Sosin, 2012). First, Peterson and Rom (1990) have argued that, regardless of client needs, states may limit the generosity of welfare provision to avoid acting as "welfare magnets" and pulling recipients from surrounding jurisdictions. Second, some have argued that, for a variety of reasons, the actions of state actors will be still be limited by national government priorities. Importantly, states still must incorporate key components of welfare reform into their programs, including focusing on employment rather than human capital development; the imposition of financial penalties for noncompliance (called sanctions); and instituting time limits on cash assistance. Additionally, Sosin (2012) asserts that in times of crisis, state lawmakers may mimic the way that problems and solutions are framed by federal agencies in order to increase the perceived legitimacy and political support for their programs. Third, organizational scholars have asserted that for devolution to lead to changes in service provision, frontline workers must change their behavior to implement policies in the ways envisioned by lawmakers (Brodkin, 1997). Yet, studies of the AFDC program repeatedly documented a clear disjuncture between policy intentions and actual frontline practices (Brodkin, 1997; Handler & Hasenfeld, 2007; Meyers, Glaser & Mac Donald, 1998).

To date, there has been considerable research examining state policies, which show that TANF policies vary considerably from state to state (DeJong et al., 2006; McKernan, Bernstein & Fender, 2005); however, there is also evidence that state policy choices have been limited by the work promotion focus of federal welfare reform legislation (Handler & Hasenfeld, 2007; Mettler, 2000; Meyers et al., 2001; Soss et al., 2011a). While important, this research does not adequately account for the fact that welfare reform also resulted in some state lawmakers passing substantial discretion over welfare programs to local

governments or regional governing boards in a process called *second-order devolution* (Gainsborough, 2003). Thus, there is an important gap in our knowledge about the effects of devolution on service provision after welfare reform (Kim & Fording, 2010; Kelleher & Yackee, 2004; Sheely, 2013).

To address this gap, the current study addresses two research questions using data from California, a state in which local governments have significant discretion to design and implement their own versions of TANF. First, in an era of devolution and decentralization, is there variation in the *service priorities* adopted by local governments? Following the example of Sosin (2012), service priorities are conceived of as the way in which service programs view clients and their problems. These service priorities also reflect how programs understand the best ways to ameliorate their problems (Hasenfeld, 2010). Second, given the multiple constraints imposed by federal and state regulations, are these service priorities translated into different practices at the street level? To answer these questions, I use a novel approach that links textual data from county plans outlining service priorities crafted just after the passage of welfare reform with administrative data on welfare recipients, and secondary data on the economic and political characteristics of California counties.

Study findings support the idea that, under a devolved welfare system, counties adopted a variety of service priorities. In addition to the work promotion message of federal welfare policy, California counties also stressed goals such as changing welfare departments to make them more responsive to client needs, protecting children, and working with the community to improve job availability and placement. However, these service priorities are not significantly associated with differences in frontline workers use of sanctions or time limit exemptions. Thus, while there is variation in local service priorities, this study finds that frontline behaviors are mostly in line with state and federal policy provisions.

Background

Second-order devolution and variation in service priorities

One of the key justifications used to support the devolution of services is that state and local governments have a better understanding than the federal government of the problems and demands of the clients within their states. By granting them more discretion, state and local actors will be able to create more appropriate services for recipients, which should improve the efficiency of welfare services (Kim & Fording, 2010). If this justification is true, we would expect to see variation in the approaches taken by different localities to providing welfare services for poor mothers, who are the primary recipients of TANF. Additionally, the service priorities should be shaped both by the needs of clients themselves, as well as the local economic and political conditions (Hasenfeld, 2010). Soon after the passage of welfare reform, researchers investigated both of these claims.

To assess variation in local service provision, one strand of researchers conducted in-depth case studies of local welfare offices. These studies conclude that there are differences in the service priorities adopted by local offices in the wake of welfare reform. For example, local agencies varied in terms of whether the primary goal of their program was to either promote employment or reduce dependency on welfare (Lurie & Riccucci, 2003; Gais et al., 2001; Gardiner et al., 2007). Within these broad goals, offices also adopted different service priorities outlining the best way to meet their core goals. For example, local agencies in Michigan, while all focused on the goal of promoting employment, adopted four different service priorities that stressed whether the primary responsibility of services should be helping clients engage in job search activities; pro-actively placing clients into jobs; placing clients in jobs and offering them additional support if they do not quickly obtain employment; or providing minimal supports and relying on clients to find employment

(Anderson & Seefeldt, 2003). In another example, after gathering observations of local offices from 15 states, Gais and colleagues (2001) created a taxonomy of TANF programs organized around the primary service priorities of programs and the means used to meet these priorities. They assert that TANF programs seek to meet the primary goals of work promotion or reduced dependency by promoting one of three activities—motivating clients, building their skills, or reducing barriers.

While these research studies document variation in the service approaches adopted by local welfare departments, all of the authors stated that local office provision was fundamentally shaped by the priorities set by state lawmakers. For example, Gardiner and colleagues (2007) assert that local service priorities are crafted to meet state performance requirements, to align with the goals described by state policy statements and communications, and reflect state-provided training programs for staff. Thus, these studies support the idea that devolution may lead to variation in program priorities; however, they are also constrained.

Second-order devolution and the importance of local context

Proponents of devolution also argued that devolution would improve efficiency by allowing programs to be tailored to local economic and political characteristics. A second strand of research sought to address this claim by examining how economic, political, and demographic factors shape variation in the local implementation of TANF in the form of caseworker use of sanctions. These studies show that caseworkers are more likely to impose sanctions in counties that are more politically conservative (Fording et al., 2007; Keiser et al., 2004). While sanctioning rates are related to local politics, they are not consistently related to economic conditions. For example, a study assessing whether sanctioning rates in California counties are influenced by changes in local economic and political factors finds that

sanctioning rates between 2000 and 2010 increased along with wages in the retail and service sector (Sheely, 2013). However, in the same study sanction rates are largely insensitive to other economic factors, as well as changes in the political environment. A study by Kim and Fording (2010) compared sanctioning rates between counties in states that engaged in second-order devolution and those in states where welfare administration remained centralized. They find that sanctioning rates are higher in devolved welfare system, which may either support the idea that localities are restricting welfare services to avoid being too generous or that they are imposing more sanctions to control costs.

In an important mixed methods study exploring sanctioning patterns among Florida regions, Soss and colleagues (2011b) explicitly trace how state policy decisions related to performance requirements are filtered through the local political economy, the implementing organizations, and the workers implementing the policies. At the state level, the authors detail the stringent performance management rules adopted by the state of Florida in which the performance of regions are monitored and ranked with the goal of improving the overall effectiveness of the system. Using local level administrative data, they show that poor performance ranking leads to different sanctioning patterns, depending on the local political economy. Specifically, poor performance rankings translate into increased sanctioning in politically conservative counties, especially for clients who are African American and poorly educated. By conducting interviews with case managers, the authors find that case managers do not simply choose to sanction more clients when their county performs poorly. Indeed, caseworkers across counties expressed ambivalence about the effectiveness and fairness of sanctions. However, in Florida, case managers were not given other tools to use when faced with noncompliant clients. Thus, in an environment where they are expected to meet performance goals yet have few resources to do so, case managers see sanctions as the sole means they have to elicit client compliance. Thus, in this study, we see that the actions of

frontline workers are shaped by local conditions. Supporting the case study research above, the study also affirms that these actions are also driven by state-level policies and priorities.

Current study

To date, the literature examining the effects of second-order devolution has largely focused on documenting variation in local service priorities or on the extent to which sanction rates are shaped by local political and economic conditions. Both of these strands of literature suggest that variation may be constrained by the actions and priorities of state governments. However, at this time, there are few studies that bring these strands together to test whether differences in service priorities at the local level translate into frontline practices. This is important since one of the primary assumptions of second-order devolution is that increased program authority will lead to meaningful differences in local program implementation. If local service priorities change in response to devolution, but frontline practices are instead influenced by state policy decisions and regulations, then the promise of second-order devolution will be incomplete.

Empirical Approach

The current study examines welfare provision in California counties in order to address two research questions: 1) What are the *service priorities* adopted by local governments in the wake of welfare reform? 2) Given the multiple constraints imposed by federal and state regulations and policy priorities, are these service priorities translated into different practices at the street level?

In this section, I describe California's TANF program, CalWORKs, and outline the reasons why California offers a unique context to address the research questions. Next, I explain the empirical approach taken to address each of the research questions. For the first

research question, I assess service priorities using a textual analysis, combined with a Latent

Class Analysis (LCA). For the second question linking service priorities to frontline

practices, I use hierarchical linear modeling.

Study setting: California

In August 1997, California created its own TANF program, CalWORKs. The

CalWORKs program was built upon its predecessor under AFDC, the Greater Avenues to

Independence program (GAIN). GAIN was designed to move recipients into work; however,

the first step of the program was completing an assessment of recipient skills. If they were

found to lack basic English or other skills, recipients were enrolled in up to two years of

education and training. It was only on completing education and training, and after three

months of unsuccessful job search, that recipients were enrolled in workfare. Thus under the

GAIN program, there was a dual emphasis on moving recipients to work, as well as

providing education and training (Zellman et al., 1999). The GAIN program also granted

counties substantial discretion. An evaluation conducted by RAND found that county

discretion under the GAIN program, "led to a range of program strategies, from adopting

education first approaches to pushing work first ones" (Zellman et al., 1999, p. 16).

The CalWORKs program was, in at least two ways, a continuation of the GAIN

program. First, while the legislation increased work requirements of recipients, and thus

followed the "work-first" approach of federal welfare reform, the state description of

CalWORKs did not make it "work-only" (Klerman et al., 2001). Thus, state legislation

required the provision of extensive services for clients experiencing work barriers, as well as

providing funding for these services. As a result, compared to welfare programs enacted by

other states, the work requirements of CalWORKs were generous. Following federal

requirements, CalWORKs required that recipients engage in work activities for at least 32

hours per week. However, to meet the remaining work requirements, recipients could participate in education and training activities, as well as in substance abuse, mental health, and domestic violence services. Additionally, state lawmakers exempted a number of populations from work-requirements, including recipients who have a disability for more than 30 days, are under 16 years old, under 19 years old and in school full-time, over 60 years old, or caring for a child who is a ward of the state (Reed & Karpilow, 2010).

Compared to other states, CalWORKs is also generous in its time limit and sanction policies. In reference to time limits, California chose to accept the 60-month lifetime limit on aid proposed by the federal government, rather than adopting a shorter time limit. Additionally, California was one of only four states that chose to use state funds to continue to provide financial support to children after their parents "timed out" of the program (Rowe, 2000). The CalWORKs legislation provides more extensions and exemptions required by federal law for specific recipients, including those who are either disabled or caring for a disabled family member, those who are sanctioned, victims of domestic abuse and those who are over 60 years old (Crow & Anderson, 2006). Turning to sanctions, California adopted a partial sanction policy, which means that only the adult portion of the benefit is terminated for noncompliance. In order to protect clients with work-related barriers, the sanctioning procedure in California is also quite detailed and includes multiple points at which a client can show "good cause for noncompliance" (Bagdasaryan, 2005).

The second way that CalWORKs built on the GAIN program was through granting substantial authority for program design to its 58 county governments. Paralleling the funding arrangement between the federal and state governments, the California state government gives counties a "single allocation" or block grant to fund their employment services, child care, and administrative costs. Counties have discretion about how to use these funds. For example, counties decide the participation exemption length for new mothers and the

welfare-to-work activities that will count toward work requirements. The state also imposes performance goals on counties. If California is penalized for not meeting federal work participation requirements, counties that do not meet the standards must share half of the penalty with the state.

The substantial discretion given to counties is reflected in the legislative process following the passage of CalWORKs. According to Zelman et al. (1999), the state legislation was written in a way that substantially increased county discretion to design and implement their own versions of the CalWORKs program. Under this legislation, each county was responsible for creating a plan outlining the vision of its own CalWORKs program. Although counties only had four months to develop these plans, the process was quite collaborative and involved community meetings, as well as coordinated efforts between county lawmakers and welfare administrators. In the counties studied by Zelman et al. (1999, p. 34), welfare directors asserted that they used the process of developing the county plans as an opportunity to describe and create "the kinds of services they believed would really help recipients make the transition to work and independence and/or to deliver these services in a manner that had not been possible before CalWORKs."

While the state provided a template for counties to follow in drafting their plans, the state welfare department made it clear that the state would only "certify" rather than "approve" the plans submitted. This meant that as long as counties met basic requirements and did not propose anything that contradicted California state law, their plan would be certified. The process of certifying county plans was supposed to act as a signal of the counties' "unprecedented local flexibility" (Zellman et al., 1999, 30). Indeed, the passage of CalWORKs marked a change in the relationship between the state welfare administration and local governments. Klerman et al. (2001, 66) state that after the passage of CalWORKs, state administrators learned to respond to county implementation questions by stressing county

discretion to make choices rather than providing 'guidance' or issuing 'clarifications.' An implementation study of CalWORKs conducted two-years after its passage suggests that differences in service priorities did translate into program differences, although many counties stayed close to the work-first approach of the state-level legislation (Klerman et al., 2001).

California is an ideal setting for this study for three reasons. First, as mentioned above, California has given broad authority to county governments to design and administer their own welfare programs (Gainsborough, 2003). Second, data show that there is substantial variation in sanctioning rates and other outcomes among California counties (Bagdasaryan, 2005; Klerman et al., 2002; Sheely, 2013). Third, understanding welfare provision in California has national significance because the state is home to nearly 30 percent of all welfare families in the United States (United States Department of Health and Human Services, 2012).

Textual analysis of county welfare plans

A two-step process is used in order to assess the types of service priorities adopted by California counties. First, I conduct a textual analysis of the county welfare plans described above that were created after CalWORKs was passed. Following the method outlined by Mohr and Guerra-Pearson (2010), textual codes are created from county plans related to (a) the population targeted by the policy; (b) the problem that needs to be addressed; and, (c) the appropriate means of addressing the problems. To improve the likelihood that the creation of codes was unbiased (Padgett, 2008), codes were created in consultation with an expert in welfare administration. In addition, the author and another researcher with expertise in welfare reform, independently coded fifteen of the 58 county plans. Rather than to formally measure inter-rater reliability, the purpose of this independent coding was to ensure that

important concepts were not being missed and that plans were being consistently coded (Lietz & Zayas, 2010). These codes are then transformed into dichotomous variables by assigning counties a score of "1" if its plan includes the code or a score of "0" if the code is not present in the plan.

In the second step, I use latent class analysis (LCA) to group counties into service priority groups, based on the codes generated above (Nylund, Asparouhov, and Muthen 2007). To assess the groups created by LCA, models are evaluated based on statistical outcomes (called model fit statistics) and the usefulness of the model. Model fit statistics include the Akaike information criterion (AIC), Bayesian Information Criterion (BIC), the Lo-Mendell-Rubin test, and probability statistics. This method also produces item-response probabilities, which yields the probability of an observed response for each variable based on class membership. Although researchers use these statistics when determining the number and composition of classes, the final selection of the model is also based on its substantive merits and interpretability (Collins and Lanza 2010). Other studies have used similar methods to create homogenous groups from the program goals and service strategies adopted by health-care service organizations (Garrow & Grusky, 2014) and large public organizations (Davis & Stazyk, 2015).

The outcome of this analysis is a description of the service priorities of counties in 1997. It is entirely plausible that these service priorities have changed over time due to changes in the policy environment (such as with the passage of the Deficit Reduction Act in 2005), due to changes in economic conditions, as well as changes in priorities based on organizational learning after seeking to implement welfare services. However, since counties only created these plans once, it is not possible to test these assertions.

Relationship between service priorities and outcomes: Hierarchical linear modeling

To assess whether service priorities are linked to frontline processes, I estimate a multilevel logit model predicting the likelihood of an individual welfare client being sanctioned or receiving an exemption from time limits as a function of individual and county characteristics, including the county service priorities identified above. The multilevel approach is used because the data are structured so that welfare clients (level 1) are nested within counties (level 2). In comparison to models that include county dummy variables or use standard errors that are clustered by county, I chose a multilevel modeling approach since it allows me to explicitly assess the amount of variation in outcomes that can be attributed to the counties in which recipients reside (Bryan & Jenkins, 2015). The final model presented below is a random intercept model (Raudenbush and Bryk, 2002). All continuous variables included in the model are grand mean centered and models also include year fixed effects to control for any time-dependent variables that are not explicitly included in the analysis.

Data

Data for this study come from multiple sources, as presented in Table 1. Individual-level data on welfare recipients come from micro sample data from the US Department of Health and Human Services (DHHS) that was collected from 2000 until 2005.[1] To create these data, states report information on a sample of TANF families from a given month. DHHS then aggregates these monthly data submission onto fiscal year files; I converted the data into calendar year to correspond with the other data used in the analysis. The sample reported in the data must be representative of the state, but not the characteristics of recipients from all counties. Thus, it is possible that smaller counties may not be included in the report in any given year. For this reason, I combined data for multiple reporting years. I chose the year 2000 as the beginning of the time period to give program goals ample time to

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[1] Data are available at http://aspe.hhs.gov/ftp/hsp/tanf-data/index.shtml.

translate into differences in outcomes. The DHHS data include information on multiple

people in the household, including the head of household, biological and stepchildren,

grandparents, and other related people. To ensure that the individual selected was eligible for

sanctioning, receiving TANF, and related to an eligible child, only the heads of households

were included in the sample.[2]

<< Insert Table 1 here >>

Dependent variables

I examine two dependent variables in this analysis: whether or not a recipient had any

sort of benefit reduction (sanctioned) or received an exemption from federal time limits. For

sanctioning, a dichotomous variable was created in which all households with sanctions were

coded as "1" (i.e. sanction amount was greater than 0) and "0" if the sanction amount was

listed as 0. The data also include information about whether the current month of assistance

was exempted from the 60 month time limit; clients were assigned a code of "1" if they were

exempt.

Key independent variables: Service priorities

Service priorities are the key independent variables in the analysis. As described above,

these variables are identified through a textual analysis of county welfare plans, combined

with an LCA to identify groups of counties with distinct service priorities. Since these plans

were only submitted once, they are a time-invariant measure. The results of this analysis and

a fuller description of these variables are reported in the results section.

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[2] I did not include cases funded by Separate State Programs or Maintenance of Effort
programs as some of the outcomes of interest were only available for TANF-funded cases.

Individual-level control variables

Based on the literature documenting that sanctioned recipients are more likely to have personal characteristics, human capital deficits, and other personal or family challenges that make them less able to succeed in the labor market than non-sanctioned recipients (Cherlin et al., 2001; Hasenfeld et al., 2004; Pavetti et al., 2004), several individual-level control variables are included. Data for these variables come from the DHHS data files. These variables are clients' race/ethnicity and the number of children in the household.

As described above, state CalWORKs legislation specifically exempted some vulnerable groups from sanctions and time limits. I also include client characteristics related to these requirements, including age, receipt of disability income for either the recipient or a family member, and having less than a high school diploma or GED.

County-level control variables

I include a set of control variables used in prior research related to county sanctioning rates and state welfare policies, including the unemployment rate (Fellowes & Rowe, 2004; Gais & Weaver, 2002; Sheely, 2013) and the party affiliation of registered voters (Fording et al., 2007; Keiser et al., 2004; Sheely, 2013). To assess economic conditions, a variable measuring the percentage of county residents who were unemployed from 2000 until 2005 is included. A yearly average of unemployment is created using monthly data from the California Economic Development Department. The local political environment is assessed by using data from the California Secretary of State to determine the percentage of voters who were registered as Republicans in elections that took place between 2000 and 2005. Given research suggesting that local racial/ethnic composition may be a primary determinant of sanctioning patterns (Keiser et al., 2004; Soss et al., 2011b), I include the percentage of county residents that are African American and Hispanic. These data are yearly estimates

created by the California Department of Finance. Last, following research showing that recipients living in counties with higher caseloads are less likely to be sanctioned (Fording et al., 2007; Keiser et al., 2004), the analysis includes a measure of the number of TANF enrollees per 100,000 population with data obtained from the California Department of Social Services.

Results

Identification of local service priorities

The results of the textual analysis identifying county service priorities are presented in Table 2. Thirteen codes were identified in the analysis. In general, counties make assertions about changing clients, changing service provision in organizations, and changing the communities in which the families being served are located. For instance, under the theme of changing clients, codes include *making parents role models for their children, protecting children, preserving families, providing services to the whole family*, and *improving the well-being of children*. Codes under the theme of changing organizations are: *improving efficiency, making services more user-friendly and easier to access, improving case management services, designing services to improve the career trajectories and earnings of recipients*, and *making the welfare office more like an employment agency*. Last, counties seeking changes to the communities emphasized: *improving job placement, working with the community to create new jobs*, as well as *improving the community for all residents*.

<< Insert Table 2 here >>

In the next step of the identification of service priorities, LCA was used to group counties with similar priorities together. To conduct the analysis, and to avoid the identification of local instead of global maxima, each model is run with 1,000 iterations and 1,000 random starts. Given the fact that there are 58 counties, it is possible that the test statistics generated from the LCA could be biased despite the fact that the models were identified. To further test the groups obtained from the LCA, I also conducted the analysis using a hierarchical cluster analysis using Ward's linkage procedure. Using this method, I obtain the same groups and similar item response probabilities as the LCA results.

The model fit statistics for the four models are presented in Table 3. In table 3, a four-class model solution is preferred by the AIC and the BIC. The Lo-Mendell-Rubin (LMR) test assesses whether a given model fits the data better than a model with one fewer group: in this analysis, the results of the LMR prefer a two-class model. The number of latent classes can also be assessed by examining posterior probabilities, which measure the certainty with which counties are assigned to classes. For the four-class solution, these statistics indicate that the model fits the data extremely well and that the model will classify counties into their respective groups 92.5 percent, 99.8 percent, 96.4 percent, and 91.5 percent of the time, respectively. Given the low AIC and BIC values and the strong probability statistics for the four-class option, I closely examined the results for this model and found them to be substantively meaningful.

<< Insert Table 3 about here >>

Description of service priorities

The profile of each latent class in the four-class class solution is presented in Table 4. The table rows display the probabilities that the county plans included the listed code. The

last row of the table shows the percentage of counties that are placed in each class. After describing each group of counties, I form hypotheses about how their program goals should be related to sanctions and time limit exemptions.

Service priority 1: Family and community change with well-being focus [Family Change]. The first group of counties identified in the LCA accounts for nearly 15 percent of sample counties. Overall, these counties combine a focus of helping vulnerable families with ensuring they receive adequate services. One of the noteworthy characteristics of counties in this group is their strong focus on changing families: almost half of counties say that mothers should learn to become role models for their children, and over one-third of counties in this group adopt the goal that welfare services should help preserve families, provide services for the entire family, and improve child well-being. Counties in this group also strongly support the priorities of making services more accessible (user-friendly) and providing services that will lead to better employment and higher earnings for recipients. This group also includes the highest proportion of counties (43 percent) that support the idea of working with the community to promote overall community well-being.

Given the clear focus on improving child, recipient, and community well-being, while also the least likelihood of adopting the goal of making welfare offices function more like employment agencies (12 percent of counties), this group will serve as the reference for the following analyses. Based on the findings of Gardiner et al. (2007), since these counties do not adopt a strong rapid employment focus, but rather seem to focus more on building skills, I expect that recipients in *Family Change* counties will have the lowest likelihood of being sanctioned and be the most likely to obtain a time limit exemption.

<< Insert Table 4 about here >>

Service priority 2: Organizational change with community job focus [Organizations and Jobs]. The largest group (46 percent of counties) resulting from the LCA is composed of counties that are likely to endorse the importance of improving the services offered by welfare departments, while also working with the community to place recipients in jobs and, to a lesser extent, increase job availability. Thus, the overall service priority of these counties is to improve service provision around employment for all recipients, including creating links to communities to increase the ability of caseworkers to help recipients find employment. The service priority of these counties seems similar to that of the Michigan counties seeking to promote employment by pro-actively placing clients into jobs (Anderson & Seefeldt, 2003).

In terms of organizational change, the counties in this group are likely to state that welfare departments should be more user-friendly (48 percent) and provide better case management services (41 percent of counties). In contrast to counties in the first group, these counties seem more work-first focused as they are much more likely to state that welfare departments should be restructured to function more like employment agencies (32 percent), while less than 5 percent of counties in this group are likely to adopt the goal of changing services to ensure that recipients obtain well-paying or career-focused employment. Compared to other groups, the counties in this group are the most likely to adopt the priorities of working with the community to improve job placement services for recipients (45 percent of counties), or to increase the availability of jobs in a community (23 percent of counties).

Overall, the priorities of these counties seem to be narrowly focused on improving welfare offices themselves and improving job placement rather than promoting individual change. The employment focus, both through restructuring the agency to be more like an employment agency, as well as through its promotion of job placement, leads to the expectation that sanction rates may be higher and there may be fewer time limit exemptions

granted to recipients in *Organizations and Jobs counties* compared to *Family Change counties*.

   Service priority 3: Organizational change with a focus of promoting work and well-being [Mixed]. This group comprises approximately 19 percent of California counties. These counties are distinguished by the fact that their service priorities are the most diffuse; they seem to support doing a little of everything. Their priorities include a strong focus on improving welfare services generally; over half of counties in this group had the stated priority of increasing efficiency and making services more user-friendly or easier to access. Additionally, all of the counties in this group stress the importance of changing services so that the welfare department functions more like an employment agency; however, half of these counties also would like to provide services to help recipients obtain jobs that will lead to higher earnings and future career prospects. Among priorities related to families, 47 percent of counties stress the importance of making sure that the needs of all family members are met and 37 percent of counties in this group would like to improve child well-being (35 percent). These counties also stress the importance of working with the community organizations to improve the community as a whole (36 percent).

   Given the multiplicity and ambiguity of priorities adopted by counties in this group, these counties may be crafting ambiguous plans in order to not lose political support (Davis & Stazyk, 2015). I do not expect recipients in *Mixed counties* will have meaningfully different outcomes than recipients in *Family Change counties*.

   Service priority 4: Family change with work and protection focus [Work and Protection]. The last class, which represents approximately 20 percent of counties, is characterized by counties that adopt the dual priorities of functioning more like an employment agency and protecting children. Thus, these counties seem to focus on the vision of CalWORKs described above, which is "work-first" but not "work only."

As shown in Table 4, 100 percent of these counties would be expected to affirm promoting work by instituting changes to make welfare offices function more like employment agencies. In addition, 70 percent of the counties in this class affirm that their agency should work to protect children. Counties in this class also have the lowest probability of stating that welfare offices should be restructured to preserve families, be more user-friendly, have improved case management services, increase job placement or job availability in the community, or to use the welfare system to promote community well-being.

Unlike the *Mixed counties*, which also stressed work promotion, the stated priorities for *Work and Protection counties* are unlikely to include administrative changes such as increasing efficiency, making services more user-friendly, or improving case management. Given the strong work-promotion goals of these counties, I expect that these recipients in *Work and Protection* counties will have a higher likelihood of being sanctioned, a lower likelihood of being granted an exemption to time limits than recipients in *Family Change* counties. However, these hypotheses are tentative, as the child protection focus of these counties may translate into caseworkers being more hesitant to sanction clients and more likely to exempt them from time limits.

Multilevel logit model results

Table 5 shows the relationship between frontline practices, service priorities, as well as county-level and recipient characteristics. This table shows that, for the most part, there are no significant differences between frontline practices in counties that adopt different service priorities. However, recipients in *Work and Protection counties* were significantly less likely to be sanctioned than recipients in *Family Change counties*, although the likelihood of receiving a time limit exemption was similar.

In addition, very few of the county-level variables are related to client outcomes. Supporting the findings of other county-level research (Fording et al., 2007; Keiser et al., 2004; Sheely, 2013), the unemployment rate of the county where the client resides is not associated with the likelihood of being sanctioned or being in paid employment. However, increases in county-level unemployment rates are related to a decreased likelihood of being granted a time limit exemption. The lack of relationship between the remainder of the variables and frontline practices is not surprising since existing research has documented an inconsistent relationship between sanctioning rates and the party affiliation of registered voters and the percent of the population that is nonwhite (Sheely, 2013).

<< Insert Table 5 here >>

While very few county-level variables are significantly related to the outcomes, the individual-level control variables largely corroborate the findings of existing research and follow California state policy. For example, controlling for the effects of other variables, if someone in their household receives disability benefits, clients are roughly 22 times as likely to receive a time limit exemption than families that do not receive disability income. They are also significantly less likely to be sanctioned. This result is consistent with California's welfare law that exempts recipients with a disability from participating in work-related activities. Therefore, they have less of a chance of being sanctioned for noncompliance. Recipients with disability income are also more likely to receive a time limit exemption, which also corresponds to state-level regulations about time limit exemptions.

Recipients with larger family sizes are more likely to be sanctioned than those with fewer children. However, they are more likely to receive a time limit exemption, possibly due to work requirement exemptions for recipients with young children. I also show that

caseworker behavior was shaped by state regulations related to recipients with educational barriers to employment. Based on the focus on providing recipients with basic education, one would expect that recipients with less then a high school degree would be less likely to be sanctioned and more likely to be granted a time limit exemption. These expectations are partly supported; after controlling for other variables in the model, recipients who had less than a high school education or GED were approximately two times as likely than clients with these educational qualifications to receive a time limit exemption. However, there were no significant differences in sanctioning rates. Thus, it seems that caseworkers were more likely to allow recipients with educational barriers to employment to stay on CalWORKs longer.

Contrary to the findings of prior county-level research on the determinants of sanctions in other states (Fording et al., 2007; Keiser et al., 2004), being African American was not related to being sanctioned. However, Fording, Soss and Schram (2007) found that being black was only associated with an increased rate of sanctioning the longer the client was on TANF. At baseline, there was no relationship between these variables. In this study, African Americans were more likely to receive a time limit exemption. In support of other county-level research, there is evidence that Hispanic clients are less likely to be sanctioned (Fording et al., 2007; Keiser et al., 2004) and I also demonstrate that they are significantly more likely to be granted a time limit exemption.

Discussion

One of the main justifications for devolution is that, when given control over program design and administration, state and local governments will use their increased discretion to create new and innovative programs. Overall, devolution should lead to variation in policies and programs that are tailored to local needs. Existing research seeking to understand the

effects of second-order devolution on welfare provision have either focused on documenting differences in the program goals and practices adopted by welfare agencies, or on the ways that the local economic and political environment shapes sanctioning patterns. In the current study, I use a novel approach that seeks to unite the strands of local-level research by both documenting variation in the service priorities adopted by California counties after the passage of welfare reform, as well as examining whether these priorities shape sanctioning rates and the use of time limit exemptions. Two findings seem to merit special attention.

First, prior studies show that, in an era of devolution, welfare programs vary at both the state (Soss et al., 2001; Fellowes & Rowe. 2004) and local levels (Gardiner et al., 2007; Anderson & Seefeldt, 2000). Supporting these findings, this paper demonstrates variation in the service priorities adopted by California county governments. Almost half of counties in California were classified as *Organization and Work* counties, whose service priorities stressed the need to change welfare provision in order to make services more accessible, improve case management services, and better work with the community to place recipients in employment. This service priority seems to relate closely to the goals of the state CalWORKs program of promoting work, but also improving services. The other half of counties adopted some state priorities, but also added their own vision, which includes using services to change families and communities (*Family Change*) and ensuring that children are protected (*Work and Protection*). Supporting other research showing that organizations sometimes adopt goals that are ambiguous and contradictory, 19 percent of counties adopted *Mixed* service priorities that did not seem to have a clear focus, but rather aimed at changing families and organizations and communities. Based on these results, it does seem as though, as California state lawmakers intended, local governments assumed that they had the discretion to create their own service priorities. In their study of the implementation of

welfare reform among North Carolina counties, Kelleher and Yackee (2004) also found that managers felt they had increased authority under second-order devolution.

Second, while I found variation in service priorities, these priorities were mostly not unrelated to frontline practices after controlling for other variables. I hypothesized that clients in *Family Change* counties, whose service ideology includes promoting client and community well-being would have the lowest rates of sanctions and the highest rates of time limit exemptions. Instead, results show that caseworkers in *Work and Protection* counties imposed significantly fewer sanctions than caseworkers in *Family Change* counties. The lower sanctioning rates in these counties may be due to the fact that they adopted the priority of protecting children, along with work promotion. Caseworkers in these counties may have been reluctant to impose additional financial stress on these families. Although this difference is significant, there appear to be very few differences in practices in counties that adopt different service priorities.

Rather, individual-level variables were consistently and significantly related to whether or not a client was sanctioned or received a time limit exemption. Specifically, clients who received disability income were less likely to be sanctioned and more likely to be granted a time limit exemption. This finding makes sense, since recipients with disabilities are exempted from work participation requirements under California state law. Additionally, clients with low levels of education were more likely to receive a time limit exemption, which is in line with the human capital approach of the old CalWORKs system. Thus, this study lends support to prior research showing that, at the state- and local-levels, decisions are constrained by the policy decisions of higher levels of government (Anderson & Seefeldt, 2000; Gardiner et al., 2007; Soss et al., 2010). Importantly, the most significant driver of local level variation seems to be state regulations regarding the treatment of clients.

It is important to note that this study adopted a novel approach to assessing local service priorities. Rather than conducting observations of a few welfare offices in different localities, I conducted a textual analysis of the priorities outlined in the welfare plans of all 58 California counties. By doing so, I was able to systematically assess whether differences in service priorities were related to frontline behavior. One could argue that the groups created through the LCA or the county plans themselves are not meaningful and this accounts for the reason that they were unrelated to outcomes. However, the historical context of these plans shows that they were intended to reflect the priorities of counties and were explicitly crafted to do so. Additionally, the groups formed were consistent, regardless of whether they were generated through LCA or cluster analysis.

In conclusion, this study finds that after the passage of welfare reform, California counties adopted a variety of service priorities for their welfare programs. However, these changes "on the books" were not related to changes in frontline behavior, after controlling for differences in client- and county-level characteristics. There are at least three potential explanations to this finding. First, service priorities may not be related to frontline behavior if the same characteristics of clients and counties that determine sanctioning and time limit exemptions also determined the service priorities adopted by counties. For example, counties with recipients with more employment barriers may adopt priorities like those found among *Organization and Work* counties. The county political context would also shape the view that this is the right direction to take. Therefore, once recipient and county-level characteristics are included, service priorities no longer matter. While it is plausible for this to be the case, there should be a significant bivariate association between service priorities and frontline practices that is reduced after including controls. In this analysis, these bivariate relationships are also not statistically significant (analysis not shown).

Second, while clear differences in program goals may exist, differences in frontline implementation may still be largely determined by policies and regulations set at the state and federal levels. As stated by Kincaid (1998, p. 23), under welfare reform, state and local governments "won new flexibility to design, fund, and operate welfare programs, but they also inherited onerous and prescriptive requirements." For example, the ability of caseworkers to implement county service priorities to promote family well-being is limited by instructions from the federal government that clients should be encouraged to work, as well as state regulations setting out work requirements and exemptions.

Third, local welfare agencies may have crafted program goals in an effort to garner political support. Davis and Stazyk (2015) assert that goals can be set to specify an organization's expectations of its workers, including how workers will be evaluated and rewarded for their performance. However, the goals of organizations can also be set in order to garner political support from lawmakers who are responsible for setting the organization's budget. As pointed out by Sosin (2012), organizations are increasingly likely to match their priorities and practices to those preferred by higher levels of government if they are facing a crisis, such as a financial shortfall. If county service priorities are created with these goals in mind, they would not be expected to shape worker behavior towards clients.

Under all of these possibilities, second-order devolution has not translated into the new and innovative programs envisioned by lawmakers, when they passed welfare reform. Based on these results, one may argue that in order for devolution to have its intended effects, lawmakers should loosen regulations to give local governments more opportunity to truly create new and innovative programs. However, the regulations around giving extra protection to households with members with disabilities seem justified, given the vulnerability of this group (Parish, Rose & Andrews, 2009). For example, Parish and colleagues (2010) find that mothers raising children with disabilities often contend with difficulty finding employment

that will allow them to attend to their children's needs, including frequent visits to health care providers. Therefore, some regulations seem justified. Another response to these findings is that one must be more cautious in setting expectations of the results that local governments can accomplish in a devolved welfare system that also seeks to protect vulnerable families.

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Table 1. Variables and Data Sources

Variable	Data source
Dependent variables	
Sanction	US Department of Health and Human
Time limit exemption	Services, Administration for Children and Families
Service priorities	California Department of Social Services
Individual characteristics	
Hispanic	US Department of Health and Human
African American	Services, Administration for Children and
Education	Families
Age	
Receives disability income	
Family size	
County characteristics	
% African American	California Department of Finance
% Hispanic	
% Unemployment	California Economic Development Department
% Registered Republican	California Secretary of State
Caseload (recipients/100,000 population)	California Department of Social Services California Department of Finance

Note: Service priorities assessed in 1997. All other variables include data spanning 2000 until 2005.

Table 2. Codes Identified in California County Plans by Target Population and Sample Text

Code	Sample Text
Focus: Children and families	
Make parents role models	Help them plan for the future of their children; Participants will face their responsibilities to provide positive role models for their children; Promote healthy family life.
Protect children	Provide protective and supportive services to children; Children in an aided family should be protected by a community safety net; Protecting children and adults who are at risk of abuse or neglect.
Family preservation	Programs are designed that focus on family preservation; Requirement of both parents to support and care for their children; Providing services to families in need of marital counseling to keep both parents in the home whenever possible.
Serve whole family	Services are focused on the whole family and are based on family strengths; Provision of holistic family services; Feature a two-generational approach to welfare reform, focusing on both children and adults.
Improve child well-being	The health and well-being of children should be paramount in establishing work requirements for parents; To assist the State in reducing child poverty; Ensure that the time spent in child care is safe, healthy, nurturing and promotes a child's development and well-being
Focus: Organizations	
Improve efficiency	To develop and continually improve our system of retrieving relevant data; Establish specific targets, based on these measures, in each area of the county for achieving stated outcomes; Fraud will be identified and will not be tolerated.
Make more user-friendly	Expand efforts to reduce redundant, duplicative and overly complex paperwork, rules and practices in favor of streamlined, cost-effective and outcome-based services; Fuller involvement of program participants in developing and carrying out services; Quality customer services are to be provided in a fair and positive manner.
Improve case management	The most effective services are those tailored to the individual needs of a diverse participant population; Focus on early evaluation of barriers rather than automatic client placement in Job Readiness Activities; Provide individualized and personalized services.
Make like employment agency	The consistent focus being that of attainment of immediate employment with follow-up transitional services; Provide an up front employment focused service delivery to our customers; To promote the goal of employment in every related division of the agency.
Use services to improve	Enable clients to obtain employment that will provide a

career and earnings	living wage and which has the capability for growth and the potential for increasing earnings; A substantial portion of employment and training resources be dedicated to assisting participants who are already working to secure higher-paying jobs which will enable them to leave the welfare system; Create real exits from poverty and welfare.
Focus: Communities	
Improve job placement	To develop interest and motivation in our employment community in providing training and job opportunities for our clients; Identify community networks and determine available job openings; Build a seamless partnership between job seekers, the business community and service providers.
Job creation	Developing the capacity of the local economy to sustain jobs and businesses; Create job opportunities; To support a diverse employment base, a range of industries will be developed.
Improve whole community	Reforming welfare must focus on creating healthy, self-sustaining communities; To develop and encourage neighborhood coalitions which would promote neighbors helping neighbors; Develop economic opportunity strategies in Solano County for the overall betterment of the entire population.

Table 3. Fit Statistics for Latent Class Models

	AIC	BIC	LMR	LMR p-value	Entropy
2 classes	805.619	861.251	40.759	.0125	.925
3 classes	796.575	881.053	36.404	.2619	.936
4 classes	791.234	904.558	32.765	.1254	.926
5 classes	793.3	935.47	25.486	.4709	.970

Table 4. Item Response Probabilities for Four-Latent-Class Model of County Service Priorities (*N*=58)

Variable	Family Change	Organization and Work	Mixed	Work and Protection
Focus: Children and families				
Role model	0.437	0.194	0	0.088
Protect children	0	0	0.099	0.698
Preserve family	0.343	0.173	0.156	0.146
Serve entire family	0.343	0	0.466	0
Increase child well-being	0.343	0.166	0.347	0.088
Focus: Organizations				
Increase efficiency	0	0.284	1	0.284
Make user-friendly	1	0.476	0.761	0
Improve case management	0	0.414	0.349	0
Promote work	0.116	0.317	1	1
Improve career and earnings	0.904	0.046	0.592	0.108
Focus: Community				
Collaborate with community to increase job placement	0.121	0.447	0.089	0
Collaborate with community to increase job availability	0	0.225	0.088	0
Increase community well-being	0.432	0.046	0.355	0
Proportion of counties	0.151	0.461	0.193	0.195

Table 5. Odds Ratios (and Standard Errors) from Multilevel Logistic Regression Results Assessing Relationship between Service Priorities Frontline Practices among California Counties

	Sanctioned	Time limit exemption
County service priority		
Organization and Work	0.797	0.817
	(0.146)	(0.113)
Mixed	0.721	1.110
	(0.177)	(0.202)
Work and Protection	0.569	0.814
	(0.139)	(0.145)
County-level controls		
% African American	0.971	0.981
	(0.234)	(0.017)
% Latino	1.012	0.999
	(0.006)	(0.005)
% Unemployment	0.981	0.914 ***
	(0.445)	(0.030)
% Republican	0.996	1.010
	(0.011)	(0.008)
Caseload-to-population	1.000	1.000
(per 100,000)	(0.001)	(0.001)
Individual-level controls		
Hispanic	0.786 **	2.471 ***
	(0.056)	(0.124)
African American	1.067	1.128 *
	(0.085)	(0.067)
Family size	1.569 ***	1.341 ***
	(0.095)	(0.053)
Less than high school or GED	0.962	0.455 ***
	(0.057)	(0.019)
Receives disability benefits	0.171 ***	22.614 ***
	(0.039)	(2.555)
Age	0.996	1.043 ***
	(0.003)	(0.002)
Constant	0.092 ***	0.172 ***
	(0.016)	(0.022)
County-level variance	0.124	0.075
	(0.049)	(0.026)
ICC	0.036	0.022
	(0.014)	(0.008)

There are 58 county observations and 15,483 observations for individual-level data collected over 5 years. All models include year fixed effects. Coefficients displayed with standard errors in parentheses. The reference group

for service priorities is *Family Change counties*. The reference group for education is less than high school. All continuous variables are grand-mean centered.

* $p<0.05$, ** $p<0.01$, *** $p<0.001$