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The Project on Devolution and Urban Change

*Charles Michalopoulos**

We are pleased that Peter Rossi believes that Urban Change may provide the best hope for understanding the effects of Temporary Assistance to Needy Families (TANF) reforms among currently funded research efforts. We agree in general with most of Rossi's points, but we disagree with some of the details.

We agree that more experiments should be run and funded to understand the effects of potential policies. In fact, Manpower Demonstration Research Corporation, with funding from the U.S. Department of Health and Human Services, is currently conducting the Employment Retention and Advancement project, which will use random assignment in a number of states to study policies designed to help welfare recipients stay employed and advance into better jobs.

Rossi says, "The Personal Responsibility and Work Opportunity Reconciliation Act "cannot be evaluated as a national program; only state TANF programs can be evaluated. In addition, one can expect within-state variation in implementation, especially in states such as California and New York, where welfare is administered by local political jurisdictions" That is why Urban Change focuses on local areas and includes implementation research, to understand how policies have been implemented locally; ethnographic interviews, to study how welfare recipients understand welfare reform; neighborhood indicators data, to place welfare reform into a larger economic context; and institutional research, to investigate the effect of reform on local institutions.

We agree when Rossi worries that "a serious issue is how to promote responsible analyses of these data sets. Neither the research nor the policy communities will be content with only descriptive analyses." That is why Urban Change is more than an effort to collect descriptive data; it is a project that uses a range of complementary methods to collect, integrate, *and* analyze data, with the objective of understanding how welfare reform has affected the lives of families in the four counties under study. In the new world of welfare, where understanding the welfare system means understanding state, county, and even local implementation, Urban Change is uniquely positioned because it is the only study that examines implementation from

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several perspectives—including those of welfare agencies and staff; welfare recipients; and local institutions, including churches and other nonprofit service deliverers. Although the Survey of Program Dynamics and the National Survey of America's Families hold out the promise of more generalizable findings because they cover more areas, it will be extremely difficult to bring together the knowledge of local systems needed to analyze them responsibly. Urban Change has that expertise in place already.

We also agree when Rossi notes that “none of the planned research extends in time much beyond the first few years of PRWORA.” In the four Urban Change sites, time limits first ended welfare benefits in October 1998 in Miami/Dade County, and they will begin ending benefits in Cuyahoga County, Ohio, in October 2000. Philadelphia's work-trigger time limit went into effect in March 1999. Termination time limits, however, will not begin until 2002 in Philadelphia and 2003 in Los Angeles County. In three of the sites, then, the follow-up period is long enough to capture the initial effects of some form of time limit. We agree that longer follow-up would be better still.

We agree, finally, when Rossi says, “Assuming successful statistical modeling of quality data, [Urban Change] will provide good estimates of effects within four important localities, supplemented by qualitative data on four local welfare systems.”

We disagree, however, with some of Rossi's other comments.

Rossi asserts that Urban Change's “findings cannot be generalized to a broader welfare population nationally or even to other urban neighborhoods.” Although it is true that Urban Change is studying only four counties, in 1997 more than 10 percent of all welfare recipients nationally were in those counties, so they may be as representative as any four large urban counties could be. In addition, Rossi's concern about generalizability is a standard criticism of most social experiments, the “‘gold standard’ design for estimating net effects,” since most experiments are conducted in only a few sites.

Rossi also asserts that Urban Change cannot separate effects of welfare reform from effects of other policy and economic changes. In this regard, Rossi has missed the strength of our studying *four* counties and having longitudinal information on several million people starting in 1992. To take one example, the Earned Income Tax Credit was expanded simultaneously nationwide. TANF, however, was implemented in Florida in October 1996, in Pennsylvania in March 1997, in Ohio in October 1997, and in Los Angeles County in January 1998. If welfare reform is responsible for sudden changes in the pattern of welfare use or movement from welfare to work, those changes should correspond to some degree to the changes in welfare policies and implementation. If they occur at the same time in all four sites, they are more likely a result of federal policy changes or changes in the national economy.

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We think Rossi has missed the strength of the six interwoven components in Urban Change: impact analysis, survey data, implementation research, ethnographic interviews, neighborhood indicators, and research on local institutions. The project has already benefitted from its multiple components. For example, its first two reports have used more than one component: A report on how reforms have been implemented by welfare administrators and understood by welfare recipients combined implementation research with ethnographic interviews, and another on the health status of current and former welfare recipients combined the client survey with ethnographic interviews.

The impact component would be as weak as Rossi portrays it without the other components. Adding them substantially strengthens the project's design. Consider some relatively simple examples:

- TANF reforms went into effect nationally in October 1996. But only one of the four Urban Change counties implemented TANF reforms that early, and Los Angeles County did not implement reforms until 1998. Without the benefit of the project's implementation research, an analyst might mistakenly look for effects of reform in 1996 in all sites.
- Time limits were scheduled to go into effect in Miami/Dade County in October 1998, and work-trigger time limits were scheduled to go into effect in Philadelphia in March 1999. In both cases, the counties realized they were not prepared to implement time limits and throw people off the rolls, and so they gave extensions to recipients who would have reached the time limits. Without implementation research, we might have looked for effects of time limits at the wrong time in the two places.
- All four counties implemented "enhanced earnings disregards," which allow welfare recipients to keep more of their benefits when they go to work. The disregards are usually expected to increase the number of people receiving welfare. Ethnographic interviews with clients in the four counties indicated that, except in Philadelphia, the clients did not know about or understand the enhanced disregards. An analyst working alone would look for the same patterns of welfare use in all four counties, but we know that the pattern might look different in Philadelphia and that in three of the counties, it might look different from the pattern predicted by economic theory.

Is Urban Change perfect? Not by any means. No research effort is. Rossi himself is somewhat ambivalent about how best to evaluate welfare reform. On the one hand, he argues that nonexperimental research is inadequate compared with random assignment experiments. On the other, he notes that "it would be extremely difficult to carry [randomized experiments] out for a variety of reasons." But, like Rossi, we think that "comparisons with [Aid to Families with Dependent Children] are needed to settle the issue of whether TANF has deleterious effects on the poor." We believe Urban Change promises to contribute to this endeavor.

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