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## State Welfare Reform Waiver Experiments

*Howard Rolston\**

The U.S. Department of Health and Human Services, along with five states and several other private and public funders, augmented five ongoing welfare reform waiver experiments to include more systematic and uniform measures of family and child well-being. The waiver programs being evaluated represent a range of policies that could be implemented under the Personal Responsibility and Work Opportunity Reconciliation Act and, in fact, have strong similarities to each state's Temporary Assistance to Needy Families program. Although limited to five states (one of which has only one site), their strong experimental research designs will provide credible information on the effects of alternative welfare reform policies on children. This will make the Child Impact Waiver experiments a vital complement to the various nonexperimental studies that will assess the effects of welfare reform on children.

By and large, I agree with Peter Rossi's analysis of the five state projects. My comments, therefore, relate to the few instances in which I would characterize the usefulness of the waiver experiments somewhat differently from Rossi. I will also comment on a few recent developments.

Rossi rightly points out that the most critical factor related to the utility of the experiments is the integrity of the policies applied to the experimental and control groups and their knowledge of those policies. If control groups receive experimental policies, or vice versa, then at best, effects will be understated and at worst, the results will be meaningless. As Rossi explains, however, the evaluation firms have put in place precautions to prevent crossover treatment, and no evidence shows that it has occurred.

Rossi's second point also needs to be addressed, namely, that the participants in the experimental and control groups correctly understand their respective policy regimes. Here recent evidence suggests that they generally do. For example, in Connecticut 89 percent of participants in the experimental group correctly identified that they were (or had been) subject to a time limit, whereas only 23 percent of control participants incorrectly answered that they were subject to

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\*Howard Rolston is director of Planning, Research and Evaluation in the Administration for Children and Families of the U.S. Department of Health and Human Services. Expressed here are the author's personal views; they do not represent the views of HHS or the administration.

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such limits. In Florida the results were similar: 88 percent of those in the experimental group correctly answered, and 29 percent of control participants incorrectly answered. Given that even in the absence of welfare reform or the experiments, one would not expect welfare recipients (or former recipients) to have perfect knowledge of the rules of welfare, this wide disparity between experimental and control groups' view of their situation suggests that although the findings may understate the effects of time limits, they do not invalidate the experiments. More generally, it is consistent with the notion that given the broad public discussion of welfare reform, it is inconceivable that the behavior of controls has been totally unaffected by its message. Thus, we ought to regard the findings of the experiments as conservative estimates of how particular policies compare with Aid to Families with Dependent Children and as more accurate estimates of their relative effects in an environment of national welfare reform.

In keeping with his concern about the integrity of the experiments, Rossi concludes that “it is doubtful that extending the waiver experiment in Iowa made any sense because the experiment essentially ended around the time that the state PRWORA plans were implemented (p. 33).” I think that the judgment is less clear than Rossi asserts. In fact, the treatment–control difference *was* maintained for a period of 3.5 years for 57 percent of the sample and 2.5 years for 77 percent of it. Although Rossi is correct that knowing what rules would apply were a recipient to return to welfare is integral to the experiment, it is also true that when the control embargo was lifted, only 28 percent of the control group remained on welfare, and no attempts were made to contact people who were off welfare to inform them of their changed status. Furthermore, it is reasonable to believe that the effects of having been subject to different rules for up to 3.5 years would not immediately disappear when the rules were changed. Thus, although Rossi is right to identify Iowa as the experiment whose integrity was most threatened, in my judgment it is reasonable to assume that any effects the Iowa experiment might produce on children and families would still be discernible for a period of time after the control embargo was broken.

Rossi raises the question of whether an experiment based on a pre-1996 AFDC control group has utility, given that few people would want a return to AFDC even if welfare reform interventions proved ineffective; he presents arguments on both sides of the question. Rossi then rightly goes on to say that the question of what the control group should experience “need not be settled entirely one way or the other.” To me this is correct, although I would place the emphasis a little differently, given the subject of the paper. As Rossi’s paper illustrates, a consensus on understanding the effects of PRWORA is something of a long shot; it depends on a convergence of findings among the various nonexperimental analyses that will be attempted on the data sets that Rossi discusses in detail as well as on other data sets and the findings of the limited set of experiments. Previous experience suggests that this convergence may not occur. But because the welfare reform experiments represent the only set of projects with experimental designs, it seems clear to me that having some projects with a pre-1996 control group is highly desirable if we are to have a chance at understanding the effects of PRWORA.

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I also strongly agree with Rossi's emphasis on experiments to test what he terms "how TANF can be improved." Rossi characterizes what should be tested as "improvements." Given the broad flexibility of TANF, however, it is more illuminating to characterize the experiments as tests of alternative ways in which states can use the flexibility that TANF provides to improve a range of adult, child, and family outcomes, including those that are described as the purposes of TANF (section 401(a) of the Social Security Act). For example, the effects of most of the nascent strategies that states are using to improve employment retention and advancement are unknown. Furthermore, most of the approaches lend themselves to experimental evaluation of the incremental behavioral effects of these investment strategies. HHS and several states have already begun to use this opportunity to launch a series of experiments that can produce credible information for state and local governments about how to make those investments most effectively.

Also in line with this strategy, in several instances HHS is working with states to use factorial designs to isolate the effects of different policies. The value of this strategy, which Rossi advocates, is substantial. For example, the first final results from one of the five waiver experiments that Rossi discusses, the Minnesota Family Investment Plan, were particularly strong because they included multiple subgroups and three treatments, enabling the researchers to identify which effects derived from which part of the treatment and for which subgroups. The factorial design enabled researchers to conclude that a broad range of positive effects on families and children for long-term single recipients and two-parent families resulted from a generous financial incentive, whereas earnings effects and positive effects on full-time work resulted from work requirements.

Finally, two smaller points. First, Rossi asserts that no findings on child abuse will result from the studies. Although child abuse will not be fully examined, the survey instrument does ask questions about whether a child ever had to be removed from the home, and two of the states will be matching their samples to foster care records.

Second, the experimental analysis in Arizona will not be completed for several reasons, including a near identity of views among experimental and control participants regarding the policies to which they were subject. Although we are pleased that the five Child Impact Waiver experiments are not suffering from this fatal problem, it does serve as a reminder of Rossi's points regarding the need to maintain fidelity of experimental and control groups.

Social policy and program design related to improving the employment prospects of low-income parents, strengthening families and improving child outcomes is at a rare point where enormous opportunities are available not only to *do*, but to *learn* while doing. HHS, along with up to ten states, has launched a major effort to examine the effectiveness of state and local strategies to improve job retention and advancement. We also are in the early stages of projects that would establish similar efforts related to assessing supported work strategies for hard-to-employ welfare recipients and examining the effects of alternative strategies for implementing

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child care subsidies. A coherent strategy of field experiments can prove to be invaluable in improving state and local governments' efforts to support the advancement of low-income families.