Views of a Policymaker and Public Administrator

*Barbara B. Blum**

This paper, which considers the income maintenance experiments from a welfare administrator's point of view, explores two major questions. The first is one of process: What is the relationship between the way in which the experiments were conducted and their reception by welfare officials? The second question concerns substance: What lessons for administering today's welfare system are suggested by the goals with which the experiments were undertaken and by the knowledge they generated?

Before addressing these questions, however, it may be helpful to briefly set them in the context of the major papers before this conference. A review of the papers by Burtless, Cain and Hanushek highlights the diversity of environments studied in the negative income tax experiments — variations in the demographics of the sites, in their grant levels, their economic conditions and their tax structures — a diversity that mirrors the heterogeneous circumstances of the poor in this country. Such diversity heightens the difficulty of any effort to reform the nation's income maintenance system. Moreover, the variation of environments studied was compounded by the wide variation of experimental designs, which encompassed so many different benefit and tax levels, research samples and services. Thus, in reflecting on how these experiments might have affected welfare administrators in the past and how their lessons might illuminate lessons for the future, it is useful at the outset to recognize that these experiments were ambitious, highly complicated and probably overly elaborate in design. While this paper does not focus directly on these characteristics, it will have occa-

*President, Foundation for Child Development, and former President, Manpower Demonstration Research Corporation.

sion to touch on the question of their implications for welfare administrators and welfare reform.

The Conduct of the Evaluations

At the beginning of my own tenure as New York State Commissioner of Social Services in 1977, research on the income maintenance experiments was drawing to a close. Over my five years in that position I was only very generally aware of the negative income tax experiments. Extended discussion of the study, either within my own department or among my colleagues in other states, did not occur. My relationship to the experiments seems to have been typical of that of most welfare officials, both at this stage of the evaluation and earlier. A scan of the 1968-78 issues of *Public Welfare,* the major journal for administrators published by the American Public Welfare Association, suggests that this premise is correct.

In a 1974 article on "The Current Status of Human Services," Mitchell Ginsberg and Norman Lourie referred to the New Jersey experiment along with other research on the welfare system as evidence that transfer payments have "little or no effect on the willingness to work and work incentives" but also cautioned that "it would be naive to assume that basic public policy decisions will be made primarily or even substantially on the basis of research findings."[1] Other issues of the journal published over this 10-year period contained a half dozen additional brief discussions of the concept of the negative income tax, mostly raised in connection with the proposed legislation on the Family Assistance Plan, but no comment on the negative income tax experiments themselves is apparent.

Did the negative income tax develop a higher profile among welfare administrators in the communities where research was conducted? Because this question was not of primary interest to almost anyone who followed the experiments, it is difficult to piece together the answer. There is, however, some evidence that speaks to this relationship.

In New Jersey, there was no official connection between the state and the experiment. Contact between welfare officials and researchers at that site was apparently limited to a controversy over whether researchers were obliged to release their records to the welfare department so that officials there could determine if some individuals were collecting payments under both programs.[2]

To prevent a recurrence of such a conflict, the relevant states were officially a party to the experiments in both Gary and Seattle-Denver. As Director of the Office of Income Maintenance Experiments in the State of Washington's welfare department, Joseph Bell reports that he was able to work closely with welfare officials on tracking clients to be certain that they were not receiving payments from both aid to families with dependent children (AFDC) and the experiment. Also, some officials indicated that something could be learned from the administrative innovations of the experiments. However, administrators seemed to be only mildly interested in the possibility that a negative income tax might replace the welfare system as they knew it; the attitude seems to have been that by and large academic research would have little effect on programs in the real world.

In Gary, Indiana the experiment — in the words of its research director, Kenneth Kehrer — "in effect set up its own welfare system," taking over the administration of the cases of participants who entered the negative income tax experiment as recipients of AFDC benefits or food stamps.[3] Because the caseworkers for these individuals were employees of the county welfare department working under subcontract, there was by definition a close connection between the experiment and the department. As in Seattle, however, involvement of welfare workers and officials was largely limited to the "nuts and bolts" administrative issues.

For at least two reasons, it is not surprising that except for the aspects of the experiments that directly concerned them, welfare officials were generally out of touch with the progress and development of the evaluation. First, like almost all long-term research, the negative income tax experiments operated within a different time frame than the one to which administrators and elected officials must usually respond. The experiments were expected to take a number of years to produce answers about how to improve the nation's income maintenance system. Meanwhile, the system itself was changing. In the turbulent 10-year period between the late 1960s and 1970s, welfare administrators confronted a variety of new and pressing issues — the separation of services from income maintenance functions within the AFDC program; the need to relate to many new programs including Medicaid, supplemental security income (SSI), Title XX and a greatly expanded food stamp program; and demands that more attention be devoted to error rates and to work obligations for welfare recipients. Given the pressures to adapt to these changed circumstances, it is understandable that administrators did not focus on the fine points of an experiment that they perceived as offering few solutions to immediate problems.

In connection with the subject of different time frames, it should be borne in mind that by definition an extended research project outlives the terms of office of most political leaders and officials. In New York State, for example, the period of the negative income tax research covered the terms of three governors and five welfare commissioners. This natural rate of turnover means that officials within a political system of bureaucracy have to be actively engaged if they are to devote attention to the unfolding of long-term research.

The difference between the time perspectives of administrators and researchers is apt to create obstacles to sustained communication between the two groups in almost any long-term evaluation. A second reason for the existence of such a gulf in the case of the negative income tax research is more specific to these particular experiments and the questions they asked.

The experiments were designed to determine whether it was possible to replace existing programs with a radically new and improved income maintenance system. With this approach to reform, the researchers had little incentive to establish regular channels of communication — except for those they specifically needed to do their work — with welfare administrators. Had the experimental results been strikingly positive and subsequently translated into policy, these administrators would have been called upon to function in a very changed system — or, more likely, they would have been displaced. To the extent that the researchers expected such an outcome, they may well have concluded that there was little to gain from interchange with officials of the existing programs.

The vision that led the designers of the negative income tax experiments to develop a new program model was that of an income maintenance system that was more uniform, rational, and fair and less intrusive. The experiments provide only limited information about what might have been achieved with a permanent negative income tax. We do know, however, that despite the numerous changes that have taken place since the inception of the experiments, the current system still falls far short of the ideals that inspired them. The problems in the current AFDC program suggest that policymakers interested in replacing it with a negative income tax had ample justification for examining the possibilities of wholesale reform. Nevertheless, there are trade-offs involved in trying to build a new system from the ground up — or even just in testing an innovation *outside* of the system where it must ultimately operate — as opposed to pursuing change within an existing institution.

Two examples from the work of the Manpower Demonstration Research Corporation (MDRC) may help to illustrate the point. MDRC was formed in 1974 by a consortium of federal agencies to evaluate the National Supported Work Demonstration, a structured work experience program for hard-to-employ individuals. At the end of a five-year research period, the program was found to be most effective in improving the employment prospects of long-term welfare recipients.[4] However, with its local projects either developed specifically for the demonstration or operated by social service agencies in the community, the project forged no lasting connections to the AFDC system.

Over the years since the experiments were completed, policymakers have expressed considerable interest in the Supported Work results, and the strategy has been subsequently tried in scattered locations around the country. However, there has been no widespread adaptation of the technique for use with the welfare population. Undoubtedly this is largely because in an era of fiscal restraint, this program, even though ultimately cost-effective, requires a relatively large upfront social investment. Nevertheless, it may be that the demonstration's institutional distance from the welfare system further decreased the likelihood that Supported Work would be widely used within that system.

In 1982 MDRC undertook another evaluation centering on employment for welfare recipients, the National Demonstration of State Work/Welfare Initiatives, which is now just past its midpoint. The Demonstration is examining programs for welfare recipients in 11 states that, in response to the new flexibility offered them under the Omnibus Budget Reconciliation Act of 1981, have chosen to develop their own strategies for alleviating welfare dependency — centering on job search and unpaid work experience with some education and training. In contrast to the Supported Work demonstration, the Work/Welfare project consists of a series of self-contained tests, each with its own schedule, but from which the researchers draw general conclusions. Thus, in a practice that might have been useful for the income maintenance studies, cross-site analysis has been built into this evaluation from the outset.

The Work/Welfare Demonstration has been intentionally operated with ties to the welfare system. For example, in addition to keeping state and local welfare officials from all states in the demonstration abreast of the findings on their own programs as they emerge, MDRC has periodically brought them together to exchange views and insights about their programs and to discuss the broader implications of the findings. In another undertaking that might have benefited the negative income tax experiments, the interim demonstration findings have been communicated to these officials and to others, particularly elected officials, in a brief and relatively nontechnical summary document.[5] Welfare officials in participating states have cooperated in protecting the integrity of random assignment and have otherwise facilitated the progress of the research. Administrators, governors, legislators and congressional representatives have evinced a sustained, and often keen, interest in the findings, and generally seem to have grown in their understanding of the contribution that experimental research can make to their programs.

One very important facet of the demonstration is that the individual programs under study have been developed by the states themselves, which therefore have a vested interest in learning about the strengths and weaknesses of the new model. This decentralized approach to the formulation of research questions differs from the practice in many experiments, where the program model is first developed by an outside authority, and then state or local departments or agencies are invited to take part in a test of its effectiveness. For example, Kenneth Kehrer recalls that in the early 1970s the State of Indiana approached the Department of Health, Education, and Welfare with a proposal to test a social services voucher plan, and that the Department instead prevailed upon the state to accept the income maintenance study that ultimately became the Gary negative income tax experiment.

Given the ties between the Work/Welfare Demonstration and its participating states, there is likely to be a more direct and clear line of influence from its major findings to welfare programs than was the case for Supported Work, and certainly for the income maintenance experiments. Even at this point in the evaluation, states are already shaping and refining their programs in terms of what they have learned from the research.

This does not mean, of course, that the Work/Welfare model of fielding an experiment is the only appropriate one. One of the reasons that the Work/Welfare states and their welfare agencies have been as susceptible to influence as they have is that the innovations tested in the Demonstration — the imposition on recipients of largely mandatory work-related obligations such as job search and workfare — are changes that can be accommodated without a major overhaul of the current system. They are also policies that states can hope to pursue even with the limited resources currently available to them for social programming.

There may also be — as seems to have been the case at the outset of the negative income tax experiments — good reason to study more sweeping proposals for reform. However, those who undertake such research should recognize that one disadvantage of a less incremental approach is that it is much more difficult to work closely with officials in the current system to jointly identify and introduce the changes suggested by research results.

Notwithstanding the many forces that kept administrators and other officials from becoming more closely involved in framing the negative income tax research questions or exploring the results as they emerged, it is instructive to speculate briefly on what might have transpired if this had occurred. One cannot know, but it seems probable that as the research took shape and progressed, these officials might have wanted to probe more closely into some of the intriguing questions that remain even today when we review the results. They might have, for example, focused on the concept that Burtless refers to — in the somewhat otherworldly terminology of theoretical economics — as a "sale on leisure."[6]

They might have asked if the "leisure" could be an opportunity for a single parent to make a modest reduction in work or earnings that could, in turn, have a positive impact on his or her children's school attendance and performance. They might have asked more about the interrelationships between the "nonlabor" aspects of the experiments discussed in Erik Hanushek's paper.[7] They might have tried to push hard against the findings on marital stability and family composition to find out whether these results really could offer guidance on the design of income maintenance programs, or if they were too limited to do so.

Would such attention and questioning from people involved in the real-world programs and policies have produced better answers? Perhaps no. Non-researchers can be impatient and unforgiving about the difficulties of using data to speak to complicated policy issues, and the three major papers presented to this conference attest to the many difficulties of this nature that arose in the income maintenance experiments. Still, one cannot help but wonder if over the decade in which the negative income tax was studied, a steady infusion of such interest would have given these questions a little more urgency, moving them closer to the center of public awareness. Citizens and politicians might have concluded that if these concerns could not be addressed by a negative income tax, they at least deserved more attention. In brief, we cannot be certain what cross-fertilization of research with the interests of public officials would have yielded. Perhaps the results would have been only interference, but perhaps they would have brought forth a process whereby issues posed in the experiments found their way more rapidly into public discourse.

Administrative Lessons from the Experiments

While it is true that the major findings from the negative income tax experiments had little or no direct impact on the welfare system, there was an unanticipated spillover from another aspect of these studies. In light of the fact that the association between researchers and welfare officials centered on administrative matters, it is perhaps not surprising it was in the area of program procedures that the negative income tax experiments left their strongest mark on the system.

To gather information on the income and employment status of participants, the experiments developed practices that differed in three important ways from those in effect at most welfare offices during this period. First, rather than an infrequent face-to-face redetermination, participants were generally required to report on these matters on a monthly basis by completing and mailing in a form. Second, these data were processed automatically. Third, in an innovation known as retrospective budgeting, the biweekly benefits sent to a family were based on their circumstances for the previous month, not on what it was anticipated they would need for the next one.

The reaction to these innovations was generally positive. In New Jersey, researchers first found that their reporting forms posed a number of problems, but a year after families began using redesigned forms, the number of filing problems to be handled by the experiment's office had dropped from 25 percent to 8 percent per reporting period.[8] On the basis of a series of comparisons between reports to the payments office and other sources of information in rural experiments, researchers concluded that although self-employed farmers did not perform as well as wage earners, "virtually all families were able to comply with the reporting requirements and to report information with a high degree of accuracy, lending strong support to the cost-saving administrative procedure of self-reporting by participants in welfare-type programs."[9]

Although Kenneth Kehrer believes that there was relatively little sustained interest in the monthly reporting and retrospective budgeting practices in Gary on the part of Indiana welfare officials, both he and Joseph Bell report that the innovations were influential in Colorado. Furthermore, as the experiments progressed, researchers began to ask if these techniques would not be profitably applied to the AFDC program. Based on results of her 1973 simulation study of the effects of a variety of retrospective budgeting approaches, Jodie Allen concluded that they could be.[10] Her work prompted the Department of Health, Education, and Welfare (and later, Health and Human Services) to undertake a series of demonstrations that studied the effects of a monthly reporting and retrospective budgeting program.

Findings from the first year of the earliest of these studies, conducted in Colorado, were instrumental in the enactment of the Reagan administration's 1981 budget proposal that mandated both practices nationwide for the AFDC and food stamp programs.[11] Of course, as is often the case when research results lead to a policy change, the findings were in accord with a prevailing sentiment, which had grown throughout the 1970s, that the welfare system should reduce its error rates and exercise firmer control over its disbursement of benefits.

Today, however, the verdict is still out on the ultimate usefulness of monthly reporting and retrospective budgeting. In contrast to the first-year findings on the Colorado program, results from the second year, which did not become widely available until after the 1981 federal mandate, showed that these innovations, rather than saving the state money, actually entailed a slight cost.

Apparently this reversal was a result of modifications in the conventional system to which the experimental practices were compared. During the first year of the study, AFDC redeterminations in the Colorado system were often conducted late and by mail, rather than face to face. In the second year, following a number of procedural reforms, Colorado had begun to institute timely face-to-face redeterminations.[12]

A broader summary of results from evaluations of monthly reporting and retrospective budgeting in five locations, including Colorado, is in keeping with these findings. The report, issued by Abt Associates Inc., concludes that monthly reporting produced savings larger than those under a conventional system that does not provide for face-to-face redeterminations but was no more effective than a system that uses such redeterminations.[13] Also, on the basis of data from the first year of the Colorado demonstration and from an Illinois demonstration, this same report found that "in practice, the differences between retrospective and prospective accounting in the demonstrations proved to be few and to affect a relatively small number of situations."[14]

What about the effects on recipients? Here, again, answers are mixed. Abt Associates concluded that neither monthly reporting nor retrospective budgeting caused particular problems for recipients. In Michigan and Massachusetts, the percentage of case closures due to failure to file monthly reports was similar to "analogous closures" for failure to appear for redetermination under the conventional system. Furthermore, interviews of people from closed cases in Illinois and Michigan, contacted from one to six months after closure, uncovered no significant differences in the value of AFDC benefits not paid to those who have been terminated under the monthly reporting and the conventional systems. Also in those states, a comparison of clients' circumstances in a given month to payments they received in the same month showed no significant differences in the extent to which the conventional and monthly reporting systems created lags in grant adjustment.[15]

Citing different data, the Center on Budget and Policy Priorities is less sanguine about the impact of monthly reporting on recipients. In a study of 883 AFDC households terminated in the Denver monthly reporting experiment in 1979 and late 1980 for failure to file a monthly report, Mathematica Policy Research estimated that between 20 and 50 percent of the households terminated for failure to file or failure to correct were actually eligible at the time of the termination. Another study conducted by the Michigan Department of Social Services found that more than nine out of ten recipients whose benefits had been terminated for failure to comply with the monthly reporting requirement were otherwise eligible for assistance when their cases were closed.[16]

Several observations can be made about these studies and the different directions in which they seem to point. John Bickerman, the coauthor of the analysis of monthly reporting issued by the Center on Budget and Policy Priorities, points out that unlike the Mathematica and Michigan studies, the Abt research does not show how many of the cases under either system were closed in error. Also it does not show whether there was any difference between the number of families wrongfully terminated under each system. Bickerman also cites several factors that he believes would make monthly reporting more prone to error than less frequent face-to-face redetermination: the possibility of slip-ups in data processing, the potential problems associated with mailing forms, and the very frequency with which data are processed — the hypothesis being that information handled six times in six months rather than once every six months is more likely to be tainted with error just because it is transmitted more frequently.

In the face of the mixed evidence, it is somewhat difficult to know how to assess the retrospective requirement. In all likelihood, however, the presumption should be against heavy reliance on a system if there is a possibility that it can harm clients and little proof that it is superior to other methods. Concluding from the research findings that monthly reporting seems most useful when applied to cases where information would otherwise be missed, Bickerman and Greenstein recommend that states identify the categories of cases likely to be most troublesome to verify and target monthly reporting only to them.[17]

Interestingly, the Deficit Reduction Act of 1984 reversed in part the 1981 provisions on monthly reporting and retrospective budgeting, allowing states to cease these practices for all clients except those with earned income or a recent work history. This scaling down of the 1981 policy was apparently a response to a number of state officials who had objected to the changes.[18] However, according to the Office of Family Assistance, since the blanket mandate has been lifted only a handful of states have availed themselves of the opportunity to return to their previous methods of doing business. (The former Director of Governmental Affairs and Social Policy of the American Public Welfare Association believes that among states that have done so, concern for client welfare was probably the primary consideration.)

It is possible that most states have maintained monthly reporting and retrospective budgeting because, having become accustomed to these systems, they now have found that they can operate them fairly and that they do improve efficiency. In an informal discussion among administrators at a recent conference of the National Council of State Human Service Administrators of the American Public Welfare Association, a number of commissioners said they had found these systems useful.

It is also possible that some states have continued these practices simply because the momentum of the situation encourages them to do so; once the systems are in place, it may be easier to assume that they serve a useful function than it is to carry out a thorough review of what they do and do not accomplish. In any event, the persistence of unanswered questions about monthly reporting and retrospective budgeting over a decade after they were studied underscores the challenge of initiating and assessing even modest administrative changes in a large and complex income maintenance system.

While retrospective budgeting and monthly reporting were the administrative aspects of the negative income tax experiments with the most direct carryover into the welfare system, the experiments did raise other administrative issues that are of interest to welfare officials. One important question is the extent to which participating families were actually aware of the rules of the game. Periodic surveys of families participating in the rural experiments showed that rules concerning "the basic benefit level, the implicit tax rate, and the breakeven rate were understood by only about one-half of the families and that their understanding did not improve during the experiment. . . . More than one-quarter of the families thought that the program's tax on their income (which in fact ranged from 30 to 70 percent) was either zero or 100 percent."[19] Results of a survey administered to families after their first year in the Seattle-Denver income maintenance experiments showed that the mean percentage of correct answers for understanding the calculation of grant payments was 38 percent in Seattle and 46 percent in Denver.[20]

It is likely, as the analysts of this survey put it, that "average comprehension scores understate behaviorally related knowledge"[21] — in other words, that people are better able to act in accordance with rules than to answer questions about them on written tests. Nevertheless, these results raise a troubling question — namely, at what point policymakers defeat the purposes of the incentives they create by rendering them so complex that rewards and penalties are obscured. To cite just one contemporary example of this dilemma: How many AFDC recipients will choose to work or cease working on the basis of the rules for Medicaid eligibility for income earners that have been constructed and reconstructed over the past several years? A reasonable hypothesis would be that very few individuals have acted in terms of these exquisitely graded incentive structures.

Still another interesting question embedded in the negative income tax experiments is the extent to which an income maintenance system ought to be impersonal. In contrast to the welfare system, wrote David Kershaw and Jerilyn Fair, the New Jersey negative income tax experiment "was explicitly designed to minimize personal and face-to-face contact between participants and staff members."[22] Thus, when the New Jersey payments office ran into difficulties about a family's payment forms or benefits, field staff, who were responsible for relationships with the families, contacted them first with a form letter, then with a telephone call and next with a handwritten note. Home visits were a last resort.[23]

Although these practices represent a significant change from the model of heavy caseworker involvement in the affairs of a client family, the negative income tax experiments did not always succeed in making such a clean break with the conventional system. In the Gary experiments, for example, Kenneth Kehrer points out that for several reasons, many families actually had much more contact with professionals than was the case before they joined the experiment. First, some families in the experiment were offered support services — as families were in Seattle and Denver. Second, AFDC families in Gary were subject to the monthly reporting procedures of the experiment and to the usual AFDC six-month face-to-face recertifications. (Families on food stamps also underwent recertifications.) Finally, as in all the experiments, Gary families were interviewed by researchers, and often did not draw a distinction between the roles of these individuals and those of officials in an income maintenance system.

It is not even clear, moreover, that all of the experiments placed as high a priority on impersonality as New Jersey's did. Christopherson describes a system in Seattle and Denver whereby staff in local field offices contacted families about payment issues primarily by telephone, with occasional home visits, reserving mail only for routine information. As a result of contact, he reports, field workers often developed a family advocate role in disagreements with the payments department. Christopherson characterizes this relationship as a "productive" one, because field staff "understood the positions of both sides and could thereby best articulate the positions of each to the other."[24]

In all, this experience underscores an insight that often emerges from social policy experiments — that it is easier to decide in the abstract to keep a distance from participants and their concerns than it is to carry through on that resolution. Nonetheless, the question remains: However much the negative income tax experiments succeeded or did not succeed in developing a more impersonal income maintenance system, is such a goal a desirable one?

Adding further significance to this question is the way in which the effort to maintain impersonality is consistent with an important change in the AFDC program during the 1970s — the separation of income maintenance from social service functions. The driving force behind this reform was philosophic but budgetary aspects were important: by assigning income maintenance functions to workers who commanded relatively low wages, the program could concentrate limited dollars for social services on salaries for a smaller number of professionals. It was argued that the separation would allow social workers to devote their full energies to assisting clients. Still, an important point made in debates over this modification echoed the thesis of the negative income tax — that income maintenance should be a less meddlesome, client-involved system, that the bureaucrat who decides what benefits are due a client should not be peering over that person's shoulder.

In many ways, this is an appealing argument, and in one respect it seems even more cogent today than it was when the income maintenance experiments were first designed. Since that time, we have acquired a clearer vision of the nature of the welfare caseload. The recent work of Mary Jo Bane and David Ellwood on caseload dynamics dispels the notion of the typical welfare recipient as a person sunk into dependency.[25] Most recipients, we know, leave welfare rather rapidly — and in all probability many in this group do not require massive or intensive special assistance delivered through the welfare system. Temporary income support and modest help with finding child care or with conducting a job search may be all that is required.

But Bane and Ellwood also alert us to the existence of a significant number of people in the caseloads — the long-term recipients who consume a disproportionate share of the nation's welfare dollars. Six out of ten people who do not leave the rolls at the end of two years, their study shows, are likely to be there at the end of six.

These chronic recipients are likely to need more intensive social services than many short-stayers. And when the system does encounter this level of need, it seems dysfunctional to assign clients with multiple disadvantages to an income maintenance worker who knows nothing about the complex set of problems that may well be contributing to their dependency. What seems to make more sense is a case management approach, with one professional asked to become familiar with all the relevant circumstances, both financial and social service, that pertain to a person's stay on welfare. In this situation, the effort not to become intrusive is considerably less compelling than the need to deliver services in a coherent manner.

Conclusions

Today, as reformers of all political persuasions appear poised to make another attempt to improve a welfare system that pleases almost no one, can they look to the negative income tax experience for guidance? In one respect, they should do so. Especially for the many recipients who use welfare as a temporary source of aid, the goal of a simplified approach to income maintenance merits serious attention. At the same time, the design of the experiments may serve to remind contemporary reformers that it is easier to espouse such an ideal than it is to translate it into policy.

The overall thrust of the negative income tax effort may be less relevant to the plight of chronic recipients. While two of the experiments did make a bow in the direction of support services, this was not their main focus. Yet today, it appears that a priority for AFDC recipients with multiple and long-term disadvantages is not only to offer them income maintenance but also to ensure that the welfare system identifies them as early as possible and then helps them attain access to a coordinated and sustained array of services.

Meanwhile, as the first section of this paper has suggested, a review of the negative income tax experiments as a particular style of evaluation with a particular approach to reform suggests that as policymakers embark on new research efforts, they should try to trace out how their investigations will relate to the systems they are intended to improve. As noted previously, experiments cannot and should not be all cast in one mold. However, in all cases it seems worthwhile for researchers to devote attention to the problem of how, in view of the predictable constraints and gaps between the worlds of theoretical research and functioning political systems, understanding and communication can be maximized. Simplicity of research design and sharp framing of questions are important, as is the need to provide for good cross-site analysis. Every effort should be made to convey research information clearly and simply, and to disseminate it periodically, rather than only at the end of the research study. With all of this, it remains a challenge to design and conduct theoretical research that matters in the world of public policy. Reviewing the negative income tax experiments has offered an opportunity to assess the dimensions of this challenge.

[1]Mitchell Ginsberg and Norman Lourie, "The Current Status of Human Services," *Public Welfare,* Summer 1974, p. 29.

[2]See David Kershaw and Jerilyn Fair, *The New Jersey Income Maintenance Experiment, Volume 1, Operations, Surveys and Administration.* New York: Academic Press, 1976, Chapter 12.

[3]Information from Kenneth Kehrer in this article is taken from telephone conversations with the author.

[4]See Board of Directors, Manpower Demonstration Research Corporation, *Summary and Findings of the National Supported Work Demonstration.* Cambridge, Mass.: Ballinger Publishing Company, 1980.

[5]See Judith M. Gueron, *Work Initiatives for Welfare Recipients.* New York: MDRC, 1986.

[6]Gary Burtless, "The Work Response to a Guaranteed Income: A Survey of Experimental Evidence," paper prepared for this conference.

[7]Eric A. Hanushek, "Non-Labor-Supply Responses to the Income Maintenance Experiments," paper prepared for this conference.

[8]Kershaw and Fair, *The New Jersey Income Maintenance Experiments, Volume I,* p. 67

[9]D. Lee Bawden and William S. Harrar, "Design and Operation," in John L. Palmer and Joseph A. Pechman, editors, *Welfare in Rural Areas: The North Carolina-Iowa Income Maintenance Experiment.* Washington: The Brookings Institution, 1978, pp. 39, 41.

[10]See Jodie T. Allen, *Designing Income Maintenance Systems: The Income Accounting Problem.* Washington: The Urban Institute, 1973.

[11]John Bickerman and Robert Greenstein, *Research Findings on Monthly Reporting Systems and Their Implications for State Administrators.* Washington: Center on Budget and Policy Priorities, November 1983, p. 8.

[12]John A. Burghardt, *Impact of Monthly Retrospective Reporting Requirements: Evidence from the Second Year of the Colorado Monthly Reporting Experiment,* Princeton: Mathematica Policy Research, Inc., February 1982, cited in Bickerman and Greenstein, *Research Findings,* pp. 9-10.

[13]William L. Hamilton, *Monthly Reporting in the AFDC Program: Executive Summary of Demonstration Results.* Cambridge, Mass.: Abt Associates Inc., September 1985, p. iv.

[14]Ibid., p. 20.

[15]Ibid., p. 35.

[16]David A. Price, *Study of AFDC Cases Discontinued by the Colorado Monthly Reporting System,* Princeton: Mathematica Policy Research, March 1981, cited in Bickerman and Greenstein, *Research Findings,* pp. 18-20. Department of Social Services, State of Michigan, *The Impact of Monthly Reporting in Michigan,* Volume I, September 1983, p. IV-10.

[17]Bickerman and Greenstein, *Research Findings,* pp. 27-31

[18]See Children's Defense Fund, "Other Rule Changes Concerning Payment Amounts," *CDF Reports,* special issue on the Deficit Reduction Act of 1984, August 1984.

[19]Bawden and Harrar, "Design and Operation," p. 39.

[20]Gary Christophersen, *Final Report of the Seattle-Denver Income Maintenance Experiment, Volume 2: Administration.* Princeton: Mathematica Policy Research, p. 101.

[21]Harlan Halsey, Binn Muraka and Robert Spiegelman, "The Study of Participant Comprehension of the Seattle and Denver Income Maintenance Program," Menlo Park, Ca: SRI International, 1979, quoted in Christophersen, *Final Report,* p. 101.

[22]Kershaw and Fair, *The New Jersey Income Maintenance Experiments,* p. 67.

[23]Ibid., p. 69.

[24]Christophersen, *Final Report,* pp. 97-8.

[25]See Mary Jo Bane and David Ellwood, *The Dynamics of Dependence: The Routes to Self-Sufficiency,* Cambridge, Mass.: Urban Systems Research and Engineering, 1983.

Discussion

*Wilbur J. Cohen**

Barbara Blum's paper is excellent and clear. It credits the negative income tax experiments with three specific administrative accounting changes in the aid to families with dependent children (AFDC) and food stamp welfare programs: monthly reporting, automatic processing, and retrospective budgeting. She points out, however, that "the verdict is still out on the ultimate usefulness" of these changes mandated by the Reagan administration's 1981 legislation. The negative income tax experiments, therefore, cannot be said to have produced no results so far. Social science research must always be thankful for even small results in the short run. The results in the long run probably will depend on how long the research community is willing to wait. I believe there will be other results. The ultimate lessons of the experimentation, in my opinion, are likely to result in incremental improvements in our welfare programs over time rather than a single "quantum leap."

Ms. Blum's paper indicates that the administrators of the negative income tax experiments did not have a close working relationship with state welfare administrators. I do not believe this was a fatal mistake. Nevertheless, the results of the experiments have not been widely explained to state welfare personnel, and thus these results have not been shared among those who might be able to put them to administrative use or at least discuss them with their governors. But here again, I do not believe this would have made any more difference than having discussed the effect of the marital dissolution results with Senator Moynihan. Despite the original endorsement of the negative income tax

*Professor of Public Affairs, Lyndon B. Johnson School of Public Affairs, University of Texas at Austin.

by Milton Friedman in 1962, the basic idea has had no favorable impact on the Reagan administration.

Ms. Blum's paper contrasts these income maintenance experiments and the Manpower Demonstration Research Corporation's experimentation on "workfare," the Work Incentive (WIN) Program, or related work and training projects. MDRC utilized welfare clients as the subjects of its research, which involved a close relationship with state welfare administrators. It has taken 25 years to develop work and training experiments with welfare clients since the idea was first put forward in 1961-62 in the Community Work and Training Program. The results from this research are not entirely favorable, but at least they have not produced the negative results of the income maintenance experiments with regard to reduction in hours worked, or suggested that such payments contribute to marital dissolution. I venture to prophesy that work and training experimentation will spread in the next decade; economists should spend more of their energy in the design and evaluation of the projects.

One area that seems to me to call out for research experimentation is the appropriate "earnings disregard" for work income. The current AFDC program's $30 and one-third earnings disregard, which I negotiated in 1967 (and which took me nearly seven years to obtain), has been around for nearly 20 years and needs reexamination. Originally I proposed $50 and 50 percent to the House Committee on Ways and Means in 1967, then offered them $40 and 40 percent as a compromise. They took $30 and one-third, on the grounds that further testing of the appropriate formula was needed in terms of actual experience. Yet, as far as I know, no extensive research has been done on this matter. Why? The earnings disregard is such a fundamental element of any income maintenance program. I would like to see the federal AFDC law give states wide latitude to experiment with different earnings disregards.

A major difficulty with any income maintenance proposal is the level of payment: if the proposal sets too high a payment for the person with zero income and includes too high an earnings disregard, many persons will receive payments at levels far above what others believe are desirable or even financially feasible. It does not seem possible to make provision for abolishing poverty as an income strategy and at the same time include a significant income incentive for those persons who can or want to work.

The fact of the matter is that a negative income tax consists of several major elements:

1. A basic floor of income for persons with no earnings;
2. An earnings disregard, as an incentive to work;
3. Disregard of assets as a bar to receipt of payment;

4. Simplified administration by nonprofessional personnel; and
5. A presumption that the plan will be administered on a nationwide basis by a non-welfare agency.

In my opinion, it would be possible to have different states put such a plan into operation with different income, asset, and earnings disregards. Senator Ribicoff advocated several such state experiments in 1970 at the time the Family Assistance Plan proposal failed in the Senate. Until now no state, the federal government, or any economist has picked up this challenge, however.

I think we should experiment with this and some other policies that have been advocated for some time but have not been put into operation. They include:

1. Federal legislation requiring a program, in all states, which would provide assistance payments under AFDC to the children of needy unemployed parents, allowing states a wide latitude on the definition of who is "unemployed," but with some minimum federal definition of the term "unemployment."
2. A minimum federal floor of income support, set initially at about 65 percent of the poverty threshold with both AFDC income and food stamp evaluation to be counted. This floor would rise 2 percent each year for 10 years, to 85 percent of the poverty threshold.
3. A large-scale work and training program for all welfare clients who want to participate.
4. State experiments with earnings disregards.
5. A broadened Medicaid program that would include all needy individuals with incomes below the poverty line and thus divorce income determination for Medicaid from the AFDC program.
6. Federal and state funds for evaluation of these policies.
7. A federal advisory council to report to Congress periodically on the policies and research and to make recommendations on them.

I believe we could have these policies in full effect by 1995. We could then take another look at where we could and should go from there.