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**The Bottom Line, the Business Model and the
Bogey: Performance Management, Sanctions, and
the Brave New World of Welfare-to-Work
in Florida**

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**The Bottom Line, the Business Model and the Bogey:
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Abstract

Under the decentralized structure of the TANF program, state governments have come to rely heavily on performance management as a way to gauge the extent to which local providers are achieving desired outcomes. Some of the most important outcomes in this regard include client participation in work activities, placement of clients into the workforce, and the minimization of returns among clients who have left welfare for work (Ewalt and Jennings 2004). In many states, performance measures now serve as the core technology for monitoring contract compliance; they guide decisions about when to reward, punish, or terminate contracts with local providers; they provide state officials with a yardstick and a prod for the achievement of program goals; and they constitute the major way in which state TANF programs are evaluated at the federal level (Ridzi 2004). Our goal in this paper is to analyze how performance management influences the practice of disciplinary action in a decentralized welfare system. To accomplish this task, we analyze field observations, interview transcripts, and administrative data regarding the use of sanctions in Florida's version of the Temporary Assistance for Needy Families (TANF) program, Welfare Transitions (WT). After a discussion of issues related to case selection, we begin our empirical analysis close to the ground. Drawing on in-depth interviews and field observations, we first explore the salience of performance management at the frontlines of welfare-to-work and its potential to shape administrative behavior. We then turn to the question of how performance feedback might affect sanctioning practices, advancing arguments against one possible connection and outlining an alternative set of causal linkages that strikes us as more empirically defensible. Drawing this analysis of field research into dialogue with existing scholarship, we then outline a set of hypotheses more suitable for testing with a statistical analysis of administrative data. Based on an analysis of district sanction rates and case closures, we present findings that are consistent with our on-site observations but that also go beyond what it is possible to demonstrate through field methods. Combining the two halves of our analysis, we offer an account of how performance management affects sanctioning practices on the ground, how performance pressures influence the rate of sanctioning, and why the effects of performance pressures tend to be concentrated in some locales and social groups rather than others.

Introduction

Poverty policy in the United States is not what it used to be. Over the past twenty-five years, the American style of governing poverty has grown more dispersed in its organization and more muscular in its efforts to enforce behavioral norms. Policies that once prioritized governmental control and federal involvement have shifted decisively toward devolution, privatization, and competition. At the same time, policies that once emphasized rights, supports, and opportunities now adopt a stance that is more directive, supervisory, and punitive. Public officials have proved remarkably willing to hand policy control over to lower-level jurisdictions and private providers. They have also become more willing to use state institutions and resources in ways that overtly promote values, monitor behavior, enforce obligations, and punish deviance.

Numerous scholars have taken note of these changes, particularly in the areas of welfare provision and criminal justice (Mead 1998, 2005; Wacquant 2001; Lowi 1998). Today, for example, one can find sophisticated empirical literatures on the consequences of mass incarceration (Western 2006) and the effects of work-promotion and sanctioning in welfare programs (Grogger and Karoly 2005). One can also find a number of ambitious efforts to theorize recent changes in poverty governance and their relation to social control (e.g., Lowi 1998; Garland 2002; Wacquant 2001). What both streams of literature lack, however, is an empirically-grounded analysis of how discipline actually gets practiced in a decentralized policy system: how it is organized and managed, why it operates as it does, and what difference this makes for the who, when, and where of disciplinary action.

In this paper, we take some preliminary steps toward such an account. To do so, we analyze field observations, interview transcripts, and administrative data regarding the use of sanctions in Florida's version of the Temporary Assistance for Needy Families (TANF) program, Welfare Transitions (WT). In 1996, federal lawmakers abolished the Aid to Families with Dependent Children (AFDC) entitlement, replacing it with the TANF block grant to the states. Today, state TANF programs offer conditional, time-limited aid. In addition to having children and meeting a means-test, adult participants must satisfy a variety of behavioral requirements to remain eligible for income support. "Sanctions" are penalties that reduce or eliminate aid when a client fails to comply with program requirements. It is the primary disciplinary action available to TANF case managers as a tool for influencing client behavior and, if deemed necessary, imposing consequences for non-compliant behavior. Like other aspects of the TANF program, it is administered in many states in a highly decentralized fashion.

Decentralized administrative structures tend to pose a variety of significant management challenges (Kettl 2002), and one might expect devolved systems of discipline to be no different. Yet leading studies of TANF sanctions, which focus mostly on individual characteristics and economic contexts, have paid virtually no attention to how sanctioning may be influenced by management tools and organizational practices. This omission is striking, in the first instance, because sanctioning is obviously carried out in the context of organizational routines, by actors immersed in organizational cultures. Indeed, large amounts of time and resources are invested by administrators on the assumption that changes to organizational routines and cultures do, in fact, affect this sort of program outcome.

The omission is all the more striking, however, because the policy shift toward decentralized discipline over the past two decades has been famously accompanied by a revolution in management rhetoric and style. Since the early 1990s, a variety of governments around the world have embraced "the new public management," a reform movement that seeks "to replace traditional rule-based, authority-driven processes with market-based, competition-

driven tactics” (Kettl 2005: 3). Welfare reform in the United States is often identified as a prime example of this shift (Kettl 2002). State TANF programs vary considerably, but the direction of change has clearly been toward policy devolution, privatization, contractual arrangements, and performance-based competition (Gainesborough 2003; Heinrich 2000; Meyers, Riccucci, and Lurie 2001). By freeing diverse providers to innovate in the pursuit of centrally defined policy goals, the new public management aims to foster creativity and locally-tailored solutions without sacrificing clear programmatic agendas. And by rigorously measuring performance in the context of a competitive reward system, it seeks to reconcile experimentation with accountability.

Under the decentralized structure of the TANF program, state governments have come to rely heavily on performance management as a way to gauge the extent to which local providers are achieving desired outcomes. Some of the most important outcomes in this regard include client participation in work activities, placement of clients into the workforce, and the minimization of returns among clients who have left welfare for work (Ewalt and Jennings 2004). In many states, performance measures now serve as the core technology for monitoring contract compliance; they guide decisions about when to reward, punish, or terminate contracts with local providers; they provide state officials with a yardstick and a prod for the achievement of program goals; and they constitute the major way in which state TANF programs are evaluated at the federal level (Ridzi 2004).

Our goal in this paper is to analyze how performance management influences the practice of disciplinary action in a decentralized welfare system. After a discussion of issues related to case selection, we begin our empirical analysis close to the ground. Drawing on in-depth interviews and field observations, we first explore the salience of performance management at the frontlines of welfare-to-work and its potential to shape administrative behavior. We then turn to the question of how performance feedback might affect sanctioning practices, advancing arguments against one possible connection and outlining an alternative set of causal linkages that strikes us as more empirically defensible. Drawing this analysis of field research into dialogue with existing scholarship, we then outline a set of hypotheses more suitable for testing with a statistical analysis of administrative data. Based on an analysis of district sanction rates and case closures, we present findings that are consistent with our on-site observations but that also go beyond what it is possible to demonstrate through field methods. Combining the two halves of our analysis, we offer an account of how performance management affects sanctioning practices on the ground, how performance pressures influence the rate of sanctioning, and why the effects of performance pressures tend to be concentrated in some locales and social groups rather than others.

Case Selection: Why Sanctions? Why Florida?

Given a broad set of interests in recent trends toward decentralized policy governance, disciplinary policy tools, and performance management, why should one focus on TANF sanctions, and why should one study their implementation in Florida?” In attempting to answer these questions, we also hope to provide in this section a brief introduction to what is known about TANF sanctioning in general and the Florida WT program in particular.

Sanctions lie at the heart of our analysis because they constitute the primary disciplinary tool in state welfare programs today. Welfare sanctions existed prior to the TANF era. Over the past decade, however, they have assumed a more prominent role because, under the TANF program, clients now confront stricter work participation requirements, narrower exemption criteria, an expanded menu of behaviors subject to sanction, and stronger penalties for

noncompliance (Hasenfeld et al. 2004). In day-to-day case management, the potential withdrawal of benefits is used to motivate full participation in activities designed to move clients toward work and self sufficiency. In the event of non-compliance, sanctions offer case managers an effective way to impose consequences for behavior and, some would argue, teach clients to change their behavior.

In the years since federal welfare reform in 1996, states have had to make a variety of policy decisions related to sanctioning, the most important of which include (1) whether to reduce benefits for adults only or for the entire family, (2) whether to impose a partial or full reduction of benefits, and (3) whether to impose maximum penalties immediately or in progressive steps. Seventeen states, including Florida, have adopted the strictest combination of these choices, enforcing what are referred to as “immediate full-family sanctions.” In these states, the entire TANF family loses cash benefits at the first instance of noncompliance. Fifteen states use “gradual full-family sanctions,” which potentially have the same impact, but only after continued noncompliance. The remaining states enforce what are known as “partial sanctions,” which result in a partial reduction of benefits – usually affecting only the adult portion of the grant (Pavetti, Derr and Hesketh 2003).

Most analysts today agree that sanctions have served as a key tool in the transition from a welfare system focused on providing income support to one focused on the promotion of work. From their inception in 1996, state TANF programs relied heavily on sanctions to promote client compliance. Nationally, it has been estimated that close to 500,000 families lost TANF benefits due to sanctions from 1997 to 1999 – a group roughly equal to one quarter of the total reduction in the TANF caseload during that period (Goldberg and Schott 2000). Studies of selected states have varied greatly in their approach to calculating sanction rates, but the most reliable ones (using panel designs to study TANF recipients over time) have found that anywhere from 5 percent (South Carolina) to 60 percent (Delaware) of TANF clients experience some type of sanction, depending on the time period and state examined (Fein and Lee 1999; Holcomb and Ratcliffe 2000; Pavetti et al. 2004). Studies of TANF caseload declines suggest that the states with the strictest sanctions have experienced as much as a 25 percent greater caseload reduction than have states with the least stringent sanctions (Mead 2000; Rector and Youseff 1999).

All of this suggests that sanctions have played a key role in constructing the new world of welfare: they are widely employed; they are consequential; and they stand at the center of disciplinary action. Their application also tends to vary systematically across social groups and local jurisdictions. In state TANF programs, clients who get sanctioned tend to exhibit characteristics similar to more disadvantaged, long-term welfare recipients (Pavetti, Derr and Hesketh 2003; Wu et al. 2004). Thus, clients’ probabilities of being sanctioned tend to depend significantly on their race, marital status, age, family size, education level and job experience (Born et al. 1999; Hasenfeld et al. 2002; Kalil et al. 2002; Koralek 2000; Mancuso and Liner 2001; Westra and Routely 2000). Moreover, sanction rates in state TANF programs tend to vary widely across local jurisdictions. Indeed, they tend to do so in ways that systematically reflect local social and political characteristics (Keiser et al. 2004; Fording, Schram, and Soss 2005) as well as the sanctioning philosophies and procedures found in local implementing organizations (Pavetti et al. 1998; Born et al. 1999; Koralek 2000).

As a policy tool, then, TANF sanctions stand precisely at the intersection of the two broad policy developments identified in our introduction: the simultaneous turns toward decentralized governance and disciplinary action in policies affecting low-income Americans. If

our aim is to learn how disciplinary processes operate in dispersed administrative systems, TANF sanctions offer something close to an ideal case for observation.

But why do so in Florida? We have chosen the Florida WT program as the setting for our study, not because it is typical of the new poverty governance in the U.S., but rather because it allows us to examine the convergence of strong forms of discipline, decentralization, and performance management. Our case is not representative in the microcosmic sense of a statistical sample; it is representative in the analytic sense that it offers an unambiguous crystallization of policy developments that have occurred in varying shades of grey throughout the United States. In Florida, we see each development in strong form, and we see them in conjunction.

Discipline: Whether one focuses on the criminal justice or welfare side of state social control, it is clear that the American states vary considerably in their disciplinary orientations toward the poor (Fording 2001; Soss, Fording, and Schram, 2005). By any reasonable measure, Florida falls very close to most stringent pole of this distribution. Figure 1 nicely illustrates this point with a scatter plot of states across two dimensions: corrections spending as a percent of each state's total direct expenditures and the disciplinary strength of a state's TANF program as indicated by the use of full-family sanctions, time limits shorter than the federal requirement, and a family cap on benefits. Florida appears in the upper-right corner this figure, representing the strongest combination of stringent welfare rules and carceral investment.

[Figure 1]

The fact that Florida combines full-family sanctions with other tough TANF rules matters greatly for the rate and incidence of sanctioning. After 1996, Florida adopted "some of the strictest time limits and work requirements in the nation" and broadened the pool of clients subject to sanctions by creating "few possibilities for exemptions" (Botsko et al. 2001: 4). Moreover, the sanctions themselves also fall at the strong end of the continuum, resulting in an immediate, full-family loss of TANF benefits and a reduction of Food Stamp benefits to the fullest extent permitted by federal law (Botsko et al. 2001: 6). Not surprisingly, Florida's welfare caseload dropped faster than the national average after 1996, declining 78 percent between September 1996 and June 2004 (based on total number of people receiving cash assistance).

Although cross-state comparisons are complicated by the diverse methods used to calculate sanction frequency, our analysis of administrative data suggests that Florida employs sanctions at an extremely high rate. Applying the panel method advocated by Pavetti, Derr and Hesketh (2003) to Florida administrative data, we find that 47 percent of the adults who entered TANF in November 2001 were sanctioned at least once in the next 18 months. Using a similar method, Pavetti, et al. (2004) report that Illinois and New Jersey had full-family sanctioning rates of 13 and 17 percent, respectively, during this same time period. Pavetti, et al. (2004) also report a full-family sanctioning rate for South Carolina, but only across a period of ten months. The South Carolina sanctioning rate for this period was 5 percent, while the comparable sanctioning rate in Florida was 43 percent.

There is, of course, variation in how Florida administrators view the issue of sanctions. One regional official, for example, argued that sanctions are "not punitive at all" and are used mainly as "educational" tools that effectively teach clients "to change their ways," while a second official disagreed in private conversation, stating that "Florida has a punitive system that gets increasingly harsh the more problems a [client] has. [A sanction] is not a deterrent at all. It's used like a punishment." Similarly, in an exchange about the evolution of the Florida WT program, one senior official argued, "We didn't start in with sanctions to reduce caseload; we did it to promote work;" A second official immediately responded, "But we don't really know which

it did. Early on, I think everyone realizes it mainly reduced caseloads. Now, maybe it's doing something else. I don't know." A state-level official claimed that sanctions offered the best way to "stop [clients] from wasting their own time" but later offered a less optimistic view: "To be honest, I'm not always sure what sanctions are good for. Sanctions are just a reality of the program. They don't really deter or gain more attention. They're just how the program works."

Despite these diverse evaluations, however, virtually no one disputes the *importance* of sanctions within the Florida WT program. As one senior state official put it, "sanctions are the most important process we have in terms of case management and in terms of producing results." Indeed, Florida DCF identified sanctions as the most common cause of TANF case closings in fiscal year 2003 – accounting for 31 percent of closings vs. 21 percent for increased earnings. As in most states, the most common reason for sanctioning was a failure to comply with program requirements related to participation in countable work-related activities.

Decentralization: Florida pairs this strong disciplinary orientation with a highly decentralized approach to program governance. When welfare authority was devolved to the states in 1996, many states opted to pursue some form of "second-order" devolution, transferring control over TANF to local counties or to a system of regional boards. Since July 1, 2000, Florida has stood at the forefront of this development. Today, the WT program is administered in conjunction with the Work Investment Act (WIA) program. Primary control over both policies is held at the local level, in a group of 24 public/private partnerships called Regional Workforce Boards (RWBs). The RWBs are responsible for strategic planning, policy development, contracting with service providers, and oversight of local delivery systems. Case-management services for WT and WIA are integrated in local one-stop centers that are run by public, non-profit, and for-profit providers that hold contractual agreements with the relevant RWB.

Above the RWB level, this highly dispersed system is overseen, not by a state agency, but by a statewide public/private partnership called Workforce Florida, Inc. (WFI) and its research and administration arm, the Agency for Workforce Innovation (AWI). The Florida Department of Children and Families (DCF), a conventional state agency, receives the federal TANF block grant and maintains responsibility for eligibility determination. But relative to other state TANF programs, it plays a relatively constrained role.

Performance Management: How is accountability enforced in the WT program? Like most states, Florida has developed an extensive system of performance management for its regions and contracted providers. Under this system, each region is expected to meet a set of performance standards for activities monitored continually by the statewide board. The board negotiates with each RWB to establish a specific set of performance goals for each region. Performance is measured in relation to these goals, with the resulting scores treated as a basis for statewide evaluations of the regions and, in turn, for RWB evaluations of contracted service providers. Indeed, contract payments are sometimes contingent on satisfaction of performance goals, and region-specific contracts may include their own performance goals and measures. (Most regions, however, do not have the independent ability to track performance and must rely heavily on feedback from the state board, WFI, and its research and administration arm, AWI.)

Performance management in the WT program is a major operation involving ongoing data collection and analysis, efforts to disseminate results, and substantial consequences for performance. Performance is closely tracked, and results are made available to providers and the public via the AWI website. The centerpiece of the performance management system, however, is "the red and green report," so called because it ranks the 24 regions based on their performance scores, coloring them red if they are in the bottom quartile, green if they are in the

top quartile, and white if they are in the interquartile range. The scores are based on the extent to which a region has met the goals agreed to by the RWB (e.g., “90 percent of goal met”).

During the period of our study, the red and green reports included 17 separate measures covering several program streams, but only three of these items monitored performance in the WT program. The first was the WT “entered employment rate,” based on the percent of all case closures that closed for reasons due to taking paid employment. The second was the WT “employment wage rate” based on the average initial wage earned by clients who left welfare for work (expressed as a percentage of the regionally adjusted Lower Living Standard Income Level for a family of three). The third was the “welfare return rate,” based on the rate at which clients from closed cases returned to the WT program.

As we describe below, performance on the red and green report is taken very seriously at all levels of the WT program. It is not hard to see why. Green scores can qualify a region for additional funding to undertake program improvements and allow a region to enter competitions for additional resources allocated by WFI. For service providers, red scores can mean the difference between contract renewal and termination. In between these extremes, gradations in performance can also matter greatly. Service providers often have “pay points” tied to performance rankings, and regions are likely to get unwanted scrutiny or discretionary benefits from the state board depending whether their performance rankings have been falling or rising of late. The agencies monitor their scores on these performance rankings continuously relying on monthly reporting by the system.

In short, actors at all levels of the Florida system expect their success or failure in meeting performance goals to be closely monitored, widely publicized, and consequential for both their bottom lines and their professional reputations. In what follows, we examine how performance feedback in this system affects the implementation of sanctions and how these effects vary across the decentralized administrative structure of Florida’s WT program.

Performance Management and Sanctioning: A View from the Field

We begin our analysis in the field, drawing on observation and interview data to develop an account of how statewide performance management affects TANF implementation at the local level. Data for this portion of our analysis cover the period from March 2005 to the present. During this period, we have conducted in-depth interviews with state-level officials, regional board members, program supervisors, and case managers. We have observed sanction training workshops for frontline case managers, meetings of region-level staff, and intake and orientation sessions with new WT applicants. Our field research has focused most intensively on four of Florida’s 24 workforce regions, where we have sought to conduct in-depth interviews with all relevant frontline workers. Forty-two such interviews have been conducted to date.

Because this research is ongoing, the analysis presented here should be treated as a preliminary report. We have considerable confidence in the validity of the findings we report, but we are equally confident that future site visits will push us to reconsider at least some of our conclusions. Our analysis of these data proceeds in four stages. We begin by describing how “the business model” of new public management shapes local operations in the WT program and how performance measures figure as a central preoccupation for actors on the ground. We then turn to the question of how performance pressures might influence sanctioning practices. Our first cut at this question uses evidence from the field to test and reject a plausible narrative about how the two might relate. Our second cut builds from the ground up. Working inductively from our field

materials, we suggest two causal mechanisms that account for the impact of performance management on sanctioning. Fourth and finally, we draw on our field research to explain how such effects should vary over time, across program jurisdictions, and across client groups.

The Business Model and the Bogey

How do local WT managers perceive and respond to performance measures? To answer this question, it is necessary to locate performance measures within the broader conceptual framework that WT managers refer to as “the business model.” For officials at all levels, the idea of a “business model” of management serves as an umbrella concept for the reconfiguration of welfare operations over the past decade. Organizationally, it refers to the integration of welfare into the workforce investment system and, especially, the shift from government bureaucracies to a competitive system in which for-profit and non-profit providers compete on the basis of performance. At the level of program mission, it suggests a commitment to job placement as the primary “business” of WT service providers and a commitment to the idea that the WT program should serve employers as well as low-income families. At the level of day-to-day operations, the term is commonly used to denote an overriding concern with “the numbers” that measure performance. And at the level of organizational culture, the idea of a business model is used to signal norms of professionalism – expectations that, in the new world of welfare-to-work, all actors in the system, including case managers and clients, should look and behave as if they are working in a professional, corporate environment.

One senior state official explained, “We’re supposed to be business friendly. And I hate to tell you, that does not mean having a bunch of kids running around at the one stop [when clients come to see their case managers].” A regional official described the business model by saying, “We’re about employment now, not solving the social service problems of the world.” Clients in the WT program are encouraged to think of themselves as entering a business relationship defined by a “contract” in the form of an Individual Responsibility Plan. Caseworkers are referred to in the WT program as “career counselors.” Clients are referred to as “candidates” (as in job candidates) or as “customers” being served by a business. Officials at all levels distinguish between those who “get” the business model and those who have failed to overcome the “old school” social services mentality. Related to this, the business model conveys the idea that clients are not entitled in the WT program. Indeed, in face-to-face interactions, it is sometimes used instrumentally to deflate client expectations of entitlement. For example, one caseworker explained that if she were asked about transportation assistance she could not provide, she would respond that such services are not provided in the “real world” of the labor market, so why should they be offered by WT? “If you weren’t in this program, what would you do in terms of getting to and from your job? How would you find a job? Okay? If you weren’t in this program, what would you do about daycare if you were not in this program?”

The ideal of the business model is also expressed in the public spaces of one-stop centers. In some of the best-funded locations, one can find carpeted waiting rooms with fashionable furniture placed in conversational arrangements and banks of up-to-date computers along the walls. Relative to welfare waiting rooms a decade ago, these spaces are inviting and impressive (cf. Soss 2000: 94-100). They are also carefully scripted to mimic corporate environments and celebrate market aspirations. Flat-screen televisions show pictures of well-dressed women walking with briefcases and cycle through a variety of resume tips and motivational statements. Many one-stops have meeting spaces with titles like “The Excellence Room” and “The Opportunity Room.” Small, rural offices are rarely able to match the business-like environments

of the larger operations. But they participate in the same aesthetic on a reduced scale. The Opportunity Room looks a bit more beleaguered, and the tips for success appear on a white board instead of a flat-screen, but the message conveyed to clients is largely the same: you are competing in the business world, and we are in the business of making you more competitive.

For many WT officials, the business model is also about serving market needs and having a positive effect on business environments. This sentiment is frequently expressed by senior officials, but it is not uncommon to hear it voiced by actors at the frontlines. One case manager, for example, stated that the business model means “trying to develop more jobs, more business for people, more employees, more goods and services, bringing more tourists into the economy, and bringing that labor market information... [As a result of what we do in WT] the unemployment rate goes down [...] which is better for the market, for the economy.”

It is within this broader ideational context that performance measures must be understood. Implementation in the WT program is itself a business-style competition, and the most important yardstick in this competition is the achievement of performance goals (referred to by some as “making your bogey”). State officials frequently talk about what needs to happen in the regions “so Florida can make its bogey.” Regional officials match this level of concern and often go beyond it to describe a system in which performance measures drive decision making. One regional administrator explained, “We’re at the bottom of the chain, and we look up to [the state level to] see what’s important. And the performance measures are how we know. When you tell me I need to do participation rate, I know what my priorities are. And that’s where we spend our time.” Case managers are equally clear when describing the centrality of performance measurement for their jobs. As one put it, “This whole process with the Welfare Transition program, it’s a number thing. It’s about the numbers. Your participation rate, your employment rate... Okay? There are requirements that we have as case managers that you have to make sure you’re getting those numbers in.” Another case manager explained:

It’s all about the numbers now, unfortunately. We have to meet our numbers because it affects our funding. I wish we weren’t so obsessed with the numbers. Sometimes I feel it [performance pressure] makes me call people just to say “I need that number” [so we can get credit for it] rather than talking about helping them. But I guess it is the nature of the beast. We need to be concerned about the numbers so we can get our funding.

The pressure that performance measurement exerts at the regional level can be illustrated in a variety of ways. One indicator is the level of distrust regional administrators express regarding other regions’ performance numbers. As one regional official put it, “People game the numbers all the time.” Indeed, in every region under intensive study, we have heard from at least one official that *this* region goes by the book while other regions feel so much performance pressure that they cook their numbers.

The potential for performance competition to generate distrust has received far too little discussion in scholarship on the new public management. In theory, the regions are supposed to learn from one another’s experiments, allowing innovations to diffuse through the system. Yet our site visits make clear that this sort of sharing requires a modicum of trust, and this trust can be undermined by the competitive system advocated by the very same theory of management. One program operator argued that regions tried to keep their most effective innovations a “trade secret” in order to maintain a competitive edge and, in this same interview, asked us not to tell other regions about some new techniques being tried at her one-stop. Another regional official opined that the high-performing regions “are cheating as far as the day is long” and that this was

both unfair and incompatible with policy learning: “They can’t tell you their ‘best practices’ because their practice is cheating. So if this is going to be a competitive game, we need to start playing by the same game.”

Although it is most common for individuals to claim that “they’re cheating but not us,” we have also had several staff members describe how anxieties over performance measures have led them to try to fudge the numbers a bit. For example, in describing local efforts to “make our bogey” on the participation rate, one regional official explained: “You have to do all sorts of things to fill the participation hours. We’ve got a client who we found out was taking her pastor to church on Sunday. We went out and asked her pastor to sign on saying this was community service. The trick is to find out what people are already doing and find a way to count it as work or community service. This is how you have to do it.”

The key question for our analysis, of course, is whether anxieties over performance are capable of influencing administrative behavior in ways that significantly alter the treatment of clients. So far, we have only presented evidence suggesting that performance measures are salient to actors on the ground, provoke considerable anxiety, and motivate some efforts to count in creative ways. Is there evidence that local officials respond to performance pressures in ways that might go so far as to deny clients access to aid?

As a first step toward such evidence, it is instructive to consider the transformation of WT implementation that occurred in “Region A” in 2005. Interviews with officials in Region A yielded some competing details about the events, but the broad outlines of the story were consistent across interviewees. In the early months of 2005, representatives of Region A attended a meeting with other regional officials where they were publicly described as having low performance numbers and high sanction rates. As a direct result of this meeting, regional officials decided to overhaul key features of the local operation to raise their numbers. Acting on the assumption that low performance numbers and high sanctions were both a result of having too many clients in the program who were “not serious enough,” Region A officials chose a path of action designed to trim the caseload down to a more motivated core of clients. The relevant changes went into effect around the time of June 2005 and included the following:

1. Intake and orientation procedures were revamped so that applicants would need to attend daily classes for at least one week *before* having their application for benefits submitted. Forty hours of class attendance was required, and applicants who missed a class or showed up inappropriately dressed were required to start over the following week.
2. Intake meetings with new applicants were redesigned to emphasize the significant time investments demanded by program requirements, the limited amount of assistance available for meeting these requirements, and the fact that these requirements could be avoided if applicants chose to pursue only Medicaid and Food Stamp benefits. As one case manager responsible for intake explained, “Doing the overview presentation, what I kind of tell them is that, if you’re in a situation right now where... transportation is a hindrance for you, you may want to reconsider getting your cash assistance open because you’re going to be required to participate in this program on a daily basis.”
3. The region instituted a more frequent and intensive Quality Assurance system for monitoring caseworkers’ handling of sanctions and work participation.
4. The region moved to a new system for “curing” sanctions. In the past, a sanctioned client could re-enter the caseload and reinstate benefits simply by contacting her caseworker and beginning to document work hours again. Under the new system, only one local staff member was given authority to sign off on the return of a sanctioned client, and this staff member was made available to clients on only one day each week, for two hours. Sanctioned clients who missed this window would have to wait another week to return.

Staff from Region A consistently reported that these program innovations had major effects on the region's caseload and operations. Figure 2, based on an analysis of administrative data, corroborates this perception. Between January 2003 and June 2005, the caseload of Region A tracked closely with caseloads in other regions of the state. Both trend lines rise and fall in a seasonal pattern, with Region A showing slightly higher peaks and troughs than the state average. In the months immediately prior to June 2005, the two trend lines lie right on top of each other. Immediately after this date, however, the caseload in Region A falls precipitously. Indeed, despite the fact that caseloads were falling across the state during this period, Region A's caseload falls so quickly that it produces a substantial gap in relation to the state average. Moreover, while Region A's caseload had previously been more responsive to seasonal ebbs and flows, it now becomes less responsive than caseloads in other regions of the state. From June 2005 to July 2006, Region A's caseload fell by an astonishing 53 percent.

[Figure 2]

Sanctioning as a Strategic Response to Performance Feedback: The Causal Link that Fails

The foregoing discussion suggests that performance feedback matters greatly for implementation of the WT program. But we have yet to address the specific question of *why* performance management should be expected to influence local sanctioning patterns. What kinds of understandings and organizational processes would lead actors on the ground to respond to performance pressures by raising their sanction rates? The most straightforward candidate for such a causal story is a narrative suggesting that, under the business model, regional actors use sanctions as an intentional strategy for enhancing performance. In its strongest form, this causal story might be stated as follows: (1) local actors in the WT program buy into the business model as a worldview and seek single-mindedly to maximize their performance numbers; (2) local actors expect sanctions to boost performance and, accordingly, respond to performance pressures by finding ways to impose more sanctions on clients.

This story is intuitively satisfying for a number of reasons. It comports with the field evidence we have presented so far. It points to a clear empirical prediction that negative performance feedback should be followed by greater sanctioning. And perhaps most of all, it links actions to intentions, intentions to self-interests, and self-interests to system incentives. Sanctions, in this view, become a form of rational action pursued by market actors who, as we have already seen, possess some willingness to game the system in pursuit of stronger numbers. They are a purposive response to a clear incentive system.

It is a good story but, at least in this simple form, we do not believe it can be squared with the evidence. Local actors, we have found, are not so single-minded; many are deeply ambivalent about the business model. Moreover, few local actors believe that higher sanction rates lead to better performance scores, and virtually none advocate sanctioning as a strategy for raising performance numbers.

The business model is a pervasive feature of organizational culture in the WT program, but it does not stand alone as a belief system guiding practice, nor is it embraced by local actors as an unalloyed good. A full account of WT managers' perspectives would require a detailed interpretive analysis in its own right. For present purposes, it suffices to say that competing value systems and priorities are in play; case managers vary greatly in the extent to which they buy into the business model; and many feel deeply ambivalent about handling client issues with one eye trained on performance goals. The following statements by case managers illustrate this

ambivalence by showing how the business model intersects with one other prominent value system: a social service orientation that prioritizes responsiveness to clients' needs.

[The WT program] is more business-minded than I would like it to be. [...] To me, this is a social service program, where people aren't just needing to meet goals and achieve the goals on their Individual Responsibility Plan. It's more about what they're going through and the frustrations of it. [...] But then again, [supervisors] would like for us to be business-minded. [...] I would never want to be in a service program if it became all about numbers. [...] Business-minded [means] appointment only. It has to be a very professional atmosphere, not a lot of kids running around in the center... whereas our program – hello! – if [clients are] having childcare issues, they're going to have to bring their kids in.

[Welfare in Florida] is no longer a social service; it is a business... I find it to be the difference between herding cattle and herding sheep. A cattle herder is just running people through, not taking time to look after them. A shepherd takes care of the sheep, tends after them, cares for them. It is not my nature to herd cattle and now I have to learn to do that.

The way we're able to [stay in business and] help people is by making our measurements on our red and green reports and getting paid, so that we can therefore in return help with childcare and support services [...] So the more we make those measurements and those goals, the more we can help candidates. But the more we focus on those [performance goals], the less we're focusing on the candidates. So, it's a catch-22.

They say that we're not, um, how would you say it... a social service agency in a sense, like we're business... But at the same time... you're working with people who have needs, who have barriers, and bringing the two together is very difficult. [...] There's a number game that we have to play. And when you bring that into it, it's hard for me to sit with an individual there; they're telling me that they have all these barriers. For example, they're coming in and they're telling me that they've been evicted from their apartment, they don't have any place to live, they don't have any food, they don't have any clothes. And then here I am as a case manager, you have to participate at 40 hours a week. You know, it's just kind of, its crazy!"

Although one can find some "true believers" who strongly embrace the business model, the more dominant pattern in our interview data is ambivalence about the business model in light of competing value systems.

A skeptic might respond that, even if most frontline workers might prefer not to focus narrowly on maximizing performance, the above quotations make it clear that they are under pressure to do so. Such pressure might drive case managers, however reluctantly, to choose sanctioning as a strategy for raising their performance numbers. This response is well taken, and it brings us to a pivotal observation in our analysis: *virtually no one in the Florida WT program believes that higher sanctioning rates have significant positive effects on performance measures.* Actors at all levels of the WT program tend to feel performance-oriented pressures, and some clearly behave strategically in response. Local actors, however, do not perceive sanctions as a strategically desirable response because they do not expect higher sanction rates to raise their numbers. Supervisors actively discourage caseworkers from sanctioning at high rates and, in interviews, caseworkers reject the idea that sanctions have a positive effect on performance.

When it comes to the details of how, exactly, sanctions affect performance calculations, actors at all levels of the system express great uncertainty. In regional board meetings and training sessions, state-level officials routinely emphasize that sanctions affect performance calculations in ways that are complex and hard to trace. Even among the well informed, it is rare to hear confident statements about how sanctions affect measures such as the entered wage rate and the welfare return rate. (And most actors in the system are not all that well informed.) In the case of the entered employment rate, work placements are calculated as a percentage of all closed cases, including those closed due to sanction. Thus, in a direct mechanical sense, sanctions increase the denominator of the measure and thereby lower a region's performance score. Yet even for this measure, it is not clear whether the negative effects of a sanction are balanced out by the time case managers might save by working with fewer hard-to-serve, non-compliant clients. At more than one meeting, we observed senior regional staff disagreeing with one another about how sanctions affect performance, laughing at themselves for not knowing, and asking the state-level officials to clarify what was what. When asked for details about how sanctions affect specific performance measures, case managers frequently laughed and said that they honestly weren't quite sure.

Alongside this uncertainty about calculations, however, we have found widespread confidence that high sanction rates are bad for performance. At meetings with regional staff, state officials routinely communicate that high sanction rates hurt performance, run counter to program goals, and should be avoided. Regional officials tend to echo these statements in interviews, suggesting that high sanction rates not only have negative performance effects but also draw unwanted attention from the state board. As one regional official put it, "Our region doesn't want to have a sanction rate that's too high. High numbers (of any kind) draw attention to the region, so it had better be something positive. So we wouldn't want to be seen as overly punitive in a way that might not be within the rules."

Case managers offer similar assessments. Although few frontline workers can fill in details, they tend to be of one voice in asserting that "it [a sanction] hinders performance. [...] Sanctions are helpful for getting the few out that need to be out, but if sanctions get high they hinder us." There is also strong agreement across case managers that "[supervisors] want you to maintain your sanctions as low as possible." Significantly, this message from supervisors is couched, not just in terms of anxieties over performance evaluation, but also in terms of the values and preferred end goals of the business model. As one case manager explained, "This is a private company, and our goal is to get them employed, not sanctioned."

In short, it is simply not the case that WT career managers are pressured to impose sanctions as a way to enhance performance, nor do we find that caseworkers operate under the assumption that more vigorous sanctioning will improve performance outcomes. There is confusion about precisely how sanctions affect performance calculations, and there is agreement that performance can be hurt if a case manager fails to sanction in a "timely" manner when a client is out of compliance. But when it comes to the overall effects of sanctioning, case managers overwhelmingly express the belief that high sanction rates harm performance.

We describe this observation as "pivotal" for our analysis because it suggests that a simple story emphasizing caseworker intentions and strategic behavior will not suffice as a causal link between performance management and sanctioning. To the extent that this relationship exists, it must be explained in a way that does not require actors on the ground to believe that sanctioning *per se* will improve performance. Put a bit differently, the hypothesis that performance management influences sanctioning cannot be justified by appealing to some

system-wide incentive known to local actors, nor can it be justified by the claim that performance-minded senior officials push local managers to sanction at higher rates. Based on extensive interviews and observations in the field, we find neither to be the case.

The Organization and Tools of Case Management: A More Persuasive Causal Link

To build a persuasive explanation, one must look instead to a conjunction of four factors: the organization of case management in the WT program, the performance pressures experienced by case managers, the limited number of tools available to case managers, and case managers' beliefs and frustrations regarding client non-compliance. In this section, we show how these factors offer a more plausible causal story in light of our field research. In addition, we explain how this causal story implies a set of empirical predictions for our statistical analysis of administrative data. Specifically, we suggest that ongoing performance pressures ratchet up sanctioning rates throughout state, contributing to Florida's high overall sanction rate; these ongoing pressures interact with local program approaches to produce variable effects on sanctioning; and finally, instances of negative performance *feedback* produce additional pressure that, in some local areas more than others, are likely to generate an uptick in the sanction rate.

The connection between performance pressure and sanctioning can be traced, ultimately, to how WT casework is organized. The work of case management tends to be highly routinized and focused on tasks related to regional performance. Caseworkers typically describe themselves as responding to system needs rather than adopting a proactive stance. The following exchange among regional and state officials offers some insight into the nature of the work.

Regional Official A: You don't hire a "people person" anymore for a career manager position. You hire a clerical computer person. You can teach them the social work stuff easily. The job's all about time, accuracy, and files now. There's a person [client] down there somewhere. But the technical stuff is what matters.

State Official: What you're telling me is the [information] systems are driving the [case management] process.

Several Regional Officials: Oh yes. Oh yes!

Regional Official B: You don't get any credit [in the performance measures] for hand-holding. You don't get any credit for mentoring. [...]

Regional Official C: If you talk to any case manager here, they will tell you they're not a case manager; they're a technician. They spend about 10 percent of their time on their clients. Their time is about being a technician, and that's the way the program is written. They're doing what they have to do under this system.

As this exchange suggests, WT case management is reactive and clerical. Caseworkers focus primarily on documenting client activity hours and entering the appropriate results in the One Stop Service Tracking (OSST) data system. Indeed, officials at several levels of the system argued that the data-entry fields of OSST now function, in effect, as the real policy on the ground. As one state official put it, "The policy [on the books] doesn't always match up with the [OSST] system. People on the frontlines see the computer screens as the policy. Whatever can or can't be done in a straightforward way on the system, it's assumed that that's the policy."

When asked to describe how their workday unfolds, case managers consistently report that they begin by logging on to the state's management information system in order to address the slew of new alerts that arrives each morning. The alerts focus on two kinds of actions that need to be taken in specific cases: documenting that a client is fulfilling participation requirements or initiating disciplinary action due to the absence of such documentation. From this point forward, the daily round consists mostly of efforts to do one or the other, punctuated by face-to-face meetings with clients that often focus on the same two issues. Case managers spend most of the day either tracking down clients to document work-related activities or taking next steps in the sanction process – e.g., sending out “pre-penalty” warning letters, requesting sanctions, or working to bring sanctioned clients back into compliance.

In short, performance and sanctioning are two sides of a single coin in the work life of case managers and, together, they stand at the center of the job. When asked to describe what gets done in a typical day, one caseworker responded that “about 60 or 70 percent [of my time is spent on] work participation and finding out who [isn't participating] and closing the sanctions and making phone calls regarding all that.” Another explained, “We're not really given the time to really counsel. I mean, they call us career managers, but really, you're tracking hours. ‘Hey, did you get a job yet?’”

Thus, when case managers encounter performance pressures, they do so with their attention already narrowly focused on client behaviors and sanction processes. Moreover, interviews leave little doubt that performance measures play a major role in the work life of the case manager. Many caseworkers told us that they see their caseload's performance numbers every day, discuss them once a week with a supervisor, and, as one put it, always know that “the [numbers] are being watched pretty closely.” Another caseworker elaborated, “We have a [Quality Assurance] person, who can, you know, anytime have access to your caseload and review it. And she reviews it and if there is a problem, she will let you know. [...She will tell] you, ‘Okay, you have a customer here who...’ whatever needs to happen. And she's going to say, ‘You need to do this.’ And then we go ahead and do it. Immediately.” Under close scrutiny, caseworkers experience performance management as a major source of anxiety: “It's just weird, I mean it really is. And I don't know how to explain how, um, you know, we [career managers] all run around and we're like, ‘where are you at now with your [participation numbers]?’ ‘Oh, I'm at like 20 percent.’ ‘Oh man!’ So we're all just stressed!”

The stress felt by case managers can be traced partly to perceptions – right or wrong – that job security and trajectory hinge on producing strong performance numbers. In this regard, some caseworkers view the performance system as an opportunity to strive, to document their hard work and achievements, and perhaps to advance to higher-level positions. Others simply feel anxious and worry that they will lose their jobs if they fail to produce solid numbers. Here, it is important to note that case managers do not make high wages, and quite a few have received public assistance in the past. They often struggle themselves to make ends meet and, as a result, tend to view performance pressures through the lens of their own anxieties as breadwinners. One case manager explained, “I am a single mom with two kids, so I understand what it's like. Daycare is expensive. Gas is expensive. Finding a job is hard unless you have a bachelor's degree or a nursing degree. So it's hard. [...] I have [been on cash assistance myself...], and I'm an empathetic person to begin with. [...] But I also understand that this is my job. This is how I feed my kids and how I pay my mortgage, and I'm going to do my job.” Another case manager elaborated on the tie between performance pressures and the potential for personal consequences: “We [case managers] get our own sanctions. [Laughs] So, um, you know, that's a big stress.

Um, and they also tell us, ‘yeah, the entered employment; um, how many jobs are you getting?’ [...] I mean, that’s just things that are hit every day, fifty percent [participation], fifty percent.” In describing how they handle these pressures, case managers make it clear that they do not see sanctioning as a desirable response. As discussed earlier, almost no one believes they will raise their performance numbers by sanctioning more clients. Moreover, most caseworkers do not like to impose sanctions, and many are skeptical that sanctions have positive effects on clients. One went so far as to assert that “no career manager wants to sanction. You go through all these papers to try to get in touch with the person. It’s a struggle. You try to help them get everything in to keep them out of a sanction, but a lot of times you can’t.” Another laughed when asked whether sanctions taught clients important lessons: “Those who are sanctioned come back and are sanctioned again, and are sanctioned again, and come back and are sanctioned again.” In sum, sanctions tend to be time consuming; they often lead to tension with clients; they are viewed as questionable educative tools; and they are seen by most as hindering performance.

Despite these facts, our observations make it clear that sanctions lie at the heart of case managers’ responses to performance pressure. The reason for this is that case managers have few alternative tools at their disposal. They are limited in what they can do to raise their numbers, and they are even more limited in their abilities to address the real-life problems of their clients. Most caseworkers have no training as social workers; they have few options for matching clients to the services they need; and they are essentially powerless to change clients’ opportunities and life conditions. For case managers who feel they have few effective tools at their disposal, the collision of performance pressures and client needs is a deeply frustrating experience. The following excerpts illustrate:

Never mind that Deborah can’t read, and she’s got a 6th grade education, but you want [her to] go out and get a job at ten bucks an hour. Or, my candidate, who has a substance abuse problem, you know, he keeps drinking on the job, that’s why he can’t *keep* his job, but, [he’s] got to go out there and get a job, you know [...So] I think we’re more frustrated about meeting our, our participation rate every single month – that [fifty] percent. [...] It’s a big frustration because you’re like “I want to make my fifty percent. I don’t want to be evaluated at the end of the month and told, “oh, you didn’t make fifty percent.” What do you do?

This program is structured the way that it is and the bottom line, I guess, is money. You have contracts and things and you’re in a contract. You’re required to fulfill so many things within that contract that you have. But you know, at the same time, [...] you’re not dealing with people who are in the mindset that they can achieve all these wonderful goals that you set for them, that they can participate in all these activities that you are requiring them to do. It’s not that straightforward. Its not... it’s like it [WT] is a cookie cutter approach, okay, to people who are individuals that have different needs, who have different barriers and they’re forcing us to put them in the same type of process. [...] Even though they’ve implemented all these new quote-unquote programs, they’re cookie cutter programs. They’re cookie cutter activities that you’re requiring everyone to come in and do the same thing and follow the same process from beginning to end and its not conducive [to success] at all. [...There is] such a huge emphasis placed on employment, employment, employment. And I’m sitting here doing overview and I’m thinking “I disagree.” I think that if you don’t have a high school diploma, your primary focus needs to be getting your high school diploma, you know, versus going out and getting a job. It’s like, putting a band-aid over a bullet wound.

Frustrated and lacking effective ways to deal with client problems, case managers must find some way to reconcile the pull of competing demands. A small but considerable number of case managers square this circle by shifting part of the client's burden onto their own shoulders. Such case managers put in long hours working to establish whatever documented activities are needed to satisfy performance goals and avoid the imposition of a sanction. They pull out all the stops in trying to encourage, document, and sometimes even fabricate client activities. With no time to spare at the office, such individuals report that they often spend additional hours at the end of a long workday driving around low-income neighborhoods to locate clients and secure documentation. As one explained, "My level of sanction is so low. If I were to go by policy [alone], all of [my] caseload would be sanctioned. [...] I go way and beyond [the policy]: a lot of communication, a lot of calling, trying to find where they're at. 'Hey, this is what's going on. If you don't come in, your benefits are going to be stopped.'" Case managers who approach their work in this manner report success at meeting performance goals without sanctioning at high rates. But it is an exhausting way to cope with performance pressure. Case managers in this group often report they feel burned out and disappointed that their job is so often about protecting clients from the welfare program itself. As one noted, "not everyone can be a career manager [in this way]. You really have to love what you do."

However striking it may be, this "burden-shifting" tactic represents a minority response to performance pressures. In the eyes of most WT case managers, it is clearly the client's responsibility to document work activities, and it is the client who must, in some way, be motivated to do so. The problem is that, aside from the threat of sanctions, case managers possess few tools for motivating client behavior. It is true that case managers can hold out some incentives for good behavior, such as childcare vouchers, transportation assistance, gas cards, or credits at a Wal-Mart store. But such incentives are rarely viewed by case managers a distinct and effective motivational tool relative to sanctions. To begin with, efforts to use these incentives to motivate clients are often little more than implicit sanction threats. Most of the benefits are already available to the client, so the discussion is, at root, about the possibility of it being terminated through a sanction. Thus, as one state-level official explained, sanctions are usually the most effective "tool for helping clients see the benefits of sticking with the program in order to get transitional benefits." In addition, although a variety of benefits are technically available, many clients are unaware of them and do not receive them. As one case manager explained:

Sanctions definitely play a role [in getting candidates to do what we want them to do]. Sanctions help more – the threat of sanctions helps more – than the incentives [we can offer]. For some reason, it seems to me that the incentives... It's supposed to be like a carrot [...] but a lot of time they don't even know they're eligible for those [benefits]. So, it's not as effective as it could be. On the other hand if I call someone about [a potential sanction], that is more effective."

Thus, even though most case managers do not want to actually sanction their clients, they quickly find themselves turning to the implicit or explicit threat of a sanction as a way to motivate client participation and cajole clients into turning in documentation. When such threats fail, as they often do, case managers then find themselves taking "pre-penalty" actions as a way to signal clients that they "mean business" and that a sanction will be imposed if they do not do what is required. At this point, the official sanction process is set in motion. The computer alerts and requests for action kick in and the caseworker's discretion over the case diminishes. If the

client now fails to comply, the case manager will experience considerable pressure to move the sanction process forward in a “timely manner.” As one caseworker explained:

If you have a customer who turns in fifteen [hours] instead of the 20, at that point in time you can elect to start the penalty process or you can elect to call them and say “okay, you know what you have 20 due. It could have just been an oversight or whatever. Can you bring in the other five today, by 5:00 p.m.?” So you have a little flexibility to work it. *But once you start that [pre-]penalty, that 8-10 process, there’s no way to work around that.* It’s going to pretty much take its course. Okay, you place the [pre-]penalty on the customer’s case; you give them the pre-penalty call. Try and find out, okay, why have you failed to participate. Um, they have the 10 days to comply. [If there’s] failure to comply, it will lead to a sanction.

This, then, is the first mechanism that explains how performance pressures increase sanction rates despite widespread expectations that higher sanction rates hurt performance evaluations. It is a story of intentional tactics producing unintended and unwanted outcomes. At the outset of the process, the caseworkers’ plan is to *threaten* a sanction, not actually impose one. The case manager hopes the client will respond to the threat by complying; performance goals will then be met; and no sanction will take place. The reality is that some clients rise to the occasion but many don’t. In the latter instances, case managers reluctantly put one foot in front of the other and eventually find themselves imposing the sanction that, in the abstract, they see as a hindrance to high performance. Thus, the systematic result of the performance pressure, unintended though it may be, is a ratcheting up of sanction rates.

There is also a second mechanism that links high levels of performance pressure to high sanction rates – a mechanism that we did not expect to find and that one might expect case managers to be hesitant to reveal. In a surprising number of instances, case managers report that they sanction a client out of frustration. There are two ways in which performance management contributes to this dynamic. First, as described above, strong performance pressures combine with the fact that caseworkers lack effective tools for dealing with clients’ problems to produce high levels of frustration among frontline workers. Second, the system of performance measurement is structured so that evaluations of the case manager depend on the client’s behavior. When clients fail to turn their documents in on time, for example, their behavior lowers the case manager’s performance numbers and invites additional scrutiny from supervisors. Not surprisingly, clients often become the focal point for case managers’ frustrations in such instances. (And it is worth recalling here the extent to which case managers believe that their jobs and professional trajectories depend on these numbers.)

Under the logic of performance management, the non-compliant client is not just behaving in a way that *concerns* the case manager; she is behaving in a way that does something *to* the case manager. At one level, this dynamic produces exasperation with the client simply because it encourages caseworkers to see clients as the agents of their misfortunes. At a deeper level, however, the caseworker’s anger at the client is rooted in the perception of an unjust inequality. The caseworker is being held personally responsible, while the client is not. There is an imbalance in accountability. Indeed, because it is the client who is actually out of compliance, there appears to be a reversal of accountability. As one case manager explained, “The stress is, okay, well *I’m* caring about this, but the customer doesn’t care, so then after a while, you still do what you gotta do, ‘cause you need your job, and you gotta make your hours.” A second case manager elaborated:

When it comes to, you know, the problem cases, we get frustrated. I think some people say, “Yeah, technically I could give her another day [to get her documents in], but you know what, I’m gonna slam it [a sanction] on her.” You know? [Laughs] ‘Cause you just get [...] You know, it’s that whole accountability thing, because *we* have to be accountable, so, I think when you get a customer that doesn’t feel that they have to be *as* accountable, you can get frustrated.

This frustration-sanction dynamic was prevalent enough to be openly discussed at statewide training sessions for case managers. In explaining the purpose of sanctions, for example, the trainer for one session began by stating that “some people want to penalize because they’re angry with a client. That’s not the point.” In a private interview, a state-level official explained, “There [is] no training about case management or emotional issues. Anger management is a big issue. Case managers snap and then sanction because they’re mad.” Indeed, this same state official worried that this frustration-sanction dynamic was part of the reason why sanctions did not have a stronger educative effect on program participants: “In a lot of cases, sanctions just teach people [clients] to fear the person in control because they happen as part of an argument.”

In sum, then, there are two causal mechanisms that link performance management to sanctioning. Performance pressures rain down on frontline workers who have few effective tools at their disposal. One consequence is that case managers turn to the threat of sanctions to try to bring clients into compliance and avoid a sanction. Predictably, the threat turns into a preliminary procedural step, and what was at first intended as saber-rattling turns into a sanction. The second consequence is that case managers become frustrated with clients and perceive an injustice in the fact they are being held accountable while the client is not. In such instances, case managers report that they sometimes “snap” and hand down a sanction that, under other circumstances, they would choose not to impose.

Variation across Time, Space, and Clienteles

Having outlined the process as a whole, we turn in this final field-research section to the question of variation. Based on our observations and interviews, how should one expect the relationship between performance pressures and sanction rates to vary over time, across regions, and across client groups?

The question of variation over time comes in two forms. The first concerns the transition from the WAGES program to the WT program in July 2000. Based on interviews and a review of documents, we have concluded that this transition was not marked by any changes in the sanctioning procedures that one would expect to raise sanction rates. To the contrary, the transition to WT coincided with some new procedural steps that should have slowed the sanction rate, such as requirements to notify clients of a failure to participate and then wait ten days for a client response (see Botsko et al. 2001).

At the same time, however, the transition to the WT program in 2000 appears to have been accompanied by a major overhaul of performance management and expansion of performance pressures. The Workforce Innovation Act of 2000 mandated service integration in the Florida workforce system. As a result, performance measures, which previously had been used primarily in relation to WIA programs, were extended to the WT program. In the months following the Act, the state board created new performance measures for the WT program and new incentive awards for WT performance in the 24 workforce regions. At the end of 2000, WFI

started visiting regions annually to review the regional performance and communicate feedback related to performance. The OSST data system – central to the performance pressures described earlier – was another innovation that occurred around this time. Together, these changes marked a real shift in performance management. In 2003, the Office of Program Policy Analysis and Government Accountability (OPPAGA) issued a report on how well the Workforce Innovation Act of 2000 had been implemented in Florida. Among its key findings of change, it cited “improved performance accountability, the development of a unified automated information system to better manage participant data, significant increase in business representation on the state and regional workforce boards, as well as increased numbers of employers accessing the system.”

Thus, if strong performance pressures really do encourage sanctioning, as our field observations suggest, then we should expect the program transition in July of 2000 to be accompanied by a significant rise in statewide sanction rates. Indeed, because sanction procedures actually softened a bit during this period, such a rise in sanctioning would be unexpected in the absence of a performance management effect.

The second question about over-time variation concerns the effects of negative performance feedback within the new system established in 2000. The analysis presented in the preceding sections has focused on the *chronic* everyday performance pressures that prevailed in the WT program during the period in which we studied it. We have not concerned ourselves with how *episodic* bumps in performance pressure might matter above and beyond the pervasive concerns with performance that we have documented. Yet this question is crucial because it lies at the heart of theories of performance management. The hope expressed by such theories is not that administrative behavior will be driven by rampant anxieties over “the numbers.” Rather, the hope is that positive and negative feedback delivered at regular intervals will help identify key problems and best practices at a given moment and spur local managers to improve performance.

In Florida’s WT program, then, it is important to ask whether sanction rates are affected by the periodic release of performance feedback to the regions. To the extent that performance pressures encourage sanctioning, as we have suggested, one should expect the receipt of negative performance feedback to be followed at some lag by an uptick in the sanction rate. This expectation, however, must be tempered in light of the core findings of our field research. Performance pressures are felt virtually everywhere and always in Florida’s WT program. Case managers frequently refer to it as “24/7.” The performance anxieties and case manager frustrations described in our earlier sections were almost never driven by the recent release of a Red and Green report. They portrayed the everyday conditions perceived by case managers.

This high baseline level of performance pressure leaves only a small amount of room for pressure levels to rise in response to a particular instance of negative feedback. In interviews, case managers and regional officials confirmed that performance pressure rises when a region receives a negative Red and Green evaluation. For example, when asked whether “things like the red and green reports” increased pressure at the frontlines, one case manager explained, “Yeah, they [supervisors] don’t really flash it, but yeah. They say, ‘Look, we’re not meeting our measures. Forty-nine percent is good, but it’s not fifty.’ So, we kind of feel a little bit, you know, slammed, um, I have to admit. Because you’re almost like, you know, how much of it do we really have control over, you know?” Comments such as these reinforce the expectation that episodes of negative feedback should be followed by higher sanction rates in the affected regions. Yet the bulk of our field observations make it clear that high levels of performance

pressure are “always already” a reality on the ground. From this perspective, it would be surprising to find large swings in sanction rates in response to negative performance feedback.

Turning to variation across space, a key question for analysis is whether performance pressures should push sanctions rates up to a greater degree in some regions than others. Based on our field research, we would strongly expect this to be the case. It is worth noting here that, relative to other aspects of the WT program, sanctions are the target of stronger efforts to bring some consistency of practice to the state. WFI and AWI monitor sanction rates closely, of course, due to their belief that sanctions affect performance. In addition, WFI and AWI set boundaries on sanction procedures and hold statewide training sessions in an effort to bring some coherence to sanction practices across regions. One senior official identified sanctions as “the most prescriptive element” of TANF implementation in Florida and suggested that other aspects of WT implementation would be likely to vary across regions to an even greater degree.

Yet despite these countervailing forces, sanctions in the WT program are a decidedly local affair. In our field visits, we have found that regions have responded quite differently to the chronic performance pressures they confront. Specifically, we have concluded that the effects of state-level performance pressures on local sanctioning practices are reinforced and magnified in more ideologically conservative regions where stronger “carrot and stick” philosophies hold sway. A number of different observations converge on this conclusion.

First, although the state board sets some procedural limits, Regional Workforce Boards are responsible for enacting Local Operating Procedures (LOPs) that structure how service providers implement sanctions and other aspects of the WT program. At the statewide sanction training sessions we attended, one of the most common refrains from trainers was “you’ll have to check the LOP in your region to find out exactly how you handle that.” Case managers were routinely surprised to find out how much sanctioning expectations and procedures differed in other regions. In the toughest regions, for example, work activity hours must be documented on a weekly basis to satisfy participation requirements, and thus a single slow week of activity constitutes a sanction-able offense. More lenient regions require documentation on a monthly basis, making it possible for clients to balance meager hours one week with more hours the next. Similarly, while more lenient regions require 30 hours of participation each week to avoid a sanction, tougher regions go beyond the state requirement to require 35 or even 40 hours.

Second, interviews throughout the WT system revealed a widespread belief that sanction decisions are strongly affected by the “tough versus tender” attitudes of case managers and supervisors. As one regional official explained, “If you have someone who says ‘I don’t care what you say, you’re still sanctioned,’ and then someone who is more liberal, that’s going to make a big difference. It’s the career manager’s judgment.” To the extent that such attitudes covary with the liberal vs. conservative political climates of the workforce regions, we would expect performance pressures to drive sanctioning up to a greater extent in conservative regions. Indeed, interviews in the regions we have studied most intensively have revealed some consistency between staff philosophies and sanction rates. Officials in the region with the highest sanction rate have emphasized that some clients need the threat of a sanction for motivation, that use of a “stick” is sometimes needed, and that sanctions can be educative for clients. Comments by officials in the region with the lowest sanction rate have often presented a stark contrast. For example:

I think [the WT program’s] sanction process is way too quick and too much. Things move fast. Maybe I’m old school, but I don’t think you should be sanctioning someone just because you couldn’t get in touch with them. Maybe they’re in a crisis or something.

And I don't think it necessarily gets their attention more. It really pulls us away from the work we're doing to help the person move forward – and it can really create a relationship of distrust and resentment.

Third, it is instructive to go beyond our own comparison of the regions to consider the assessment of a case manager who has worked in two different regions. At the time of our interview, the case manager was working in the more liberal of the two regions. (We will call it Region B) This region – the same one occupied by the official quoted immediately above this paragraph – had a sanction rate near the state median. The second region was among the most conservative in the state and had a sanction rate in the top quintile of the distribution. (We will call it Region C.)

Throughout our interview, the case manager contrasted the philosophies of Regions B and C, arguing that Region C had a “much tougher approach.” For example, when she worked as caseworker in Region B, she could sanction a client without consultation. By contrast, in Region B she found that she had to send an email to a supervisor at another office to get approval to impose the sanction. Similarly, in region B she reported having “very little leeway” in cases where work documentation was not turned in on a weekly basis. By contrast, in Region C, she found she had “more ability to decide whether to go slowly” if it seemed like the case warranted it. Beyond these procedural differences, she reported that case manager attitudes toward clients were more negative in Region B than in Region C and that this influenced the handling of cases.

For these and other reasons, the clear implication of field research is that performance pressures should push sanctioning rates up to a greater degree in more conservative regions than in more liberal ones.

Finally, there is the question of how the relationship between performance pressures and sanctions should vary across client groups. Based on our field research, it seems that there is a plausible entry point for such effects. For case managers, the expected effectiveness of threatening a sanction is directly tied to – or one might even say, contingent on – a perception that the client is not taking program requirements seriously enough. When case managers ask themselves, “Why aren't the participation numbers better?” it is this belief that supplies the answer, “because the clients are not trying hard enough to meet the program goals.” In interviews, case managers suggested that the threat of a sanction is most needed in cases where clients “think this is a game” and “don't believe they really need to follow the rules.” And as we have seen, the decision to threaten a sanction is often the first step in a process that leads from performance pressures to actual sanctions. Likewise, client differences may also influence the frustration-sanction dynamic identified earlier. One case manager stated, for example: “I get angered easier with candidates who play the victim role. It's okay to have barriers... but don't use them as an excuse!” Indeed, a variety of group characteristics may affect the conversion of performance pressure into sanctions. In separate interviews, for example, case managers reported that they were particularly wary of excuses put forward by clients who had previously received sanction, clients who had accumulated longer participation spells, and clients who had been incarcerated. All three of these markers tend to be unevenly distributed across social groups.

Thus, the weight of evidence from interviews suggests that sanction decisions depend heavily on the ways that case managers perceive and evaluate individual clients (see also Maynard-Moody and Musheno 2003). To the extent that group identities influence such perceptions or group attributes affect clients' abilities to respond to what is asked of them, we

should expect the relationship between performance pressure and sanctioning to vary across demographic groups. In one interview, a senior state official endorsed this expectation, stating that in sanction implementation “there are problems of equal treatment for different groups.” Based on our field research, we would expect performance pressures to encourage sanctioning most strongly when clients come from groups that make them especially likely to be perceived as “problem clients.”

Performance Management and Sanctioning: A Statistical Analysis of Administrative Data

Our field research has a number of observable implications for what one should expect to find in a statistical examination of sanctioning patterns in the state of Florida. Based on observations and interviews in the field, we have attempted to trace the causal processes that might link performance management to sanctioning (George and Bennett 2005). This analysis has cast doubt on one plausible causal mechanism, but has also identified alternative causal pathways that suggest hypotheses suitable for statistical testing. In this section, we take advantage of detailed administrative data provided by the Florida Department of Children and Families (DCF) to test four of these hypotheses. This dialogue between quantitative and qualitative analyses has the potential to yield analytic advances regardless of its empirical outcome. If our field account of casual mechanisms turns out be consistent with the evidence of causal effects suggested by correlational analysis, then we arrive at a neatly triangulated set of conclusions. Divergent results, of course, would call the validity of at least some of the findings into question but might prove equally fruitful in an analytic sense by suggesting a new set of puzzles and stimulating more targeted efforts to resolve the apparent contradictions.

We begin our statistical analysis with what we term the “chronic pressure” hypothesis. This hypothesis is motivated by one of the most basic implications of our fieldwork, which is that welfare sanctions should be positively correlated with the strength of what we have called “chronic” performance management pressures. In principle, it is possible that such pressures vary significantly across the workforce regions. But we have found little evidence of such variation in our field research to date and know of no regional-level measure of chronic performance pressure suitable for a statistical analysis. Thus, the most appropriate test of this hypothesis is a longitudinal one. If our expectation is correct, sanction rates in Florida should have risen significantly when the state shifted from the less performance-focused WAGES program to the more performance-driven WT program in July of 2000.

Figure 3 tracks the average welfare sanction rate for Florida workforce regions from January 2000 to April 2004. The sanction rate reflected in Figure 3 is measured as a three-month moving average of the the percentage of the adult caseload receiving a sanction. The trend line is clearly consistent with our hypothesis. The statewide sanction rate rises significantly after July 2000 (denoted by the vertical line in the figure) and, under the WT performance system, stays continually above its rate under the WAGES program. Indeed, the average statewide sanction rate from January to through June 2000 was 9.02 percent. Between July 2000 and April 2004, the sanction rate was 11.47 percent, a percentage increase across periods of roughly 27 percent.

[Figure 3]

Our field research also suggested three additional hypotheses concerning variation in regional sanction rates. These hypotheses, which were discussed in detail above, are briefly summarized below.

- The “performance feedback hypothesis” is based on the observation that in addition to chronic performance pressures, regional officials and case managers experience increased performance pressure in the wake of negative performance feedback communicated through periodic state reports. Therefore, we expect that in response to declining regional performance, regional sanction rates will increase.
- The “client group hypothesis” suggests that the effect of performance feedback on regional sanction rates will be strongest among hard-to-serve clients who are least prepared to be successful in the workforce, and therefore most likely to be perceived as “problem clients.”
- The “regional variation hypothesis” suggests that the effect of negative performance feedback on regional sanctioning rates will be strongest among local welfare offices that embrace the “get tough” approach to welfare reform that recognizes an important role for sanctions and other punitive practices to motivate clients.

To test these hypotheses we move to the regional level, utilizing a panel dataset which consists of monthly observations for each of Florida’s 24 Workforce Board regions. This dataset spans the period of October 2001 through March 2004 and therefore consists of 30 monthly observations for each region.¹ To estimate the policy response to performance measurement, we construct a measure of regional performance which is based on the average (monthly) regional ranking (1-24) across the three key performance measures utilized by state Workforce Board to monitor regional performance in the WT program – the entered employment rate, the welfare return rate, and the entered wage rate. We utilize the regional ranking, rather than the actual performance measures themselves, since performance incentives are largely based on the region’s performance relative to other regions in the state.

There are three additional features of this measure that warrant discussion. First, the average regional ranking is measured cumulatively within each fiscal year. In other words, the ranking reflects the region’s average performance ranking from the first month of the fiscal year (July) through the most recent month. We measure performance in this fashion due to the fact that performance incentives are based on a region’s performance across the entire fiscal year, rather than a month-to-month basis. Second, we measure regional performance as the monthly change in the average ranking. This reflects our belief that local TANF administrators are likely to be most responsive to the short-term trajectory of the region’s performance ranking, rather than the overall ranking itself. And third, our measure of regional performance feedback is lagged 2-3 months to account for the lapse of time between the end of the month, the publication of the monthly performance reports by the state Workforce Board (which are not available until the following month), and the communication of the regional response by regional managers to frontline personnel.

¹ This time period reflects the maximum amount of time for which we are able to obtain data for regional performance rankings, regional sanction rates, and the characteristics of TANF clients.

The primary dependent variable for our analyses is the regional sanction rate, which we define for each region and month as the percentage of the monthly caseload that received a sanction during that month. In addition to our measure of performance feedback described above, the independent variables for our analyses consist of a variety of characteristics of the adult caseload, including racial/ethnic composition, average age, the work participation rate, family structure, family size, TANF dependency, and the overall size of the monthly adult caseload. Detailed definitions for each of these variables, along with descriptive statistics, are presented in the Appendix. Finally, for each of our analyses we include a full set of regional and monthly fixed effects. The inclusion of regional fixed effects controls for all time-invariant variables that vary across regions, thus providing further control for important differences in regional contexts that may affect client outcomes. The monthly fixed effects control for time-varying variables which do not vary across regions, such as state-level changes in policy which affect all regions.

As background to our analyses, Table 1 presents the average monthly sanction rate for each of the 24 workforce regions in Florida for the sample period (October 2001-March 2004). As noted earlier, Florida has relied heavily on sanctions in its administration of the WT program and the data in Table 1 are consistent with this generalization. The average monthly sanction rate across the 24 regions was approximately 13 percent during the period of our analysis. While cross-state comparisons of sanction rates are complicated due to differences in methodologies, a report by the General Accounting Office (2000) indicated that as of the late 1990's, the maximum (average) monthly sanction rate across the states was approximately 7 percent. Table 1 also indicates that monthly sanction rates were quite variable within the state, ranging from a maximum value of 19 percent for Region 16 (Pasco County) to a minimum of approximately 9 percent for Regions 9 (Alachua County) and 23 (Miami-Dade). This variation is striking because the state of Florida has elaborated detailed policies regarding the sanctioning process (Agency for Workforce Innovation 2004), and our field interviews with state officials indicate that sanction procedures are generally considered to be the most "state-prescribed" area of WT administration for the regions.

[Table 1]

We begin our analysis of the regional response to performance feedback with a test of the performance feedback hypothesis, which suggests that the change in the average regional performance ranking will be positively related to regional sanctioning rates. In other words, as a region's performance declines relative to other regions in the state (and therefore the value of its average performance ranking increases), we expect that the region will respond by increasing its sanction rate. We test this hypothesis by regressing the regional sanction rate on our measure of performance feedback and a host of control variables capturing important characteristics of the region's caseload that may be related to sanction outcomes.

The results for this analysis are presented in the first column of Table 2 and find that a region's performance ranking is significantly related to the sanction rate. Based on the slope coefficient for our measure of performance feedback, we find that for every increase of one in the change in a region's performance ranking, the sanction rate increases, on average, by approximately .13. Since we include a lagged dependent variable in all of our models, it is important to remember that the slope coefficient represents the immediate effect of performance feedback, and that the effect is distributed over time through the lagged dependent variable. Yet,

given the relatively small coefficient for the lagged dependent variable, even after six months the cumulative effect is only modestly larger in magnitude at .17.

[Table 2]

We now move to the client group hypothesis, which suggests that the effect of performance feedback on regional sanction rates will be strongest among hard-to-serve clients who are least prepared to comply with TANF work requirements. Although “hard-to-serve” clients could be defined in a variety of ways, data constraints limit us to using two alternative strategies. First, we examine differences in the effects of performance feedback across black and white clients. As barriers to successful labor market experiences are likely to be greater for black clients compared to white clients (Holzer and Stoll 2002), the client group hypothesis would therefore lead us to expect the effect of performance feedback to be greater among black clients.² As an alternative strategy for testing this hypothesis, we also compare the effects of performance feedback among clients with less than 12 years of education to clients with 12 or more years of education.³ Assuming that clients with less education face greater barriers to compliance with TANF work requirements, we expect that the effects of performance measurement will be greatest among the population of clients with less than 12 years of education.

The results of these analyses are presented in columns 2-5 of Table 2 and generally support our expectations. Although the effects of performance feedback are statistically significant for all four categories of clients, the effects are largest among both black and less-educated clients. These differences across subgroups are not dramatic, but in each case the effect for the “hard-to-serve” group exceeds the effect of the comparison group. Among the less educated clients, the performance feedback effect exceeds that of the more educated group by approximately 35%. In the case of black clients, the effect is 50% larger than it is for white clients. In addition, the effects for both black and less-educated clients are significantly greater than the effect seen for the full sample (column 1).

Finally, the regional variation hypothesis suggests that the effects of performance feedback on sanctioning should be greater in workforce regions where the organizational culture is more likely to embrace punitive policy tools to meet performance goals. Due to data constraints we cannot directly measure organizational culture within workforce regions in Florida. However, past research suggests that organizational culture often reflects the broader values of the communities in which implementing organizations are embedded (Martin 1992; Feldman 1989; Herzfeld 1992). Local environments may affect organizational operations through democratic pressures, because policymakers respond to local social conditions and needs, or because officials share the political values of the community at large. Consistent with this thinking, a number of studies have found local implementation of public policy to be influenced by the local political environment (e.g., Cho et al. 2005; Goggin et al. 1990; Weissert 1994). We expect this to be no less true with respect to the implementation of TANF sanctions, especially in states like Florida that have devolved significant authority over TANF to the local level.

² Although the state of Florida is home to a large Hispanic population, the Hispanic caseload is less evenly dispersed throughout the state. This fact significantly limits the number of regions for which we can perform an equivalent panel analysis of regional sanction rates. For this reason, we compare the effects of performance measurement across black and white clients only.

³ A lack of data availability for client education levels limits the time period for this analysis to 23 months.

Our conceptualization of the “political environment” in this study is based on the classic liberal-conservative dimension, which has repeatedly been shown to be an important determinant of support for welfare generosity in state-level studies of AFDC and TANF (e.g. Barrilleaux, Holbrook and Langer 2002; Fording 1997; Soss et al. 2001). To test the regional variation hypothesis, we therefore created a measure of regional political ideology based on county election results for 18 ideologically relevant constitutional amendments that appeared on the ballot throughout the entire state between 1996 and 2004. Based on the results of a factor analysis of support for all 18 amendments, we used the factor scores to create an index of regional conservatism for our analysis of sanctioning outcomes.⁴ We then divided the workforce regions into two groups based on this measure of regional ideology and replicated our model of regional sanction rates for the most liberal and the most conservative workforce regions. If our hypothesis holds, we expect that the effect of performance feedback on regional sanction rates will be significantly larger in the most conservative regions due to their (presumed) greater level of support for punitive approaches to welfare reform.

The results for this analysis are presented in Table 3 and are consistent with expectations. Column 1 presents the results for our sanction model for the most liberal workforce regions and finds that performance feedback has no discernable effect on sanction rates. This is not the case for the conservative regions, however, as reflected in column 2 of the table. Indeed, the effect of performance feedback in conservative regions is highly significant and roughly 10 times the magnitude of the effect seen in the most liberal regions. More specifically, we find that for every increase of one in the change in a conservative region’s performance ranking, the immediate increase in the sanction rate is estimated to be .18. After six months the cumulative effect is modestly larger in magnitude at .24.

[Table 3]

Thus far, we have seen that the effects of performance feedback vary across client subgroups and across regional political environments much in the way predicted by our field research. However, it is quite plausible that the causal mechanisms underlying these two hypotheses do not operate in isolation from one another, but rather that they interact to affect implementation outcomes. In other words, we might expect that the differences in the effects of performance feedback across client subgroups may themselves be dependent upon the local political environment. We examine this possibility in Table 4, which presents the results of our regional sanction model across 8 client subgroups identified by both their presumed propensity for compliance with TANF work requirements (based on client race and education level), and the ideological orientation of the workforce region in which they reside (liberal or conservative, as defined in Table 3).

[Table 4]

⁴ We validated our measure of regional ideology in two ways. First, if our measure of local ideology is valid, we expect that it should be at least moderately related to local partisanship. This proves to be the case as the simple county-level correlation between our measure of conservatism and a measure of the average Republican vote share in recent presidential elections is reasonably strong at .65 ($p < .05$, $N=67$). Second, we merged survey results from two different statewide surveys that measure liberal-conservative self-identification at the individual level. We then calculated county means across these survey responses for the 8 counties with at least 50 respondents represented in the merged sample. Our amendment-based measure of county conservatism corresponds well with the survey-based measure as the two measures are correlated at .85. For more details on the construction of our measure of regional ideology and these validity tests see Fording, Schram and Soss (2006).

Overall, the evidence presented in Table 4 is consistent with the expectation that the effects of performance feedback are dependent upon both client traits and regional political culture. As can be seen from the table, there is relatively little difference in the effects of performance feedback across client subgroups in liberal regions as all of the coefficients are statistically indistinguishable from 0. In conservative regions, however, we see that not only are the effects significantly larger across most categories of clients, but that the differences in these effects across racial and educational subgroups are much greater as well. In sum, these results suggest that support for the client group hypothesis appears to be restricted to the most ideologically conservative regions in Florida.

Although we find that performance feedback has a statistically significant effect on regional sanctioning practices across various versions of our sanctioning model, the substantive impact is not obvious from the results presented thus far. Therefore, to provide additional perspective on the strength of the effects of performance feedback, we computed the predicted change in the regional sanction rate based on both one standard deviation and two standard deviation increases in our measure of performance feedback. We restrict our attention to effects that were found to be statistically significant as indicated in Tables 2-4. These predicted effects are displayed graphically in Figure 4.

[Figure 4]

The magnitude of the effects displayed in Figure 4 suggests that the effects of performance feedback, at least in response to routine changes in district performance, are in most cases relatively modest. For example, given an increase of one standard deviation in our measure of performance feedback (an increase of 1.67 – 1.85 units), the predicted change in the district sanction rate is always less than one percentage point. Based on a two standard deviation increase, however, the predicted change in the sanction rate is much more impressive, exceeding 1.0 among black clients and less educated clients in conservative regions. Of course, changes in district performance of this magnitude occur rather infrequently. Yet, the vast majority (21) of the regions in our dataset experienced at least one change in district performance that either met or exceeded such a value. And perhaps most importantly, we must remember that these effects are based on monthly data and therefore the cumulative impact of a consistent downward slide in regional performance over a longer period of time is likely to be quite significant.

Performance Feedback and Case Closure Rates

Based on the results presented in Tables 2-4, we find significant support for the effects of performance feedback on regional sanction rates. However, as our field research suggests, regional officials might respond to negative performance feedback by using other punitive measures, in addition to sanctions, to boost district regional performance. For this reason, as a supplement to our analysis of regional sanction rates we also examine the effect of regional performance feedback on case closure rates. Our measure of the case closure rate is based on regional caseload reports published by the state of Florida and is calculated as the percentage of open cases each month that are closed for reasons other than sanction or earnings. Although case closures may occur for a variety of reasons, we expect that if local TANF offices are indeed responding to declining performance in a more punitive fashion, this response should not only be manifested in the rate at which clients are directly pushed off the rolls (i.e. through sanctions), but that we might also see an increase in the rate at which clients leave on a voluntary basis because the demands of the program have become too strict.

To test this possibility we proceed in a similar fashion by estimating a regional panel model of case closure rates. The independent variables for this analysis include our measure of

performance feedback along with the full set of control variables used in the analysis of regional sanction rates. Due to data limitations, we are unable to stratify our sample by race and education level to test for differences in the effect of performance feedback across client subgroups (as suggested by the client group hypothesis for regional sanction rates).⁵ However, we are able to test for the stability of the effect of performance feedback across regional political culture to provide a supplemental test of the regional variation hypothesis.

The results for our analyses of case closure rates are presented in Table 5. As with our model of regional sanction rates, we find that the effect of performance feedback is statistically significant for the full sample of workforce regions (column 1). As we rely on the natural log of the case closure rate in this analysis for our dependent variable, the slope coefficient suggests that for every increase of one unit in the monthly change in the performance ranking, the region's case closure rate is expected to increase by .7 percent. Moving to the mediating effect of regional ideology, we find a pattern similar to that reported for sanction rates. Among the 12 most liberal regions, the effect of performance feedback is not statistically significant. In contrast, among the 12 most conservative districts the effect is four times as large and significant at the .05 level. Specifically, the coefficient suggests that for every unit increase in our measure of performance feedback the case closure rate increases by 1.2 percent. While these effects appear to be somewhat smaller than the effects for the sanction rate, given the similarity in the pattern of findings across both types of dependent variables, this provides further support for our conclusions regarding the policy response to performance measurement.

[Table 5 here]

In sum, our field interviews and observations led us to several different hypotheses concerning the impact of performance measurement on the use of sanctioning in Florida's WT program. Based upon tests of these hypotheses across a variety of quantitative analyses, we find consistent support for each of the effects suggested by our field research. These effects are manifested in two general ways. First, under the strong performance measurement system implemented with the WT program in 2000, regional officials and case managers appear to be subject to chronic performance pressure, resulting in an increase in sanctioning rates across the state. Performance measurement also appears to create episodic pressure that is associated with periodic performance reports. Negative feedback appears to heighten performance pressures, thus leading to further increases in sanctioning. Consistent with our field research, these effects vary across client subgroups and across regions in a predictable way. While the magnitude of the statistical effects is often modest, the consistency of these findings across our qualitative and quantitative analyses give us much greater confidence in these conclusions.

Conclusion

This paper has presented a mixed-methods analysis of how performance management affects the use of sanctions in a highly decentralized welfare system (on mixed methods, see Tashakkori and Teddlie 2003). We have focused on sanctions because they function today as the primary disciplinary tool in programs that govern income assistance and work behavior for low-income families in the United States. We have focused on the state of Florida because it allows us to explore the conjunction of performance management, decentralized policy authority, and

⁵ This is due to the fact that for non-sanction exits, our individual level data do not allow us to distinguish between clients who leave TANF due to earnings and clients who exit for other reasons. However, such data are available to us at the regional level.

disciplinary policy tools – each observed in strong form and in interplay with the others. As an analytic case, sanctioning in the Florida WT program distills and combines some of the key policy trends that have recently transformed poverty governance in the United States.

This paper is part of a larger, ongoing project. In previous analyses, we have focused more directly on how policy devolution and disciplinary tools relate to each other. Our analyses have shown that dispersed policy authority and stringent disciplinary approaches tend to track together in the American states and that, under devolution, the use of disciplinary tools tends to be strongly shaped by local contexts (Fording, Schram, and Soss 2006). In the present paper, we have added a third piece to this puzzle by asking how a system of decentralized discipline operates when strong performance pressures are applied to local program operators. What we have found is that disciplinary actions ratchet upward, and they do so in ways that can vary significantly across local jurisdictions.

How one views this increase in sanctioning depends greatly on one's values and prior assumptions. The Florida WT program sanctions at a high rate relative to TANF programs in other states. If one views TANF program requirements as just and reasonable, and if one assumes that large numbers of TANF participants engage in non-compliant behavior, then high sanction rates may be deemed appropriate. Indeed, evidence that performance pressures promote sanctioning might be seen as an *encouraging* sign that performance measures push frontline workers to follow the rules and do what they are supposed to do under a program's mandate. If one goes further in assuming that sanctions teach valuable lessons, then these findings look all the more promising.

Given what we have uncovered through our field research, however, we find it difficult to sustain such a rosy image of the new public management and its effects on sanctioning. Under a decentralized system of performance-based competition, local operators are supposed to experiment and learn from one another. Yet we find that local officials and frontline workers respond to performance pressures by focusing relentlessly on documentary and disciplinary activities, restricting themselves to a small number of “cookie cutter” tools. Moreover, we find that the high-stakes competition within this system can encourage local actors to erect high barriers to program access, as in “Region A.” Many innovations involve creative approaches to counting designed to “game the system,” and performance-based competition encourages a level of distrust among the regions that can undermine the diffusion of “best-practice” knowledge.

Further reasons for concern can be inferred from our analysis of the mechanisms that convert performance pressures into sanctions. Even if performance-driven sanctioning is viewed as appropriate and desirable, advocates of the new public management would hope to find such a relationship grounded in carefully planned responses to up-to-date performance feedback. Ideally, a region that performed well last quarter and poorly this quarter would be prompted by declining numbers to review operations and would adapt in a direction that local officials perceived as likely to improve the attainment of program goals. This is not at all what we find. In the regions, the effects of performance measurement are driven by very high and quite persistent levels of anxiety. They appear closely tied to chronic “24/7” pressures to raise the numbers but only modestly calibrated to the episodic and more precise feedback given in monthly and quarterly performance reports. Moreover, even if regional behavior were tied more close to episodic performance feedback, we would confront the fact that the observed response in this case – an increase in the sanction rate – is identified by regional officials and frontline workers as counterproductive for meeting performance goals. Far from being a rationally chosen operational improvement, performance-driven sanctioning emerges here as an unintended

byproduct of the limited tools available to case managers. It occurs because frontline workers are under stress, believe they have few tools at their disposal aside from threats, and become frustrated and angry when client behaviors risk putting their own performance at risk.

Third, there is the matter of how this relationship between performance feedback and sanctioning varies across local regions and social groups. Ideally, performance measures are supposed to send clear signals to local actors and performance incentives are supposed to promote consistent policy responses across decentralized systems. Our findings suggest this is not what is happening in the Florida WT program. In the regions we have studied intensively, the only unambiguous message of performance management has been that “the numbers” better look good. Interviews suggest that regions respond to this message in very different ways and, as a result, the effects of “chronic” performance pressures are strongly mediated by local sanctioning philosophies and organizational cultures. Although the effects appear more modest, as we expected, the evidence from our statistical analysis suggests that responses to episodes of negative performance feedback are similarly tied to the ideological orientations of the regions. Moreover, both the interviews and the statistical analysis suggest reasons to believe that disadvantaged clients (e.g., racial minorities and those with less education) are likely to bear the heaviest burdens when performance pressures ratchet up sanctioning rates.

Finally, we end our paper with a brief comment on the issue of case manager discretion. The image of the uncontrolled case manager acting on personal whim has been a staple of anxieties that have surrounded welfare reform from its inception. On the right, these anxieties often focused on the idea that liberal or lazy frontline workers would not really implement the demanding new procedures of welfare-to-work programs. On the left, these anxieties focused on the idea that expanded program requirements and tough punitive tools would give case managers *carte blanche* to treat clients in arbitrary, harmful, and unjust ways. Field studies of welfare agencies sometimes contribute to these anxieties because readers take away as central the message that frontline discretion is endemic, impossible to eradicate with increased supervision or new procedures, and capable of rewriting policy as managers make decisions about how to interpret and apply rules.

We do not disagree with this conventional wisdom or the studies that have advocated it (Lipsky 1980; Brodtkin 1997; Maynard-Moody and Musheno 2003). Rather, we want to underscore the *other* less-often-appreciated message urged by these same scholars. The fact that frontline workers are often weakly constrained by rules does not imply that they are free to act on the basis of personal whim. Their uses of discretion are not “*ad hoc*, unsystematic, or incomprehensible” (Feldman 1992: 163). To the contrary, organization theorists have put little stock in this myth of renegade, individualistic action. They have suggested instead that organizational routines, implementation tools, norms, incentives, categories of understanding, and other elements of social control lead caseworkers to exercise discretion in systematic, predictable ways (Baumgartner 1992: 129; Mashaw 1983: 213).

Our analysis serves to underscore this tradition of argument. Case managers in the Florida WT program do possess considerable discretion in their handling of cases. Their discretion is broad, in the sense that they must make a wide variety of decisions affecting the client, and it is ineradicable, in the sense that case managers almost always know some way to push a decision in a preferred direction. But case manager discretion does not run all that *deep* if by “deep” one means an individual liberty to treat clients as one would like. Case managers in the WT program are under tremendous performance pressure, and they feel that they are being closely monitored. Interviews with these managers leave the impression that welfare reform has

initiated a tougher regime of social control, not just for welfare clients, but also for the employees who serve as their caseworkers. Based on what we have observed to date, the link between performance management and sanctioning seems more closely tied this organizational regime than to any image of individual case managers purposely setting out to improve their numbers by terminating the benefits of low-income families.

Appendix: Variable Definitions and Descriptive Statistics

<i>Independent Variables</i>	<i>Definition</i>	<i>Mean</i>	<i>S.D.</i>
Performance Ranking	Monthly change in the average regional performance ranking for the entered employment rate, entered wage rate, and welfare return rate.	-0.01	1.74
Participation Rate	Percentage of the caseload participating in countable work activities (lagged three months).	17.31	9.68
Average Time on Current Spell	Average number of months on current TANF spell for adult caseload.	4.24	0.68
Average Spell Number	Average number of TANF spells of adults on TANF (including current spell)	2.07	0.28
Average Number of Children	Average number of children for each TANF adult	1.87	0.10
Average Age of Youngest Child	Average age of the youngest child for each TANF adult	5.16	0.47
% Single	Percentage of adult caseload that is single.	0.81	0.05
% Male	Percentage of adult caseload that is male.	1.12	0.03
%Citizens	Percentage of adult caseload that is a U.S. citizen.	0.95	0.07
%Black	Percentage of adult caseload that is black.	0.40	0.15
%Hispanic	Percentage of adult caseload that is Hispanic.	0.12	0.12
Average Age of Adult Clients	Average age of all adults on TANF	29.61	1.06
Size of Caseload _{t-1}	The size of the regional caseload in 1000's.	1.14	1.71

Note: Descriptive statistics are for the full sample of clients. Characteristics of the adult caseload are based on administrative records provided by the Department of Children and Families. Data on regional performance ranking, the participation rate, and the size of the adult caseload were obtained from online reports published by the Agency for Workforce Innovation.

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Table 1: Average Monthly Sanction Rates across 24 Workforce Regions in Florida

<i>Workforce Region</i>	<i>Sanction Rate</i>
16 Pasco-Hernando Jobs & Education Partnership Regional Board, Inc.	19.40
24 Southwest Florida Workforce Development Board	16.64
18 Suncoast Workforce Development Board, Inc.	16.50
14 Pinellas Workforce Development Board	16.45
19 Heartland Workforce Investment Board, Inc.	16.07
17 Polk County Workforce Development Board, Inc.	15.32
1 Escarosa Regional Workforce Development Board, Inc.	15.15
8 First Coast Workforce Development, Inc.	14.35
7 Florida Crown Workforce Development Board	14.06
21 Palm Beach County Workforce Development Board	13.94
11 Workforce Development Board of Flagler and Volusia Counties, Inc.	13.86
20 Workforce Development Board of the Treasure Coast	13.82
15 Hillsborough County Workforce Board	13.77
Statewide Average	13.39
3 Chipola Regional Workforce Planning Board	13.30
4 Gulf Coast Workforce Development Board	12.50
13 Brevard Workforce Development Board, Inc.	12.29
12 Workforce Central Florida	11.93
10 Citrus Levy Marion Workforce Development Board	11.83
2 Okaloosa-Walton Jobs & Education Partnership, Inc.	11.53
22 Broward Workforce Development Board	11.52
6 North Florida Workforce Development Board	10.26
5 Big Bend Jobs and Education Council, Inc.	10.02
9 Alachua, Bradford Workforce Development Board	8.53
23 Miami-Dade & Monroe County Jobs & Education Partnership	8.50

Note: The sanction rate is the average percentage of the caseload that is sanctioned each month during the period October 2001 – March 2004.

Table 2. Effect of Regional Performance Measures on Regional Sanction Rates

Independent Variables	Race of Clients			Clients' Education	
	All Clients	Black	White	< 12 yrs.	≥ 12 yrs.
Performance Ranking	.127**	.200**	.137*	.234**	.173**
Participation Rate	-.074**	-.126**	-.033	-.101**	-.093**
Average Time on Current Spell	-.873**	-.357	-1.205**	-1.807**	-.642
Average Spell Number	-1.877	-.962	-2.707*	-2.227	-1.798
Average Number of Children	3.980*	1.738	2.392	3.066	.909
Average Age of Youngest Child	-.181	-.047	.808	-.375	.096
% Single	-.069	-.054	-.046	-.053	.077
% Male	.061	-.035	.119	-.072	.098
%Citizens	-.180	-.339*	.077	.024	-.050
%Black	-.147**	---	---	-.036	-.122**
%Hispanic	-.166*	---	---	-.005	-.125
Average Age of Adult Clients	-.316	-.878**	-.191	-.031	-.561
Size of Caseload _{t-1}	-.450	-.661	-1.328*	-2.161**	-.282
Sanction Rate _{t-1}	.271**	.240**	.137**	.131**	.084
R ²	.58	.48	.46	.52	.49
Sample Size	(N=720)	(N=720)	(N=720)	(N=552)	(N=552)

**p<.05, *p<.10, two-tailed test

Note: The dependent variable is the monthly sanction rate (# sanctioned / caseload * 100). *Performance Ranking* is defined as the change in the average monthly ranking (1-24) for the entered wage rate, the welfare return rate, and the entered employment rate. This variable is measured at a lag of three months and is measured cumulatively within each fiscal year. Slope coefficients are estimated by OLS, while significance tests are based on panel corrected standard errors. All models are estimated with a full set of fixed effects for workforce regions and month of analysis.

Table 3. Effect of Regional Performance Measures on Regional Sanction Rates, by Local Political Culture

Independent Variables	Most Liberal Regions	Most Conservative Regions
Performance Ranking	.017	.180**
Participation Rate	-.124**	-.037
Average Time on Current Spell	-1.967**	-.437
Average Spell Number	-.965	-5.552**
Average Number of Children	.189	3.910
Average Age of Youngest Child	-1.746**	1.274
% Single	.049	-.043
% Male	.012	.198
%Citizens	.142	-.464**
%Black	-.238**	-.140
%Hispanic	.020	-.333**
Average Age of Adult Clients	.311	-.792
Size of Caseload _{t-1}	-1.117*	1.249
Sanction Rate _{t-1}	.241**	.245*
R ²	.68	.48
Sample Size	(N=360)	(N=360)

**p<.05, *p<.10, two-tailed test

Note: The dependent variable is the monthly sanction rate (# sanctioned / caseload * 100). *Performance Ranking* is defined as the change in the average monthly ranking (1-24) for the entered wage rate, the welfare return rate, and the entered employment rate. This variable is measured at a lag of three months and is measured cumulatively within each fiscal year. Slope coefficients are estimated by OLS, while significance tests are based on panel corrected standard errors. All models are estimated with a full set of fixed effects for workforce regions and month of analysis.

Table 4. Effect of Regional Performance Measures on Regional Sanction Rates, by Local Political Culture and Race of Client

Independent Variables	Most Liberal Regions		Most Liberal Regions		Most Conservative Regions		Most Conservative Regions	
	Black	White	<12 yrs.	≥ 12 yrs.	Black	White	< 12 yrs.	≥ 12 yrs.
Performance Ranking	.055	.045	-.030	.153	.290**	.176*	.346**	.131
Participation Rate	-.117**	-.075**	-.168**	-.138**	-.120**	.013	-.059	-.099**
Avg. Time on Current Spell	-1.044**	-1.690**	-1.798**	-.386	.608	-.511	-1.687**	-.353
Avg. Spell Number	1.612	-1.849	-.401	-1.095	-1.512	-6.685**	-3.717	-3.428
Avg. Number of Children	1.346	4.118	.109	-3.022	1.679	1.165	3.594	.682
Avg. Age of Youngest Child	-.597	.566	-1.213	-1.516	.573	.584	.190	1.173
% Single	-.286**	.067	-.283**	.199*	.046	-.067	.007	-.033
% Male	-.481**	.132	-.450**	.371**	.196	.171	.057	-.110
% Citizens	-.613**	-.292	.211	.186	-.297	.341	.049	-.128
% Black	---	---	-.132	-.214**	---	---	.059	-.035
% Hispanic	---	---	.245	.180	---	---	-.041	-.187
Avg. Age of Adult Clients	-.659	-.163	-.143	-.027	-1.122**	-.222	.144	-1.015**
Size of Caseload _{t-1}	.031	-2.102**	-1.256	-.840	-1.757	1.618	-12.858**	-6.696*
Sanction Rate _{t-1}	.202**	.168**	.120	.012	.236**	.080	.054	.081
R ²	.59	.53	.65	.59	.42	.40	.42	.46
Sample Size	(N=360)	(N=360)	(N=276)	(N=276)	(N=360)	(N=360)	(N=276)	(N=276)

**p<.05, *p<.10, two-tailed test

Note: The dependent variable is the monthly sanction rate (# sanctioned / caseload * 100). *Performance Ranking* is defined as the change in the average monthly ranking (1-24) for the entered wage rate, the welfare return rate, and the entered employment rate. This variable is measured at a lag of three months and is measured cumulatively within each fiscal year. Slope coefficients are estimated by OLS, while significance tests are based on panel corrected standard errors. All models are estimated with a full set of fixed effects for workforce regions and month of analysis.

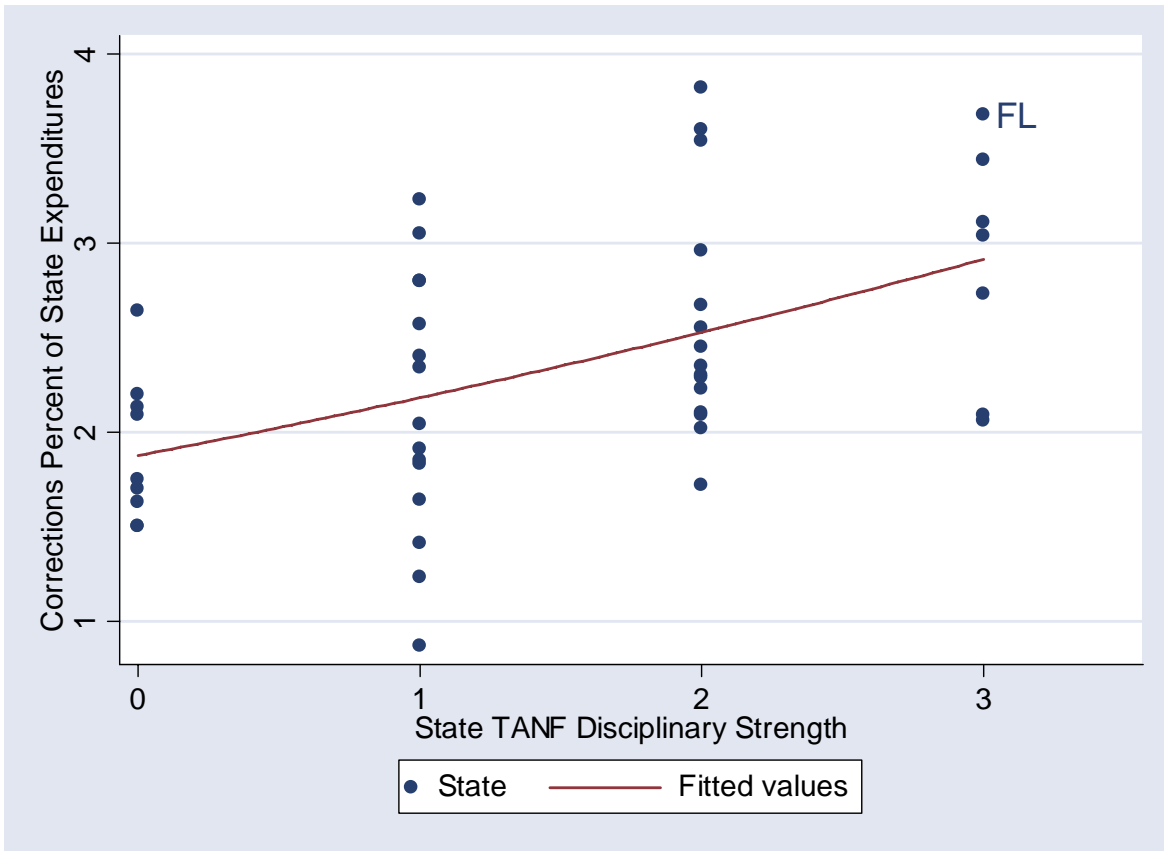
Table 5. Effect of Regional Performance Measures on Regional Case Closure Rates

Independent Variables	All Regions	Liberal Regions	Conservative Regions
Performance Ranking	.007*	.003	.012**
Participation Rate	.001	.004**	-.003*
Average Time on Current Spell	.005	.093**	-.012
Average Spell Number	.119	.464**	.299*
Average Number of Children	-.023	.004	.092
Average Age of Youngest Child	.056	-.013	.117*
Average Age of Adult Clients	.027	.013	-.000
% Single	-.001	-.011	-.001
% Male	-.011	-.028**	-.004
%Citizens	-.008	-.012	-.022*
%Black	-.005	-.007	-.001
%Hispanic	.004	.006	-.001
Size of Caseload _{t-1}	.013	.084**	.021
Case Closure Rate _{t-1}	.099*	.162**	-.047
R ²	.51	.68	.39
Sample Size	(N=720)	(N=360)	(N=360)

**p<.05, *p<.10, two-tailed test

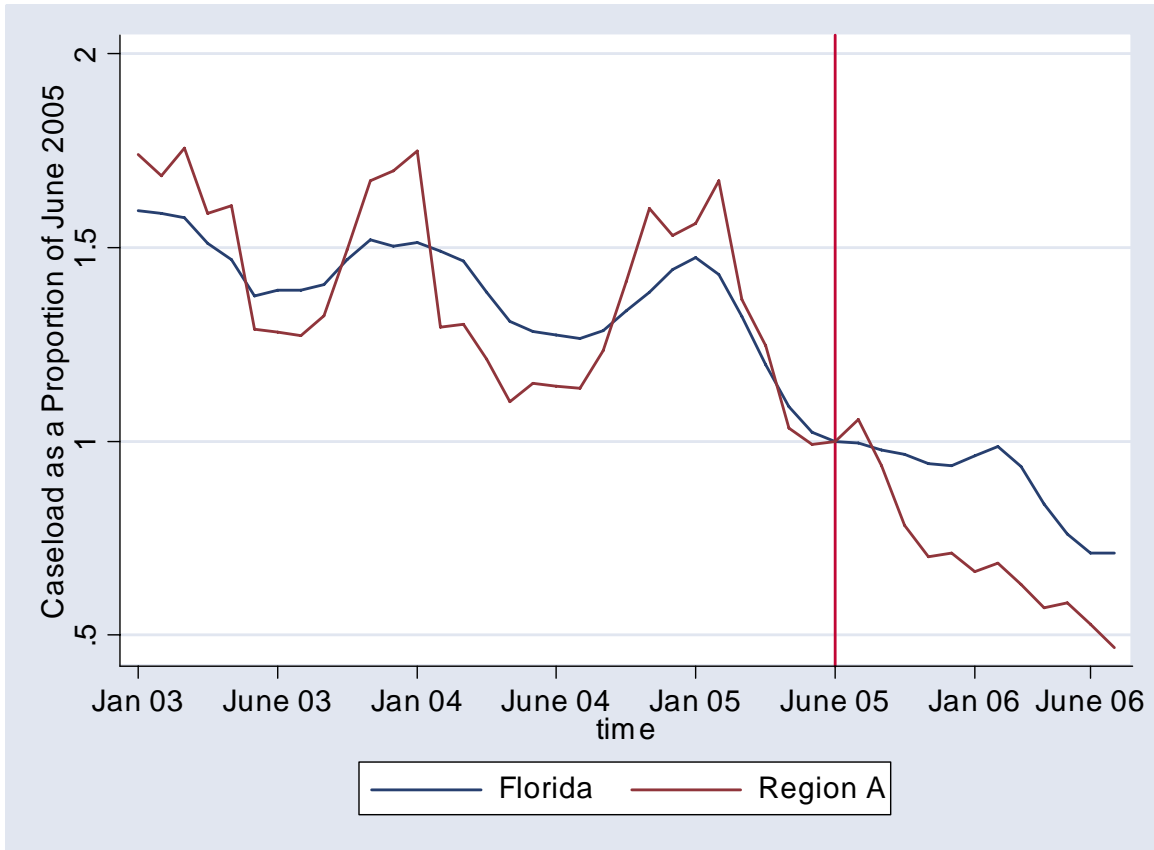
Note: The dependent variable is the natural log of the monthly case closure rate (# cases closed / caseload * 100). Cases closed in this measure are for reasons *other* than sanction or earnings. *Performance Ranking* is defined as the change in the average monthly ranking (1-24) for the entered wage rate, the welfare return rate, and the entered employment rate. This variable is measured at a lag of two months and is measured cumulatively within each fiscal year. Slope coefficients are estimated by OLS, while values in parentheses are panel-corrected standard errors. The period of analysis is October 2001 – March 2004 (30 months). All models are estimated with a full set of fixed effects for workforce regions and month of analysis.

Figure 1. Locating Florida as a State Case: A Highly Decentralized and Disciplinary Policy Regime



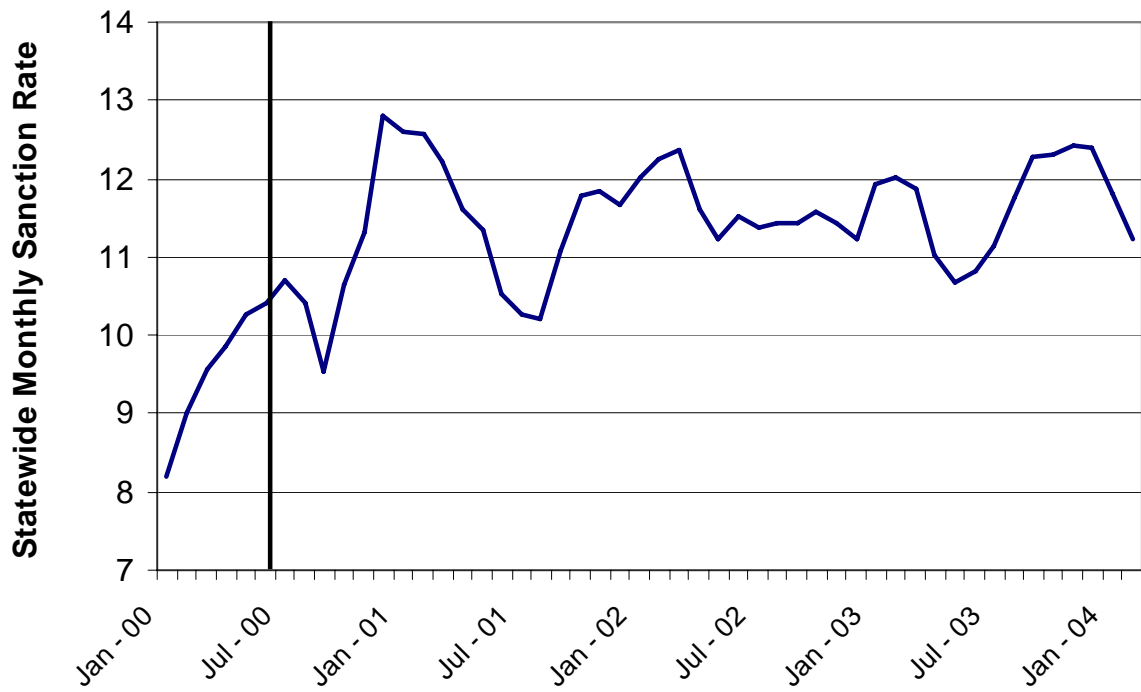
Note: Values for “State TANF Disciplinary Strength” indicate whether a state’s TANF program has implemented full-family sanctions, a family cap, and time limits shorter than the federal requirement (one point each). These values are based on 2001 state TANF policies as measured by the Urban Institute and Gainesborough 2003. Our data on corrections spending as a percent of state direct expenditures come from *Sourcebook of Criminal Justice Statistics 1999* (2000: 5-9, Table 1.5).

Figure 2. Caseload Effects of Organizational Change in “Region A”



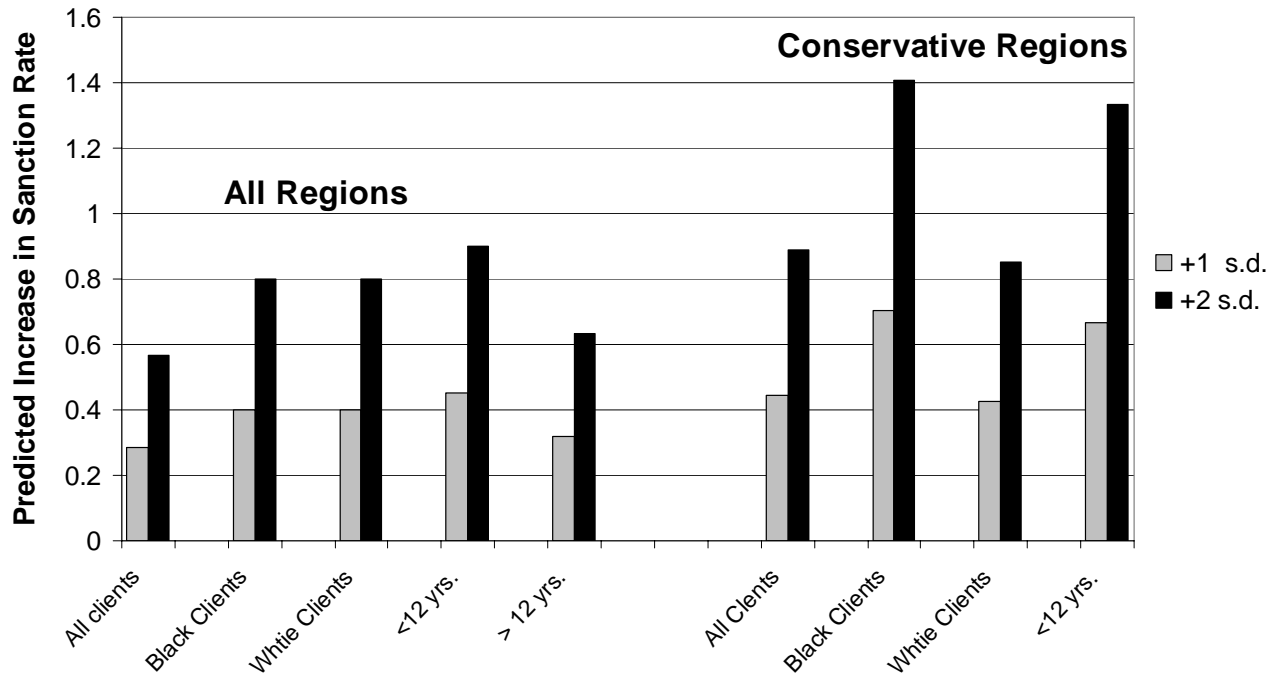
Note: All values are expressed as a proportion of the June 2005 caseload. Entries for “Florida” are based on the 23 workforce regions other than Region A.

Figure 3. Change in the Welfare Sanction Rate over Time: The Transition to WT



Note: Values represent the average statewide sanction rate at each point in time, measured as the mean of three-month moving averages calculated for each of the 24 workforce regions.

Figure 4. Summary of Effects of Performance Feedback on Regional Sanction Rates



Note: The bars in the figure represent the predicted increase in the regional sanction rate given a one and two standard deviation increase in our measure of (negative) regional performance feedback.