ABSTRACT

Bureaucratic discretion is a fundamental feature of social provision, one that presents enduring difficulties for management. In general, management reform has taken two, divergent paths. One, utilizing the familiar public bureaucratic model, seeks to control discretion through hierarchical command structures and standardization. The other, utilizing decentralization and privatization, regulates and relocates discretion, using incentive structures associated with market or quasi-market institutions. However, it may be that discretion will prove to be as problematic for the new public management (NPM) as it was for the old. This article offers a critical political history of management reformism, reviewing efforts to reorganize the public welfare provision by applying new public management models to old public bureaucracy problems. It considers the dynamics of bureaucratic discretion and reform not only as a problem of public management but as part of the contested politics of social policymaking.

Bureaucratic discretion is a fundamental feature of social provision, one that presents enduring difficulties for management. In the United States the oft-remarked “bureaucracy problem” has drawn the ire of policymakers and citizens alike (Wilson 1967). It has produced a decades-long search for solutions, which have led to episodes of management reform. The history of the search for reform reveals that the “bureaucracy problem” is hardly static. Indeed, in the case of social welfare programs, bureaucratic discretion has variously been blamed for being too broad and too narrow, too lax and too rigid. Reform solutions have shifted from “old public management” strategies of control and standardization to “new public management” strategies of regulation, decentralization, and privatization.

Yet each new reform seems to produce new problems that, in turn, prompt calls for more reform. Might there be lessons to be learned from this history that could contribute to understanding the reformist impulse and its consequences and that could inform the search for solutions?

This article offers a critical political history of the bureaucracy problem and responses to it, focusing on the case of management reformism in the provision of public welfare. It examines how three types of reform—standardization, regulation, and privatization—have fared in practice. It also examines administrative reform, not only as a managerial concern,

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but also as a set of strategic choices embedded in social politics. The account presented here leads to the troubling possibility that discretion may be as problematic in new public management as it was in the old, albeit in different ways and, most likely, with different consequences. This is, in part, because there may be no satisfactory administrative fix to a fundamentally political problem.

**DISCRETION, SOCIAL POLITICS, AND THE “BUREAUCRACY PROBLEM”**

In the world of social policy, policymakers and analysts tend to focus on the formal policy itself. Reformers engage in the challenge of creating new policy ideas and writing them into law. This is no small task. Sometimes it is successful, as in the notable case of the 1996 reform of welfare in the United States. But once a new law is enacted, what then? The less glamorous but fundamental challenge lies in the seemingly mundane functions of administration. If welfare state reforms are to create meaningful change, they must affect service production at the street level. This is axiomatic in the case of those social policies in which lower-level discretion is often a necessary and intrinsic feature of provision. In that circumstance, it is in the process of implementation that social policies acquire their “practical legal meaning.” That is, formal law derives its substantive meaning from the ways in which policy is routinely translated into practice (Brodkin 1990).

In this context, street-level bureaucrats occupy a distinctive policy position. They directly interact with the subjects of social policy, in effect, bringing policy to them (Lipsky 1980). Consequently, for all practical purposes, policy implementation rests in the hands of the social workers, teachers, police, nurses, counselors, and caseworkers ostensibly at the bottom of the policy hierarchy. Administrators would dearly like to be able to control the activities of street-level bureaucrats. In fact, control can become the crucible of administrators who are most directly responsible for agency performance. They attempt to achieve control through formal rules and regulations, monitoring, rewards and penalties, even persuasion and exhortation—standard instruments of the “old” public administration. But control is elusive. As Lipsky (1980) has argued, it is the essential nature of street-level bureaucrats that they cannot be controlled through traditional hierarchical strategies or inducements, in part, because the work they do occurs at a remove from direct oversight and also because it involves a core of irreducible discretion.

Typical street-level bureaucrats maintain a certain amount of irreducible discretion, in part, because their individual interactions with clients largely occur outside of direct observation. Moreover, their functions cannot easily be translated into rote tasks, although management often attempts to do so through practice manuals, forms that specify questions to be asked in fact-finding, and so forth. Yet, social service provision often requires discretionary judgments that are more art than science. At the end of the day, such matters as recognizing symptoms of child abuse or distinguishing shirking from an inability to hold a job demand fine-grained judgment. In short, discretion can be necessary to good social service provision. The bureaucracy problem is not that discretion exists, but that neither policymakers, administrators, nor agency clients can trust that it will be used well.

That raises the problem of what it means to use discretion “well.” The answer to this question is not obvious or solely a managerial concern. Rather, this question becomes complicated when placed in the context of social politics. Often, the social policy goals to which bureaucracies are presumably directed are ambiguous and uncertain. It is a well-recognized feature of American policymaking that legislative compromise and logrolling
can be the price of passage (Arnold 1990; Lowi 1979; Price 1978; Steiner 1971). When contentious social welfare questions are at stake, this aspect can produce policies that contain multiple and conflicting goals or grand statements of purpose that are not well supported with either resources or authority. As Steiner (1971) has pointed out, legislators have a tendency to delegate down the more contentious specifics of social policy. In effect, that shifts policymaking from an overt politics of the legislative process to an indirect politics of administrative practice (Brodkin 1986, 1990). In those circumstances, lower-level bureaucrats may be tacitly delegated the fundamental political tasks of selecting which goals to pursue and of balancing policy’s grand rhetorical ambitions against the practicalities of the possible.

For example, child welfare policies may aim to “protect the child” but leave uncertain whether that is best accomplished by removing the child from the home or working with the family to improve family life. Ambiguous, contradictory, or shifting policy goals can leave street-level agencies vulnerable to criticism for practices that take one approach over another. Agencies may be blamed for poor outcomes whether they err on the side of safety and pull children out of their homes or err on the side of unity and attempt to keep families together through counseling. Ironically, those politicians who create policies that virtually preclude “correct” implementation may be the first to blame “those government bureaucrats” when policy failures occur.

Bureaucracies may also draw the short stick when policies make big promises but fall short on resources to achieve them. In practical terms, street-level organizations can find themselves with a limited set of tools that can help them identify which children need protection and which can remain at home. They also may have limited resources for addressing family problems. For example, social workers who encounter a child living without adequate heat, food, or clothing often have limited ability to offer financial support to protect the child and help the family. Instead, the most readily available option may be to move the child into foster care, although that involves risks to the child as well (Schuerman, Rzepnicki, and Littell 1994; Smith and Donovan 2003). In effect, the quality of choices about help depend in part upon the “helping resources” to which street-level bureaucrats have access. To the extent that agencies receive resources inadequate to the task, it is the street-level workers who fulfill the latent political function of balancing promise and practice and who absorb the political risks associated with that function (Brodkin 1997, 1999).

Under these circumstances, so prevalent in the case of social welfare policies, it should hardly be surprising that government agencies are often the target of public dissatisfaction. Disappointment with bureaucratic practices contributes to a general lack of faith in government and what it can do, hastening demands for reform, retrenchment, devolution, and privatization. The sentiment that “anything is better” than existing arrangements, at times, propels reform into unknown territory. The case of public welfare offers a particularly vivid example of this phenomenon. It provides an opportunity to consider the interplay between well-known problems of bureaucracy and less-visible problems of social politics.

A CASE HISTORY OF MANAGEMENT REFORM IN PUBLIC WELFARE

Public welfare has been a frequent target of both administrative and policy reform. Pressures for reform have been fueled in part by the unsettled business of social welfare
politics, a highly contested zone of state activity. They also have been provoked by
dissatisfaction with welfare administration, producing waves of reform that variously seek
to restrict discretion and then to enhance and alter it. Management reforms have ranged
from standardization and hierarchical control to regulation through performance measure-
ment to sweeping decentralization and privatization strategies. These reforms are appar-
ently apolitical in character. Yet, they are fundamentally (if indirectly) political because
they reorganize practice in ways that substantively change the distribution and content of
social welfare policy. A case history of management reform in public welfare provides
a vantage point for considering the problem of discretion and reform from both managerial
and political perspectives.

Management Reform: The First Wave

In the late 1960s and early 1970s U.S. public welfare bureaucracies came under attack from
across the political spectrum. Public agency social workers (many without professional
training) were seen as both arbitrary and intrusive in making judgments about who should
receive assistance and on what terms (Handler and Hollingsworth 1971; Steiner 1971).
They were disdained by those on the political “right” for being overly generous in the
distribution of public assistance and blamed for permitting caseloads to swell through
fraud, waste, abuse, and laziness. They also were despised by those on the political “left”
for intruding into the private lives of poor families, for example, making notorious mid-
night home visits to search for evidence of cohabiting partners, then a violation assistance
rules. Moreover, caseworkers were criticized for being too demanding, arbitrary, and
parochial in their judgments (Handler and Hasenfeld 1991; Katz 1989; Mashaw 1974).
This was particularly evident at the time in southern states, where poor families from racial
minorities were discouraged or prevented from receiving assistance by white officials
(Piven and Cloward 1971).

Administrative reforms initiated in the late 1970s sought to curb discretion and assert
greater hierarchical control within public welfare agencies.1 Among the strategies em-
ployed, administrators spelled out more detailed rules for awarding aid and developed
quality control and quality assurance systems to closely monitor street-level compliance
with procedures and paperwork. Administrative reform also involved a strategy of de-
professionalization, attempting to reinforce hierarchy by shifting social work and social
workers out of the business of distributing public assistance (Fabricant and Burghardt
1992; Simon 1983). Those trained in social work moved into separate agencies charged
with providing child welfare services, while public assistance agencies were increasingly
staffed with less educated workers (mostly without college degrees). These moves were
consistent with reformers’ notion that public assistance could be redesigned to be a cler-
ical, not a social work, function.

Lower-level discretion was a critical reform target. Quality control measures seemed
to indicate that millions of dollars in cash assistance were being paid out improperly.
Management strategies sought to enforce hierarchical control by monitoring case-
worker compliance with procedures that were aimed at eliminating improper payments
(Brodkin 1986; Mashaw1974). On its face, the rate of payment errors constituted an

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1 This discussion of quality control as administrative reform draws on the detailed analysis elaborated in Brodkin (1986).
entirely legitimate management concern. However, there was considerably more to ad-
ministrative reform than met the eye. As detailed elsewhere (Brodkin 1986; Randall 1979),
quality control and the administrative reforms initiated to reduce bureaucratic errors were
almost entirely skewed toward “errors of generosity.” They were largely indifferent to-
ward “errors of stringency” that improperly restricted or denied assistance to deserving
claimants. They also treated deviations from paperwork-processing rules as if they, in
themselves, constituted payment errors. This resulted in a greatly overestimated error rate
that was used to legitimate more procedural restrictions on access to assistance.

Although management reform introduced new performance measurement techniques,
on the whole, it more closely resembled the “old public management” than the “new.”
Reforms were designed to reinforce hierarchy and assert management control by standard-
izing lower-level practice and reducing discretion. Yet, reform could not eliminate discre-
tion. It did, however, redirect discretion from a need-based to a more procedurally based
set of informal practices (Brodkin 1986; Kramer 1988; Simon 1983, 1985). In practice,
performance monitoring exerted a subtle but powerful pull on discretion by creating
incentives to avoid measured errors and putting claimants through a maze of paper
“proofs” of their eligibility for assistance. The asymmetries in performance measurement
had profound implications for street-level practice, providing incentives to pile on the
paperwork and raise the burden of proof, but no penalties for piling paperwork too high,
making the burden too heavy, or erroneously denying claims, regardless of one’s actual
eligibility for benefits.

Under the guise of improving accuracy, the implementation of more rigorous bureau-
cratic procedures effectively limited access to assistance, closing the door to both proper
and improper claims for help (Brodkin 1986; Dehavenon 1987–88; Kramer 1988). As one
agency supervisor described the transformation of her casework staff, “They think their job
is to root out the cheats and frauds. If they don’t think that when they get here, they do soon
after. That’s where the reinforcement is” (Brodkin 1986, 92). After reform, street-level
bureaucrats had less discretion to help but more discretion to block access to benefits for
the “deserving” and “undeserving” alike. Paradoxically, when the next wave of reform
emerged, reintroducing discretion into public assistance programs, implementation would
depend on a largely nonprofessional cadre of street-level bureaucrats schooled in a formal-
istic and procedurally organized approach to practice.

Management Reform: The Second Wave

In the 1980s two paths of reform began to converge. One was fueled by demands for policy
change that would redirect public welfare from an emphasis on cash aid to an emphasis on
work. The other was fueled by a new movement toward administrative reform that tapped
into antipathy both to centralized federal authority and to the nonworking poor (Brodkin
1999; Handler and Hasenfeld 1991). Managerially, the thrust of reform was to devolve
greater responsibility and management control to subunits of government. Although wel-
fare administration had long been a shared federal-state responsibility, states chafed under
the regulatory obligations associated with federal funding of social programs. Subunits of
government began to receive federal approval to experiment with different approaches to
welfare delivery, ultimately aimed at moving recipients of public assistance into paid
work. These reforms selectively interposed so-called new public management (NPM)
techniques (Lynn 1998) into social welfare provision. Consistent with familiar NPM
themes, state governors promoting experimentation invoked the promise of flexibility and innovation through devolution.\(^2\)

In the true fashion of a dialectic, the new reformers castigated public welfare agencies for bureaucratic standardization, which had been introduced in the previous wave of reform. These agencies now were caricatured as “eligibility and compliance” systems that “everybody hates” (Bane and Ellwood 1994, 19). The solution, remarkably, was to bring discretion back in.\(^3\)

Although the discretionary social work bureaucracy of the 1960s and 1970s remained in disrepute, the ideal of discretion, when reintroduced in the quasi-NPM terms of devolution and flexibility, had great appeal. The federal government gave states flexibility to experiment with different approaches to assistance aimed at promoting paid work in lieu of cash aid, including giving agencies more leeway to use discretion to promote work. Overall, experimental welfare-to-work programs operated by state- and county-level governments achieved mixed results (ranging from negative to modestly positive), which could have been used to highlight either the drawbacks or the potential of these strategies. However, for the most part, the experiments were interpreted as indicating the promise of reconstructing welfare agencies into quasi-labor market intermediaries (Brodkin and Kaufman 2000; O’Connor 2001; Rogers-Dillon 2004). They laid the political foundation for a broader national reform program, giving states expanded management authority to reorganize their public assistance programs and transform caseworkers into promoters and enforcers of work.

The Family Support Act of 1988 took another limited step along the road to management reform using strategies of regulation and devolution. It modestly expanded state authority to develop programs promoting work and introduced performance measurement, coupled with fiscal incentives, to promote bureaucratic efforts to meet work and training targets. However, state-operated work programs were poorly funded, largely reliant on existing nonprofessional staff, and saddled with ambiguous goals. They were expected to “enforce” work by making demands and invoking penalties, on the one hand, and to “enable” work by offering education, training, and social services, on the other (Brodkin 1997, 1999; Handler and Hasenfeld 1991).

As in the previous episode of management reform, regulation of street-level practice through performance measurement figured significantly in shaping the particular ways discretion was exercised. The federal government developed new performance measures to (indirectly) regulate agency practices, most significantly, specifying quotas for enrolling clients in work-related activities.\(^4\) Under pressure to meet quotas, street-level workers

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\(^2\) For a history of the early experimental programs operated by subunits of the national government, see Handler and Hasenfeld (1991). For critiques of the experiments and their political influence, see Brodkin and Kaufman (2000), O’Connor (2001), and Rogers-Dillon (2004).

\(^3\) Among the proponents of increased discretion, Laurence Mead, in particular, helped popularize the argument that caseworkers could use their discretion to “teach responsibility.” His work is notable for its inattention to street-level bureaucracy research and theory. For discussion and useful critiques of the methodology and data used to make this argument, see Handler and Hasenfeld (1991), Mead (1987), and Sosin (1987a, 1987b).

\(^4\) The Family Support Act tied federal reimbursement to state compliance with participation quotas requiring 20 percent of nonexempt Aid to Families with Dependent Children (AFDC) adult recipients and 50 percent of AFDC-unemployed parents to be enrolled in job activities by fiscal year 1995. By 1998, the law required 75 percent of AFDC-unemployed parents to be enrolled. To receive the maximum federal reimbursement, states also were required to spend 55 percent of their funds on three targeted recipient groups: (1) those who had received AFDC for thirty-six of the prior sixty months, (2) parents under age twenty-four who lacked a high school diploma or recent work experience, and (3) adults in families whose youngest child was two years below the maximum age for receiving welfare.
focused on “making the numbers,” which often meant displacing quality for quantity (Brodkin 1997). Organizational studies of street-level practice showed caseworkers responding to narrowly constructed performance incentives by pushing people into work programs with little attention to what actually happened once they got there (Brodkin 1997; Meyers, Glaser, and MacDonald 1998; Morgen 2001). These placements “counted” as successful implementation according to federal performance measures. Yet, it is hard to support such an assessment except in the most superficial and mechanical sense. As these street-level studies revealed, the content of so-called work services could be rote, meaningless, or even misinformed.

On the whole, hopes that reform would produce a new, more enlightened version of street-level practice were unfounded. Despite claims of a “change in office culture” or a “new ideology,” practice depended not on what caseworkers believed or were told to believe but on what they could do. Even the most highly motivated caseworkers were subject to the limits of organizational capacity—the level of professional skills, agency resources, access to training and employment opportunities for clients, and so forth. Within that context, practices were shaped by agency incentives, most directly by the performance standards that have come to constitute a common NPM technique.

The full story of the Family Support Act is far more complex than can be adequately detailed here. Suffice it to say that the results of this strategy were so disappointing that political pressure for reform began to swell, even before state efforts could be fully evaluated. Whether the act was a good test of either devolution or work-oriented reform is doubtful, in part, because it had the misfortune to be implemented during the depths of an economic recession during which work in the private labor market offered a poor alternative to public assistance. Yet, history might have predicted that giving increased discretion to state welfare bureaucracies would not solve either the problem of poverty or agency practice. On balance, it appears that most welfare agencies had neither the resources, social technology, nor capacity to provide consistently useful support for adults seeking a way out of poverty.5

Management Reform: The New Wave

While the disappointing results of reforms advanced in the 1980s might have produced a backlash against regulation, devolution, or work-oriented policy, they did not. In fact, they produced demands for more. Public assistance policies were thoroughly overhauled in the Personal Responsibility and Work Opportunity Act of 1996, which vastly expanded devolution to subunits of government, encouraged privatization of social services, and adopted new performance standards rewarding reductions in the provision of public assistance, virtually without regard to how those reductions were achieved. As in the past, complicated questions of implementation were either treated as

5 A handful of exceptional programs that operated in small, nonurban areas, evaluated by the influential Manpower Demonstration Research Corporation, were highly publicized as models proving the effectiveness of reform. The very particular conditions that produced these uncommon results were largely disregarded or misinterpreted in reports extolling their virtues. For discussion of these issues, see Brodkin and Kaufman (2000), Handler and Hasenfeld (1991), O’Connor (2001), Peck (2001), and Rogers-Dillon (2004).
straightforward—that is, addressed by NPM techniques of performance measurement and privatization—or they were effectively deferred “down”—that is, left it to implementing agencies to find ways to make employment a viable alternative to welfare (Brodkin 1999).

Public assistance programs that had provided a national guarantee of cash assistance for poor families with young children were replaced by a diverse array of state-level programs and time-limited assistance. As part of the strategy of devolution, state governments received expansive authority to fashion their own policies and programs, including the power to substantially reorganize provision. Management oversight continued to come primarily in the form of performance measurement, coupled with fiscal incentives for states to reduce the number of families receiving assistance and to increase placements in work programs for those remaining on the welfare rolls.

Consistent with the rhetoric of NPM, the administrative reforms incorporated into the new welfare law promised improvements by devolving more practical choices to state agencies. They utilized two familiar NPM techniques to improve bureaucratic discretion. First, they used performance measurement to specify standards rather than standardize practice. Second, they used contracting to wrest control over provision from the hands of the large public bureaucracies blamed for previous failures and relocate it to private organizations.

However new solutions brought new problems and, more surprisingly, exacerbated some old ones. It is difficult to provide a comprehensive view of these reforms, in part, because devolution and delegation have made data more difficult to collect in a consistent way across the country. States and localities can design and manage policy in different ways. Yet, by reviewing available evidence, it is possible to draw some lessons about the contemporary approach to management reform.

The most obvious and well-remarked result of policy and management changes was a dramatic decline in welfare caseloads. In the first five years after reform, caseloads declined nationally by nearly 60 percent. Although trumpeted as evidence of the success of both policy and practice, was this really the case? Had street-level bureaucrats become more successful than ever before in transforming poor welfare recipients into successful participants in the labor force? Did devolution and privatization resolve thorny problems of discretion that had plagued policy delivery for decades?

Despite official pronouncements of welfare reform’s success, there is mounting evidence that these changes have had a deeply troubling “hidden” side. It suggests that discretion, rearticulated in the context of new performance measurements and administrative flexibility, continued to bedevil welfare provision, although largely below the radar of management or public scrutiny.

6 Most states severely restricted assistance by placing fixed limits on the length of time families could receive aid (generally two to five years over a lifetime) and making assistance conditional on involvement in work programs or unpaid work. Benefit levels, set by state governments, largely remained at pre-reform levels, with the median assistance to a family of three at about $377 a month, well below the poverty line. Families could supplement this aid with federally funded food stamps that could be used for specified food purchases. For an overview of the legislation, see Brodkin (1999) and Weaver (2000).
Regulating Discretion through Performance Measurement

The new regulatory regime incorporated into reform used performance measures focused foremost on caseload decline and secondarily on quotas for placing individuals in work or training. These types of measures, as one might have predicted, created asymmetries in bureaucratic incentives that, however, skewed informal practices toward maximizing measured aspects of performance but with perverse consequences for unmeasured aspects. In this case, rewards for caseload decline were not accompanied by penalties for failure to provide appropriate access. Similarly, rewards for meeting work and training placement quotas were not balanced by rewards for the quality of those placements or penalties for pushing people into bad jobs or ineffective training.

In practice, these management reforms created an organizational environment that virtually gave free reign to discretionary practices that could produce caseload decline no matter how it was achieved, that is, even by tangling people in red tape, discouraging participation irrespective of need, creating excessive or misapplied proceduralism, and other forms of bureaucratic malfeasance, discouragement, and indifference. A Chicago study found a statistically significant association between caseload decline and a variety of administrative barriers to access, including overuse and misuse of procedural requirements, mishandled records, and misapplication of policy (Brodkin, Fuqua, and Waxman 2005).

Within the public bureaucracies that largely remained the gatekeepers to benefits, rudimentary performance measurement that targeted placement quotas appeared to have encouraged discretionary practices that followed a street-level logic rather than a social service logic, at least so far as it is possible to tell. Studies of selected public welfare agencies have shown caseworkers operating according to the familiar “just make the numbers” mentality, using expanded discretion to proselytize about work while routinely slotting clients into service programs, largely on the basis of availability rather than suitability (Brodkin 2005, Meyers and Lurie 2005).

One of the more flagrant examples of this logic at work gained some notoriety when the press discovered that welfare-to-work caseworkers in New York City were placing clients in jobs at a “psychic network,” a highly dubious telephone business that charged callers for fortune-telling. The revelation provoked political outrage. As one city official told a reporter, “It’s bizarre …. Remember, this is taxpayer funds. I don’t think I could find anything more bizarre and at the same time more disturbing if I tried” (Bernstein 2000). However, discretionary practices that routinely make the

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7 The law required parents receiving Temporary Assistance for Needy Families (TANF) to work or participate in so-called work activities after a maximum of two years of welfare receipt. It set performance standards for states in the form of escalating work quotas. States that wanted to collect their full portion of federal dollars would have to show, by fiscal year 2003, full-time work “activities” by 50 percent of adults heading single-parent households and 90 percent of family heads in two-parent households. The details included meticulous specification of those work “activities” that would enable states to meet their quotas, among them paid work, job search, and unpaid workfare (in which recipients “worked off” their welfare benefits at minimum wage or provided child care for other welfare recipients). This definition limited the use of education and vocational training as “countable” activities. The law also provided a caseload reduction credit (reducing required work participation rates) for reductions not attributed to changes in eligibility provisions, as well as bonuses for “high” performance on work participation and reductions in the number of births to unmarried mothers.
numbers by pushing people into bad jobs or programs with little value added escape such attention.  

As studies have begun to demonstrate, although measured elements of performance “improved,” old problems of discretion continued to thrive, and arguably worsened, out of range of the regulated and measured dimensions of performance (Brodkin, Fuqua, and Waxman 2005; Lens 2005; Meyers and Lurie 2005). There is evidence, although very limited, that suggests that some caseworkers may have contributed to caseload reduction by using their discretion “liberally” (in some cases excessively) to apply sanctions that stopped benefits on grounds of “noncompliance” with rules (Lens 2005). Other research indicates that noncompliance is a problematic administrative designation more generally. For example, a study of complaints to the Public Benefits Hotline in metropolitan Chicago showed that caseworkers at times would claim that an individual failed to submit paperwork or call with a “good cause” reason to miss an appointment (Brodkin, Fuqua, and Waxman 2005). However, investigation of the complaint later showed that caseworkers were apt to blame clients when the welfare agency lost paperwork or its caseworkers neglected to respond to a telephone call. Although precise causal connections are difficult to make, these findings are consistent with those of other studies that link “reformed” administrative practices to the marked rise in the number of severely poor families with no work, no welfare, and no food stamps (Gabor et al. 2003; Zedlewski 2002; Zedlewski et al. 2003; Ziliak, Gundersen, and Figlio 2000).

**Privatizing Discretion through Contracting**

Management reform also used contracting as a means of bringing new organizations with sorely needed expertise and ideas into areas of welfare provision long dominated by large, public bureaucracies. Relocating discretion to these organizations potentially offered a solution to the seemingly intractable problems of public provision. An infusion of federal funds for contracted services contributed to a surge in private contracting and brought for-profit firms into the business of welfare provision to an unprecedented extent (Fraker et al. 2004; Sanger 2000, 2003). It is problematic to generalize about contracting practices, given considerable variation across the United States. However, available evidence suggests that contracting, like other management reforms, may not be quite the solution to bureaucratic discretion that its advocates had hoped.

Contracting, as a management strategy, depended substantially on crafting contracts that would indirectly influence discretion without resorting to control or standardization. Recognizing that contracts are only as good as the measures they employ, administrators have continuously tried to improve them, moving from lump sum and per capita payments for individuals enrolled in services to more sophisticated performance-based schemes. Most contracts have focused on “placements,” an easily quantifiable product—namely,

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8 The author’s observations of the substance abuse services provided at one welfare office (part of a larger organizational ethnography) illustrated a more routine form of discretion. The process the substance abuse counselor (a high school graduate) had devised to determine the most appropriate treatment for clients utilized a simple informal decision rule. She simply matched the location of programs holding state contracts with the client’s address code (zip code). Asked what other factors she considered, she could not name any. Given that she had no access to information or ability to evaluate differences in the quality or suitability of available programs, her explanation that “convenient location” routinely dominated her choice was consistent with a street-level logic of discretion, if not a treatment logic.

9 One study calculates that government welfare-to-work funds were allocated to more than seven hundred individual organizations and agencies (Fraker et al. 2004).
work of limited duration at designated wages and hours. But even those ostensibly
designed to “pay for performance” did not generally measure or hold contractors account-
able for qualitative dimensions of performance relating to either services provided or to
outcomes in terms of job quality or future prospects. As in similar efforts to address
discretion in the public sector, rudimentary performance measurement in contracts skewed
discretion toward quantity over quality. In effect, they set the stage for a new “numbers
game” in which contractors were rewarded for obtaining placement targets at the lowest
marginal cost and in which investments in building capacity for service quality were
rewarded only indirectly if at all (Brodkin 2005; Hasenfeld and Powell 2004).10 Cutler
and Waine (2000) regard this kind of reductionism in performance measurement as a
common feature of the new managerialism and aptly point to the distinction between
performance measurement and performance management.

Certainly, officials in many parts of the country have tried to craft more sophisticated
measures for welfare-to-work agencies—for example, assessing job placement as a ratio of
placements to program participants (rather than as a simple quota) or providing bonuses for
longer placements (from one month to as much as six months). Yet, on the whole, even
these measures contained incentives for creaming among potential participants and placing
them in the types of unstable, low-wage jobs that have few prospects for economic security
or advancement (Brodkin 2005, Lambert, Waxman, and Haley-Lock 2002).

Privatization as management reform also depended on the strategic selection of con-
tractors, improving bureaucratic practices by relocating discretion to agencies thought to
be more trustworthy with respect to public purposes. But that, too, presented difficulties.
Van Slyke (2003) found few opportunities for “rational” selection of contractors in New
York State due to limited competition, “niche” agencies, and inadequate management
capacity. His and other studies of privatization have shown that, at times, officials have
applied selection criteria that were motivated more by politics than service objectives
(Breaux, Duncan, Keller, and Morris 2000; Roper 1998; Sanger 2000). At best, officials
responsible for assigning contracts could find themselves operating with considerable un-
certainty and limited information to help guide selection (Brodkin 2005; Van Slyke 2003).
Under these circumstances, it could be more a matter of luck than management skill to find
contractors who could improve the quality of policy delivery.

Finally, strategies of privatization are subject to political critiques, one of which is
particularly germane to the issues of discretion central to this analysis. Some critics have
argued that contracting as a management reform “blurs the lines” between the public and
civil sectors in ways that may undermine the benefits of putting discretion into private
hands (Kramer 1994; Lynn 2001). Studies suggest that private agencies may be squeezed
between fulfilling their contract obligations and creating the best opportunities for their
clients (Hasenfeld and Powell 2004). In effect, the discretionary practices that potentially

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10 For example, Chicago’s performance-based contracts were almost perfectly designed to reward intermediaries for
placing clients in lower-wage jobs with the least to offer—jobs, not surprisingly, that are in relatively constant demand, due
to their volatility. As Lambert, Waxman, and Haley-Lock (2002) point out, the “worst” lower-wage jobs are distinguished
by instability, lack of ready access to employment benefits, irregularity of work hours (especially problematic for parents
depending on child care or trying to meet weekly work hour requirements for TANF), and limited opportunities for
learning and advancement (the proverbial “dead-end job”). Even so-called retention bonuses (for example, 150
nonconsecutive days of work) could be satisfied by churning individuals through a sequence of low-wage, dead-end jobs.
These problems are hardly unique to the Chicago case and, to some extent, have been recognized as a general problem in
creating performance measures for the provision of employment services (U.S. Department of Labor 1998).
advantage private over public provision may be undermined when these agencies become agents of government (Smith and Lipsky 1993; Weisbrod 1988).

Whether devolution and privatization can realize the presumed benefits of relocating discretion depends, in part, on how private agencies respond to the contracting environment. One might expect to find the best case for devolution in the experiences of community-based nonprofit organizations, especially those with deep roots in the community and a history of commitment to social welfare. However, case studies of community agencies suggest that they may be pressured to adjust their practices—and compromise their objectives—in order to meet the quantitative demands of the government contracts on which they depend for organizational support (Alexander, Nank, and Stivers 1999; Brodkin 2005; Hasenfeld and Powell 2004; Smith and Lipsky 1993). From a political perspective, government’s penetration of civil society is a serious concern.

THE POLITICS OF REFORM: NEW SOLUTIONS TO OLD PROBLEMS?

Bureaucratic discretion is both the hallmark and the horror of social welfare provision. It is necessary in providing social policies that require responsiveness to complex, individual circumstances and considered judgments. But discretion also can horrify because it concedes control to street-level agents whose variations in practice can do more harm than good. In the United States, the contradiction between promise and practice has produced episodes of management reform, propelled by swings in political sentiment regarding both social welfare policy and the organizations that provide it.

As this critical political history of management reformism in welfare suggests, efforts to stamp out or to control discretion in social welfare provision may prove futile and frustrating. If history is any guide, old bureaucratic problems are unlikely to be solved by reorganizing the welfare state through regulation, devolution, and privatization. More likely, problems will redevelop, albeit in forms responsive to new political and organizational contexts.

What does this mean for the future of management reform? Surely, the search for strategies to improve social provision must continue. But perhaps it is time to shift from a fruitless search to eliminate or control discretion and, instead, to accept it as a fact of organizational life. Then, one might turn to the real challenge: how to reap discretion’s potential benefits while managing its potential harms. As this analysis has argued, the dimensions of this task are both practical and political. Even a brief discussion of the options illustrates the complexity of this problem.

One obvious strategy is through policy design. It is worth noting that discretion is not always significant in social welfare provision. Rather, there is a continuum of discretion ranging across policy designs. For example, the administration of social security pensions has been designed to be fairly straightforward (that is, barring the introduction of privatized accounts). An applicant present certain facts, most of which are available in government databases, and monthly cash transfers are automatically made to the pensioner’s bank account. In contrast, medical and child welfare policies involve highly complex judgments to initiate services, determine what they should be, and implement them. In the middle of the continuum, one could place public assistance programs, which combine simple and more complex functions. They transfer cash payments according to categorical rules but also make judgments about family life and individual behavior.
In general, it is possible to minimize discretion when formal policy is simple, fact-based, and supported by an administrative technology. Minimizing discretion is not a realistic option when policy is complex, interpretive, and lacks a clear technology. However, the selection of policy design is only partly a matter of social technology. More important, it is a matter of social politics. Policymakers are more likely to make social benefits easily accessible, simple, and transparent when political consensus underlying the policies is strong, as in the case of pensions for retired workers. They are more likely to make social benefits complex, difficult to acquire and retain, and administratively opaque when they are the subject of political conflict, as in the case of American public welfare programs for the poor. The failure of efforts to replace welfare with a more straightforward negative income tax in the 1960s and 1970s offers a case in point.

A second strategy is to improve techniques for managing discretion in street-level agencies, using performance measurement and other familiar NPM techniques. However, experience offers a cautionary tale for those who advocate performance-based incentives as the solution to the problem of discretion. The creation of meaningful accountability measures in social welfare provision constitutes a difficult challenge. Certain types of performance quotas, such as participation rates or numbers of children assessed for maltreatment, are easy to measure and enforce, but they do not address the content of practice and may even create incentives that undermine quality. Nor do they make visible the crucial information on how measured outcomes were achieved. Alternatively, broader outcome measures (such as caseload reductions or unification of troubled families) may hold agencies responsible for things beyond their control, including the adequacy of agency resources and conditions in the external environment.

A different approach would require investing in public agencies so that they gain the capacity necessary to exercise discretion in ways that are more beneficial to public interests. Unfortunately, this strategy has long been problematic for reasons that are more political than managerial. America’s history of ambivalence toward centralized authority is reflected in the uneven development of the infrastructure for advancing public purposes. This general problem runs deeper in the case of agencies that serve the disadvantaged, where ambivalence extends toward the state’s clients as well. Under these circumstances, it is difficult to secure sustained support for investments in institution building.

A third strategy is to reorganize social welfare provision, possibly utilizing more marketlike mechanisms. Arguably, devolution and privatization do allow for greater flexibility. However, under some circumstances, it may not be possible to capture the benefits of flexibility or to avoid its costs. Certainly, when operating under adverse conditions, with uncertain technology for advancing social goals and accountability based on quantity over quality, lower-level bureaucrats may find themselves with little power to help and little opportunity to be attentive to individual concerns or needs. Flexibility, in the context of public welfare agencies, has at times enabled lower-level caseworkers to manage work demands by denying, deferring, and disregarding the claims and needs of their clients. This is especially dangerous when the negative consequences of discretion remain hidden, largely out of sight of management monitoring or interest (Brodkin, Fuqua, and Waxman 2005; Diller 2000; Meyers and Lurie 2005; Soss 2000).

Devolution and privatization may facilitate greater choice and responsiveness, as its advocates maintain. However, among other limitations, the public managerial capacity necessary to realize those benefits may be in short supply (Van Slyke 2003). Moreover, it is possible that private agencies contracted to perform state functions will be even more rigid
than public ones. The state itself can be a very demanding consumer (Brodkin 2005; Hasenfeld and Powell 2004). Private, nonprofit agencies that lack strong countervailing constituencies or the powers of resistance available to public bureaucrats (for good or for ill) may find themselves transformed from an alternative to government into an arm of government (Alexander, Nank, and Stivers 1999; Kramer 1994; Smith and Lipsky 1993). If that were to occur, privatization could undermine a pillar of civil society.11

When considering devolutionary strategies, it is crucial to recognize that choices about organizational form also involve choices about who will exercise discretion and under what circumstances. These choices have far-reaching implications. With the perspective of history, it is difficult to imagine that nongovernment agencies selected to operate in the contested territory of American social politics will necessarily fare much better than public ones.

It may, at times, be necessary to shake the grip of public bureaucracies on policy provision. They may become inflexible, self-serving, and the graveyard of desirable change. But that does not mean that NPM strategies will resolve complex problems of discretion, especially in the case of social policies where discretion is both practically and politically embedded. If discretion is an intrinsic and crucial feature of social welfare provision, real improvement will require a meaningful infusion of material resources, transparency in street-level practice, and greater clarity of purpose. It also will require managerial and political mechanisms that enable the subjects of bureaucratic activities to be heard and taken seriously (Bruinsma 1980).

These conditions are not axiomatic in either “old” or “new” models of management reform. Nor are they fully susceptible to administrative intervention. If one recognizes that management strategies operate within the “boundaries of the political” (Starr and Immergut 1987), then it follows that a change in those boundaries may be a necessary (if insufficient) condition for reforms that will make discretion safe for the poor.12 That is, substantial changes in social provision may require not only better management but also a different social politics. This leads to the discouraging prospect that contemporary efforts to reorganize the American welfare state by adopting new public management techniques are likely to create new versions of old administrative problems. In the end, social welfare practices may be only as good as the politics that produce them.

REFERENCES


11 The full political implications are, of course, much broader. One intriguing line of inquiry raises the possibility that devolution can widen the range of stakeholders in social welfare programs, offering a bulwark against cutbacks during periods of economic or political retrenchment. Although there is some support for this view, there also is evidence that the countervailing power of organizational stakeholders may vary across different types of programs and constituencies. Those programs serving the most vulnerable populations may be the least well positioned to protect against cutbacks (Pierson 1994, 164–82). Furthermore, it is uncertain whether and to what extent these stakeholders are able to protect the poor through political advocacy undertaken to protect social service organizations (see also Van Slyke 2003).

12 This borrows from Lampman (1974), who famously challenged policymakers to ask, “What does it do for the poor?”


Ziliak, James, Craig Gundersen, and David Figlio. 2000. Welfare reform and food stamp caseload dynamics. Discussion paper, Institute for Research on Poverty, Madison, WI.