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POVERTY AND PROGRESS IN NEW YORK VIII

Welfare Trends, 2013–15

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EIGHTH IN A SERIES OF REPORTS ON NYC

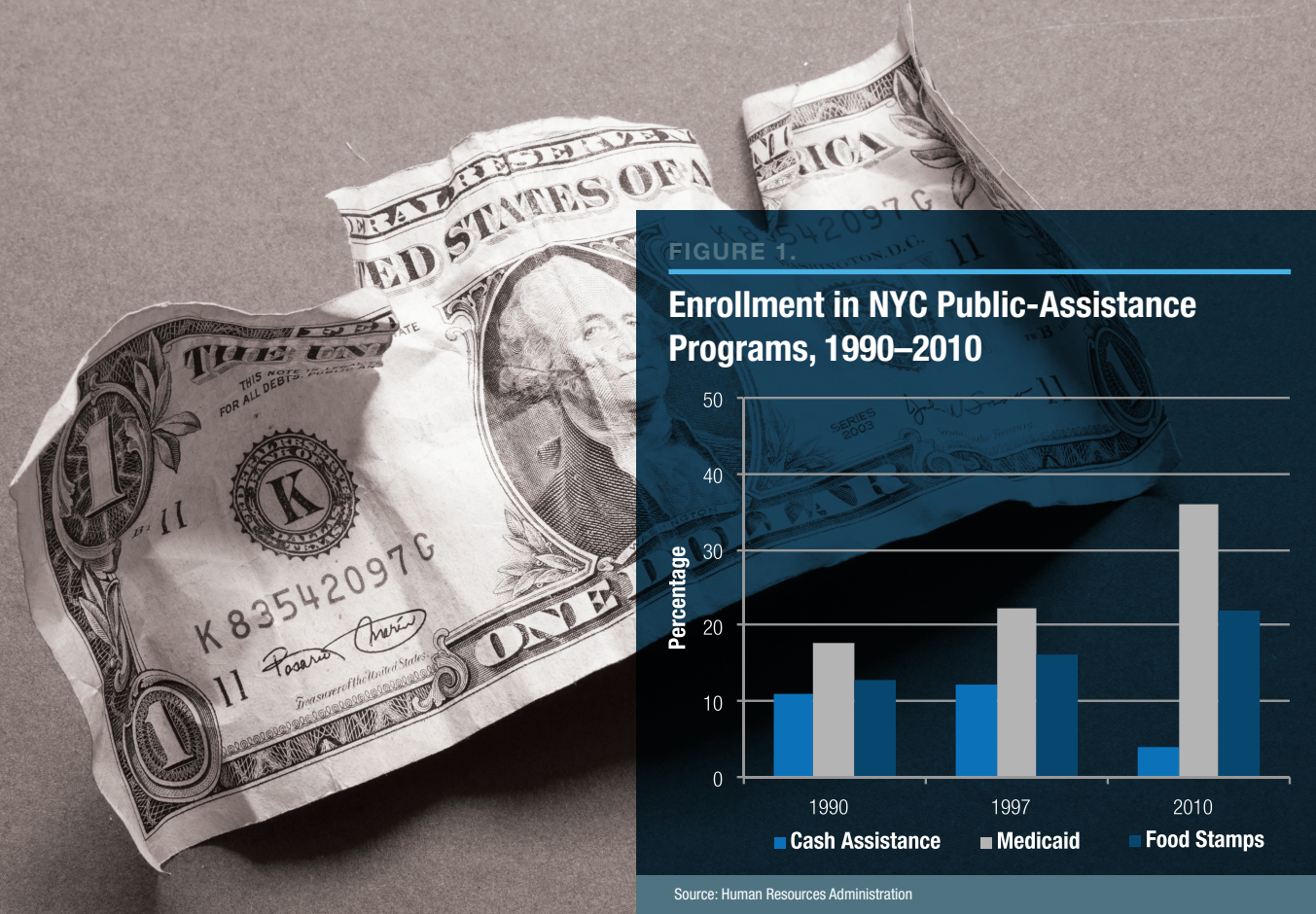
Executive Summary

New York mayor Bill de Blasio assumed office in January 2014, promising to “take dead aim at the Tale of Two Cities ... [and] put an end to economic and social inequalities that threaten to unravel the city we love.”¹ The Manhattan Institute’s “Poverty and Progress in New York” series tracks the effects of Mayor de Blasio’s policies on lower-income New Yorkers. This paper, the eighth installment, examines public-assistance trends during 2013–15.²

In May 2014, newly appointed Human Resources Administration (HRA) commissioner Steven Banks announced a major overhaul of the city’s welfare policies: while the overarching goals remain greater economic mobility and less government dependence, these goals are, henceforth, to be achieved through a less “punitive” approach toward enforcing eligibility and “more effective” employment programs that emphasize education and training over work experience.³ Cash-welfare recipients, for instance, can now miss up to five HRA appointments before facing sanctions, while able-bodied, childless adults no longer must meet work requirements to receive food stamps (i.e., Supplemental Nutrition Assistance Program, or SNAP, benefits).⁴

This paper finds that—with the exception of food stamps—more New Yorkers now depend on some form of public assistance than at the start of the de Blasio mayoralty. Other key findings include:

- **Job retention down 11 percentage points.** The 12-month job-retention rate—which measures the percentage of former welfare recipients who remain employed (and thus avoid returning to public assistance) for at least one year—fell from 75 percent in 2013, Mayor Bloomberg’s final year in office, to 64 percent in 2015.⁵
- **Cash assistance up 7 percent.** In December 2015, 370,742 New Yorkers received cash assistance, compared with 346,398 recipients in December 2013.⁶
- **Safety-net assistance up 14 percent.** In December 2015, 137,009 New Yorkers received safety-net assistance, compared with 120,653 recipients in December 2013.
- **Food stamps down 9 percent.** In December 2015, 1,688,470 New Yorkers received SNAP benefits, compared with 1,838,337 recipients in December 2013.




I. Introduction

The HRA is a \$10 billion, 14,000-employee operation whose chief responsibility is to administer NYC’s massive cash-assistance, food-stamp, and Medicaid programs.⁷ During 1995–2013—a period when the city’s population grew by 15 percent⁸ and Mayors Giuliani and Bloomberg adopted an employment-focused approach to welfare administration—the number of New Yorkers receiving cash assistance plunged by 71 percent, from 1.2 million to 340,000.⁹ At the behest of the Personal Responsibility and Work Opportunity Reconciliation Act, the 1996 federal welfare-reform law, time limits were imposed on aid, and seeking work was made a rigorously enforced condition of receiving assistance.

While NYC’s welfare reform succeeded in helping more poor New Yorkers rejoin the workforce, it did not reduce overall public-assistance spending, nor did it lead to a reduction in overall dependence, as enrollment for food stamps and Medicaid climbed steadily (**Figure 1**). Indeed, during this period, the HRA viewed food stamps, Medicaid, and other forms of noncash assistance as “work supports,”¹⁰ crucial tools to get more poor New Yorkers back to work.

The appointment of Commissioner Banks brought a former attorney-in-chief of the Legal Aid Society and longtime critic of NYC’s welfare policies into City Hall. (At his appointment, Banks remarked, “I’ve been at the Legal Aid Society through five mayoral administrations, and this is the first one I’m not going to bring a lawsuit against.”)¹¹ For Banks, the overall goal of providing poor New Yorkers with cash benefits is the same as it was under Giuliani and Bloomberg: to help beneficiaries “achieve increased economic security by obtaining employment, moving off the caseload and out of poverty.”¹²

However, Banks believes that the best way to reduce dependency is a combination of education, training, and less zeal in enforcing program rules and requirements. His changes took concrete form in the HRA’s “Biennial Employment Plan,”¹³ released in October 2014. Testifying before the city council in May 2014, Banks said that his proposed changes “may” cause caseloads to rise at first but that the long-term impact could be managed, thanks to “more effective employment programs that lead to stable jobs.”¹⁴

A hand holding a pen pointing to a document with a large number 10 and an arrow.

“[W]e have an employment plan that results in one in four people returning to the caseload within 12 months. We are reforming the system to address [this] . . . and to be more effective at moving people off the caseloads so they don’t come back.”¹⁵

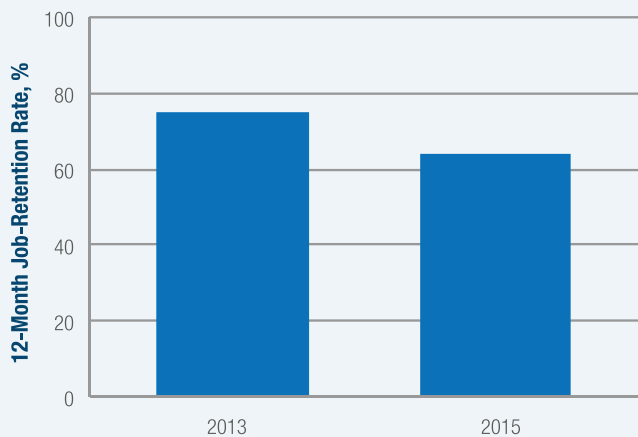
HRA commissioner Steven Banks, October 2014

II. Welfare Trends, 2013–15

How has enrollment in NYC’s various public-assistance programs changed between 2013, Mayor Bloomberg’s final year in office, and 2015, Mayor de Blasio’s second year in office? **Figure 2** shows that the 12-month job-retention rate—a key measure of the HRA’s ability to successfully transition welfare recipients into work—declined by 11 percentage points during this period, from 75 percent (2013) to 64 percent (2015).

FIGURE 2.

NYC’s 12-Month Job-Retention Rate, 2013 vs. 2015*



*Percentage of former welfare recipients who remain employed for at least one year

Source: Human Resources Administration

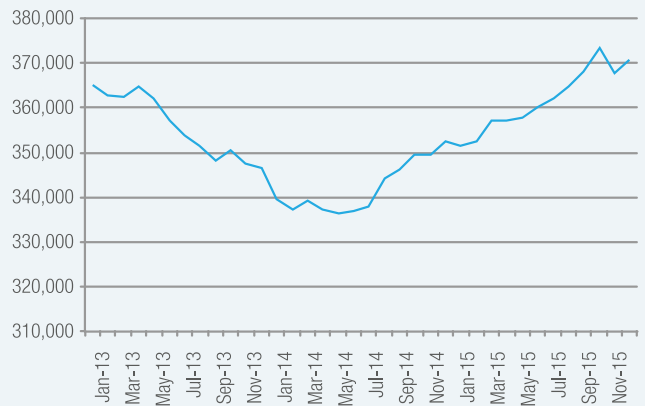
Figure 3 displays the number of New Yorkers receiving cash assistance, by month, during 2013–15: in December 2013, Mayor Bloomberg’s final month in office, there were 346,398 recipients; in December 2015, there were 370,742 recipients—a jump of 7 percent.

Figure 4 shows the number of New Yorkers receiving safety-net assistance, by month, during 2013–15: December 2013 saw 120,653 recipients; December 2015 saw 137,009 recipients—a rise of nearly 14 percent.

Figure 5 displays the number of New Yorkers receiving food stamps, by month, during 2013–15: December 2013 saw 1,838,337 recipients; December 2015 saw 1,688,470 recipients—a decline of nearly 9 percent.¹⁶

FIGURE 3.

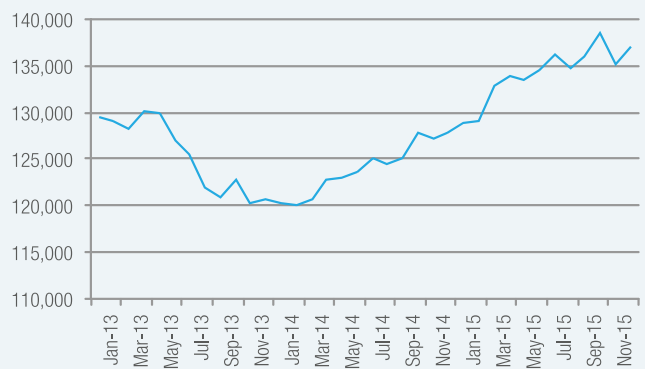
Cash-Assistance Recipients, 2013–15



Source: Human Resources Administration

FIGURE 4.

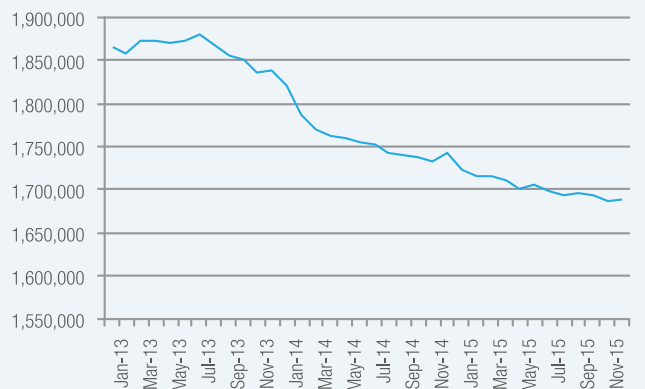
Safety-Net Assistance Recipients, 2013–15



Source: Human Resources Administration

FIGURE 5.

Food-Stamp Recipients, 2013–15



Source: Human Resources Administration

III. Conclusion

The decline in one form of welfare dependency—food stamps (enrollment down 9 percent)¹⁷—during Mayor de Blasio’s first two years in office contrasts with rising dependency in other areas, as measured by safety-net assistance (enrollment up 14 percent), the job-retention rate (down 11 percentage points), and cash assistance (enrollment up 7 percent). The number of New Yorkers enrolled in Medicaid, yet another means-tested, public-assistance program, albeit one whose administration is being shifted from city to state authorities, has swelled, too.¹⁸

NYC’s renewed emphasis on education and training for those receiving public assistance thus merits reflection. Few would dispute that low-income New Yorkers would benefit from more education: some 60 percent of welfare recipients did not graduate from high school.¹⁹ What is in doubt is whether the city can now reliably succeed in imparting needed skills to many of the same adults it failed as children. A poor record of public job-training,²⁰ including the disappointing early returns from the de Blasio mayoralty, suggests otherwise. If Mayor de Blasio is to succeed in improving employment outcomes—and self-sufficiency—for poor New Yorkers, a more promising path would include embracing meaningful education reform to boost skills;²¹ cutting business red tape to stimulate job creation;²² and, not least, reemphasizing rapid labor-force reentry to avoid the perils of long-term unemployment.²³

Endnotes

- 1 See <http://www.nytimes.com/2014/01/02/nyregion/complete-text-of-bill-de-blasios-inauguration-speech.html>.
- 2 Some language herein may be identical to that published in previous MI publications in this series.
- 3 See <http://www.nytimes.com/2014/05/20/nyregion/rejecting-bloomberg-policies-new-york-city-will-ease-some-hurdles-to-public-assistance.html>.
- 4 See http://www1.nyc.gov/assets/hra/downloads/pdf/news/testimonies/2014/nov_2014/HungerHearing_2014.pdf.
- 5 Figures for NYC fiscal year: “2013” covers July 1, 2012–June 30, 2013; and “2015” covers July 1, 2014–June 30, 2015. The HRA published its 12-month job-retention rate for the first time in 2015. (Under the Bloomberg administration, the HRA measured six-month retention rates.) For the 2013 12-month job-retention rate, see http://www1.nyc.gov/assets/hra/downloads/pdf/news/testimonies/2014/nov_2014/HungerHearing_2014.pdf; and <http://www.nytimes.com/2014/11/03/nyregion/de-blasios-plan-to-eliminate-workfare-lifts-hopes-for-job-seekers.html>.
- 6 A complementary measure of cash-assistance dependency—the “12-month unduplicated tally” introduced by the de Blasio administration—reveals the following: in the 12 months through December 2014, 590,646 New Yorkers received cash assistance, down from 604,948 recipients for the 12-month December 2013 tally—a 2 percent decline; meanwhile, the 12-month December 2015 tally was 597,347 recipients, up 1 percent from the aforementioned December 2014 tally. What might explain this apparent contradiction of a falling 12-month tally and a steadily rising monthly tally (see Figure 3) during Mayor de Blasio’s first year in office? In 2014, the former incorporated the declining monthly tally during Mayor Bloomberg’s final year in office, as well as the rising monthly tally under Mayor de Blasio; in 2015, however, the 12-month tally incorporated only the rising monthly tally under Mayor de Blasio.
- 7 This paper excludes Medicaid from its analysis because—as of October 2013—New York State directly accepts Medicaid applications through its Affordable Care Act exchange (www.nystateofhealth.ny.gov). As a result, HRA-administered Medicaid enrollment has fallen dramatically, from about 3.1 million (September 2013) to 2.2 million enrollees (December 2015). Despite processing roughly 30 percent fewer Medicaid applications, the HRA has expanded its full-time Medicaid administrative staff by 10 percent, from 1,711 (2013) to 1,893 (2015). See <http://council.nyc.gov/html/budget/2016/Pre/hra.pdf>, p. 14.
- 8 U.S. Census Bureau.
- 9 NYC HRA.
- 10 Robert Doar, “10 Welfare Reform Lessons,” *National Review*, April 21, 2014.
- 11 “De Blasio Picks Ex-Thorn to Run HRA,” *New York Post*, March 1, 2014.
- 12 Steven Banks, “Testimony on Biennial Employment Plan,” p. 3, http://www1.nyc.gov/assets/hra/downloads/pdf/news/internet_articles/2014/oct_2014/HRAEmploymentPlan_CC_080114.pdf.
- 13 “HRA Announces New Employment Plan Focused on Jobs That Move Clients Out of Poverty,” HRA press release, October 1, 2014; and HRA, “Temporary Assistance and Supplemental Nutrition Assistance Program Employment Plan January 1, 2014–December 31, 2015.”
- 14 Steven Banks, “Testimony on 2015 Executive Budget Hearing, Joint Hearing of the New York City Council Finance and General Welfare Committees,” May 19, 2014, pp. 4–5, http://www1.nyc.gov/assets/hra/downloads/pdf/news/testimonies/2014/may_2014/HRA_Executive_Budget_Testimony_2015.pdf. “Policy reforms to address inappropriate denials, case closings, and sanctions may lead to monthly caseload ‘growth’ as a result of fewer interruptions or delays in eligibility among children and adults who previously would have been churned on and off the caseload during the year.”
- 15 See <http://www.nydailynews.com/news/politics/de-blasio-eases-work-requirements-welfare-recipients-article-1.1960571>.
- 16 SNAP, the only welfare program to see *declining* enrollment during 2014–15, also had much higher labor-market exposure: in 2013, 57 percent of households receiving SNAP had at least one adult working part-time, compared with cash assistance (34 percent) and safety-net assistance (21 percent). See <http://nawrs.org/wp-content/uploads/2013/08/Fellner-2013-NAWRS-presentation.pdf>; and <http://www1.nyc.gov/assets/operations/downloads/pdf/mmr2015/hra.pdf>.
- 17 As NYC’s economy expands and continues to set absolute-employment records, increasing numbers of working-class families are likely exceeding SNAP income-eligibility thresholds—or, at least, are finding that the bureaucratic hassle of recertifying their SNAP eligibility is not worth the smaller payments that come with higher income. See <https://www.labor.ny.gov/stats/nyc/index.shtml>.
- 18 In July–September 2013—the final quarter before New York State’s Affordable Care Act exchange began accepting Medicaid enrollees—NYC’s Medicaid-recipient population totaled 2,863,763; in October–December 2014, the most recent quarter for which data are available, 3,049,467 NYC residents were on Medicaid, a more than 6 percent rise. See https://www.health.ny.gov/statistics/health_care/medicaid/quarterly/aid/2013/q3/beneficiaries.htm; and https://www.health.ny.gov/statistics/health_care/medicaid/quarterly/aid/2014/q4/beneficiaries.htm.
- 19 See <http://www.nydailynews.com/news/politics/de-blasio-eases-work-requirements-welfare-recipients-article-1.1960571>.
- 20 See, e.g., <http://www.cato.org/publications/policy-analysis/failure-federal-job-training>; and <http://www.downsizinggovernment.org/labor/employment-training-programs>.
- 21 For the weak link between education spending and student outcomes, see, e.g., http://www.cato.org/education-wiki/educational-freedom-an-introduction?utm_source=Cato+Institute+Emails&utm_campaign=e587d0425b-Cato_Weekly_Dispatch_January2016&utm_medium=email&utm_term=0_395878584c-e587d0425b-141241581&mc_cid=e587d0425b&mc_eid=9c5d9ac50d.
- 22 NYC’s thicket of taxes and regulation is among America’s most burdensome. See, e.g., <http://thebeatmi.com/bad-for-business>; and <http://www.taxfoundation.org/article/2016-state-business-tax-climate-index>.
- 23 See, e.g., <http://www.marketwatch.com/story/why-companies-are-wary-to-hire-the-long-term-unemployed-2014-04-03>.