

March 2018

Cash Assistance Employment Plan Enters New Phase

In October 2014, the city's Human Resources Administration (HRA) announced a new employment plan for cash assistance recipients. The plan, which was already being phased in before the formal announcement, makes the agency's employment programs less punitive and puts more emphasis on education and training. HRA officials warned that implementation of the new work plan could lead to a temporary increase in the public assistance caseload, as individuals remain on the rolls for longer periods of time while receiving improved job preparation and placement services.

The de Blasio Administration expects that over time, however, the new policies will result in reduced recidivism rates and a decreasing caseload. While it is too soon to evaluate the ultimate success of the new plan, it had a notable impact on work program assignments and led to an increase of roughly 10 percent in the cash assistance caseload, which now appears to have leveled off. But these work program changes failed to have an impact on the number of job placements, and in April 2017 HRA transitioned to new employment contracts with new vendors in order to implement a redesigned approach to employment services.

With the cash assistance caseload stabilizing, IBO projects expenditures will be less than budgeted for this year and 2019. We estimate savings will total nearly \$66 million this year (\$16 million in city funds) and \$55 million next year (\$8 million in city funds).

Work Program Changes. In a sharp break with recent administrations, Mayor de Blasio's work plan deemphasizes the use of sanctions for violations of employment requirements, preferring to keep as many heads of public assistance households as possible on a path to eventual job placement. From December 2013, the last month of

the Bloomberg Administration, to December 2017, the number of cash assistance recipients under sanction or facing sanctions fell from 19,632 (19.6 percent of all cases excluding those classified as indefinitely excused from work mandates due to disability, age, or family status) to 10,355 (8.9 percent). Primarily driving this reduction was a steep decrease in the number of recipients with a sanction in effect from 9,067 to 298 over this period, partly due to a change in state law in 2015 that made it difficult to sanction clients for work violations.

Similarly, the number of participants in the Work Experience Program (WEP), which was often criticized by advocates for its lack of job-skills training, decreased from 10,661 (10.6 percent) to zero as of the end of December 2016. This milestone is consistent with the decision by HRA officials to gradually phase out the WEP program and replace it with programs they believe will provide better preparation for long-term employment. On the other hand, the number of recipients categorized as engaged in the application process for work or work-related activities increased from 13,178 (13.1 percent) in December 2013 to 24,163 (20.9 percent) in December 2017, indicating that a sizeable share of the caseload had not yet received an actual work program assignment.

In contrast, the number of cases with the household head in an education, training, or job search program more than doubled from 3,347 (3.3 percent) to 7,739 (6.7 percent), although the number remains small relative to the size of the overall caseload. Within this category, the number of participants in education or training more than tripled from 1,235 in December 2013 to 4,152 in early December 2017, although there was some drop off at the end of the year. This number was down, however, from 4,850 a year earlier. The new employment plan allows recipients



Cash Assistance Cases by Work Status				
	December 2013		December 2017	
	Number	Percent	Number	Percent
Private Employment	22,937	22.9%	24,903	21.5%
Sanctioned or in Sanction Process	19,632	19.6%	10,355	8.9%
In Engagement Process	13,178	13.1%	24,163	20.9%
Work Experience Program	10,661	10.6%	0	0.0%
Temporarily Unengageable	9,119	9.1%	23,997	20.7%
WeCARE	8,121	8.1%	9,129	7.9%
Other Activity	6,910	6.9%	8,751	7.6%
Substance Abuse Treatment	6,322	6.3%	6,833	5.9%
Education/Training/Job Search	3,347	3.3%	7,739	6.7%
TOTAL	100,227	100.0%	115,870	100.0%
SOURCE: Human Resources Administration NOTES: The numbers exclude cases categorized as indefinitely unengageable including child-only cases, and those in which the household head is receiving Supplemental Security Income, is age 60 or over, or is receiving services from the HIV/AIDS Services Administration. They also exclude a small number of cases categorized as unengaged. Cases are classified by their primary activity. <i>New York City Independent Budget Office</i>				

After Initial Uptick, Caseload Has Stabilized. The implementation of HRA's new employment plan coincided with a temporary increase in the overall number of cash assistance recipients. After a period in which the caseload had decreased by about 28,000 over the course of a year, the number of individuals receiving cash assistance grants bottomed out at 336,403 in May 2014. It then grew steadily over the next year and a half reaching 370,742 in December 2015, an increase of 34,339 recipients or 10.2 percent.

Information provided by HRA indicates that the increase in the city's cash assistance caseload was primarily the result of recipients remaining longer on the welfare rolls, rather than an increase in new applicants and recipients. The total number of unduplicated recipients receiving assistance in the prior 12 months was 597,347 as of December 2015, up only slightly (1.0 percent) from 591,544 in May 2014. Moreover, all of the increase can be attributed to a rise in the number of recipients receiving one-time benefits such as payments for overdue rent, utilities or broker's fees, a trend largely attributable to efforts to prevent homelessness and reduce the shelter population. These individuals remain on the cash assistance rolls just long enough to receive these benefits, which are intended to prevent them from becoming homeless or to ease the transition from a homeless shelter into permanent housing.

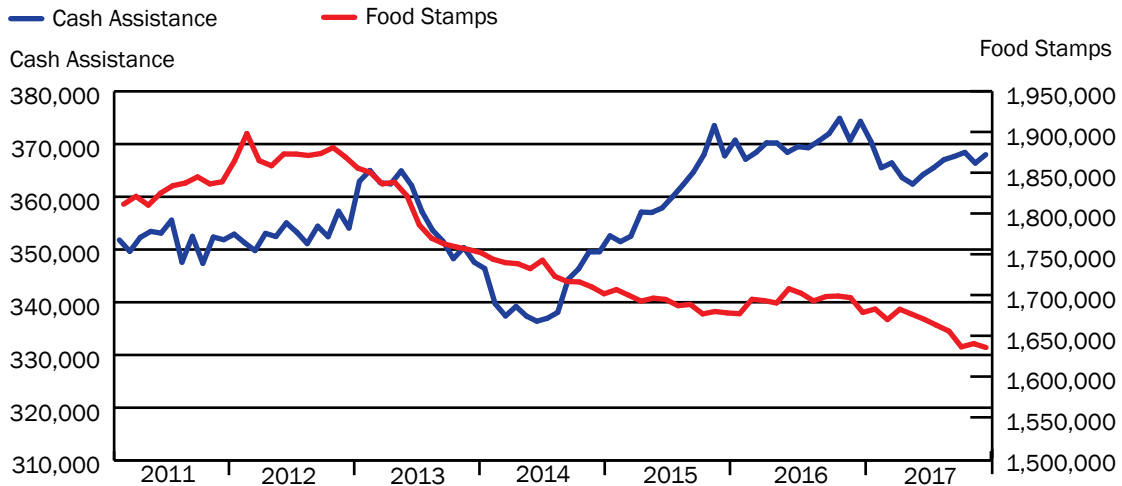
The HRA plan assumes that at some point improvements in job placements and reduced recidivism will cause the number of recipients to level off and then decline. The caseload trend over the last two years suggests that the number of individuals receiving cash assistance grants has stabilized. From December 2015 through December 2017 the number of cash assistance recipients decreased slightly from 370,742 to 367,997.

While the city's employment policy has contributed to a temporary increase in the cash assistance caseload, the food stamp caseload has been decreasing as the labor market has continued to improve. The decrease has occurred in spite of efforts by city officials to make it easier for eligible individuals to apply for food stamp benefits. From May 2014 through December 2015 the number of city residents receiving food stamp grants decreased from 1,758,889 to 1,688,470 (4.0 percent). After pausing in 2016, the downward trend continued, reaching 1,635,635 in December 2017. The reduction in food stamp participation is consistent with national trends. Over this same time period there were nationwide decreases in both the number of people enrolled in the food stamp program

up to age 24 to engage in full-time basic education such as earning a high school diploma or equivalent, makes it easier to pursue college degrees while participating in internships and work study, and increases the use of job-training vouchers. Also over the last year, the number of recipients in long-term job search (more than 12 weeks) decreased sharply from 4,526 to 5, while the number in short-term job search increased from 2,084 to 5,725. This could indicate that HRA is placing clients in jobs at a faster pace since the new contracts were implemented.

The other notable change is in the number of cases classified as temporarily unengageable in a work or training program, which jumped from 9,119 (9.1 percent) in December 2013 to 23,997 (20.7 percent) in December 2017. Within this category, the number of cases being evaluated for WeCARE, a city program designed to help individuals overcome medical and/or mental health barriers to employment, jumped from 554 to 11,601 over the four-year period. This sharp increase is the product of HRA's initiative to provide more comprehensive assessments in order to expand access to programs for clients with work limitations due to disabilities. Over the last year, however, the number of clients in this pre-WeCARE category has decreased from 13,995 to 11,601 as the number of active WeCARE participants increased from 6,784 to 9,129.

Cash Assistance Recipients Stable, But Fewer Recipients of Food Stamps



SOURCE: Human Resources Administration

New York City Independent Budget Office

and the number receiving Temporary Assistance for Needy Families grants.

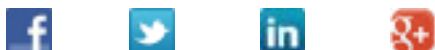
Impact on the Budget. Whatever the ultimate outcome of the new employment plan, the recent caseload increase has led to increasing cash assistance grant expenditures. In December 2017 there were 31,594 more grant recipients than in May 2014.

On an annual basis, this translates into about \$124 million in additional grant outlays including \$55 million in city funds. If the HRA employment plan succeeds in eventually reducing the caseload, there will be a corresponding decrease in grant expenditures.

In its most recent cash assistance re-estimate, which dates from the 2017 executive budget, the Mayor’s office anticipated a brief caseload increase; the current budget includes more than enough funds to cover the increases that have already occurred through December 2017. IBO projects that the cash assistance caseload will level off at about 370,000 by June 2018, roughly 18,000 below the Mayor’s projection. As a result we project that spending on cash assistance grants will be lower than the preliminary budget forecast by \$65.7 million (\$16.3 million in city funds) in 2018, and \$55.3 million (\$8.0 million in city funds) in 2019.

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