

March 2017

## **New Cash Assistance Programs Keeping Recipients on Welfare Rolls Longer, But Caseload Increase Seems to Have Stabilized**

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 has had a notable impact on work program assignments and has led to increases in the cash assistance caseload and expenditures. Although work program adjustments have continued over the past year, the number of cash assistance recipients seems to have stabilized.

**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 2016, 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 9,867 (8.5 percent).

Similarly, the number of participants in the Work Experience Program (WEP), which has often been 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 recent 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 in the engagement process increased from 13,178 (13.1 percent) in December 2013 to 19,798 (17.0 percent) in December 2016, indicating that a sizeable share of the caseload had not yet received an actual work program assignment.

In contrast, the small 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 8,836 (7.6 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 nearly quadrupled from 1,235 in December 2013 to 4,850 in early December 2016, although there was some drop off at the end of the year. The new employment plan allows recipients up to age 24 to take part in full-time basic education such as 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. The number of recipients in long-term job search (more than 12 weeks) tripled from 1,468 to 4,526 during this time period, which could reflect the new emphasis on encouraging higher-quality job placements.

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)

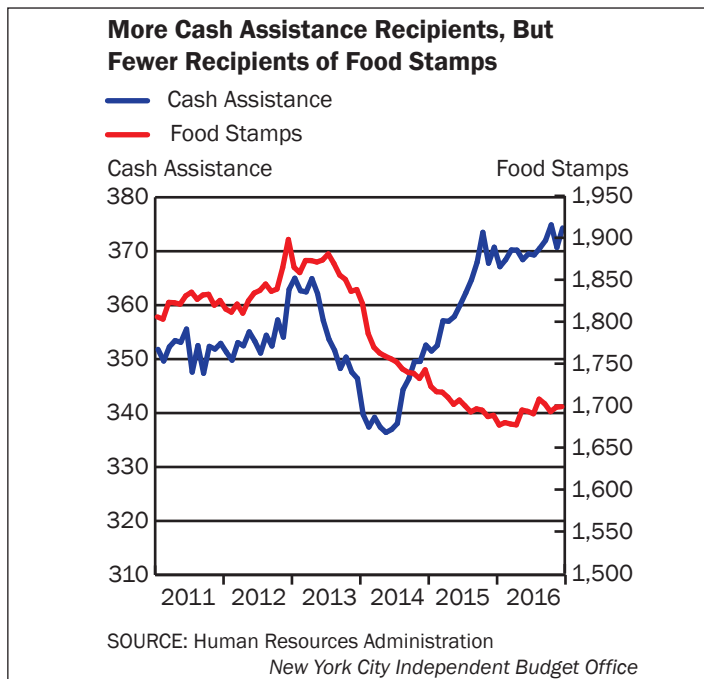


Cash Assistance Cases by Work Status				
	December 2013		December 2016	
	Number	Percent	Number	Percent
Private Employment	22,937	22.9%	27,337	23.4%
Sanctioned or in Sanction Process	19,632	19.6%	9,867	8.5%
In Engagement Process	13,178	13.1%	19,798	17.0%
Work Experience Program	10,661	10.6%	0	0.0%
Temporarily Unengageable	9,119	9.1%	29,318	25.1%
WeCARE	8,121	8.1%	6,784	5.8%
Other Activity	6,910	6.9%	8,006	6.9%
Substance Abuse Treatment	6,322	6.3%	6,632	5.7%
Education/Training/Job Search	3,347	3.3%	8,836	7.6%
<b>TOTAL</b>	<b>100,227</b>	<b>100.0%</b>	<b>116,578</b>	<b>100.0%</b>

SOURCE: Human Resources Administration  
NOTES: Cases are classified by the primary activity of the household head. 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.  
New York City Independent Budget Office

in December 2013 to 29,318 (25.1 percent) in December 2016. Within this category, the number of individuals in the process of applying for Supplemental Security Income or appealing an initial rejection increased from 4,963 to 6,564, as HRA has increased its efforts to help individuals believed eligible for this federal benefit to enroll in this program. In addition, the number of cases being evaluated for WeCARE, a city program designed to help individuals overcome medical and/or mental health barriers to employment, increased from 554 to 13,995. 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.

**Has the Caseload Increase Run Its Course?** The implementation of HRA's new employment plan has coincided with an 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. Since then the caseload has grown steadily, reaching 374,316 in December 2016, an increase of 37,913 recipients, or 11.3 percent. The fact that the number of food stamp (now known as the Supplemental Nutrition Assistance



Program) recipients actually fell by 60,118 (3.4 percent) over the same period suggests that the rise in the cash assistance caseload is attributable to the new employment policy rather than to recent deterioration in the local labor market for low-wage workers.

The drop in the city's food stamp caseload is especially notable considering that the additional cash assistance recipients were also enrolled in the food stamp program as part of their application process. Thus, the number of food stamp recipients would likely have fallen more steeply if not for the uptick in the number of households receiving cash assistance. This divergence in the food stamp and cash assistance caseload trends is not mirrored in the nationwide caseload numbers. Over this same time period there were decreases in both the number of Americans enrolled in the food stamp program and the number receiving Temporary Assistance for Needy Families grants, as employment and output in the U.S. economy continued to grow.

Information provided by HRA indicates that the recent increase in the city's cash assistance caseload is 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 605,559 as of December 2016, up only slightly (2.4 percent) from 591,544 in May 2014. Moreover almost 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

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to recent 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 year suggests that the number of individuals receiving cash assistance grants may be stabilizing. While the number of recipients increased by an average of about 1,800 per month from May 2014 to December 2015, the average increase over the subsequent 12 months was only about 300. Interestingly, during this same period, while the upward trend in the cash assistance caseload was slowing, the downward trend in the number of food stamp recipients also seems to have ended.

**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 2016 there were 37,913 more grant recipients than in May 2014. On an annual basis, this translates into about \$145 million in additional grant outlays including \$65 million in city funds. If the upward trend in the caseload continues, there will be a corresponding rise in grant expenditures.

In its most recent cash assistance re-estimate, which dates from last spring's 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 2016. IBO projects that the cash assistance caseload will level off at about 378,000 by June 2017, roughly 10,000 fewer than the Mayor's projection. As a result, we expect that spending on cash assistance grants will be lower than the preliminary budget forecast by \$48.1 million (\$33.2 million in city funds) in fiscal year 2017, and \$37.9 million (\$26.1 million in city funds) in 2018.

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