

March 2016

Changing Course on Cash Assistance

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 already had a notable impact on both work program assignments and the cash assistance caseload and expenditures.

Work Program Changes. In a sharp break with recent administrations, Mayor de Blasio's new 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, through December 2015 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 unengageable due to disability, age, or family status) to 11,341 (9.9 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 7,120 (6.2 percent). HRA officials plan to gradually phase out the WEP program and replace it with programs they believe will provide better preparation for long-term employment.

In contrast, the number of cases with the household head in an education, training, or job search program increased from 3,347 (3.3 percent) to 8,010 (7.0 percent). Within this category, the number of participants in education or training more than tripled from 1,235 to 4,090. The new employment plan allows recipients up to age 24 to take part in full-time basic education, 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) doubled from 1,468 to 2,861, which could reflect the new emphasis on encouraging higher quality job placements.

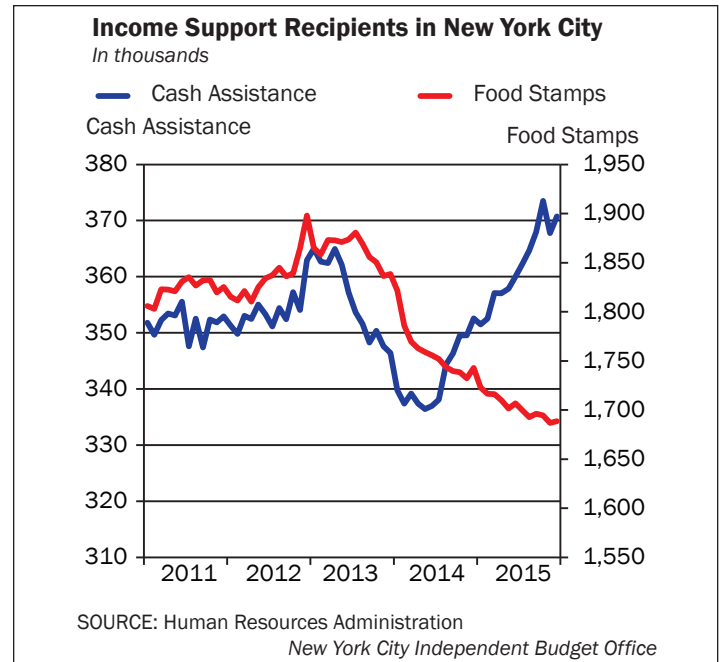
The other notable change is in the number of cases classified as temporarily unengageable, which jumped from 9,119 (9.1 percent) to 28,764 (25.2 percent). Within this category, the number of individuals in the process of applying for Supplemental Security Income or appealing an initial rejection increased from 4,963 to 6,828, as HRA has increased its efforts to help individuals believed eligible for this federal benefit to get enrolled in this program. In addition, as a result of the agency's initiative to provide more comprehensive assessments in order to expand access to programs for clients with work limitations due to disabilities, the number of cases being evaluated for WeCARE, a program designed to help individuals overcome medical and/or mental health barriers to employment, increased from 554 to 16,902.

An Increasing Caseload. The implementation of HRA's new employment plan has coincided with an increase in the overall number of cash assistance recipients. After a period of declining caseloads, the number of individuals receiving cash assistance grants bottomed out at 336,403 in May 2014. Since then the caseload has grown steadily reaching 370,742 in December 2015, an increase of 34,339 recipients, or 10.2 percent. The fact that the number of food stamp (now known as the Supplemental



Cash Assistance Cases by Work Status				
	December 2013		December 2015	
	Number	Percent	Number	Percent
Private Employment	22,937	22.9%	25,656	22.5%
Work Experience Program	10,661	10.6%	7,120	6.2%
Education/Training/Job Search	3,347	3.3%	8,010	7.0%
Substance Abuse Treatment	6,322	6.3%	6,984	6.1%
WeCARE	8,121	8.1%	7,245	6.4%
Other Activity	6,910	6.9%	6,739	5.9%
In Engagement Process	13,178	13.1%	12,216	10.7%
Sanctioned or in Sanction Process	19,632	19.6%	11,341	9.9%
Temporarily Unengageable	9,119	9.1%	28,764	25.2%
TOTAL	100,227	100.0%	114,075	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 the primary activity of the household head.
New York City Independent Budget Office



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 that can be largely attributed to recent efforts to prevent homelessness and reduce the shelter population.

It is unclear how long the cash assistance caseload will continue to rise or how high it will reach. HRA assumes that at some point improvements in job placements and reduced recidivism will cause the number of recipients to level off and then decline. While some critics have warned of a return to the huge caseloads that occurred prior to the welfare reforms of the mid 1990s, the current number of recipients remains roughly a third of the nearly 1.2 million peak reached in March 1995.

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 2015, there were 34,339 more grant recipients than in May 2014. On an annual basis, this translates into about \$133 million in additional grant outlays, including \$60 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 2016 executive budget, the Mayor’s office anticipated a brief caseload increase; the current budget includes enough funds to cover the increases

Nutrition Assistance Program) recipients actually fell by 70,419 (4.0 percent) over the same period suggests that the rise in the cash assistance caseload is attributable to the new employment policy rather than to weaker local economic conditions.

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 cash assistance, and probably reflects continued improvement in the local labor market. The impact of the improving economy on income support programs can also be seen 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.

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 597,347

that have already occurred through December 2015. IBO projects that the cash assistance caseload will continue to increase through the remainder of the fiscal year, requiring

an additional \$15 million in total funds (\$6.5 million in city funds) in 2016 and \$42 million in total funds (\$23.3 million in city funds) in 2017 compared with the preliminary budget.

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