



INSIDE THE BUDGET

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Growing Share of Welfare Caseload Exempt from City's Workfare Program

A growing portion of the city's welfare caseload is exempt from work or training activities because of health and other reasons that limit their ability to participate. This suggests that a significant number of public assistance recipients may remain in need of aid when their federal welfare benefits expire.

In December 1999, the Mayor announced that the city had achieved "full engagement" in its workfare program, meaning that all able-bodied public assistance recipients were involved in work, education or job-training activity. IBO's initial analysis of the public assistance caseload for that month indicated that the Administration was using a fairly loose definition of full engagement. Using the classifications employed by the city's Human Resources Administration (HRA), IBO found that only 49 percent of the cases were actually engaged in some work activity (*Inside the Budget*, April 3, 2000).

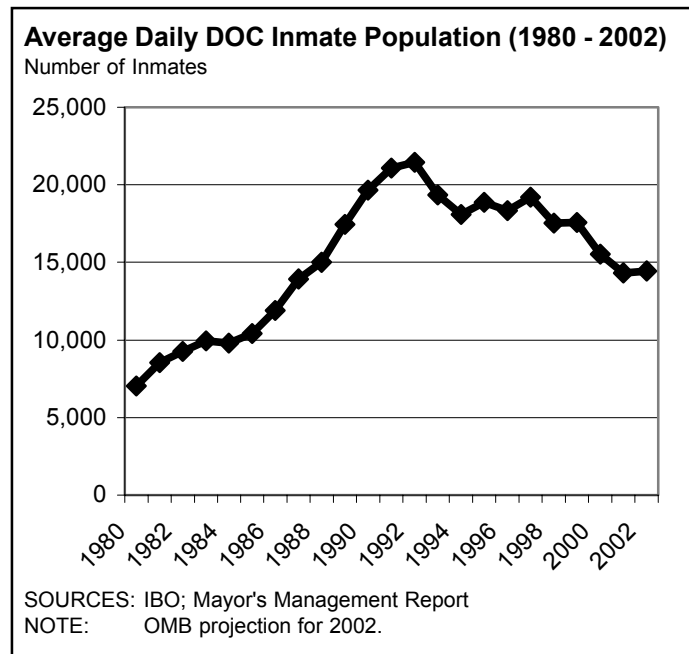
Newly available data shows that from December 1999 to December 2000 the share of cases engaged in some work activity has fallen to 44 percent. These figures offer another indication that a growing share of the caseload consists of recipients exempted from work requirements

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City to Spend Nearly \$1 Billion to Make Temporary Jail Beds Permanent

New York City is planning to spend \$970 million in capital budget funds over the next 10 years to replace all of the Department of Correction's (DOC) 5,400 temporary jail beds with an equal number of permanent beds. The city is taking this step in preparation for a possible resurgence in the inmate population.

The plan comes at a time when the number of inmates in the city's jails has fallen to the lowest level since the late 1980s, and there are some 8,000 empty beds. After more than tripling from 7,042 in 1980 to an all-time high of 21,449 in fiscal year 1992, the average daily inmate population has declined in recent years in tandem with the drop in serious crime. There was a daily average of 14,489 DOC inmates during the first nine months of the current fiscal year, or 7 percent fewer than last year.



The Mayor's budget for running the city's jails assumes the average inmate population will remain the same through next year, with a subsequent rise to about 17,500 from 2003 through 2005. The DOC capital plan includes funding to prepare for an eventual rise after 2005 of the inmate population to the 20,000-plus levels of the early 1990s.

Maximum Capacity

The city's jails have a maximum capacity of about 22,800 beds—8,000 of which are currently empty due to the decline in the inmate population. Of

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Public Assistance Cases by Work Status, December 1999 vs December 2000

	Total Cases		Total Cases		Change	
	December 1999		December 2000		#	%
	#	%	#	%	#	%
<u>Engaged</u>						
Work Experience	35,559	13.3%	23,366	10.2%	(12,193)	-34.3%
Private Employment	32,264	12.1%	30,581	13.4%	(1,683)	-5.2%
Community Service	9,904	3.7%	6,117	2.7%	(3,787)	-38.2%
Other Work Activities	449	0.2%	891	0.4%	442	98.4%
Substance Abuse Treatment	12,697	4.8%	12,605	5.5%	(92)	-0.7%
Education/Training/Job Search	5,081	1.9%	4,279	1.9%	(802)	-15.8%
Teens in High School	5,491	2.1%	3,402	1.5%	(2,089)	-38.0%
Assessment/Not yet assigned	30,159	11.3%	18,386	8.1%	(11,773)	-39.0%
Total Engaged	131,604	49.4%	99,627	43.6%	(31,977)	-24.3%
<u>Not-Engaged</u>						
Child Only Cases	30,435	11.4%	33,975	14.9%	3,540	11.6%
Sanctioned Adult/Children Recipients	23,004	8.6%	18,233	8.0%	(4,771)	-20.7%
AIDS Services	7,632	2.9%	12,507	5.5%	4,875	63.9%
Have Child Under 3 Months	1,217	0.5%	3,767	1.7%	2,550	209.5%
Age 60 or Older	10,464	3.9%	9,446	4.1%	(1,018)	-9.7%
Indefinitely Disabled	20,099	7.5%	11,357	5.0%	(8,742)	-43.5%
Temporarily Disabled	7,584	2.8%	10,984	4.8%	3,400	44.8%
Temporarily Exempt	732	0.3%	1,020	0.4%	288	39.3%
In Conciliation/Decision Pending	33,857	12.7%	27,372	12.0%	(6,485)	-19.2%
Total Not-Engaged	135,024	50.6%	128,661	56.4%	(6,363)	-4.7%
TOTAL	266,628	100.0%	228,288	100.0%	(38,340)	-14.4%

SOURCES: IBO; NYC Human Resources Administration.

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due to disability or health status, many of whom will be exhausting their five-year allowance of federal benefits beginning in December 2001.

Over the 12-month period the long-term decrease in the public assistance caseload continued, with the total number of cases falling by 38,340 or 14 percent. This reduction did not occur evenly across work categories, however. The number of cases with adults engaged in work fell by 31,977—a decline of 24 percent—while the number of cases not engaged in work decreased by 6,363 or 5 percent.

Sharp Declines in Number Engaged in Work

The caseload reductions also varied across the specific program categories classified as work engagement. Most significant was the 34 percent decrease in the number of participants in the Work Experience Program (WEP), from 35,559 to 23,366. The

rapid growth of this program starting in 1995 created a pool of low-cost labor available to city agencies, in some cases restoring services lost to previous budget cuts. The continuing decline in this labor supply will pose a challenge for agencies, such as parks and sanitation, which have come to depend upon these workers. The other large reduction occurred in the number of recipients who were being assessed and had not yet been assigned to a work activity, a 39 percent decline from 30,159 to 18,386. According to HRA, this decline is attributable to administrative changes that assign new cases to work programs more rapidly, although the strength of the local economy during 2000 and more rigorous screening procedures may have contributed as well.

Smaller Reductions in Number Not-Engaged

For the program categories classified as not-engaged in work, the relatively modest decrease of

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the system's maximum capacity, about 5,400 beds are situated in temporary structures referred to as "modulars" or "sprungs," erected during the 1980s as a short-term expedient to house the then rapidly growing inmate population.

The Mayor's *Ten-Year Capital Strategy* calls for committing \$1.8 billion in city capital funds for jail related projects over the 2002-2011 period. About half, or \$970 million, would be spent for the construction of new facilities or additions to existing facilities. Given that the new capacity will replace temporary modular and sprung beds, the jail system's total capacity will remain essentially unchanged. The Administration contends that the new capacity will provide numerous operational and security advantages compared to the temporary capacity being replaced.

Rising on Rikers

Of the 5,400 beds to be replaced by 2011, over 2,100 are scheduled for the next four years at a cost of \$286 million. The capacity to be replaced in the next four years includes the following projects, all on Rikers Island:

- 448-cell Central Punitive Segregation Unit at the George R. Verno Center (\$100 million)
- 800-bed dormitory addition at the Rose M. Singer Center (\$88 million)
- 200-bed dormitory addition to the Adolescent Reception and Detention Center (\$27 million)
- 224-cell addition to the Eric M. Taylor Center (\$45 million)
- 448-cell addition to the George Motchan Detention Center (\$11 million, design only).

Project costs vary in large part because the facilities provide different levels of security.

Another \$217 million in planned commitments over the next four years would fund various building systems and infrastructure improvements, such as reconstruction of roofs, ceilings, showers, and dayrooms as well as the upgrade of plumbing, heating, electrical and mechanical systems. Additionally, \$87 million would provide improvements to support spaces as well as the upgrade or replacement of vehicles, computers, security equipment, and communications systems. **IBO**

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6,000 cases occurred early in the year.

The largest decline among the not-engaged categories was in the indefinitely disabled category that fell by 8,742 cases (44 percent). At least some of the cases in this category are believed to have been shifted to the AIDS services category that grew by 4,875 cases (64 percent) over the 12-month period. Enrollment of city residents in the federal SSI program rose during 2000, which also may reflect the shift of the indefinitely disabled from the welfare caseload. The next two largest declines were in the areas over which the city has the greatest administrative control. The number of cases in the conciliation process awaiting a decision fell by 6,485 (19 percent), while the number of cases with a sanctioned adult with one or more children still receiving benefits declined by 4,771 (21 percent).

The remaining not-engaged categories are those in which the city has little control such as those exempted for health and disability reasons. With the exception of the age 60 or older category, each of these other categories grew. There were increases in child only cases (up 3,540), temporarily disabled cases (up 3,400), cases with an infant child (up 2,550), and temporarily exempt (up 288).

Implications for the Future

The increasing share of the caseload in the exempted from work categories suggest that there is a core group of recipients who will have difficulty moving off of the public assistance rolls and into private employment. The existence of this core group is of increasing concern as December 2001 approaches, when the first wave of Family Assistance recipients will reach their five-year limit and face termination of their federally-funded benefits. While federal law permits the state to exempt a portion of the caseload from the five-year limit, many recipients will have to shift to the state's Safety Net program when their federal benefits run out. The city is required to pay 25 percent of the cost of the federal program and 50 percent of the state program. IBO has estimated that at the end of this year approximately 100,000 individuals will be shifted from the federal to the state program. (See IBO's *Analysis of the Mayor's Preliminary Budget for Fiscal Year 2002*, March 2001, for a discussion of the potential fiscal impact of this shift.) **IBO**

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