

FULL-ENGAGEMENT WELFARE IN NEW YORK CITY

Lessons for TANF's Participation Requirements

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I. INTRODUCTION

On the surface, mandatory work and work-related activities for welfare recipients seem immensely popular with the public. Poll after poll documents broad support for them.¹ Consequently, over the years many proposals have been made to require welfare recipients to work in return for assistance (“workfare” or “work experience programs”)² or to engage in other specific work-related activities (e.g., subsidized and unsubsidized employment and on-the-job training). We call this approach a *full-engagement welfare program*.

Supporters see such mandatory activities for welfare recipients as a way to build the job skills of recipients who do not have an extensive employment history while fulfilling the reciprocal obligation between recipient and government. It does not hurt that such programs also “smoke out” recipients who are working (usually under the table) unbeknownst to the agency.³ Moreover, work experience programs in particular also encourage recipients who can find a job to do so, because their choice is either work experience or a “real job,” as they put it. Even if mothers are not helped to find jobs, many supporters believe that purposeful activity rather than inactivity may be better for most welfare mothers.

Yet, the political process has been hesitant to respond to the wide support for workfare. Until the passage of the 1996 welfare reform law, opponents of mandatory work were able to water down the work requirements that, since the 1960s, have regularly been proposed in Congress.

A major reason the opponents have succeeded is that participation mandates, especially with regard to work experience programs, also inspire intense opposition. In the 1970s, for

¹See generally Karlyn H. Bowman, “Attitudes About Welfare Reform,” *AEI Studies in Public Opinion*, July 2002, available from: www.aei.org/docLib/20030103_psbowman11.pdf, accessed February 14, 2003.

²Workfare programs are a form of work experience program, but they are limited to programs that require recipients to perform actual work designed to produce real goods and services—in other words, to “work off” all or part of a welfare grant. *But see* Thomas Brock, David Butler, and David Long, *Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research* (New York: Manpower Demonstration Research Corporation, 1993), p. 1, *stating*: “The term *workfare* has various meanings. Sometimes it is used narrowly to describe programs that require welfare recipients to work a prescribed number of hours to ‘earn’ their welfare grant. Workfare is also used more broadly to refer to any program that imposes an obligation on welfare recipients, possibly including unpaid work experience but also activities such as job search, education, and vocational training. To avoid ambiguity, this paper uses ‘unpaid work experience’ in the first, narrow sense, and ‘welfare-to-work program’ for the broader definition.”

³See Blanche Bernstein, *The Politics of Welfare: The New York City Experience* (Cambridge: Abt Books, 1982), p. 42.

example, the opponents of workfare programs successfully labeled them “slavefare”⁴—because disadvantaged mothers would be forced to work for the minimum wage or less⁵ in jobs that should pay much more. Critics also argued that a mandatory work program would create a second-class workforce that would be paid less than regular workers for doing the same work while displacing regular employees. In 2002, one advocacy group called New York City’s Work Experience Program (WEP) “a public employment program, in which workers are performing critical services for the citizens of the city for no pay and keeps people trapped in poverty while displacing a full-time union workforce.”⁶ Most public service unions also oppose work experience programs, largely because they fear losing public jobs (“worker displacement”).

State leaders, even very conservative ones, have shied away from work experience programs not just because of the political controversy they generate but also because of the costs and administrative challenges they involve. Such programs—again, especially those involving real work experience—are difficult to operate; they pose tremendous administrative challenges in finding and managing sites as well as in keeping track of participants and sanctioning them when they fail to comply. They are also expensive: as much as two or three times more costly than cash assistance (particularly if every participating mother claims child care assistance).

TANF

Hence, as late as the mid-1990s, many experts on the right as well as the left believed that work experience programs were not worth the political and financial costs entailed. Then came the 1996 welfare reform law, the Temporary Assistance for Needy Families (TANF) program,⁷ which mandates that states impose work- and education-related participation requirements on a successively larger share of the caseload. Through TANF, “The American public has made clear that work by welfare recipients is a defining goal of state and federal welfare laws, the pursuit of

⁴David Whitman, “Welfare: Where Do We Go From Here?,” *The Atlantic Online*, posted March 25, 1997, available from: www.theatlantic.com/unbound/forum/welfare/readers.htm, accessed August 6, 2002, stating: “Jimmy Carter’s Program for Better Jobs and Income, which had as its centerpiece the largest public service jobs program for welfare recipients since at least the New Deal, was spurned as ‘slavefare.’”

⁵The Work Incentive (WIN) program, created in 1967, allowed states to operate a work experience program, where a participant could be assigned to a full-time position for a limited number of weeks, irrespective of the grant level. This approach could create situations in which participants effectively worked for less than the minimum wage. The Family Support Act of 1988 replaced WIN with the Job Opportunities and Basic Skills Training (JOBS) program, which allowed states to continue to operate a WIN-like work experience program, subject to approval from the U.S. Department of Health and Human Services.

⁶Laura Wernick, John Krinsky, and Paul Getsos, *The Work Experience Program: New York City’s Public Sector Sweat Shop Economy* (New York: Community Voices Heard, 2000), p. 5, available from: www.cvhaction.org/Publications.html, accessed January 23, 2002.

⁷Technically, the welfare reform law passed by Congress is the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), of which TANF is a part.

which deserves the highest priority in social welfare policy,”⁸ writes Robert Moffitt, professor of economics at Johns Hopkins University.

The “work” issue was supposed to have been settled by TANF’s seemingly tough “participation standards” on recipients. By 2002, 50 percent of all families receiving TANF (except child-only cases) were to be in one or more specified activities for at least thirty hours per week (twenty hours per week for a single parent with a child under age six).⁹ A separate, higher requirement applies to two-parent families: 90 percent were to be in work-related activities for thirty-five hours per week (or fifty-five hours per week if the family was receiving a child care subsidy) by 2002.

It did not turn out that way. No state was actually required to establish a mandatory work regime, because TANF’s caseload reduction credit reduced the effective participation rate for most states to zero.¹⁰ In the absence of an operative federal mandate, and contrary to the widely held view, in 2000 only about 3 percent of the national caseload was actually in mandatory work programs and only between 11 and 16 percent were participating in any program-related work activity.¹¹ Because about one-third of the national caseload consisted of child-only cases, these percentages would be slightly higher if limited to adults receiving assistance: about 4 percent in mandatory work programs and between 16 and 23 percent in any program-related work activity.¹²

⁸Robert A. Moffitt, *From Welfare to Work: What the Evidence Shows*, Welfare Reform and Beyond Series, Policy Brief No. 13 (Washington, D.C.: The Brookings Institution, January 2002), p. 1, available from: www.brook.edu/wrb/publications/pb/pb13.pdf, accessed February 12, 2002.

⁹City of New York, Human Resources Administration, *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000), p. 15.

¹⁰Under TANF, the required participation rates are reduced by the “caseload reduction credit.” The credit reduces the state’s required participation rate by one percentage point for each percentage point that the state’s welfare caseload falls below the 1995 level. (Caseload reductions due to eligibility changes, such as full-family sanctions, cannot be counted in measuring the caseload decline.) The sharp decline in the rolls since 1995 has all but eliminated the need for most states to establish mandatory work programs.

¹¹U.S. Department of Health and Human Services, Office of Planning, Research, and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Fourth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, April 2002), p. III–96, available from: www.acf.dhhs.gov/programs/opre/ar2001/indexar.htm, accessed October 13, 2002. The range for this category reflects the fact that there may be recipients participating in more than one activity. The 11 to 16 percent of the national caseload who were participating in a program activity does not include those who were combining work and welfare unless they were participating in another program activity.

¹²U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families (TANF) Program: Fourth Annual Report to Congress*, p. III–96. The range for this category reflects the fact that there may be recipients participating in more than one activity. The 16 to 23 percent of the national caseload who participate in a program activity does not include those who were combining work and welfare unless they were participating in another program activity.

Only a few places have created large-scale work experience programs, mainly Ohio, New Jersey, Wisconsin, and New York City.¹³ This should not be surprising. In the past, states have shown little interest in operating work experience programs.

What happened? The massive caseload decline combined with various TANF provisions to excuse states from having to establish mandatory work programs. Essentially, a state's caseload decline is credited toward its TANF participation requirements, thereby lowering them. In addition, because recipients who combine work and welfare also count toward participation requirements, the large number of combiners satisfied whatever was left of the TANF requirements regarding single mothers on welfare. (In many states, however, those factors were not sufficient to meet the higher participation requirements for two-parent families. But instead of creating mandatory work programs for such families, many states simply transferred their two-parent welfare families to what are called "separate state programs" that had no federal participation requirements.¹⁴)

Toughening TANF's participation requirements has been a key element in the debate over its reauthorization, and it is widely expected that Congress will substantially increase them when and if TANF is reauthorized. The reauthorizing bill that passed the House of Representatives in 2003 would raise both the required participation rate and the required hours of participation. The minimum participation rates would rise by five percentage points each year, beginning at 50 percent in 2004 and going to 70 percent in 2008. The bill would also increase the required hours of participation, from thirty hours per week (twenty hours for a mother with a child under age six) to forty hours per week. The forty-hour requirement would be divided between "direct" work activities for twenty-four hours and other state-defined work, training, or education activities for the remaining sixteen hours.¹⁵ The Senate version of the reauthorization bill ("S. XXX") has many similar provisions, such as an increase in the required participation rate to 70 percent, but it has some differences in the hours of participation required and countable activities and introduces an employment credit to replace the existing caseload reduction credit. (There is less than meets the eye to these proposals, because various provisions would allow most states to come into technical compliance without actually increasing participation.)¹⁶

¹³U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families (TANF) Program: Fourth Annual Report to Congress*, p. III-96.

¹⁴U.S. Department of Health and Human Services, Office of Planning, Research, and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Fifth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, April 2002), p. III-95, available from: www.acf.dhhs.gov/programs/opre/ar2001/indexar.htm, accessed June 16, 2004.

¹⁵Direct work activities are roughly akin to TANF's "core" activities and represent priority activities in which recipients must participate for a minimum number of hours to be counted toward the participation requirements.

¹⁶See Douglas J. Besharov and Peter Germanis, *Toughening TANF: How Much? And How Attainable? An Analysis of Participation Requirements in the House and Senate Bills to Reauthorize the Temporary Assistance for*

Are such toughened participation requirements feasible? And what should they look like?

New York City as a Model

One model would surely be the Wisconsin Works (W-2) program, the nation's first (and only) statewide, high-participation, work-oriented welfare system. So it is natural that much of the research and writing about mandatory work activities has focused on the W-2 program. For example, Demetra Nightingale, director of the Welfare and Training Research Program at the Urban Institute, and Kelly Mikelson of the Urban Institute summarized fifty-three ongoing or completed studies of the W-2 program, concluding that it is "one of the most studied in the nation."¹⁷ Indeed, Wisconsin's experience has much to teach all states, but it provides a somewhat specialized model. Through a combination of political happenstance and opportunistic leadership, Wisconsin essentially abolished its cash-welfare system and substituted a system based almost entirely on work.¹⁸ W-2 participants are assigned to either subsidized or unsubsidized work slots on the basis of their employability. Current and former recipients are also eligible for a range of program services intended to help them find or retain employment, increase their skills or wages, and overcome barriers to employment.

For states that may not want to change their welfare systems as completely as Wisconsin did (or may not be able to do so), New York City's welfare reform experience may be more relevant. In a city with a liberal political environment and a large population of disadvantaged, multigenerational welfare families, it operates a nearly universal "full-engagement"¹⁹ model generally involving twenty hours of mandatory work and fifteen hours of mandatory participation in "work skills or educational development and/or treatment with a continuous job search component."²⁰ The object is "to make work central in the lives of every able-bodied New Yorker

Needy Families Program, and of Likely State Responses to Them (College Park, MD: University of Maryland, School of Public Affairs, Welfare Reform Academy, March 23, 2004), pp. 40–41, available from: www.welfareacademy.org/pubs/welfare/toughening_tanf.pdf, accessed July 9, 2004.

¹⁷See Demetra Smith Nightingale and Kelly S. Mikelson, *An Overview of Research Related to Wisconsin Works (W-2)* (Washington, D.C.: Urban Institute, March 2000), p. i, available from: www.urban.org/pdfs/wisc_works.pdf, accessed December 12, 2002.

¹⁸Two types of welfare families were not included in W-2 because the adult caretakers were not considered appropriate for the program's work requirements. Children whose parents received Supplemental Security Income and could not work due to illness or incapacity were converted to the Caretaker-Supplement program. In addition, children living with non-legally responsible relatives, such as a grandmother or aunt, and who otherwise might be placed in foster care were converted to the state's Kinship Care program.

¹⁹Under HRA's definition, "full engagement" means that all adults in recipient families are (1) participating in an approved work-related activity (including specified educational and treatment activities), (2) in the process of being assigned to a work-related activity, or (3) sanctioned or in the process of being sanctioned.

²⁰See City of New York, Human Resources Administration (HRA), *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000), p. 15.

now receiving public assistance.”²¹ In addition to work experience and unsubsidized employment, other work-related activities include job search, job skills training, community service, and subsidized employment. Moreover, to help make recipients more employable, New York City provides a broad array of remedial and treatment services in combination with its mandatory work program (and sometimes in lieu of mandatory work).

Thus, New York City’s welfare reform program, Ladders to Success,²² provides an alternative approach to mandatory work experience programs—and to fulfilling what are likely to be TANF’s toughened participation requirements. Demetra Nightingale and her colleagues at the Urban Institute point out that

the experiences in New York City in the 1990s as it attempted to revamp the entire welfare system—organizationally and philosophically—offer important lessons about the feasibility and limits of (1) implementing large scale work experience programs; (2) restructuring and modernizing a large, entrenched bureaucracy; and (3) adapting service programs to changing policy and economic conditions and caseload characteristics.²³

At its peak, in December 1999, New York City’s Work Experience Program (WEP) was more than seven times larger than Wisconsin’s; it had about 21,933 TANF/Family Assistance (FA) recipients and 15,320 state-funded Safety Net Assistance (SNA) recipients in various work activities.²⁴ In comparison, Wisconsin, at its high point in 1999, had only 5,434 adults in its work experience program and only 7,408 adults in any work-related activity.²⁵ So, whereas Wisconsin,

²¹City of New York, HRA, *Ladders to Success: Innovations in City Government*, p. 25.

²²City of New York, HRA, *Ladders to Success: Innovations in City Government*, p. 2, stating: “*Ladders to Success* is the City of New York’s welfare reform program. The Ladders to Success program is the all-encompassing framework and approach for the City’s public assistance, welfare-to-work, and support programs. Ladders to Success encompasses the city-wide implementation of various programs and activities focused on work. . . . For example, within HRA, the Family Independence Administration (FIA) has applied the concepts of Ladders to Success to the Job Centers.” (emphasis in original)

²³Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute Labor and Social Policy Center, July 2002), p. 3.

²⁴New York City Human Resources Administration, “FA/TANF - December 26, 1999 - Weekly Report” and “PA - December 26, 1999 - Weekly Report.”

²⁵Unlike New York City’s count of work experience participants, which is based on a specific month, the Wisconsin figure is an average monthly count of participants for the year. This difference does not materially affect the comparison. See U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families Program: Third Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, August 2000), p. 49, available from: www.acf.dhhs.gov/programs/opre/annual3.pdf, accessed August 6, 2002.

with a much smaller population, had a higher proportion of its caseload in activities, New York City had many more people in monitored activities.

Ironically, even with this record New York City would not easily meet the new requirements proposed in the TANF reauthorization bills without H.R. 4's caseload reduction credit or S. XXX's employment credit.²⁶ And even those provisions will not be enough if caseloads remain flat or begin to rise. In fact, unless caseloads decline at least 4 percent a year, the city would not meet TANF's requirements in 2007 (even if it were to adopt a full-family sanction).²⁷

After tracing the welfare caseload decline in New York City, this report broadly describes the city's welfare reform program ("Ladders to Success"). In the absence of a definitive evaluation of the program, this report relies on information from a variety of sources, including HRA's administrative data,²⁸ visits to various agencies involved in implementing the welfare reform program, extensive interviews with City officials, and HRA policy and procedures manuals. It also draws on other studies of the city's program²⁹ as well as research on similar programs in other parts of the country. This information is used to reach tentative conclusions about some aspects of the program's operations, costs, benefits, and impacts. It closes with a description of a demonstration and evaluation strategy to help better understand such programs.

Lessons from New York City

Almost every objective observer agrees that the implementation of New York City's welfare reform program was a tremendous administrative and management accomplishment—especially given the city's bureaucratic and political environment. The City's HRA demonstrated that it is possible to run a large work experience program that uses a "full-

²⁶See Besharov and Germanis, *Toughening TANF*, pp. 40–41.

²⁷This example assumes a steady 4 percent decline each year between 2003 and 2006. Without a full-family sanction, the caseload would have to decline at least 6 percent per year between 2003 and 2006 for the city to meet the requirements.

²⁸See the box "Note About Data" in Section III.

²⁹Burt S. Barnow and John Trutko, "Analysis of Performance-Based Contracting in Welfare Programs in New York City," unpublished paper submitted to Baruch College, City University of New York, December 2002; James Clark, "New York's WEP Program," unpublished paper submitted to Baruch College, City University of New York, 2001; Michael Wiseman, "Public Assistance in New York City: Accomplishments and Opportunities," October 2002, available from: <http://home.gwu.edu/%7Ewisemanm/NYCPA.pdf>, accessed June 18, 2004; City of New York, HRA, *Ladders to Success: Innovations in City Government*; Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*; Sally Satel, *Welfare-to-Work for People with Drug and Alcohol Problems*, unpublished paper submitted to Baruch College, City University of New York, January 22, 2002; and Kay E. Sherwood, "JobStat: Creating a Tool to Manage the Reform of Welfare," unpublished paper submitted to Baruch College, City University of New York, 2001.

engagement” model of case management requiring twenty hours per week of mandatory work experience plus fifteen hours per week of mandatory educational and treatment services.³⁰ As a result, New York’s work experience program is widely seen as a model for how a high-intensity program should be run.³¹ Therefore, it is useful to consider the lessons that New York City’s experience provides.

Unfortunately, no rigorous evaluation was performed to explore the impact of the HRA programs on the city’s caseload. As a result, the lessons to be gleaned from them are limited and unavoidably tinged with the authors’ preconceived beliefs. Moreover, as reflected below, even some basic information about program operations is unclear. Nevertheless, we believe that the following conclusions reflect a reasonably objective reading of the evidence described in this report (which is broadly consistent with past welfare research).³²

AFDC versus TANF.

- The HRA succeeded in establishing a high-participation, work-oriented welfare system largely by using the tools provided under the old Aid to Families with Dependent Children (AFDC) program. It does not have TANF’s two most well-known components: a full-family sanction or a time limit on benefits. It does, however, have two other important TANF tools: the ability to deny eligibility to applicants who fail to perform a job search or comply with other application requirements and the ability to increase the earnings disregard.
- The impact of a TANF-like program did not get a full test in New York City because of the absence of full-family sanctions for most forms of noncompliance and the absence of a true time limit on benefits. Some forms of noncompliance, however, did receive a full-

³⁰See, e.g., Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. vii, stating: “Without question the City’s welfare reform is work-centered, with strong emphasis on ensuring that all able-bodied adults are subject to work requirements, rapid imposition of sanctions for those who do not comply, and assignment to WEP jobs for those who are not employed in the regular labor market.”

³¹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. iii, stating: “New York City has more welfare recipients than any other city in the nation— one out of every 13 cases nationwide receiving Temporary Assistance for Needy Families (TANF) (FA in New York) in 2001—and represents one of the strictest systems in terms of work participation requirements. As such, the operational experiences suggest lessons important to New York City and to federal welfare policymakers implementing large scale work programs—lessons about restructuring a large and entrenched bureaucracy and about adapting priorities and programs to changing policies, economic conditions, and caseload characteristics.”

³²See generally Jeffery Grogger, Lynn Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis* (Washington, D.C.: RAND, July 2002), available from: www.acf.hhs.gov/programs/opre/welfare_reform/reform_contents.html, accessed September 1, 2004.

family sanction; in addition, at least initially, some confusion existed among recipients about whether their benefits were subject to a time limit.

Participation rates.

- Beginning the engagement process as soon as a family applies for welfare appears to have raised participation rates.
- Careful assessment of illness and disability claims and providing services to address them substantially reduced the number of exemptions from participation granted for those reasons from 9 percent of the FA caseload to 2 percent, even as the caseload was falling.
- Narrowing the age-of-child exemption for single parents from those having a child under age six to those having a child under three months old increased the number of adults expected to participate by about 50 percent. HRA's experience suggests that mothers with such young children can work without severe disruption to the family. At the same time, however, new demands for child care and other support services were created.
- In any high-participation welfare regime, "unsubsidized employment" (i.e., combining work and welfare) is likely to be a major activity.
- The increase in child-only cases removed a growing share of the caseload from the engageable caseload; developing strategies to engage this group may be the next big challenge.
- Even New York City, with one of the largest work experience programs in the nation, would not meet the putative 70 percent participation requirement in the pending bills to reauthorize TANF, because they do not count sanctioned cases as "participating." As of December 2002, about 17 percent of its engaged cases were "in sanction process" and another 17 percent were in the "in engagement process," neither of which is considered a countable TANF activity. In addition, the nearly 10 percent of its caseload exempted from participation due to age, disability, health, or other problems would be subject to TANF participation requirements. Combined, these categories would account for about half of the caseload subject to participation requirements.
- The proposed reauthorization of TANF sharply raises participation requirements. To meet the new participation requirements (once they are fully phased in), New York City would have to increase participation in its work experience and other activities by as much as 50 percent (unless more welfare families were placed in separate state programs). (For the nation as a whole, the increase would have to be much larger, because the total participation rate and the number of adults in work experience programs are considerably lower in most other states than in New York City.)

Management.

- Effective management can increase participation. The key tools are systematic monitoring of recipient activities, rapid placement into activities, structuring activities to meet special needs, minimizing downtime, and implementing other activities to minimize periods when recipients are not engaged in an activity.
- Using each welfare center (rather than individual recipients) as the locus of management focused accountability and allowed senior HRA staff to target incentives (such as employee rewards) for successful engagement. Regular meetings between headquarters staff and personnel at individual Job Center offices, which included using JobStat to review operations and performance, concentrated agency efforts on finding ways to improve operations and outcomes.

Work experience assignments.

- Work experience programs can be implemented on a large scale—and quickly. However, it helps to have a history of operating such programs, strong political leadership that wants to implement the program, and a fiscal situation in which recipients can be placed in work assignments involving jobs vacated by attrition.
- After initial reluctance to participate in providing work experience positions, partly out of concerns about additional costs of supervision and the effects on the regular workforce, City agencies incorporated participants into their workforce without undue disruption, and gradually came to rely on those workers as an important resource in providing improved services to the city.
- Most welfare recipients can be used productively in work experience assignments and provide valuable public services. It is possible to create work experience positions to accommodate recipients having a wide range of capabilities, including the mildly disabled.
- Concern about displacement limited the type of work experience assignments and the level of job skills they provided. The more that work experience assignments are like jobs, and the more hours that are involved, the greater the concern about possible displacement will be.
- The number of work experience slots necessary to engage a given caseload is far below 100 percent of the total caseload and is probably close to 10 or 15 percent. When the number of people who must be processed in a large system, as well as those not participating for other reasons, are taken into account the number of full-time work slots necessary to reach full engagement is small and manageable. For example, turnover is high as individuals realize they can move into unsubsidized employment rapidly and others cease participating altogether (and may be sanctioned), creating new positions.

Costs versus benefits of WEP.

- The approximate annual costs of operating a New York City work experience slot included site administration (\$1,450); participant monitoring (\$2,144); child care (\$4,570); transportation (\$884); and education and treatment (unknown amount).
- The monetary benefits of the New York City WEP included the value of services (\$5,150 to \$18,375),³³ reduced caseload (unknown amount), and reduced welfare payments (\$5,035 in savings from sanctions, but no estimate of savings or costs because recipients combine work and welfare). Total benefits ranged from \$10,185 to \$23,410.
- Even using the most conservative estimate of the monetary benefits of the New York City WEP (i.e., a part-time slot at the minimum wage, or \$5,150), because of the savings from sanctions (\$5,035), WEP benefits covered the cost of site administration and participant monitoring (\$3,594) as well as the costs of child care and transportation (\$5,454). This conservative valuation of the services provided by recipients would not exceed total costs, however, once expenditures on ancillary education and treatment services were factored in. The costs of such services would be covered only if the value of the participants' work were set at that of low-level city workers or if the work assignment were full-time.

Sanctions.

- HRA's sanctioning process was expanded and streamlined so that it could handle large numbers of sanction cases, with apparent fairness and dispatch.
- Partial sanctions can motivate many welfare recipients to participate in work and work-related activities, but they also allow many others to avoid participating and to be "happily sanctioned." Obtaining cooperation from the most recalcitrant recipients seems to require the threat of a full-family sanction. Nevertheless, full-family sanctions and time-limited benefits are not needed to operate a large-scale work experience program. In fact, one reading of the New York City experience is that many recipients (although probably not most) are eager to participate in meaningful work experience programs.
- Although full-family sanctions sometimes impose additional hardship for families, they may be fairer and more humane than other, more absolute remedies. For example, using "conditions of eligibility" to address noncompliance limits the tools that the agency has available to protect the well-being of the child and family.

³³Depending on how services are valued and whether the recipient is working twenty versus thirty-five hours per week.

Caseload decline.

- Between March 1995 and July 2002, New York City experienced a 71 percent decline in FA cases and a 54 percent decline in SNA cases. This decline, however, included the cases that reached the five-year time limit and were then converted to SNA, under which they continued to receive essentially the same benefits. Taking these cases into consideration would mean that the FA caseload fell 59 percent.
- At the same time, it appears that although “churning” has substantially increased, New York City’s rates of coming on and going off welfare remain lower than the equivalent national figures.

Safety Net Assistance cases.

- The SNA program’s full-family sanctions help keep participation rates high and may have a larger “smokeout effect” than the partial sanctions in the FA program.
- SNA recipients are much more likely than FA recipients to have substance abuse problems that limit their full participation in work activities. Among those deemed engageable, about one-third participate in treatment activities at any given point in time.
- Even in the SNA program, careful assessment of illness and disability claims (and services to address them) can reduce the number of exemptions from participation granted for those reasons. Nevertheless, about one-third of the SNA caseload is exempt due to age or disability and is not likely to participate in work activities.
- The benefits of an SNA work experience program are likely to exceed its costs, especially because child care costs are low, job training and other services are minimized, and sanction savings are high (as a result of the full-family sanction for single adults).
- Unsubsidized employment (combining work and welfare) is not a major component of SNA participation, probably because the welfare grant for single-person households is relatively low.

Impacts.

- No definitive evidence proves that “work first” reduced caseloads in New York City, but the research literature indicates that it probably did.

- No definitive evidence proves that WEP reduced caseloads, but the research literature indicates that it probably did. If nothing else, WEP would have smoked out at least some of the recipients with jobs or other sources of support.³⁴
- No definitive evidence proves that HRA’s remedial and treatment services had any impact on caseloads, but the research literature is mixed about whether they did.³⁵
- No definitive evidence proves that “unsubsidized employment” reduced caseloads in New York City, but the research literature indicates that it probably did.
- Pending evaluations of the Personal Roads for Individual Development and Employment (PRIDE) program and the Substance Abuse Case Management program being conducted by the Manpower Demonstration and Research Corporation should shed light on these two important programs.

Future research.

- Little reliable, up-to-date research exists to answer key questions regarding the implementation or effectiveness of full-engagement welfare programs.
- A comprehensive evaluation of full-engagement welfare programs should be a priority after TANF’s reauthorization.

³⁴See Blanche Bernstein, *The Politics of Welfare*, p. 42.

³⁵See, e.g., Judith M. Gueron and Gayle Hamilton, *The Role of Education and Training in Welfare Reform*, Welfare Reform and Beyond Series, Policy Brief No. 20 (Washington, D.C.: The Brookings Institution, April 2002); Daniel Friedlander, David H. Greenberg, and Philip K. Robins, “Evaluating Government Training Programs for the Economically Disadvantaged,” *Journal of Economic Literature* 35, no. 4, December 1997, pp. 1809–1855.

II. CASE FLOW AND CASE MANAGEMENT

Many experts believe that an agency trying to move recipients from welfare to work needs to build and maintain a sense of momentum among recipients. That means minimizing periods of downtime between activities (e.g., when recipients are waiting for an activity to begin or when they are no longer exempt or deferred from participation requirements).

Based on their review of about a dozen welfare-to-work programs evaluated by Manpower Demonstration Research Corporation (MDRC), Gayle Hamilton and Susan Scrivener, senior associates at MDRC, recommend limiting periods of inactivity, such as by assigning recipients to activities quickly after the initial orientation or assessment; promoting flexibility in the structure or scheduling of activities (such as open entry/open exit programs), having clear policies on deferral from participation (e.g., for a family crisis), closely monitoring participants who are temporarily deferred, and arranging for quick re-entry into the program when participants who have been working leave employment.³⁶

That, in essence, describes the Human Resources Administration's (HRA's) work-centered, "full-engagement" model.³⁷ To maximize participation and minimize inactivity or downtime, applicants are required to engage in supervised job search as soon as they seek benefits. "The welfare application process emphasizes job search *before* the case is actually approved for benefits (to divert some from going on welfare) and intensive verification and fraud reviews," as Nightingale and her colleagues describe.³⁸ They continue:

To change the culture and priorities within local offices and to implement the new work-centered policies, local welfare offices were renamed Job Centers, and the participant flow was changed so that individuals applying for welfare immediately were required to begin looking for work or engage in other activities. Most line staff positions

³⁶Gayle Hamilton and Susan Scrivener, *Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities* (New York: Manpower Demonstration Research Corporation, September 1999), pp. 65–67, available from: www.mdrc.org/Reports99/PromotingParticipation.pdf, accessed September 19, 2001.

³⁷Much of this section is based on information described in Michael Wiseman, "Public Assistance in New York City: Accomplishments and Opportunities," October 2002, available from: <http://home.gwu.edu/~7Ewisemanm/NYCPA.pdf>, accessed June 18, 2004; Seth Diamond, former deputy commissioner for Operations, NYC HRA, various conversations with Marie Cohen and Douglas Besharov, November to December 2001; and Marie Cohen and Douglas Besharov, site visits in November 2001.

³⁸Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute Labor and Social Policy Center, July 2002), pp. v–vi (emphasis added).

were reclassified as Job Opportunity Specialists (JOS), which combined the functions of eligibility and welfare-to-work caseworker into one position. Finally, many senior level staff were recruited from outside HRA and given clear mandates about employment objectives.³⁹

Furthermore, if approved for benefits, recipients are immediately placed in a process designed to enroll them in carefully selected work-related activities, including the Work Experience Program (WEP), which provides a structured work assignment for each recipient who can work. In recent years, work experience assignments have typically been combined with other education, training, and job search activities designed to increase employability and earnings, as described below.⁴⁰

The following discussion describes programs as they operated in the 2002–2003 period, but practices may have changed since then. In addition, Family Assistance (FA) and Safety Net Assistance (SNA) cases are treated together because their case flow and management processes are similar; the minor differences between them reflect the particular characteristics of each caseload.

Intake and Work First

The intake process usually begins when a person seeking financial assistance approaches a receptionist at an HRA Job Center. After verifying that the prospective applicant has come to the right job center, the receptionist gives the person a ten-page set of forms that can be completed on site (but need not be). The application covers cash assistance (FA or SNA), medical assistance, food stamps, and other support services.

Application and JOS interview. After turning in the paperwork, the applicant is referred to a Job Opportunity Specialist (JOS), who handles both eligibility and employment activities for them.⁴¹ Whenever possible, this interview is scheduled immediately, but if the center staff is too busy and no emergency needs are evident, the applicant may be asked to return one or two days later. Applicants who have been on welfare within the past thirty days skip the JOS and are referred immediately to the Case Management Team previously responsible for the case.

³⁹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. v.

⁴⁰See the discussion: “Work-related activities.”

⁴¹The Job Opportunity Specialist is a new position that consolidates the eligibility assessment and employability planning functions formerly performed by two different workers. In some centers at the end of 2001, the applicant would still meet first with an eligibility technician. See Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 10, stating: “HRA integrated the duties of the eligibility and employment staff in the Job Centers into the new JOS position. JOS workers thus were responsible for intake as well as employment-focused case management, with much smaller caseloads than had been the case for line staff under the prior system. Conversion to the JOS position began in Spring 2001, and most conversions were completed by the end of the year.”

Immediate needs. The JOS reviews the applicant’s materials, explores the applicant’s needs, and explains the participation obligations and time limits attached to the receipt of cash assistance. The JOS encourages applicants to pursue alternatives to cash assistance. After the JOS has explained the terms and conditions of assistance and addressed immediate needs, applicants are given the opportunity to withdraw their applications (whether for cash assistance, medical assistance, food stamps, or all three benefits).

The JOS also determines whether the applicant’s needs can be met by one-time assistance, such as expedited food stamps or a one-time cash grant, for example, to pay for rent or utilities. (These situations are called “active single issue cases” and are discussed below.)⁴²

Assessing barriers to employment and referrals for services. As the eligibility process continues, discussions with the applicant help the JOS begin to develop the Employability Assessment and Employment Plan (EAEP) to identify barriers to engaging in employment-related activities, and to make additional referrals. Each major barrier to employment has a separate referral process, and the JOS is responsible for monitoring the process and its outcomes.

For example, applicants needing child care are referred to providers, and the process of obtaining child care payments is initiated. Applicants appearing to suffer from domestic violence or reporting it are referred to a special unit, which may recommend an adjustment (or complete suspension) of the work obligation. Applicants reporting mental or physical health problems are referred to a private contractor, Health Services Systems, for evaluation and recommendation of appropriate activities. Applicants reporting or showing signs of substance abuse are referred to a special unit for assessment and any needed treatment.

Skills assessment and immediate job search. Once EAEP development has begun, child care arrangements have been made, and applicants have been referred to be assessed for other employment barriers, the JOS refers them to a Skills Assessment and Placement (SAP) contractor.

HRA pays Employment Services Placement and SAP contractors on the basis of their performance. Burt Barnow, professor of economics at Johns Hopkins University, and John Trutko, of the Capital Research Corporation, describe HRA’s performance-based contracting system.⁴³ For each contractor, a “base rate” is set for each participant. The contractor can receive up to the full base rate if a series of milestones is achieved. For example, for one ESP contractor, the base rate was \$4,641.⁴⁴ Of this amount, the contractor would receive \$1,856 for a job placement, \$1,392 if the participant was still employed ninety days later, \$464 if the participant had “high wages” (more than \$344 per week), and \$928 if the participant was still employed

⁴²See the discussion: “Active single issues cases.”

⁴³Burt S. Barnow and John Trutko, “Analysis of Performance-Based Contracting in Welfare Programs in New York City,” unpublished paper submitted to Baruch College, City University of New York, December 2002.

⁴⁴Other contractors may have had different base rates.

twenty-six weeks after job placement.⁴⁵ SAP contractors also receive performance-based payments, but the amounts and the milestones are different. For example, the payments for one SAP contractor were \$250 for the completion of an assessment, \$500 for full engagement (five days of participation in SAP activities), \$1,250 for full-time employment and \$750 for part-time employment, \$250 for job retention ninety days after job placement, and \$1,500 for a public assistance case closure due to earnings.

Referrals to determine eligibility. The JOS refers applicants who decide to go ahead and apply for cash assistance to the Job Center for finger imaging. In addition, the JOS refers applicants for Eligibility Verification and Review (EVR), which is located in Brooklyn, and Child Support Enforcement, which is at another location in the recipient's borough.

Automated Fingerprint Imaging System (AFIS). All applicants must have their fingers "imaged" (fingerprinted) to confirm their identity and prevent fraud.⁴⁶ Compliance is a condition of eligibility, and failure to comply results in denial of assistance to the entire family.

Eligibility Verification and Review. The EVR process includes a review of electronic data on income, assets, residency, and family composition, including data on wages, disability benefits, and reports from banks, credit reporting agencies, the Department of Motor Vehicles, and the Department of Finance. Regardless of their home borough, all applicants must go to the EVR office in Brooklyn and are then visited at home by EVR staff, who interview the applicant in both places, review documents, and sometimes speak to neighbors and landlords.⁴⁷ (HRA wanted to keep EVR staff separate from welfare caseworkers, so it placed them at different locations.)⁴⁸ On the basis of the information gathered, EVR recommends that the Job Center approve or

⁴⁵The \$928 is not a precise figure, but depends on whether the participant received public assistance at the time of program entry or receives it at the follow-up period.

⁴⁶New York City Human Resources Administration, *Welfare to Work: New York City Welfare Reform Program* (Undated Web page, www.nyc.gov/html/hra/html/serv_welfarework.html). But see Nina Bernstein, "Experts Cast Doubt on Worth of New York Plan to Fingerprint for Medicaid," *New York Times*, August 30, 2000, available from: www.endtimeinfo.net/mark/nyfingerprint.html, accessed October 31, 2002, reporting that a 1997 study found that a comparison of Social Security numbers and names in New York and New Jersey resulted in 1,500 matches (out of hundreds of thousands of cases), generating support for fingerprinting. (Subsequently, it turned out that most of the matches were not fraudulent claims on assistance, but reflected people who had moved from one state to another.) Although the effectiveness of the fingerprinting program has been questioned, Robert Doar, executive deputy commissioner for the Office of Temporary and Disability Assistance, states that it is an important component of the state's welfare reform program: "We think the finger imaging program is an effective method of fraud deterrence, and along with a whole other range of things related to welfare reform, has contributed to making the welfare program in New York significantly more credible."

⁴⁷City of New York, Human Resources Administration, *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000), p. 14.

⁴⁸Jason Turner, former commissioner, New York City Human Resources Administration, conversation with Peter Germanis, January 15, 2002.

disapprove the application. Compliance with the EVR process is a condition of eligibility, and failure to comply results in the denial of assistance (the equivalent of a “full-family sanction”).

Office of Child Support Enforcement. At the Office of Child Support Enforcement (OCSE), applicants are interviewed by a child support caseworker and are required to bring as much information as possible about the noncustodial parent so that a petition for child support can be filed in court. Among the required documents are the absentee parent’s social security number; the birth certificate for each child; the marriage certificate, divorce decree, or separation papers; the noncustodial parent’s address, phone number, and employer; and other relevant documents. Applicants who do not know the whereabouts or social security number of the absent parent (who is almost always the father) are required to bring any other information that might help locate him, such as pay stubs, bank statements, date and place of birth, and parents’ names. Once cases are referred for a child support order, applicants must appear at a family court hearing in Manhattan (regardless of the applicant’s home borough).⁴⁹ Applicants who refuse to cooperate with child support enforcement face the possibility of a reduced cash grant (i.e., a “partial sanction”).

Skills Assessment. SAP vendor representatives are located at most Job Centers, where they provide a two-day “World of Work” orientation, after which applicants report to the SAP offices for help with resume writing, interview preparation, and other job search activities while their application is processed. Participation is for thirty-five hours per week for up to six weeks. (SAP agencies operate under contract to HRA and are paid for each job placement.) The SAP contractors are responsible for completing an individualized employment plan for participants who do not find employment during this stage, and HRA employees stationed at each SAP location must sign off on those plans. After the application is approved and applicants have spent four to six weeks in job search, an HRA worker at the SAP contractor’s site is responsible for immediately assigning the applicant (or, now, recipient) to a new set of activities. (Again, the contractors are paid on the basis of job placements and retention.)⁵⁰

Open Cases

Application approval. Once the applicant has provided the needed documentation and complied with referrals, eligibility has been established, and the case has received supervisory review, the case is opened and payments begin (assuming that the applicant has neither found employment nor had her needs met through a one-time payment). State law requires that Temporary Assistance for Needy Families (TANF) applications for assistance be processed within thirty days after the signed application is submitted. Hence, the application must be acted on even

⁴⁹Administration for Children’s Services, *Child Support—Getting Help When You Need It* (New York: Administration for Children’s Services, undated).

⁵⁰See Barnow and Trutko, “Analysis of Performance-Based Contracting in Welfare Programs in New York City.”

if this process has not been completed, which essentially means that if no action is taken in thirty days, the application must be approved.

Referrals to work-related activities. Opened cases are transferred to the Case Management Team within the Job Center. New recipients who have not been placed in a job by the SAP vendor within four to six weeks meet with an HRA worker who is out-stationed at the SAP provider's office.

The HRA worker generally assigns recipients without jobs to an Employment Services Placement (ESP) vendor for some combination of job search preparation, job search, and short-term training as well as to a worksite participating in HRA's WEP.⁵¹ (The HRA worker can also assign the recipient to full-time training, rather than to the ESP, after the case is accepted. This usually occurs when the applicant is enrolled in training before the application process.) Recipients who read English at less than a sixth-grade level are referred to the Begin Employment Gain Independence Now (BEGIN) program, which provides education and manages its own WEP sites. Both ESP and BEGIN participants are usually in WEP placements three days per week and in education, training, or job search for the other two days, for a weekly total of thirty-five hours of activity.⁵² The ESP contractors and the WEP worksites provide attendance information about each recipient to HRA biweekly.⁵³ (These programs are described below.)⁵⁴

Recipients who are found to have special needs are referred to programs designed to help them, including the Perfect Opportunity for Individual Skills and Educational Development (POISED) program, which is for pregnant recipients or those with a child less than three months old; HIV/AIDS Services Administration, for HIV-positive recipients; Personal Roads for Individual Development and Employment (PRIDE) program, for recipients with disabilities (the program combines specially tailored work experience placements with other activities); substance abuse treatment; or domestic violence services. (These programs also are described below.)⁵⁵ The Job Center's Case Management Team takes on the responsibility for monitoring the progress of these recipients.

Case review. At the third and ninth months after the case is opened, all adult recipients receive a form for reporting changes in family status. Cases without earnings also receive this

⁵¹Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, conversation with Marie Cohen, December 5, 2001.

⁵²Wiseman, "Public Assistance in New York City: Accomplishments and Opportunities,"; untitled BEGIN handout provided by Georgia Salley, Executive Director, BEGIN Managed Programs, HRA.

⁵³Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, conversation with Marie Cohen, November 27, 2001.

⁵⁴See the section "Education and Treatment Activities."

⁵⁵See the section "Education and Treatment Activities."

form at the six-month point and are called into the Job Center for an interview after twelve months. Cases with earnings are interviewed every six months. A family that has accumulated forty-eight months of receipt since October 1996 and is thus deemed at risk of reaching the TANF time limit is called in for an interview about employment plans, and efforts to find employment are intensified. Failure to attend the meetings can result in a case closure, that is, a full-family sanction (because the meetings are, essentially, a condition of eligibility). These case review requirements are not unique to FA cases; similar recertification requirements are built into federal law in the Food Stamp and other programs.

Partial sanctions for noncompliance. Recipients who fail to comply with participation requirements receive a notice telling them that they can come in for a conciliation meeting with their caseworker; the notice specifies a date and time. If the recipient fails to appear or comes in and cannot give good cause for noncompliance, then a Notice of Intent to sanction (NOI) is sent to the recipient. The recipient has ten days from receipt of the NOI to come in for a conference. If the recipient does not come in during that ten-day period, or comes in and does not give good cause, then the sanction is imposed. The recipient can request a fair hearing (conducted by an administrative law judge) on the sanction at any time.⁵⁶

The maximum FA sanction is a reduction in the benefit equal to the noncomplying adult's share of the grant (i.e., a partial sanction). For example, the sanction would be one-third of the benefit for a family of three. SNA cases consisting of single adults or childless couples are closed when sanctioned. During the first sanction, compliance brings immediate restoration of the full grant. A second sanction is imposed for a minimum of three months and ends only when the recipient complies. A third or subsequent sanction lasts a minimum of six months and ends when the recipient complies. (The minimum sanction periods under SNA are a little longer, with a minimum of at least three months for the first sanction and five months for the second sanction.) Basically, New York State has only authorized partial sanctions, unless the noncompliance involves a condition of eligibility, such as complying with referrals to the EVR unit and to the AFIS at the time of application or with subsequent status reporting requirements (as described below).

Case Closure

Termination of cash assistance may occur at the recipient's request; as a result of changes in income due to employment, marriage, or other events; as a result of transfer to another program; because the recipient fails to report family status information; or as a result of fraud or misrepresentation.

Changed circumstances. A change in circumstances is probably the major reason for case closure, but little data are available on the subject. In 1998, Andrew Bush and Swati Desai,

⁵⁶Michael Keating, AMS project manager, Human Resources Administration, conversations with Marie Cohen, January 23 and 24, 2001.

who are HRA officials, and Lawrence Mead, professor of politics at New York University, examined the reasons a sample of welfare “leavers” gave for leaving the rolls.⁵⁷ The survey was based on interviews with 126 family heads who left TANF in November 1997 about six months after their case closing. The primary reason for leaving welfare was obtaining a full-time (39 percent) or part-time (15 percent) job, followed by failure to meet program requirements (25 percent), receipt of other government support (5 percent), or assistance from family or noncustodial parents (4 percent). Because New York’s sanction for noncompliance with work activities involves only a partial reduction in benefits, the leavers who cited “failure to meet program requirements” probably did not fulfill all the requirements involved in periodic recertifications.

Full-family sanctions or adverse case closures. In some cases, noncompliance with various “conditions of eligibility” can lead to an adverse case closure or the rejection of an application (essentially the equivalent of a full-family sanction),⁵⁸ although such a closure is not officially classified as a sanction. For example, failure to comply with the initial substance abuse screening can result in a case closure. Similarly, recipients who claim to have a physical or mental impairment but do not cooperate with the third-party medical assessment can have their case closed. Finally, failure to comply with various eligibility requirements can also lead to case closure. Sanctioned cases may be periodically called in for an eligibility review to determine how the family is managing on a reduced grant. Failure to keep the eligibility review may result in the complete termination of benefits.

Transfers to Safety Net Assistance. Welfare benefits are not really time limited in New York State. Instead, FA recipients who have been on welfare for a cumulative five years since December 1996 (and who cannot be exempted under TANF) are transferred to the state- and city-funded SNA program, where they can indefinitely receive the same level of benefits as they did under FA.

Advocates have criticized HRA’s implementation of this process on the ground that the agency fails to inform recipients facing time limits about the availability of SNA when their benefits expire. According to the advocates, notices sent to recipients at one point suggested that they would have to manage without public benefits in the future, and caseworkers and posters have been reported to convey the same message.⁵⁹

⁵⁷Andrew S. Bush, Swati Desai, and Lawrence M. Mead, *Leaving Welfare: Findings from a Survey of Former New York City Welfare Recipients* (New York City, NY: Human Resources Administration, September 1998).

⁵⁸See the discussion: “Predominantly Partial Sanctions.”

⁵⁹Association of the Bar of the City of New York (ABCNY), *Welfare Reform in New York City: The Measure of Success* (Committee on Social Welfare Law, August 2001), available from: www.abcny.org/currentarticle/welfare.html, accessed March 18, 2003.

Some independent evidence indicates that this was a problem, at least at the beginning of the program. It is not clear how well HRA first publicized the availability of continued assistance. According to Bloom and his colleagues at MDRC, HRA at first posted signs in welfare offices and job centers that warned, “The clock is ticking” and “Welfare is time-limited.”⁶⁰ They describe the situation as the first families approached the time limit:

For the initial cohort of 36,000 recipients who reached the time limit in December 2001, the lack of discussion about the availability of Safety Net Assistance likely corroborated the message that welfare is time-limited. In other words, the lack of a message likely provided a stronger message than the reality of a time limit. A letter sent to clients in month 58 of assistance (an earlier letter was sent at 54 months) illustrates the ambiguity of the time-limit message: While clients are told that they can continue to receive benefits, they are also reminded to “keep track” of their time-limit count, since “the time limit is a lifetime limit.” The letter also explains that there is no time limit on Safety Net Assistance.⁶¹

City officials contend that recipients had already received two notices from the state explaining their eligibility for SNA and that the only way to make the time limits meaningful was, in effect, to downplay the continuation of benefits by emphasizing that welfare was time limited and that recipients would be transferred to another program.⁶²

In any event, as of this writing, these problems seem to have been resolved. HRA now sends recipients in their fifty-eighth month of assistance a letter reminding them of the time limit. HRA also sends an application for SNA and an appointment letter scheduling a “time-limit reassessment interview.” Recipients must then file an application prior to their fifty-ninth month of assistance.

As suggested by the foregoing, in December 2001 about 36,000 families in New York City exhausted their time-limited benefits. Families that were exempt or complying with program requirements continued to receive assistance without any real hassles. About 6,000 families received an exemption and continued to receive FA benefits under the 20 percent federal time limit exemption. About 14,000 families, primarily those combining work and welfare, were automatically transferred to the SNA program. The remaining families were required to file a formal SNA application. A special process was created for the “happily sanctioned” (i.e., cases in

⁶⁰Dan Bloom, Mary Farrell, Barbara Fink, with Diana Adams-Ciardullo, *Welfare Time Limits: State Policies, Implementation, and Effects on Families* (New York, NY: Manpower Demonstration Research Corporation, July 2002), p. 154.

⁶¹Bloom, Farrell, Fink, with Adams-Ciardullo, *Welfare Time Limits: State Policies, Implementation, and Effects on Families*, p. 155.

⁶²Seth Diamond, conversation with Marie Cohen, December 5, 2001.

which the adult seems willing to absorb a partial sanction rather than comply):⁶³ These families were required to apply for SNA at the HRA's fraud verification unit, where a fraud investigator examines how the family is surviving on a reduced income and conducts a thorough review of the family's income and resources.

In the fall of 2001, in anticipation of the first families reaching the five-year time limit, HRA began offering temporary subsidized jobs in the Parks and Recreation Department to recipients who were reaching their five-year time limit of FA receipt. The jobs paid \$9 per hour. A second program focused on the "happily sanctioned," who were offered jobs with a temporary contractor working at HRA and other city agencies for \$7.95 an hour. Recipients offered a job were required to accept it as a condition of eligibility. Refusal would mean termination of benefits for the entire family. According to Mark Hoover, former first deputy HRA commissioner, about 30 to 35 percent of sanctioned recipients did not show up for the reapplication or, subsequently, for the job.⁶⁴ They were removed from the rolls. Most cases were closed for failure to complete the application process, as opposed to refusing to take the job. About 3,000 recipients, however, took the jobs.⁶⁵ HRA attempted to create temporary jobs with employers who might offer continued employment after the subsidy expired, but most of the jobs were in public agencies, such as the Parks and Recreation Department. The city did not want to create a public service employment program like that created under the Comprehensive Employment and Training Act without successfully transitioning the participants within a year or less to an unsubsidized job. In 2002, referrals to the Parks and Recreation Department continued and the number of participants averaged about 3,000 participants. No new referrals to the temporary contractor were made, but the approximately 1,000 participants who were in jobs stayed in them.⁶⁶

For a short period of time in 2003, HRA again offered a limited number of these jobs as recipients left welfare, moved to other unsubsidized jobs, or completed their year and were terminated. Dan Bloom, a senior associate at MDRC, and his colleagues explain the process:

When they arrive, there is a lengthy process that includes three meetings with three different staff before they can file an application. Typically, this process takes the better part of a day, and clients who arrive late generally have to return for a follow-up appointment. For those reaching the time limit in late 2001, the end result was a subsidized

⁶³See the discussion: "'Happily Sanctioned?'"

⁶⁴Mark Hoover, former first deputy commissioner, New York City Human Resources Administration, e-mail to Peter Germanis, October 14, 2002.

⁶⁵Mark Hoover, e-mail to Peter Germanis, October 14, 2002.

⁶⁶Swati Desai, then executive deputy commissioner, Office of Program Reporting, Analysis, and Accountability, New York City Human Resources Administration, e-mail to Douglas Besharov, June 17, 2003.

job offer. Now, however, clients who chose to file an application for Safety Net Assistance at the end of the process are assigned to a work activity.⁶⁷

Recipients who did not take a subsidized job or comply with the work experience assignment had their cases closed and were not eligible for SNA. About 3,000 of the 16,000 recipients who were required to file a SNA application had their cases closed.⁶⁸

Monitoring the Process

The key to achieving and maintaining full engagement is monitoring the participation of recipients in required activities from the very beginning of their involvement with the agency. To identify administrative practices associated with high levels of program participation, Gayle Hamilton and Susan Scrivener, researchers at MDRC, reviewed research on about a dozen MDRC-evaluated welfare-to-work programs.⁶⁹ Although most of the programs operated before the passage of the 1996 welfare reform law and did not include a significant work experience component, the findings can still offer important insights into practices related to achieving high levels of participation, especially because the programs were randomized experiments.

Essentially, Hamilton and Scrivener found substantially higher participation rates among programs it categorized as “high enforcement.” The researchers classified eleven mandatory welfare-to-work programs as either “high enforcement” or “low enforcement.” The nine “high enforcement” programs

aimed to enroll most mandatory people, monitored participation in program activities moderately or intensively, and reinforced the mandatory nature of the program through sanctions (partial grant reductions) and other means, such as positive encouragement. The two low-enforcement programs tended to give preference to those who volunteered for the program, did not strongly communicate the mandatory participation requirements, did not closely monitor participation in program activities, and rarely imposed financial sanctions for nonparticipation.⁷⁰

Hamilton and Scrivener found that

⁶⁷Bloom, Farrell, Fink, with Adams-Ciardullo, *Welfare Time Limits: State Policies, Implementation, and Effects on Families*, p. 157.

⁶⁸Bloom, Farrell, Fink, with Adams-Ciardullo, *Welfare Time Limits: State Policies, Implementation, and Effects on Families*, p. 157.

⁶⁹Hamilton and Scrivener, *Promoting Participation*.

⁷⁰Hamilton and Scrivener, *Promoting Participation*, p. 27.

the high-enforcement programs had an average longitudinal participation rate of 57 percent (using a follow-up period of two years) and increased participation above the level achieved by the control group by twenty-six percentage points. In contrast, the low-enforcement programs had an average longitudinal participation rate of 45 percent and increased participation by an average of only ten percentage points.⁷¹

The steps Hamilton and Scrivener recommend to improve monitoring include ensuring that staff have time to monitor participation, investing in a well-designed automated tracking system, making participation monitoring a program priority, having the staff maintain frequent contact with participants, improving links among different people who work with the same recipient, forging close linkages with outside agencies where recipients are participating in activities, and using sanctions to enforce work requirements.⁷² They stress that these activities are time intensive and require sufficient case managers to carry them out properly. In addition, they recommend that deferral policies should be clear (so that caseworkers know how to apply them) and that recipients in a deferred status should be monitored regularly so that they do not fall between the cracks if their situation change.⁷³ Mead explains:

Even with a mandate, programs find achieving participation and getting recipients to work is difficult. When summoned to enroll in a program, many recipients fail to appear. If they do enroll, they often disappear later when referred to a specific activity. Every time clients are referred thereafter, some drop out. The disadvantaged often respond to challenges with withdrawal. To obtain and maintain involvement, programs must get out the word that participation is not a formality. When first implemented, they often must reduce the grants of many recipients for nonparticipation until the word spreads that the program is serious.⁷⁴

Mandatory programs are particularly difficult to administer because of the transient nature of the welfare caseload. A recipient may begin an activity, only to find a job and go off the rolls. Other recipients become temporarily exempt due to an illness or family crisis. In New York City in 1996, for example, 38 percent of participants in FA work experience programs had dropped off welfare after one month, 53 percent after two months, and 61 percent after three months.⁷⁵ The constant rotating on and off welfare means that resources are invested in recipients who never

⁷¹Hamilton and Scrivener, *Promoting Participation*, p. 28.

⁷²Hamilton and Scrivener, *Promoting Participation*, pp. 56–60.

⁷³Hamilton and Scrivener, *Promoting Participation*, p. 66.

⁷⁴Lawrence M. Mead, “Welfare Employment,” in Lawrence M. Mead (Ed.), *The New Paternalism: Supervisory Approaches to Poverty* (Washington, D.C.: Brookings Institution Press, 1997), p. 57.

⁷⁵Jason Turner and Thomas Main, “Work Experience Under Welfare Reform,” in *The New World of Welfare*, edited by Ron Haskins and Rebecca Blank (Washington, D.C.: The Brookings Institution, 2001), p. 303.

complete the program. Thus, a good system is necessary to collect and monitor information about recipient attendance, progress, and problems.

According to Andrew Bush, HRA's former executive deputy administrator, the agency made monitoring and managing its welfare reform program a central priority. This decision was based on the determination that the key to involving and serving large numbers of people in a welfare-to-work program is monitoring (1) whether participants actually show up for their activities and (2) whether they are making progress toward the goal of the activity, such as building work skills they can use or becoming free of drugs (when the participant is in drug treatment).⁷⁶ Nightingale and her colleagues elaborate:

The key step in mandating a strict work requirement was first to identify and locate every adult recipient on the caseload and assess his or her status with regard to employability. Client tracking allowed HRA to call each recipient in for assessment and assignment, and determine the precise status of all individuals receiving assistance benefits (e.g., the existence and nature of medical and other exemptions).⁷⁷

HRA has been able to raise engagement rates by using its information and case management information systems to refer recipients to WEP sites and other programs, receive regular reports from sites about attendance, and review site operations and procedures. Again, according to Nightingale and her colleagues:

Like many jurisdictions, the data and management systems in New York City in the 1980s were outdated and inadequate for monitoring progress towards welfare reform goals and for managing a complex system of service contractors. HRA made technology improvement a high priority in order to track whether the agency, its local offices, and its vendors were making satisfactory progress. This was no small undertaking and required a major commitment of resources, staff, and management attention. While the information systems are still being perfected, they have allowed HRA central administrators to communicate the employment goals and priorities, and institutionalize the use of the data for ongoing regular management oversight.⁷⁸

Through these new automated data systems, “[m]any case processing functions also became highly routinized or automated, including referrals to new HRA-contracted service vendors,

⁷⁶See Marie Cohen, *Mandatory Work-Related Activities for Welfare Recipients: The Next Step in Welfare Reform* (College Park: Maryland School of Public Affairs Welfare Reform Academy, October 2001), p. 26, available from: www.welfare-reform-academy.org/pubs/mandatorywork.pdf, accessed March 4, 2002.

⁷⁷Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 18.

⁷⁸Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. x.

assignment to WEP jobs, tracking compliance with work requirements and attendance in activities, and sanctioning clients who do not comply.”⁷⁹ The major data management systems are JobStat; New York City Work, Accountability, and You (NYCWAY); and VendorStat.

JobStat. HRA’s major tool for monitoring its work-first, full-engagement process is JobStat, which compiles data on a comprehensive list of Job Center performance indicators (grouped into general areas covering employment, administration, and progress toward self-sufficiency). The JobStat system includes a series of regularly produced reports for each Job Center, contractor, and worker within the centers; a regularly scheduled meeting (every Thursday morning), in which an individual center’s performance is reviewed; regular meetings of managers and staff within each center to discuss individual and group performance; and a cadre of people providing technical assistance to the users of the reports. Kay Sherwood, formerly a researcher at MDRC and now an independent consultant, summarizes the JobStat system:

JobStat is a **system** that encompasses the collection and analysis of information about essential functions and outcomes of welfare reform, and the production of performance indicators and their use by welfare agency managers and staff, from the chief agency executive to line supervisors. JobStat is also a **tool** to educate, focus, and empower welfare agency managers and staff and to hold them accountable for the results of their work.⁸⁰

For the first year of JobStat implementation (beginning in 1998), the entire system was focused on one outcome—“engagement”—which became the focus of JobStat reports, meetings, technical assistance, and Job Center operations until the goal was achieved.⁸¹ JobStat’s focus was later expanded to include other outcomes as well, such as employment.

NYCWAY. In 1996, HRA established the NYCWAY system to monitor individual participation in work-related activities (i.e., case tracking). All organizations providing education, training, or work experience are required to report on the attendance of all HRA recipients every two weeks. Some of these contractors are able to enter attendance directly into HRA’s NYC WAY data system. Others submit attendance data on paper.

Because much of this information is on paper, a special unit in HRA’s central office is responsible for entering the data so that the recipient’s Job Center has access to it and can follow

⁷⁹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, pp. vi–vii.

⁸⁰Kay E. Sherwood, “Jobstat: Creating a Tool to Manage the Reform of Welfare,” unpublished paper submitted to Baruch College, City University of New York, 2001, p. 2 (emphases in original).

⁸¹Sherwood, “Jobstat: Creating a Tool to Manage the Reform of Welfare,” p. 8.

up quickly with recipients who are not participating.⁸² The computer system checks for such cases every week and sends those recipients notices to say that they should be participating in an activity. In some cases, WEP assignments are coordinated with the recipient's activity on the other days, and in other cases they are not coordinated. The tendency toward such coordination is growing, however. According to Demetra Nightingale and her colleagues:

Implemented in 1999, the New York City Work, Accountability, and You (NYCWAY) client tracking system provides HRA and vendors with the capability to assign individuals to ESP and SAP vendors and to track the status of public assistance recipients on an individual basis throughout their course on public assistance. HRA workers and SAP and ESP vendors record each client's activities and status directly into the NYCWAY system every day. Clients' attendance in workfare assignments, other assigned work activities, special programs, appointments and absences—both excused and unexcused—are tracked, and their progress is monitored. NYCWAY can be used to access information about current public sector jobs participating in the HRA wage-subsidy component for those individuals reaching their time limit. [Private sector jobs are not currently linked into NYCWAY.] Through an interactive link to other state and local labor market information, staff in some SAP and ESP vendor locations also receive immediate access to job openings and other resources. While this was observed in some locations, not all workers were aware of or able to access labor market information at the time of our visits.⁸³

Recipients who are not participating in an approved activity for any reason are automatically called in for an appointment within a two-week period, so that recipients do not fall between the cracks when their status changes.

VendorStat. VendorStat is similar to the JobStat system, except that it tracks the performance of ESP vendors and SAP vendors. VendorStat reports are produced monthly, and vendors are called in each week to discuss cases and their performance on the VendorStat report.

⁸²Seth Diamond, conversation with Marie Cohen, December 20, 2001.

⁸³Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 16.

III. THE “FULL-ENGAGEMENT” MODEL

The Human Resources Administration’s (HRA’s) welfare reform program is designed to “engage” all eligible recipients in planned, constructive activities in the belief that doing so will reduce dependency and increase employability. HRA closely monitors “engagement” to assess and manage its program.

As this section describes, HRA divides cases between those that are “engageable” and those that are “unengageable.” Engageable cases are those involving an able-bodied adult who is expected to participate in work activities. Unengageable cases are not expected to participate because they are exempt or otherwise excused from participation.

A NOTE ABOUT DATA

This analysis of engagement and participation trends is largely based on HRA’s Weekly Engagement Reports and various other data sources. Unfortunately, the Weekly Engagement Reports provide only limited information about engagement and participation trends. For example, they provide only partial information prior to April 1999 (because they did not exist before then) and sporadic information after that point. In some cases, we filled in data gaps by relying on other HRA data or data from the Urban Institute’s study of HRA’s program. These data sources, however, had some differences in definitions and measurement practices, which may have introduced some bias into our assessment of trends over time. For example, the Weekly Engagement Report for October 23, 2000, indicated a total of 16,626 Family Assistance (FA) Work Experience Program (WEP) cases, whereas our extrapolation from an HRA chart suggests only about 16,000 WEP cases. The difference arose because the number of WEP adults in the Weekly Engagement Reports is based on the primary engagement status for cases active at a point in time (every Sunday night), whereas the number on the WEP roster is a count of the number of people in WEP during a given two-week cycle. Similarly, we relied on the Urban Institute’s tabulations of HRA data for 1996. The definition of “engaged” used in the Urban Institute analysis, however, was different from HRA’s definition in the later Weekly Engagement Reports. For example, the “needed at home” group was classified as “unengageable” by the Urban Institute but as “engageable” and participating in community service in the later HRA reports. We adjusted the Urban Institute’s data, when possible, to make the two data sources more consistent with each other. Nevertheless, we believe the data problems are relatively minor and do not obscure the broad trends in engagement over time.

The discussion in this report usually compares caseloads or activities at five points in time: November 1996, April 1999, December 1999, November 2001, and August 2002. The first date was chosen because most data are available only from that point; April 1999 was chosen because it is the first date that Weekly Engagement Reports became available; December 1999 was chosen because that is when full engagement was achieved; November 2001 was used because that is the last month before the first families reached TANF’s five-year time limit and were transferred from the FA program to the Safety Net Assistance program; and August 2002 because that was the last month for which there was data as this report was being prepared.

Unengageable Cases

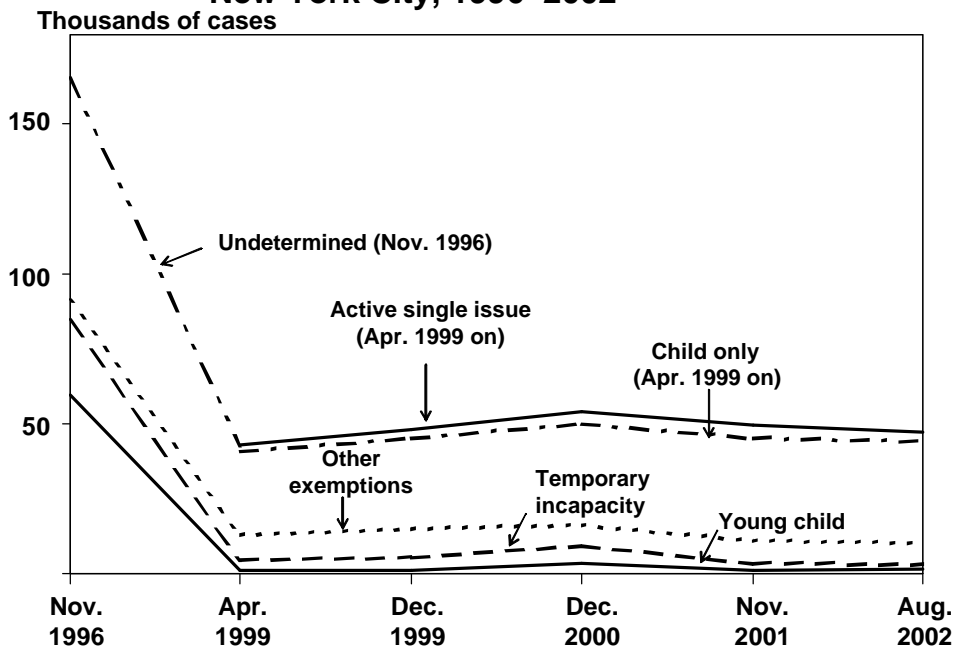
Participation is mandatory for almost all adults receiving either FA or Safety Net Assistance (SNA). Some families, however, are not expected to participate because they are

unengageable. The three major categories of unengageable cases are “exempt cases,” “child-only cases,” and “active single issue cases,” as described below.

The number of unengageable FA cases fell sharply between November 1996 and April 1999, as HRA narrowed available exemptions and monitored existing ones more rigorously. The number of unengageable cases declined by 74 percent, from 165,150 to 42,870 (see figure 1).⁸⁴ The most significant factor in that decline was the narrowing of the age-of-child exemption for single mothers, followed by the narrower application of the exemption for those with temporary incapacities. Because the caseload also fell during this period, the percentage of the caseload considered unengageable did not fall quite as rapidly (64 percent), declining from 59 percent of the caseload to 21 percent. Between April 1999 and November 2001, the number of unengageable cases rose from 42,870 (21 percent) to 49,799 (35 percent) as a result of an increase in child-only and active single issue cases. (In figure 1, for 1996 we labeled as “undetermined” child-only cases, active single issue cases, and any residual, because we did not have data about the number of cases in these categories. Nevertheless, we believe that a large number of these cases are child-only cases.) Note that the data for August 2002 include the FA cases that, because of the five-year time limit, were transferred to the SNA caseload.

⁸⁴Because of gaps in the data, the size of the decline is somewhat uncertain. We estimated the number of unengageable cases for November 1996 by relying on data from the Urban Institute. (See Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute, July 2002), p. B-2.) They estimated the number of unengageable cases for that month at 95,957, but because they excluded child-only and active single issue cases, their numbers are not consistent with ours (or HRA’s), so this should be viewed as a minimum. Alternatively, we subtracted the number of engageable cases, as reported by the Urban Institute, from the total caseload, as reported by HRA, to derive an estimate of 165,150, which may be somewhat high, since it would mean that about 70,000 cases are unengageable because they are child-only or active single issue cases. (The Urban Institute did not count “needed at home” as engageable, even though HRA includes them in this category, as we do as well. However, this number was not reported in November 1996, but it is possible if this number were added back to the engageable group, the number of unengageables would be slightly smaller.) Nevertheless, we use the latter estimate, because it appears to be most consistent with the data in HRA’s Weekly Engagement Reports.

Figure 1. Unengageable Family Assistance Cases, New York City, 1996–2002



Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Gulliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

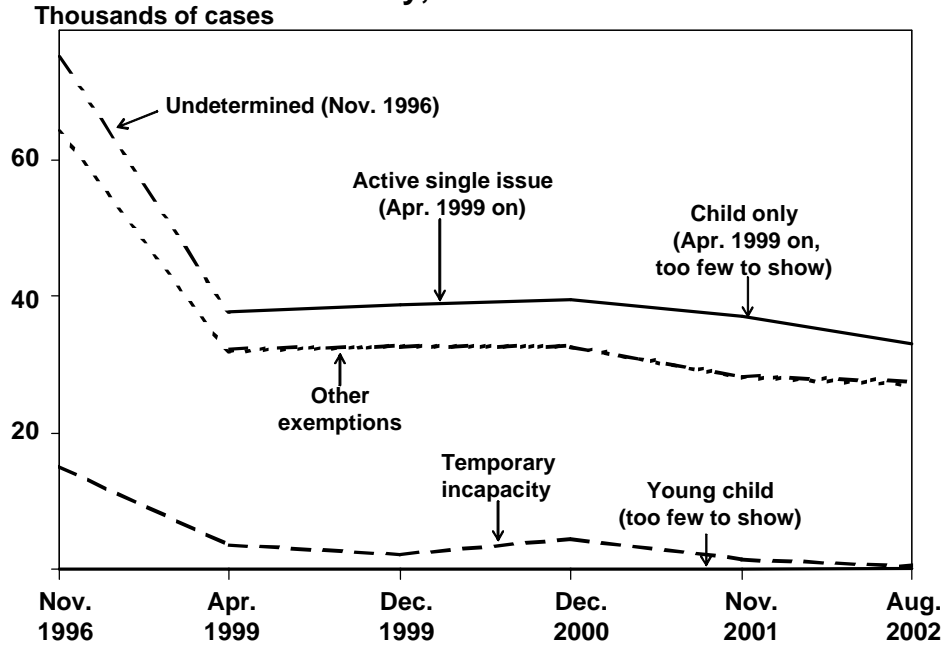
Notes: In New York, Family Assistance (FA) was called “Aid to Families with Dependent Children” before 1998. The data for August 2002 include FA cases that, because of the five-year time limit, were transferred to the Safety Net Assistance caseload.

The number of unengageable SNA cases also fell because of HRA’s heightened scrutiny of exemptions (see figure 2). Between November 1996 and April 1999, the unengageable SNA caseload declined 51 percent, from 74,916 (49 percent of the caseload) to 37,698 (38 percent).⁸⁵ The tighter screening of cases claiming a temporary incapacity appears to be an important cause of this decline. This period was followed by one of relative stability. Between April 1999 and

⁸⁵For November 1996, the Urban Institute estimated the number of unengageable SNA cases at 64,136, but they excluded child-only and active single issue cases, so this should be viewed as a minimum. Subtracting the number of engageable SNA cases, as reported by the Urban Institute, from the total SNA caseload, as reported by HRA, yields an estimate of 74,916 unengageable SNA cases. The main difference appears to be the treatment of active single issue cases, since child-only cases are a very small proportion of the caseload. We use this latter estimate since it is most consistent with the data summarized from Weekly Engagement Reports.

November 2001, the unengageable caseload fell just 2 percent, from 37,698 to 37,048, although this number represented a larger share of the total caseload, growing from 38 percent to 49 percent.

Figure 2. Unengageable Safety Net Assistance Cases, New York City, 1996–2002



Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Safety Net Assistance (SNA) was called “Home Relief” before 1998. The data for August 2002 exclude Family Assistance cases that, because of the five-year time limit, were transferred to the SNA caseload.

Exempt cases. Historically, the federal government allowed states to exempt large numbers of welfare recipients from work requirements. Under TANF, however, relatively few adults can be exempted from federal participation requirements.⁸⁶ States may exclude single parents with a child under twelve months old, but this exclusion is limited to a lifetime maximum of twelve months for any adult. In addition, states may exclude families receiving assistance in which an adult has been sanctioned for not complying with work activities, but that exclusion is limited to families that have been under a sanction for no more than three months in the preceding twelve-month period. Finally, two-parent families that include a disabled parent are not included in the calculation of the higher two-parent participation rate, but they are included in the “all family” requirement.

Although states may exempt any other category of recipients, they must still meet their required participation rates for recipients who are not federally exempt (or face financial penalties). But because federal participation requirements have been so easy for most states to meet under the current version of TANF,⁸⁷ most states have exempted many more categories of recipients. As of October 1999, the most common exemptions were caring for a young child (forty-four states); disabled or temporary illness or incapacity (thirty-four states); caring for a disabled household member (twenty-eight states); advanced age (twenty-seven states); victim of domestic violence (twenty-four states); child care unavailable (nineteen states); and pregnant (twenty states).⁸⁸

Under TANF, New York State narrowed its exemption policies to mothers with children under three months old, making it one of sixteen states to require parents with children less than a year old to participate. Otherwise, New York retained most of the exemptions that it had before TANF, mainly for parents who are ill or injured (for up to three months), age sixty or older, under age sixteen (or under age nineteen and in school), disabled or incapacitated, needed in the home to care for another member of the household, pregnant (in the later months of pregnancy or due to a medical assessment determination), or the parent of a child under three months old in a

⁸⁶TANF permits states that had welfare waivers to continue their pre-TANF policies until the waiver expires. These waivers could affect the allowable work activities, hours of participation, and exemptions.

⁸⁷See “Statement of Douglas J. Besharov, Professor, University of Maryland School of Public Affairs, College Park, Maryland, and Resident Scholar, Public Policy Research, American Enterprise Institute,” before the Committee on Ways and Means, Subcommittee on Human Resources, *Implementation of Welfare Reform Work Requirements and Time Limits*, 107th Cong., 2nd sess., March 7, 2002, pp. 69–83.

⁸⁸Center for Law and Social Policy and Center on Budget and Policy Priorities, *Work Requirements: Exemptions*, July 2000, available from: www.spdp.org/tanf/exemptions.pdf, accessed August 1, 2002.

single-parent home.⁸⁹ These same exemptions apply to the SNA program as well, although their relative importance varies due to differences in the characteristics of the two caseloads.

The changes in New York State's exemption policies resulted in a sharp initial decline in the total number of FA and SNA cases that were considered "exempt" in New York City, followed by a slower but continued decline. For FA cases, between November 1996 and April 1999, the number of exempt cases dropped from 91,380 (33 percent) to 13,282 (7 percent). Although the number continued to decline in subsequent years, these cases' percentage of the total caseload actually increased slightly. By November 2001, the number of exempt cases had fallen to 11,164 (8 percent).

For SNA cases, between November 1996 and April 1999, the number of exempt cases dropped from 64,136 (42 percent) to 31,967 (32 percent). As with the FA caseload, the number continued to decline, but their percentage of the total caseload increased slightly. By November 2001, the number of exempt cases had fallen to 28,121 (38 percent).

Young child. Narrowing the age-of-child exemption for single parents from those with a child under six years old to those with a child under three months old did more to reduce the number of exempt adults than any other policy change. In November 1996, 59,596 FA cases (21 percent of the total caseload, including child-only cases) were considered exempt because they had a young child in the home. By April 1999 (and probably much sooner), the number had plummeted to just 1,382 cases (less than 1 percent of the caseload), and it remained very low through November 2001, when it was just 1,356 cases (1 percent). (See figure 1.)

Limiting the age-of-child exemption had almost no effect on the number of exempt adults receiving SNA, because until recently, the program mostly served single adults and childless couples. Families with children applying for public assistance were referred to the FA program. In November 1996, no SNA cases were considered exempt because of a young child in the home. Between April 1999 and November 2001, in any given month, fewer than 100 SNA cases were exempt for this reason (0 percent of the total caseload). Although after December 2001, the number may have increased as families that exhausted their five-year time-limited FA benefits were converted to SNA, but the number is still probably small.

Temporary incapacity. Temporary exemptions for poor health or disabilities were also narrowed, but the change was accomplished through administrative changes rather than legislation. HRA imposed more rigorous assessments of whether such incapacities preclude participation in a work-related activity. Nightingale and her colleagues describe the change:

⁸⁹The state actually exempts a parent in a single-parent family if the child is under twelve months old, but the exemption is limited to three months for any one child, so as a practical matter, the exemption is limited to parents with a child under three months old. In addition, the exemption is limited to a maximum of twelve months over a parent's lifetime.

In 1999, HRA broadened its welfare-to-work initiatives to include recipients with special needs, many of whom were work-exempt prior to that year. This policy reflected the underlying philosophy of welfare reform in New York City that “. . . barring permanent or severe disability, every adult is capable of some kind of work.” If an individual faces a barrier to immediate employment, he or she can still be engaged in structured work activities with specialized services and assistance.⁹⁰

According to Jason Turner, HRA commissioner from 1998 through 2001, the agency was able to control the number of exempt cases by following through with third-party medical verifications for families claiming a disability or health problem and by assigning appropriate activities for those with a health or physical problem. HRA changed the focus of these medical evaluations (conducted by an independent contractor, Health Services Systems) from simply identifying those who should be exempt from participation to determining what activities individuals with physical or health problems can do and assigning them to appropriate activities—in other words, emphasizing what recipients can do, as opposed to what they cannot do. Turner explains that recipients are now given a list of work activities and are asked to identify those they feel they can do and those they cannot do.⁹¹

As a result of these stricter policies, between November 1996 and April 1999 the number of FA cases that were temporarily exempt due to a health problem or incapacity fell from 24,927 cases (9 percent of the caseload) to 3,423 cases (2 percent). The number of temporarily exempt cases has continued to decline along with the rest of the caseload. By November 2001, the number had dropped to 3,042 cases, and by August 2002 it had fallen further, to 2,305 cases, both representing about 2 percent of the caseload.

The tighter screening process also sharply reduced the number of SNA cases exempt due to a temporary incapacity. Between November 1996 and April 1999, the number of SNA cases that were temporarily exempt due to a health problem or incapacity fell from 15,182 cases (10 percent of the caseload) to 3,670 cases (4 percent). The number of temporarily exempt cases has continued to decline along with the rest of the caseload. By November 2001, the number had dropped to 1,960 cases (3 percent).

This stricter approach to recipients with disabilities has been criticized by some welfare advocates. Health Services Systems has been criticized for performing perfunctory physical exams and ignoring the test results and recommendations of the recipient’s own physician. A report of a

⁹⁰Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute Labor and Social Policy Center, July 2002), p. 43, citing, City of New York, Human Resources Administration, *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000).

⁹¹Jason Turner, former commissioner, New York City Human Resources Administration, conversation with Peter Germanis, January 15, 2002.

bar association committee, for example, questioned the fairness of the treatment given to recipients who claim they should be exempt from work activities due to medical disabilities, accusing the for-profit contractor that evaluates such disability claims of “perfunctory physical examinations using physicians who could not or did not communicate with the clients and . . . disregarded and sometimes discarded their personal physician recommendations and test results.”⁹² According to the report, “Clients who challenged the employability determinations were rarely able to overturn the city’s claims at these sophisticated hearings because they did not possess sufficient documentation, and, due to funding cutbacks for public interest law offices, were unable to obtain legal representation.”⁹³ The same report accused HRA of running a biased hearing process in cases involving work requirements.⁹⁴

HRA, however, defends its strict participation policies on the ground that it provides special activities and services for those with disabilities and other barriers to employment, as described in the section on providing extra help for the hard to serve.⁹⁵ As to the allegations of unfairness in the medical reviews, HRA officials explain that the third-party review is a “de novo” assessment, although the recipient’s physician’s notes are considered in the review process. The medical assessment includes a blood test, health and blood pressure measurements, an interview with the recipient about physical limitations, a drug screen, and additional tests determined to be necessary. Thus, they contend that the reviews allow for a more balanced application of work requirements because the assessment tools are the same and the results are provided by the same medical vendors.

Other exemptions. Little was changed in the remaining exemption categories, which include cases in which the parent or caretaker is elderly, receiving Supplemental Security Income (SSI) (or has an SSI application pending), receiving AIDS-related assistance, awaiting assignment to the Personal Roads for Individual Development and Employment (PRIDE) program, or exempt for some unspecified reason.

The number of FA cases in these categories remained relatively stable between November 1996 and November 2001. Between November 1996 and April 1999, the number of such cases actually increased slightly, from 6,857 (2 percent) to 8,477 (4 percent), possibly reflecting an increase in SSI receipt as some adults were able to avoid the work requirement. By November 2001, the number fell to 6,324 (4 percent). (The percentage rose because the FA caseload was falling during this period.)

⁹²Association of the Bar of the City of New York (ABCNY), *Welfare Reform in New York City: The Measure of Success* (New York: Committee on Social Welfare Law, August 2001), available from: www.abcny.org/currentarticle/welfare.html, accessed January 11, 2002.

⁹³ABCNY, *Welfare Reform in New York City: The Measure of Success*.

⁹⁴ABCNY, *Welfare Reform in New York City: The Measure of Success*, pp. 7-8.

⁹⁵See the discussion: “Education and Treatment Activities.”

The number of SNA cases in these exemption categories declined but remained a relatively stable percentage of the caseload. Between November 1996 and April 1999, the number of SNA cases fell from 48,954 (32 percent) to 28,275 (29 percent). This appears to be due to a sharp reduction in the number of cases with an adult receiving either SSI or Social Security benefits. By November 2001, the number of cases with one of those exemptions dropped further, to 26,086 cases (35 percent).

Child-only cases. Cases in which no adult in the family is receiving assistance (i.e., “child-only” cases), are not subject to federal or state participation requirements.⁹⁶ In November 2001, for example, 34,156 child-only cases in the FA program (about 24 percent of the caseload) were not subject to a work requirement. Between December 1994 and April 1999, it appears that there was a large drop in the child-only caseload, from about 44,000 cases⁹⁷ to 27,814 cases. (Their share of the caseload was the same in both periods—14 percent—because the FA caseload was also falling.) Between April 1999 and November 2001, however, the number of child-only cases grew by a quarter, from 27,814 to 34,156 (from 14 percent to 24 percent of the caseload). (Again, in figure 1, for 1996 we labeled as “undetermined” child-only cases, active single issue cases, and any residual cases because we did not have data about the number of cases in these individual categories. Nevertheless, we believe that a large number of these cases are child-only cases.)

The initial drop in the number of child-only cases was probably a byproduct of the decline of the total caseload,⁹⁸ but the reason for the increase since April 1999 (or earlier) is unclear. One possibility is that more parents may have left the family (the “assistance unit”) to avoid the new work requirements and put their children in the care of relatives while the child continued to receive welfare. Another possibility is an increase in the number of immigrant families that put their children on welfare (while the adult parents were not eligible). The growth in child-only cases is largely responsible for the steady increase in the proportion of the caseload deemed unengageable.

⁹⁶Child-only cases do not include cases where the adult has been removed from the grant due to a sanction, since such cases would be reflected in the “in sanction” category. Swati Desai, then executive deputy commissioner, Office of Program Reporting, Analysis, and Accountability, New York City Human Resources Administration, e-mail to Douglas Besharov, June 17, 2003.

⁹⁷Although we do not have data on FA child-only cases prior to April 1999, we have the number of Public Assistance child-only cases in December 1994 (45,930). Since it appears that more than 95 percent of Public Assistance child-only cases have typically been FA cases, we estimate that there were about 44,000 FA child-only cases in December 1994.

⁹⁸The caretakers of children in child-only cases, primarily either nonparental relatives or ineligible immigrant parents, presumably benefitted from the same strong economic conditions that drove down caseloads generally.

The number of child-only cases in the SNA program has always been small because the program has traditionally served only single adults and childless couples.⁹⁹ Between April 1999 and November 2001, the number of such cases fell from 257 cases to 142 cases, too small to even represent 1 percent of the caseload.

More information is needed on the characteristics of the child-only cases to determine whether the adults in the household can be “engaged.” As Lawrence Mead, professor of politics at New York University, explains:

The idea that only the children receive support in these cases is a fiction. Congress should find a way to bring at least some of these groups under the work test, perhaps by putting the caretakers on the grant. A lesser reform would be to include these cases in the denominator for the work participation rate calculation.¹⁰⁰

For example, some cases may involve children living with immigrant parents not eligible for TANF. Although these parents do not receive assistance, it is possible that they could benefit from participation in various work-related activities. Alternatively, if work requirements cause some parents to leave their children with relatives, this unintended effect should be made known so that policymakers can explore its implications.

Active single issue cases. Applicants who receive one-time cash grants instead of going on welfare are considered active single issue cases. In most other states, such cases are called “diversion” cases because the families receive payments to help them meet immediate needs and are thus diverted from welfare. These cases are typically not counted as part of the caseload because they receive only a temporary, one-time payment. Between April 1999 and November 2001, the number of active single issue FA cases grew from 1,774 to 4,479 (from 1 percent to 3 percent of the caseload).¹⁰¹ One reason for the increase could be that some families may seek periodic one-time payments to avoid the hassle of applying for welfare and the subsequent work requirement; caseworkers may encourage families to take these payments for the same reason. Another reason for the increase could be a reflection of the large number of families leaving

⁹⁹Prior to December 2001, the SNA program was primarily limited to single adults and childless couples. However, some FA household heads could be placed in the SNA program as child-only cases if they failed to comply with mandatory drug treatment. Since December 2001, families with children who have exhausted their five-year, time-limited FA benefits have been transferred to the SNA program. As a result, the number of child-only cases could increase, simply because a larger share of the SNA caseload is composed of families with children. Nevertheless, the number is likely to remain small, because most of the transferred cases had a parent or caretaker receiving assistance.

¹⁰⁰Lawrence M. Mead, Professor of Politics, New York University, Testimony, Before the Committee on Finance of the United States Senate, “The Reauthorization of TANF,” April 10, 2002, p. 4, available from: <http://finance.senate.gov/hearings/testimony/041002lmtest.pdf>, accessed March 10, 2003.

¹⁰¹We did not have access to data on the number of active single issue cases prior to April 1999.

welfare who are on the borderline between self-sufficiency and dependency and who may need a one-time payment to meet an immediate but temporary need.

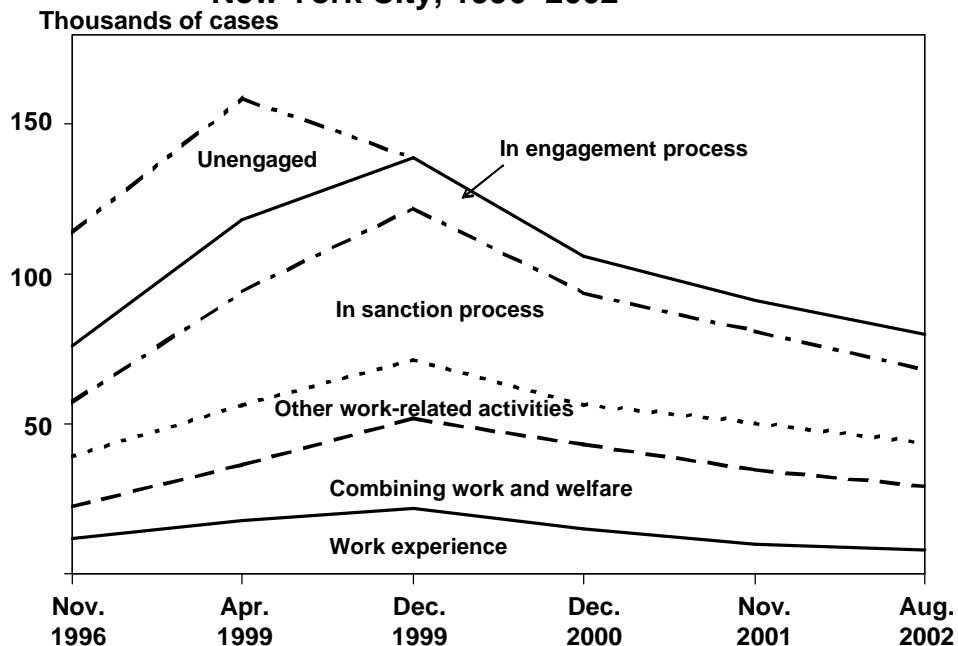
In SNA, the number of active single issue cases also experienced considerable growth. Between April 1999 and November 2001, the number of such cases grew from 5,474 (6 percent) to 8,785 (12 percent). As with FA cases, this increase could be a reflection of the desire for some recipients to seek periodic one-time payments to avoid the hassle of applying for welfare and the subsequent work requirement.

More Engageable Cases

These policy changes resulted in large increases in the number and proportion of engageable cases (i.e., cases with an able-bodied adult who is expected to participate in various work activities). The changes, however, had a much larger effect on FA cases than on SNA cases, as described below.

Family Assistance. The number of engageable FA cases grew remarkably, primarily due to the narrowing of the exemption for mothers with young children and the tightening of the process used to determine temporary exemptions due to illness or incapacity (see figure 3). Between November 1996 and April 1999, the number grew from 113,682 to 159,078, even as the total caseload declined from 278,832 to 201,948. As a result, engageable cases nearly doubled as a proportion of the caseload, from 40 percent to 79 percent. By November 2001, the number of engageable cases had fallen to 91,289, largely as a result of the decline in the caseload. The share of caseload considered engageable also fell, to 65 percent, largely because of the increase in child-only cases, as discussed above.

**Figure 3. Engageable Family Assistance Cases,
New York City, 1996–2002**

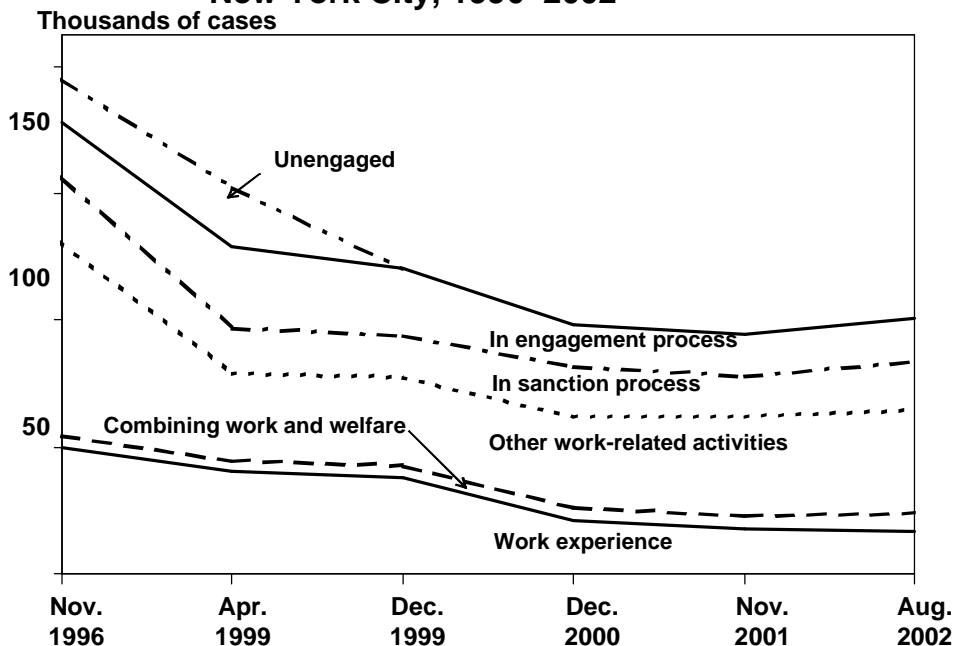


Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Family Assistance (FA) was called “Aid to Families with Dependent Children” before 1998. The data for August 2002 include FA cases that, because of the five-year time limit, were transferred to the Safety Net Assistance caseload.

Safety Net Assistance. Unlike the FA caseload, the number of engageable SNA cases steadily declined (see figure 4), largely because the exemption for parents with young children did not affect many SNA cases (few of them had children). Between November 1996 and April 1999, the number of engageable cases fell from 77,953 (51 percent of the total caseload) to 60,981 (62 percent), and by November 2001, it had dropped to 37,831 (51 percent).

Figure 4. Engageable Safety Net Assistance Cases, New York City, 1996–2002



Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Safety Net Assistance (SNA) was called “Home Relief” before 1998. The data for August 2002 exclude Family Assistance cases that, because of the five-year time limit, were transferred to the SNA caseload.

Full Engagement Achieved

In November 1996, fully one-third of the engageable FA caseload was unengaged, as was 11 percent of the SNA caseload. By December 1999, both programs had achieved “full engagement.”¹⁰² Under HRA’s definition, adults in recipient families are engaged if they are (1) participating in an approved work-related activity (including specified educational and treatment activities), (2) in the process of being assigned to a work-related activity, or (3) sanctioned or in the process of being sanctioned. New York City’s Independent Budget Office has complained that

¹⁰²Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 18.

HRA uses “a fairly loose definition of full engagement.”¹⁰³ This assessment is somewhat unfair because of the limitations placed on HRA by the absence of a full-family sanction and a true time limit on benefits. As Demetra Nightingale and her colleagues at the Urban Institute explain:

As matter of practice, however, full engagement does not mean that all public assistance recipients are engaged in activities. Instead, full engagement means that all recipients are accounted for, and are either engaged in employment or work activities, in the assignment or assessment process, sanctioned for noncompliance, or appropriately classified as exempt from work activity. In other words, full engagement is a milestone of administration, not participation.¹⁰⁴

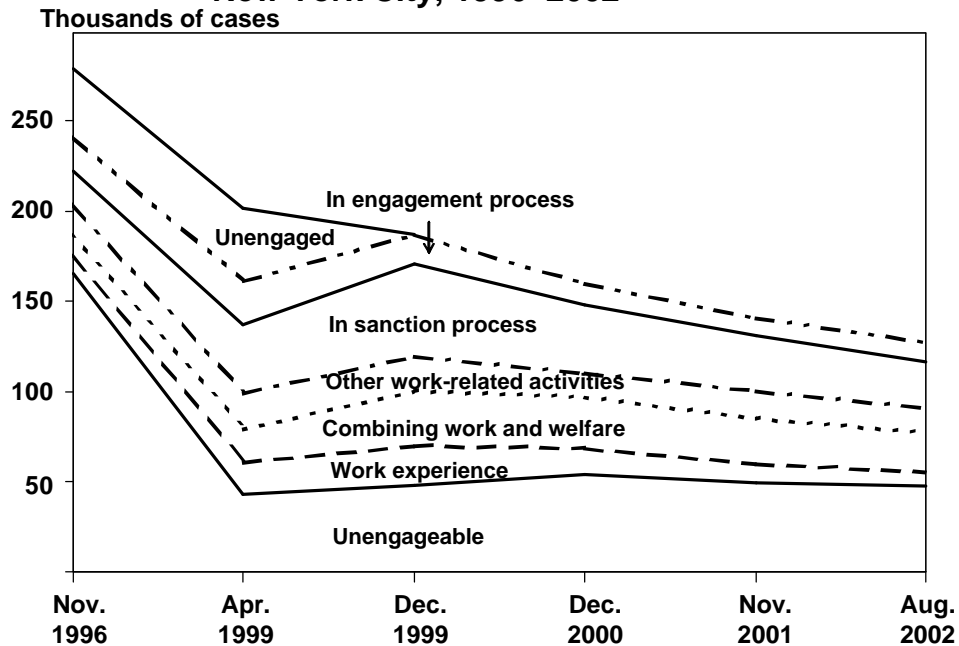
An important qualification, of course, is that the city’s large number of child-only cases are not subject to participation requirements.

Family Assistance. In November 1996, about one-third of the engageable FA caseload was unengaged, with full engagement reached in December 1999. Between November 1996 and November 2001, among the major engagement categories, 34 percent to 55 percent of all engageable cases were participating in approved work-related activities, 11 to 17 percent were in the “in engagement process,” and 16 to 38 percent were in the “in sanction process” (see figure 5).

¹⁰³Paul Lopatto, “Growing Share of Welfare Caseload Exempt from City’s Workfare Program,” *Inside the Budget* (Independent Budget Office newsletter), no. 82, May 4, 2001, p. 1, available from: www.ibo.nyc.ny.us/, accessed January 10, 2002.

¹⁰⁴Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 18.

Figure 5. Family Assistance Cases: Engagement Status, New York City, 1996–2002

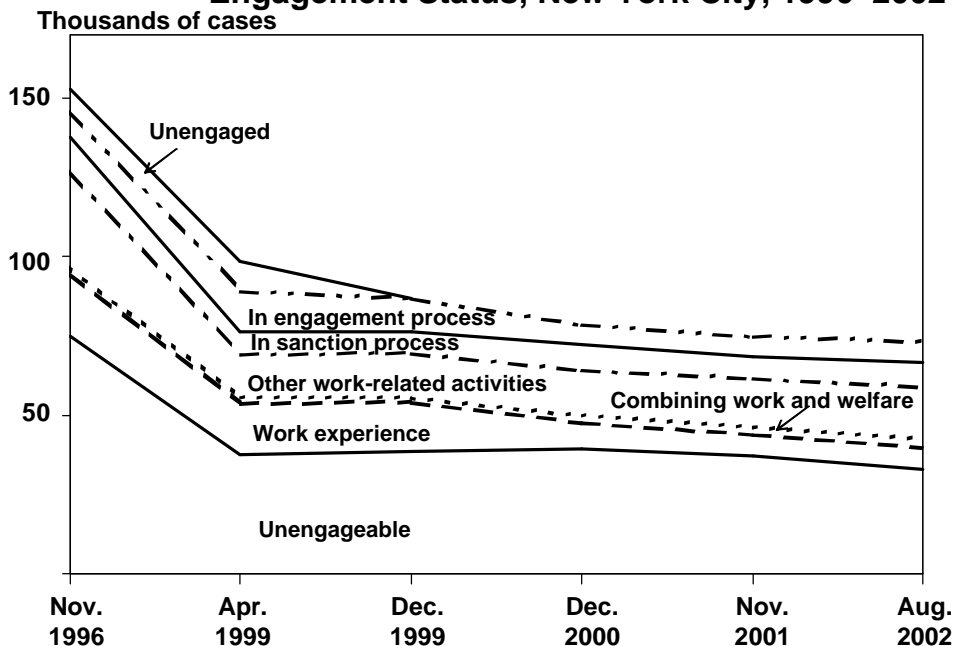


Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Family Assistance (FA) was called “Aid to Families with Dependent Children” before 1998. The data for August 2002 include FA cases that, because of the five-year time limit, were transferred to the Safety Net Assistance caseload.

Safety Net Assistance. As early as November 1996, the SNA caseload was near full engagement; just 9 percent of its engageable caseload was classified as unengaged. Between November 1996 and November 2001, 52 to 66 percent of the engageable cases were participating in approved work-related activities, 11 to 22 percent were in the “in engagement process,” and 12 to 20 percent were in the “in sanction process” (see figure 6).

**Figure 6. Safety Net Assistance Cases:
Engagement Status, New York City, 1996–2002**



Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Gulliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Safety Net Assistance (SNA) was called “Home Relief” before 1998. The data for August 2002 exclude Family Assistance cases that, because of the five-year time limit, were transferred to the SNA caseload.

As for the FA cases that were transferred to SNA (because they exceeded the five-year federal time limit on benefits), in August 2002 this group of 36,967 families was fully engaged. About 63 percent of the engageable cases were participating in approved work-related activities, about 11 percent were in the “in engagement process,” and about 26 percent were in the “in sanction process.” At least in that month, the engagement rates and patterns of this group mirrored FA cases.

Work-related activities. Besides actual paid work and work experience activities, HRA counts other activities, including education and training, as work-related.¹⁰⁵

¹⁰⁵Nightingale and her colleagues report: “Once New York City’s caseload decline leveled off, administrators revamped their program approaches to allow a broader range of activities to ‘count’ towards fulfilling the work requirement, rather than just regular employment or unpaid workfare.” [Nightingale, Pindus,

- For FA, between November 1996 and April 1999, the percentage—and, more important, the number—of the engageable caseload participating in any activity increased, going from 34 percent (39,251 cases) to 35 percent (56,413 cases). By December 1999, the proportion had jumped to 52 percent (71,671 cases), as full engagement was achieved. In November 2001, the percentage increased further to 55 percent (56,496 cases), although the total number declined.
- During the same period, the percentage of the engageable SNA caseload participating in any activity initially fell but then returned to its earlier level. Between November 1996 and April 1999, the percentage of engageable cases participating in a work activity fell from 67 percent (52,278 cases) to 52 percent (31,497 cases). By December 1999, it had rebounded to 64 percent (30,964 cases). In November 2001, the percentage increased further, to 66 percent (24,798 cases), nearly matching its November 1996 level.

WEP. Work experience, or workfare, is the centerpiece of New York City’s work-based welfare system. In WEP, recipients are assigned to public and private agencies to perform actual work.

- For FA, between November 1996 and April 1999 participation in WEP increased rapidly, from 10 percent (11,757) to 14 percent (17,862) of engageable cases. Participation peaked in December 1999, reaching 16 percent of the engageable caseload (21,933 cases). However, the use of WEP then waned, dropping to just 11 percent of engageable cases by November 2001 (just 10,127 cases). In addition, a marked shift from “basic WEP” to WEP combined with other activities occurred. Between April 1999 and November 2001, the percentage of WEP participants in basic WEP declined from 86 percent to just 10 percent.
- For SNA, WEP participation cases initially increased more slowly than FA as a percentage of the engageable caseload, but that may be because, compared with the FA caseload, it started at a relatively high level. Between November 1996 and April 1999, it increased from 26 percent (19,982 cases) to 27 percent (16,219 cases) of engageable cases. Participation peaked in December 1999, reaching 32 percent of the engageable caseload (15,320 cases). As with the FA caseload, SNA participation in WEP then declined, dropping to 19 percent of engageable cases by November 2001 (just 7,186 cases). A similarly large shift in the SNA caseload from basic WEP to WEP combined with other activities occurred. Between April 1999 and November 2001, the percentage of basic WEP participants declined from 88 percent to just 12 percent.

Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. ix.]

Combining work and welfare. HRA considers as engaged those welfare recipients who are working while receiving benefits (even if they are working fewer hours than would otherwise be required under WEP).¹⁰⁶ This approach may not help reduce dependency, as discussed below.¹⁰⁷

The ability of recipients to work and receive welfare benefits is dependent on the state's "earnings disregard," that is, a designated amount of earnings that is not taken into account in determining the welfare grant. Under Aid to Families with Dependent Children (AFDC), the federal government set the amount of the earnings disregard nationally. For all practical purposes, the AFDC earnings disregard was limited to the first \$90 in earnings, after which benefits were reduced dollar-for-dollar as earnings increased—a 100 percent marginal tax rate. Under TANF, though, individual states set the amount of their earnings disregard, and most greatly liberalized them. In 1997, New York State expanded the earned income disregard in its FA program to allow families to remain eligible until their gross income reached the poverty level (about \$14,250 for a family of three in 2001). In that first year, the disregard was \$90 plus 42 percent of the remainder of the family's monthly earned income. Reflecting increases in the Federal Poverty Guidelines (because of inflation), the percentage of income disregarded has been increased each year. These expansions raised the income eligibility limit for recipients with earnings to 100 percent of the poverty level afterwards.

- For FA, the largest increase in participation was among recipients combining work and welfare. Between November 1996 and April 1999, the proportion of the engageable caseload combining work and welfare increased slightly, from 10 percent (11,005 cases) to 12 percent (18,821 cases). The expansion in the earnings disregard, beginning in 1999, seems to be the reason for the rapid increase in the percentage combining work and welfare after April 1999, reaching 22 percent by December 1999 (30,316 cases) and 26 percent (25,106 cases) by November 2001.
- For SNA, the percentage of engageable cases combining work and welfare tripled between November 1996 and November 2001. However, both the absolute number of such combiners and their share of the caseload was relatively small, increasing from 2 percent (1,824 cases) to 6 percent (2,081 cases). We hypothesize that so few "combiners" were in the SNA program because most of its recipients were single adults receiving relatively small grants. Those who find work generally have earnings high enough to make them ineligible for cash assistance.

Education and training activities. Although TANF emphasizes engaging in work and work-related activities to meet participation requirements, states are free to require other program

¹⁰⁶Recipients combining work and welfare are not required to spend as much time in work-related activities; part-time work of twenty hours or more per week is generally sufficient to excuse a recipient from any further program requirements. Jason Turner, former commissioner, New York City Human Resources Administration, conversation with Peter Germanis, January 15, 2002.

¹⁰⁷See the discussion: "Combining work and welfare."

components, including education and training activities. HRA considers participation in such activities as engagement if the activities are consistent with a recipient's employability plan.

- For FA, between April 1999 and November 2001, the percentage of the engageable caseload participating in education and training was relatively stable, falling slightly from 7 percent (11,692 cases) to 6 percent (5,274 cases).¹⁰⁸
- For SNA during this same period, the percentage of the engageable caseload participating in education and training activities increased, from 1 percent (516 cases) to 4 percent (1,390 cases), although total participation in these activities remained relatively low.

Treatment activities. Some welfare recipients cannot participate in work or job training programs because they have serious substance abuse problems. Increasing proportions of FA and SNA cases participate in various treatment activities, often in lieu of mandatory work. (Many treatment programs, however, include a work experience component.) Among FA cases, participation in treatment activities markedly increased.

- For FA, between April 1999 and November 2001, the percentage of the engageable caseload in a treatment program grew from 0 percent (421 cases) to 2 percent (2,044 cases).
- For SNA, a similar increase occurred. Between April 1999 and November 2001, the percentage of the engageable SNA caseload participating in treatment activities increased from 19 percent (11,558 cases) to 27 percent (10,311 cases). This increase in participation may reflect improved coordination between HRA and substance abuse treatment providers.

Wellness/rehab. Recipients with a short-term medical problem are placed in a "wellness/rehab" program, where they can receive treatment for their illness and report back in several months. This initiative seeks to help recipients with chronic health problems, such as diabetes, high blood pressure, or asthma, who need to be on a proper health regimen and learn how to manage their health problem before engaging in work activities. The required engagement plan for recipients in this category is prepared by the medical assessment contractor and involves both medical rehabilitation services and regular assessments. Once the particular condition is stabilized, usually in three to six months, recipients are placed in a combined work, rehabilitation, and training engagement plan. The wellness plan is mandatory, and noncooperation results in the normal work (i.e., partial) sanction.

¹⁰⁸We did not have access to data on the number of cases participating in education, remedial, and treatment activities prior to April 1999.

- For FA, between April 1999 and November 2001, the percentage of the engageable caseload participating in wellness/rehab activities increased from 0 percent (0 cases) to 2 percent (2,044 cases).
- For SNA during this same period, the percentage of the engageable caseload participating in education and training activities increased from 0 percent (0 cases) to 7 percent (2,667 cases), although total participation in those activities remained relatively low.

Community service. Working in a public or nonprofit agency, whether for pay or not, is generally considered a form of community service and would ordinarily be an allowable activity under TANF. New York State defines this activity broadly to include caring for family members with impairments or other special needs.¹⁰⁹ Thus, recipients who are “needed at home” are considered to have met their participation requirements. This is not a complete change in policy, because under the old AFDC program, such participants would have been exempt from participation. However, because federal law no longer treats being needed at home as an exemption, considering such activities as a community service makes them countable toward applicable participation requirements. (Foster parents are also considered to be providing a community service.)

HRA is apparently careful in granting exemptions in this category, which is both amorphous and easily abused.

- For FA, the percentage of engageable cases classified as “needed at home” remained steady at 5 percent between April 1999 (7,617 cases) and November 2001 (4,638 cases).¹¹⁰
- For SNA, the same pattern is evident: 3 percent of engageable cases were “needed at home” in April 1999 (1,606 cases) and in November 2001 (1,025 cases).

Other activities. Beginning in late 2000, HRA began offering some public assistance recipients temporary, subsidized jobs.¹¹¹ For example, under the Job Opportunities Program, HRA

¹⁰⁹New York’s Office of Temporary and Disability Assistance gives localities flexibility in defining community service, but specifies that “an individual needed in the home because another member of the household requires his/her presence due to a verified mental or physical impairment shall be deemed to be engaged in community service to the extent such person is actually providing care for such member of the household.” See New York State Department of Labor, “Section 1300.9: Work Activities and Work Requirements,” p. 9-2, available from: www.labor.state.ny.us/pdf/13009.pdf, accessed February 3, 2003.

¹¹⁰We did not have access to data on the number of cases participating in community service prior to April 1999.

¹¹¹See the discussion: “Transfers to Safety Net Assistance.”

developed arrangements with three city agencies to create temporary, one-year jobs paying about \$8 to \$10 per hour.¹¹²

- For FA, in November 2001, 3 percent (2,352 cases) of engageable cases were in a subsidized job.
- For SNA, 1 percent (397 cases) of engageable cases were in a subsidized job.

In engagement process. Even in a full-engagement program, some recipients experience periods when they are not participating in any activity and are waiting for an assignment. This situation generally arises when they lose an exemption or have completed an activity and have not yet been assigned to a new one. HRA tries to minimize such periods of inactivity by calling nonparticipants into the office within two weeks of a change in status (referred to as “call-in appointment scheduled”). Because recipients are involved with HRA while they are being assessed and assigned to appropriate work activities, this process is also considered a form of engagement, and participants are referred to as being in the engagement process.

In the past, it could take weeks, even months, for HRA to assign nonparticipants to program activities. With the adoption of its full-engagement model, however, HRA appears to have also streamlined the engagement process.

- For FA, between November 1996 and November 2001, the percentage of engageable cases in the engagement process steadily declined from 17 percent (19,173 cases) to 11 percent (10,022 cases). This trend is a reflection of heightened monitoring and scheduling activities designed to minimize downtime.¹¹³
- For SNA, in contrast to the trend in the FA caseload, the percentage of engageable cases in the engagement process increased. Between November 1996 and November 2001, the proportion awaiting to be assigned to an activity increased from 10 percent (8,380 cases) to 17 percent (6,528 cases). We assume that this trend was caused by participants’ greater need for treatment services. It may take longer initially to assess their condition and place them in an appropriate activity, thus leaving them in the engagement process longer.

In sanction process. Engagement includes both being sanctioned and “in the process of being sanctioned.” The latter category is important because before a sanction can be imposed, HRA must provide recipients with an opportunity to resolve the problems associated with nonparticipation. This opportunity consists of a “conciliation conference.” If HRA determines that

¹¹²Jo Anne Barnhart, Deborah Chassman, and Sandie Hoback, *Moving From Full Engagement to Full Employment: A Program Review of New York City’s Welfare Reform* (Klamath Falls, OR: American Institute for Full Employment, November 5, 2001), p. 14.

¹¹³See the discussion: “Monitoring the Process.”

a sanction should be imposed, a recipient can still request a fair hearing, and benefits will continue until a hearing decision has been made. This process can be time consuming and can delay the time it takes to actually impose a sanction. (For FA cases, a first sanction can be ended when the nonparticipant complies with program requirements. In the case of a second sanction, benefits are reduced for a minimum of three months, and in the case of all subsequent sanctions, benefits are reduced for a minimum of six months. For SNA cases without children, the first and second minimum sanction periods are slightly longer—three months and five months, respectively.)

Between November 1996 and April 1999, the proportion of engageable FA cases that were in the “in sanction process” category (including sanctioned cases) increased from 16 percent (17,727 cases) to 24 percent (37,911 cases). By December 1999, the proportion had reached 37 percent (50,743 cases), after which point it seems to have leveled off. In November 2001, for example, 34 percent (30,679 cases) of the engageable caseload was in the sanction process.

For FA cases, most of the growth in this category since April 1999, the earliest period for which detailed data are available, was the result of an increase in the number of cases with a sanction in effect, rather than in the number of cases in the process of being sanctioned (e.g., in the conciliation or fair hearing process). For example, just between April 1999 and November 2001, the proportion of cases in the category that were actually under a sanction increased from 20 percent to 51 percent, reflecting HRA’s commitment to making the process more efficient.

The large proportion of engaged cases that are under a sanction rather than in a work-related activity raises important concerns. Jo Anne Barnhart and her colleagues call this high level of sanctions a “major barrier faced by NYC in moving case heads into work and self-sufficiency.”¹¹⁴ For example, alternative policies may be needed to bring the “happily sanctioned” recipients into compliance, as discussed below.¹¹⁵

The proportion of engageable SNA cases in the sanction process also increased, but at considerably lower levels than in the FA caseload. Between November 1996 and November 2001, the percentage of engageable SNA cases in the sanction process increased from 13 percent (10,386 cases) to 17 percent (6,505 cases) (see figure 6). However, the percentage in November 2001 was half that of the FA caseload (17 percent vs. 34 percent). This relatively low percentage reflects that more than 95 percent of SNA cases are single adults, for whom a sanction usually means case closure. Indeed, the percentage of engageable SNA cases that were in the process of being sanctioned was about the same for the two programs (16 percent for FA and 17 percent for SNA).

¹¹⁴Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 14.

¹¹⁵See the discussion: “Less participation.”

IV. THE WORK EXPERIENCE PROGRAM

The centerpiece of the Human Resources Administration's (HRA) welfare reform program is its Work Experience Program (WEP), the largest workfare program in the nation. Although its precursors date back at least to the 1970s, WEP was greatly expanded under the Giuliani Administration in January 1995, when all new, able-bodied Home Relief recipients were made subject to its requirements. In October 1995, the remainder of employable Home Relief recipients were added, as were all new Aid to Families with Dependent Children (AFDC) recipients.¹¹⁶ Then, in April 1996, all the able-bodied AFDC recipients who had been receiving benefits before WEP began were added.¹¹⁷

Participation requirements are generally divided as follows: twenty hours per week in a mandatory work experience placement (or less, if dividing the grant by the minimum wage would result in fewer hours) and fifteen hours per week in one or more mandatory educational or treatment programs. This is a relatively rigid delineation, and some observers have recommended that HRA be more flexible in emphasizing other services, particularly education and training, or in targeting the program to recipients who could most benefit from it.¹¹⁸

WEP's Expansion

A long history in New York. Both New York State and New York City have a long history of operating mandatory work programs, although mostly for single adults receiving Home Relief. In 1971, New York State established the Public Works Program (PWP)—the precursor of WEP—to require Home Relief recipients to “work off” their grants. Two years later, New York City created a mandatory work program for Home Relief recipients, the Work Relief Employment Project (WREP), under which participants received a paycheck and benefits in lieu of their grant. Participants worked in a wide range of jobs, including child care aides, couriers, janitors, clerical workers, and security guards. An evaluation of the program, however, indicated that the cost of a WREP job was 19 to 33 percent higher than simply providing a welfare check, so program

¹¹⁶Douglas Martin, “New York Workfare Expansion Fuels Debate,” *New York Times*, September 1, 1995, p. A1.

¹¹⁷Joyce Purnick, “Metro Matters; Many Women On Workfare Express Hope,” *New York Times*, August 22, 1996, p. B1.

¹¹⁸See the discussion: “Three-plus-two.”

participation was limited to a maximum of eighteen months and the program was terminated in 1976.¹¹⁹

From 1976 through the 1990s, New York City operated a public works program for able-bodied Home Relief recipients. The number of hours worked was based on the size of the recipient's welfare payment and the nature of the work assignment. Blanche Bernstein suggests that these early workfare programs had significant deterrent effects:

Equally revealing are the results of the work test in the form of what is generally referred to as "workfare" but has various names in different states. In New York it is called the Public Works Program (PWP), a program which involves working off the welfare grant at prevailing wages in various jobs in state and city agencies and, to some extent, in nonprofit agencies. (It can be used, however, only with respect to General Assistance cases. The WIN [Work Incentive] program preempts the work test for AFDC clients.) In New York City, where beginning in 1977 HRA succeeded in substantially enlarging PWP employment, it was found that of the total number referred for jobs, 13 percent failed to report for a PWP interview, 5 percent refused to accept an assignment, and 4 percent accepted the assignment but failed to report for work—a total of 21 percent whose cases were closed, of which about half remained closed for six months or more.¹²⁰

By 1983, more than 11,000 welfare recipients were in public works jobs.¹²¹ Over the next two years, the number increased to about 15,000, at which point the state capped the program.¹²² About one-third of the participants performed clerical and janitorial work in welfare centers. Others worked in the Parks and Recreation Department, the Housing Authority, the Sanitation Department, and other public agencies and city-funded community organizations.

Beginning in April 1983, HRA began a pilot community work experience program for AFDC recipients who were scheduled to be dropped from assistance the following year (when their youngest children turned eighteen).¹²³ Participants were assigned to work an average of fifty-eight hours per month in a variety of jobs at city and state government agencies and nonprofit organizations, including the Department of Aging, HRA, the Parks and Recreation Department, the Housing Authority, Health and Hospitals Corporation, the Sanitation Department, the

¹¹⁹See Judith M. Gueron and Barbara Goldman, *The U.S. Experience in Work Relief* (New York: Manpower Demonstration Research Corporation, March 1983), p. 32.

¹²⁰Blanche Bernstein, *The Politics of Welfare: The New York City Experience* (Cambridge: Abt Books, 1982), p. 48.

¹²¹"City Welfare Work Program Grows," *New York Times*, July 4, 1983, p. A23.

¹²²Maurice Carroll, "New York Plans Job Requirement For Welfare Aid," *New York Times*, October 20, 1985, p. A1.

¹²³"City Welfare Work Program Grows," p. A23.

Cultural Affairs Department, and the Board of Education as well as various hospitals, community boards, and libraries.¹²⁴ In addition, New York City periodically operated work programs for special populations, such as the homeless. Thus, by the mid-1990s, it had operated sizeable work experience programs for various welfare populations for nearly a quarter of a century.

Current WEP. When WEP began in 1995, participants were required to work a minimum of twenty hours per week.¹²⁵ In its first year of operation, this requirement was increased to twenty-six hours per week for Home Relief recipients.¹²⁶ The work hour requirements were gradually raised to the point that, by 1999, most able-bodied adults receiving assistance under either Family Assistance (FA) or Safety Net Assistance (SNA) had to work or participate in other designated activities for thirty-five hours per week.¹²⁷ At least 40 percent of the thirty-five hours, however, are usually not in a work experience assignment, but are in a specified education or treatment program, as described below.

This thirty-five hour requirement exceeds the current federal requirement of thirty hours needed to satisfy TANF (twenty hours for a single parent with a child under six) and is more than almost any program in the nation. It is intended to simulate full-time work and to give recipients an incentive to leave welfare or at least to find unsubsidized employment. As one HRA publication explains:

¹²⁴“City Welfare Work Program Grows,” p. A23.; Michael Goodwin, “Thousands on ‘Workfare’ Get Half-Pay for Doing City Jobs,” *New York Times*, August 20, 1984, p. A1.

¹²⁵Alison Mitchell, “Giuliani Plans to Require Work From Able Welfare Recipients,” *New York Times*, October 8, 1994, p. A1.

¹²⁶Jonathan Hicks, “Students at CUNY Complain Work Rule Limits Education,” *New York Times*, September 21, 1995, p. B3.

¹²⁷The number of hours of WEP is limited to the combined value of a family’s public assistance (Temporary Assistance for Needy Families, or TANF, or Safety Net Assistance, or SNA) and Food Stamp benefits, divided by the minimum wage. The U.S. Department of Labor has held that mandatory work programs under TANF are subject to the Fair Labor Standards Act (FLSA), including the minimum wage. (The FLSA applies to work activities where recipients would be considered “employees” under the FLSA’s broad definition of that word. As a result, the minimum wage requirement may not apply to some activities, such as vocational education, job search assistance, and secondary school attendance, because such activities are generally not considered employment.) Thus, the number of hours that a recipient can be required to work is determined by dividing the welfare grant by the federal minimum wage. However, states can add the value of food stamps in the calculation of the hourly requirement. (For those TANF households with a child under six years of age, who would normally be exempt from a Food Stamp work requirement, states can use the Simplified Food Stamp Program to lower the age exemption in the Food Stamp Program and bring it into conformity with TANF. New York has a Simplified Food Stamp Program that lowers the age exemption from six years to one year.)

In 2001, the maximum monthly TANF grant in New York City for a three-person family was \$577, resulting in a maximum work obligation of a about 25 hours per week. Adding food stamps would raise the monthly benefit total to \$888, allowing for a WEP assignment of about forty hours per week.

Since individuals will be involved in activities full time, the choice is no longer between working and not working but between working in a work experience assignment and working in the private sector earning real income. There is no advantage for an individual to perform work experience instead of unsubsidized employment.¹²⁸

Although the standard obligation for most recipients is to participate for 35 hours per week, recipients working and receiving a welfare grant (“unsubsidized employment”) are generally not required to participate for more hours than their jobs.¹²⁹

HRA’s mandatory work experience program is the largest in the nation. As table 1 indicates, at its peak in December 1999, 14 percent of the adults receiving FA participated in WEP, compared with a national monthly average of just 4 percent in fiscal year 2000.¹³⁰ With 21,933 WEP participants, New York City accounted for more than one-third of the nation’s 61,643 work experience participants, and it far exceeded the average monthly number of participants in other states with a relatively high reliance on work experience programs, including New Jersey (6,016), Ohio (14,127), and Wisconsin (3,227).

¹²⁸City of New York, Human Resources Administration, *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000), p. 15 (emphasis in original).

¹²⁹See the discussion: “Combining work and welfare.”

¹³⁰Due to data gaps, the only month in Fiscal Year 2000 for data on work experience participation in New York City was December 1999. It is used as proxy for the average monthly caseload for that year. This is one reason why the number of work experience participants in New York City exceeds the total number of participants in New York State. It suggests that the number of work experience participants in the city declined throughout most of 2000. Indeed, by November 2000 (which is part of Fiscal Year 2001), the number of work experience participants in New York City had dropped to 15,774. There are probably other differences between the way the city and state compute the number.

Table 1. Average Monthly Number of Adults in Work Experience, Unsubsidized Employment, or Sanctioned, Selected States, Fiscal Year 2000

	U.S.	CA	IL	MI	NJ	NY	NYC ^a	OH	PA	TN	TX	WV	WI
Adults	1,588,651	304,705	66,143	54,679	33,056	232,540	154,019	65,129	63,879	44,003	90,275	10,157	5,710
Work experience	4% 61,643	<1% 1,613	5% 2,984	<1% 62	18% 6,016	6% 14,601	14% 21,933	22% 14,127	2% 1,257	<1% 253	<1% 417	8% 776	57% 3,227
Unsubsidized employment ^b	24% 382,604	25% 75,631	39% 25,478	40% 21,782	20% 6,658	20% 45,508	20% 30,316	31% 20,279	25% 15,911	20% 8,646	6% 5,733	6% 632	8% 438
Sanction ^c	5% 79,433	1% 2,864	10% 6,475	3% 1,755	8% 2,658	11% 25,902 ^d	14% 21,976	2% 1,420	5% 3,449	NA	15% 13,966	NA	23% 1,299
Unsubsidized employment or sanction	29% 462,037	26% 78,495	48% 31,953	43% 23,537	24% 9,316	29% 68,505	34% 52,292	33% 21,699	30% 19,360	20% 8,646	22% 19,699	6% 632	30% 1,737
Subject to mandate ^e	1,126,614	226,210	34,190	31,142	23,740	161,130	101,727	43,430	65,675	35,357	70,576	9,525	3,973
% subject to mandate in work experience	6%	1%	9%	<1%	25%	9%	22%	33%	1%	1%	1%	8%	81%
March 1994 caseload	5,098,288	916,427	241,817	227,114	123,025	457,660	308,685	254,021	211,711	111,740	286,613	41,521	78,739
FY 2000 caseload	2,272,210	501,019	88,493	74,709	51,630	258,702	187,343	98,443	89,899	56,476	127,880	12,146	16,719
Caseload decline	55% 2,826,078	45% 415,408	63% 153,324	67% 152,405	58% 71,395	43% 198,958	39% 121,342	61% 155,578	58% 121,812	49% 55,264	55% 158,733	71% 29,375	79% 62,020

Sources: For national data, see U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation, *Temporary Assistance for Needy Families Program: Fourth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human

Services, April 2002), p. III-96, available from: www.acf.dhhs.gov/programs/opre/ar2001/indexar.htm, accessed August 6, 2002. For New York City data, *see* New York City Human Resources Administration, “FA/TANF — December 26, 1999 — Weekly Report” (New York: New York City Human Resources Administration, December 1999).

Notes:

^aNew York City data for December 26, 1999.

^bAlthough the 1996 welfare reform law calls this category “unsubsidized employment,” the term is misleading because it involves the ongoing provision of a welfare grant.

^cBased on sanction rates reported by the U.S. General Accounting Office for 1998.

^dThe number of sanctions in the state of New York was not reported. The number of sanctions in the state is based on the sum of those reported in New York City for December 1999 and 5 percent of the remaining caseload, based on the national average reported by the U.S. General Accounting Office.

^eThe term “subject to mandate” is intended to identify the number of recipients who are potentially available for participation in work-related activities because they are neither in unsubsidized employment nor in sanction status.

WEP caseloads grew rapidly, going from 850 Home Relief participants in January 1995¹³¹ to 23,000 Home Relief recipients by September of that year (in both Home Relief and FA).¹³² This increased to about 35,000 participants in 1996, with as many as 15,000 of them coming from the AFDC rolls.¹³³ WEP's caseload peaked in May 1997 at nearly 40,000 adult participants (divided almost equally between FA and SNA recipients). Over the next three years, the total number of WEP participants gradually declined to about 33,000, and FA recipients making up an increasing share of participants. Then, from May 2000 to September 2001, the WEP caseload fell by nearly 50 percent, to about 17,000 (about 10,000 FA recipients and about 7,000 SNA recipients) (see figure 7). Some of this decline is probably related to the decline in total caseloads, which fell 18 percent during this period, from 268,903 to 219,244. According to Andrew Bush, former HRA executive deputy administrator:

As we developed our program, WEP itself became just part—one of the tools—of what our reforms were about (and a declining part of those reforms). We felt that when properly focused and operated, and backed-up by a real work requirement, the program would become one where people getting real jobs was a common and central concern of the enterprise. Thus, as we became more employment oriented—moving up job search to the application period and before WEP, and doing job search concurrently with just about everything, our reliance on WEP declined, both numerically and as a percentage of caseload.¹³⁴

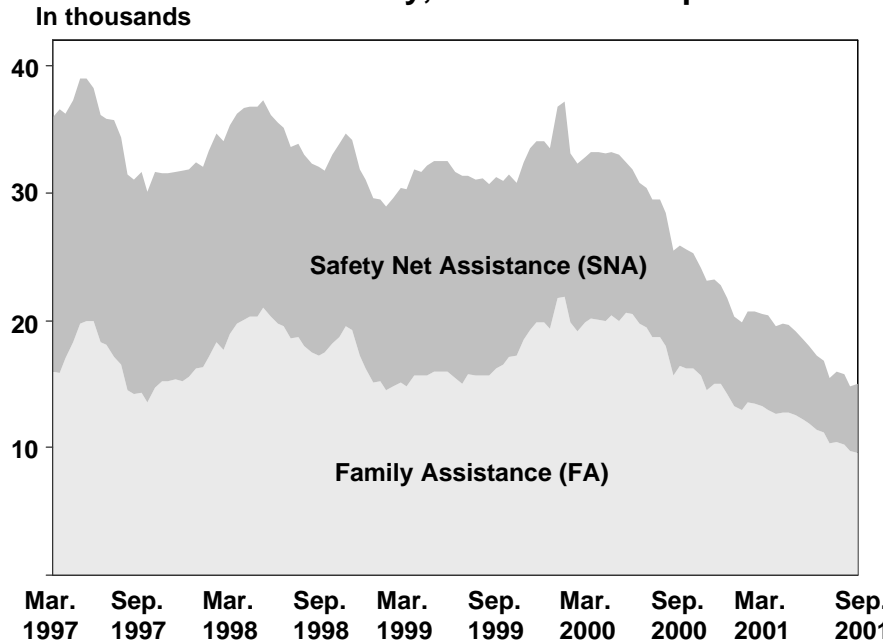
¹³¹“Saving the City’s Backyards,” *New York Times*, January 25, 1995, p. A20.

¹³²Martin, “New York Workfare Expansion Fuels Debate,” p. A1.

¹³³Paul Moses, “Less Welfare Means More Workfare,” *Newsday*, August 2, 1996, p. A6; Robert Polner, “City Welfare Plan: Workfare or Else / Homeless Moms Will Lose Aid If They Refuse,” *Newsday*, August 17, 1996, p. A5; and Dan Morrison, “East or West, Which Is Best?” *Newsday*, September 1, 1996, p. A6.

¹³⁴Andrew Bush, former executive deputy administrator, New York City Human Resources Administration, e-mail to Douglas Besharov, May 14, 2003.

**Figure 7. Work Experience Program Participation,
New York City, March 1997–September 2001**



Sources: Authors' estimates from New York City Human Resources Administration, *PA in NYC: 6-Year Engagement Comparison* (New York: New York City Human Resources Administration, October 18, 2001), figures. "Bi-Weekly WEP Roster for FA and SNA through 7/17/01" and "Bi-Weekly WEP Roster through 9/17/01."

Note: In New York, FA was called "Aid to Families with Dependent Children" and SNA was called "Home Relief" before 1998.

New York City's WEP is impressive not only in how rapidly it could create work slots for so many welfare recipients but also in the size of the caseload involved, especially for FA recipients. Between 1995 and 2001, WEP provided a mixture of mandatory work experiences enriched by an array of remedial and treatment services to more than 250,000 recipients.

In December 1999, the New York City rate of WEP participation was more than four times that of the entire nation. Table 1 shows the average monthly number of TANF adults in the U.S. and eleven selected states in fiscal year 2000, including the number and proportion involved in various work activities. (The eleven states were selected either because they had the largest TANF caseloads or had large numbers of adults in work experience programs.) The table includes similar information for New York City's FA caseload in December 1999, the only month in fiscal year 2000 for which we had data. The table shows that about 14 percent of the city's adult FA recipients were in work experience activities, compared with about 4 percent for the nation as a whole (or 3 percent if New York City were excluded). Moreover, New York City alone accounted for more than one-third of all work experience participants in the United States. Even

as a percentage of the caseload, only Ohio and Wisconsin had a larger share of their caseload in work experience programs.

- For FA, WEP was implemented beginning in October 1995. The program expanded until May 1997, when it had about 20,000 participants. Over the next three years, the number of WEP participants gradually declined to about 15,000 in 1999, but it rose back to just over 20,000 by May 2000. (During this period, the FA caseload fell 31 percent, from 260,017 to 180,022.) From May 2000 on, however, the number of WEP participants fell steadily. By November 2001, the WEP caseload had fallen nearly 50 percent, to about 10,000 participants. During this eighteen-month period, the FA caseload fell 17 percent, from 180,022 to 148,608.¹³⁵
- For SNA, WEP appears to have peaked in March 1997, at about 21,000 participants, declining slightly by May 1997 to about 19,000 participants. Over the next three years, the number of WEP participants gradually declined to about 13,000 by May 2000. (During this period, the SNA caseload fell 29 percent, from 146,179 to 104,428.) By November 2001, the WEP caseload had fallen nearly 50 percent, to about 7,100 participants. During this eighteen-month period, the SNA caseload fell 28 percent, from 104,428 to 74,828.¹³⁶

The WEP Experience

WEP participants mainly worked in government and nonprofit agencies, “cleaning Sanitation Department garages, picking up litter in parks, and performing clerical tasks throughout New York City.”¹³⁷ Assignments are made by HRA staff.¹³⁸

WEP sites. Most WEP assignments are in city agencies, although some are in private, nonprofit organizations. Table 2 shows the number of WEP assignments by agency at selected points in time. (These are assignments for the total Public Assistance caseload; a separate

¹³⁵The number of WEP participants is approximated from an HRA figure of the number of people in WEP during a given two-week cycle. As explained above, this number differs from the number on Weekly Engagement Reports, which show the primary engagement status for cases active at a point in time (every Sunday night).

¹³⁶See note 135.

¹³⁷Martin, “New York Workfare Expansion Fuels Debate,” p. A1.

¹³⁸Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute, July 2002), p. 39, *stating*: “Agencies, vendors, and worksite supervisors have no control over when assignments are made or who is assigned to their worksite, or when a participant may be transferred from one site to another.” And, *stating in the footnote*: “Parks Department staff, for example, noted that although they operated two job assistance programs as an ESP vendor, their own WEP participants frequently could not take advantage of these opportunities because they had already been assigned to other ESP vendors.”

breakdown for FA and SNA cases is not available.) Almost all WEP participants were placed with city agencies; although about forty different agencies provided WEP slots, as of December 2000 nearly two-thirds of WEP participants were placed in just four agencies: the Department of Parks and Recreation (“Parks Department”), HRA, the Department of Sanitation, and the Department of Citywide Administration Services. The few WEP participants not assigned to city agencies were mostly in community-based organizations.

In March 1996, the Parks Department had the largest number of WEP participants (6,259), or nearly a third of the entire WEP caseload. This total dropped slightly, to 6,154 participants in June 1999 (less than 20 percent of the WEP caseload), but then fell to 4,259 in June 2000 (14 percent of all WEP participants) and to 3,852 in December 2000 (18 percent of all WEP participants). Nearly half of all the agencies with WEP workers had fewer than twenty-five participants.

Table 2. Work Experience Assignments by Agency, Selected Points in Time

Agency	Mar. 26, 1996	Jun. 30, 1999	Jun. 30, 2000	Dec. 31, 2000
Admin. For Children's Services	–	466	423	284
BEGIN	–	5,770	5,387	4,193
Board of Education	275	518	258	388
Bronx County Clerk's Office	–	11	31	5
Business Improvement Districts	28	30	9	11
City Commission on Human Rights	–	2	2	0
Community Boards	–	11	17	25
Community-Based Organizations	–	1,662	1,846	1,336
Comptroller's Office	–	2	2	0
CUNY	242	132	397	211
Dept. for the Aging	418	968	685	570
Dept. of Citywide Administration	2,611	3,151	2,672	1,209
Dept. of Consumer Affairs	–	25	22	13
Dept. of Design and Construction	–	10	9	5
Dept. of Environmental Protection	52	100	24	4
Dept. of Finance	–	52	43	41
Dept. of Health	209	305	218	180
Dept. of Housing and Preservation	1,499	384	373	239
Dept. of Parks and Recreation	6,259	6,154	4,259	3,852
Dept. of Probation	–	10	6	0
Dept. of Records and Information	–	25	19	26
Dept. of Sanitation	4,263	2,912	1,748	1,249
Dept. of Transportation	517	656	425	89
Employment Services and Placement	–	–	–	59
Enhanced	–	–	–	4,450
Financial Information Services	–	7	0	0
Fire Dept.	–	41	96	101
Health and Hospitals Corporation	743	–	–	–
HRA	2,135	4,891	8,940	1,434
Landmarks Preservation Commission	–	9	3	0
Mayor's Office	–	10	1	1
Metropolitan Transit Authority	–	319	678	340
Museo del Barrio	–	27	18	24
Non-profits	1,686	–	–	–
NY Housing Authority	453	1,861	1,550	535
Other Non-city Agencies	–	132	180	120
Police Dept.	280	411	350	207
State Agencies	318	197	165	76
Taxi and Limousine Commission	–	66	32	44
Welfare-to-Work	–	–	–	447
Uncategorized	0	0	0	0
TOTAL	21,988	31,327	30,888	21,768

Source: Demetra Smith Nightingale, Nancy Pindus, Fredrica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. 40, table III.2.

WEP activities. Most WEP participants perform one of three types of activities: “clerical, custodial/maintenance, and human services (such as work at day care and senior citizen centers).”¹³⁹ In the Parks Department, for example, according to Elizabeth Zeldin of the New York City Independent Budget Office, WEP workers generally performed low-skill maintenance and clean-up.¹⁴⁰ The most frequently reported tasks were sweeping and raking litter (96 percent of respondents), emptying garbage cans (82 percent), cleaning and maintaining restrooms (53 percent), and refuse collection (46 percent).¹⁴¹ WEP workers have constituted as much as 20 percent of the department’s maintenance staff and have been credited with having helped improve the cleanliness of the city’s parks.¹⁴²

In a 1999–2000 survey of city agencies with a significant number of WEP slots by Community Voices Heard (CVH), a citywide organization of welfare recipients, WEP participants reported similar assignments.¹⁴³ At the Department of Citywide Administration Services, which maintains city properties, 84 percent of WEP participants reported cleaning bathrooms, 82 percent reported emptying wastebaskets, 75 percent cited sweeping and mopping, and 56 percent included replacing bathroom supplies among their duties. WEP clerical and office workers at a variety of agencies most frequently reported filing records (81 percent), answering phones (63 percent), and keeping records (55 percent). Similarly, WEP workers in nonprofits and schools reported being teacher’s aides (53 percent), clerical workers (26 percent), or helpers in senior citizens’ homes (11 percent). At the Transit Authority, WEP participants reported emptying

¹³⁹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 39.

¹⁴⁰Elizabeth Zeldin, “Use of Work Experience Program Participants at the Department of Parks and Recreation,” *Inside the Budget* (Independent Budget Office of the City of New York newsletter), November 1, 2000, available from: www.ibo.nyc.ny.us/, accessed January 10, 2002.

¹⁴¹Zeldin, “Use of Work Experience Program Participants at the Department of Parks and Recreation.”

¹⁴²Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, pp. 39 and 41.

¹⁴³Laura Wernick, John Krinsky, and Paul Getsos, *The Work Experience Program: New York City’s Public Sector Sweat Shop Economy* (New York: Community Voices Heard, 2000), available from: www.cvhaction.org/Publications.html, accessed January 23, 2002.

garbage cans (98 percent), sweeping stairs and street areas (83 percent), cleaning and polishing surfaces (81 percent), and dusting handrails and turnstiles (74 percent).

Some of the agencies that use a large number of WEP participants, like the Parks Department, invest substantial resources in supervising them.¹⁴⁴ HRA pays these agencies so that a WEP supervisor gets an extra \$2,000 for supervising a crew of WEP participants.¹⁴⁵ The Parks Department has developed a “procedures manual” for WEP supervisors, which includes instructions on supervision as well as information on program rules and regulations.¹⁴⁶ Sometimes, the agencies made real accommodation to the WEP participants, as Nightingale and her colleagues describe:

Administrators in WEP programs visited also noted their interest in making WEP more responsive to the needs of participants. For example, the Parks Department has adjusted the work hours for WEP assignments (changed from 7 am to 3:30 pm to 9 to 5:30) in order to accommodate women with children, tries to make assignments close to participants’ homes or children’s schools, and assigns some individuals to recreation centers and after school programs. However, most available slots are still in outdoor maintenance. HRA also grants four weeks of excused absence from workfare if no childcare is available, and up to two days absence without a doctor's note for illness or to care for a sick child.¹⁴⁷

Attendance is reported biweekly from worksites, affording worksite supervisors some discretion in mediating compliance with attendance and work requirements. Participants who do not work all scheduled hours (and are not excused from doing so) are supposed to be dropped from the WEP assignment, and a conciliation notice is supposed to be issued. Individuals assigned to WEP are expected to continue seeking paid employment and are granted excused absence from work assignments for the time spent in job interviews (but interviews must be documented).¹⁴⁸

Enhanced WEP. A number of WEP programs have been structured to accommodate the special circumstances or needs of recipients. (These programs are often called “enhanced WEP.”) For example, in 1994 the Parks and Recreation Department (in cooperation with HRA) created

¹⁴⁴Cited in James Clark, “New York’s WEP Program,” unpublished paper submitted to Baruch College, City University of New York, 2001, p. 92.

¹⁴⁵Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, conversation with Marie Cohen, December 5, 2001.

¹⁴⁶James Clark, “New York’s WEP Program,” p. 95.

¹⁴⁷Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, pp. 36-37.

¹⁴⁸Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 39.

the Parks Career Training (PACT) program.¹⁴⁹ As of October 2001, the Department's agreement with HRA required PACT to serve 1,000 public assistance recipients per year.¹⁵⁰ In 2001, about 500 participants were in the program at any given time; 75 percent of them were women with children.¹⁵¹ PACT participation typically lasts about six to eight months.¹⁵² Training is for jobs in "security, construction, custodial work, horticulture, clerical, auto mechanics, telecommunications, and MIS support."¹⁵³ In addition, PACT workers have the opportunity to obtain a regular or commercial driver's license and become certified in security, first aid, and CPR.¹⁵⁴

PACT allows public assistance recipients with WEP assignments at the Parks Department to volunteer for an intensive training program that combines WEP with training in occupational fields such as security, construction, custodial work, horticulture, clerical work, auto mechanics, and telecommunications. On-the-job training is provided in either "small, supervised crews" or through individual internships for about six months.¹⁵⁵ This training is supplemented by classroom training in topics such as computer literacy, graffiti removal, plant identification, pest control, basic electrical and plumbing skills, floor care, and sheet rock installation.

Through an agreement with the city's Board of Education, PACT participants may also attend classes in basic education, GED preparation, and English as a Second Language.¹⁵⁶ PACT counselors provide job readiness training, resume assistance, and referrals to employers. They also work with participants to help them address child care, housing, and other needs that might affect their transition to employment. PACT retention specialists also provide follow-up and support services to participants once they find jobs.¹⁵⁷ According to James Clark, former director of the South Carolina Department of Social Services, "the idea was to go beyond the development of

¹⁴⁹The Parks and Recreation Department administers the program, but HRA provides three-fourths of the funding. See James Clark, "New York's WEP Program," p. 94.

¹⁵⁰Hugh O'Neill, Kathryn Garcia, Virginie Amerlynck and Barbara Blum, *Policies Affecting New York City's Low-Income Families* (New York: National Center for Children in Poverty, October 2001), p. 33, available from: <http://cpmcnet.columbia.edu/dept/nccp/policiesNYCrep.pdf>, accessed March 26, 2002.

¹⁵¹O'Neill, Garcia, Amerlynck and Blum, *Policies Affecting New York City's Low-Income Families*, p. 33.

¹⁵²James Clark, "New York's WEP Program," p. 93.

¹⁵³James Clark, "New York's WEP Program," p. 93. (See above note.)

¹⁵⁴City of New York Parks and Recreation Department, *About PACT* (Department of Parks and Recreation Web site, http://nycparks.completeinet.net/sub_opportunities/pact/html/about.html).

¹⁵⁵City of New York Parks and Recreation Department, *About PACT*.

¹⁵⁶James Clark, "New York's WEP Program," p. 93.

¹⁵⁷O'Neill, Garcia, Amerlynck and Blum, *Policies Affecting New York City's Low-Income Families*, p. 33.

basic work readiness skills, such as showing up for work on time and dealing with supervision, to obtaining marketable skills.”¹⁵⁸ Many of its participants have been placed in regular employment, usually in the private sector.

Such coordination is most prevalent in programs for special populations, such as Begin Employment Gain Independent Now (BEGIN) program, Personal Roads for Individual Development and Employment (PRIDE), and programs for drug-dependent recipients. Some of the Employment Services Placement (ESP) contractors, however, are also trying to work with the WEP worksites. According to Clark, one ESP contractor, Career Education Consultants (CEC), works with supervisors of WEP recipients to make the two experiences complement each other as much as possible.¹⁵⁹ For example, CEC staff work with supervisors to try to adjust both the WEP placement and the training provided by CEC. They also attempt to get letters of reference from the supervisors.

A private contractor, Wildcat Service Corp., develops its own WEP sites by bidding on service contracts such as park maintenance, cleaning shelters, and temporary services for HRA. Wildcat has also developed customized programs that combine WEP with classroom training tailored to industries such as banking, finance, and home care. Moreover, Wildcat has different models for combining WEP with classroom training. In addition to the traditional model of three days per week of WEP and two days per week of classroom training, Wildcat offers one program in which 80 percent of the participants’ time is spent on WEP and 20 percent is spent on classroom training. It also offers a program that trains participants for jobs in the financial services industry, which provides one week of WEP alternating with one week of classroom training.¹⁶⁰

Criticisms. Despite the HRA’s success in implementing WEP on a large scale, implementation has not been without its critics. There has been a regular flow of critical reports, newspaper articles, and lawsuits, which appear to have consumed much of the time of high-level HRA administrators and slowed implementation of various program initiatives.¹⁶¹ In fact, the opening of about half the Job Centers was delayed for at least two years by “major opposition [and] court challenges.”¹⁶²

¹⁵⁸James Clark, “New York’s WEP Program,” p. 93.

¹⁵⁹James Clark, “New York’s WEP Program,” pp. 86–89.

¹⁶⁰Jo Anne Barnhart, Deborah Chassman, and Sandie Hoback, *Moving From Full Engagement to Full Employment: A Program Review of New York City’s Welfare Reform* (Klamath Falls: American Institute for Full Employment, November 5, 2001), p. 20.

¹⁶¹Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, personal communication to Marie Cohen, November 12, 2001.

¹⁶²See Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. v, stating: “After major opposition, court challenges, and a two-year moratorium, 30 Job Centers where individuals can apply for FA, SNA and other benefits were operating by 2001.”

Advocates have complained that WEP has not enhanced the employability of most recipients. Of 328 WEP workers responding to a 1998 CVH survey, a majority (57 percent) said that WEP had not developed their skills and experience. The authors concluded: “Without an identity as an employee of the agency, and the worksite, WEP workers are treated like a casual labor force that does not merit training, a job description, or close supervision.”¹⁶³

These criticisms seem exaggerated, however. We have no information about the survey’s response rate or its representativeness. Moreover, a later study *by the same group* seems to contradict its earlier claims. The second survey involved 649 WEP participants at 131 worksites in 1999 and 2000. It found that most respondents reported doing the same work as regular municipal employees and that WEP workers were performing 35 of the 36 tasks in three union job titles.¹⁶⁴ (The survey included a mixture of FA and SNA recipients, but the findings were not reported separately.) CVH found that “workfare workers are doing critical work for the city, ranging from keeping parks clean and safe, doing light repair work and doing entry-level receptionist duties.”¹⁶⁵ This finding suggests that participants were performing “real work.” Ironically, the survey was used as the basis of a complaint that WEP participants are performing the same work as public employees at a much lower wage rate.

Based on the available data, we tentatively conclude that, at a minimum, most WEP participants after 1999 had a work experience that resembled the real world of work, which should have at least given them the experience of having a job. We have no way of knowing what specific work-related skills participants may have gained or how common would be positive comments similar to those of a participant quoted by Heather Mac Donald:

Denyse Paul, an elegant young woman who sought Medicaid and welfare after developing rheumatoid arthritis, maintains otherwise, based on firsthand experience. “WEP was good for me,” she says, “I could show them I could do it.”¹⁶⁶

Some WEP participants have also complained about being treated as second-class workers in their agencies. WEP workers in the Parks and Recreation Department, for example, had special

¹⁶³Community Voices Heard, *Welfare to Work: Is It Working? The Failure of Current Welfare-to-Work Strategies To Move the Hardest To Employ Into Jobs* (New York: Community Voices Heard, 1999), p. 12, available from: www.cvhaction.org/Publications.html, accessed January 23, 2002.

¹⁶⁴Laura Wernick, John Krinsky, and Paul Getsos, *The Work Experience Program: New York City’s Public Sector Sweat Shop Economy* (New York: Community Voices Heard, 2000), available from: www.cvhaction.org/Publications.html, accessed January 23, 2002.

¹⁶⁵Wernick, Krinsky, and Getsos, *The Work Experience Program: New York City’s Public Sector Sweat Shop Economy*, p. 14.

¹⁶⁶Heather Mac Donald, “Don’t Mess with Welfare Reform’s Success,” *City Journal*, Winter 2002, vol. 12, no. 1, available from: www.city-journal.org/html/12_1_dont_mess.html, accessed January 8, 2002.

uniforms that are different from the uniforms worn by regular department employees.¹⁶⁷ WEP participants (and their advocates) have also complained that some WEP employees are not allowed to use the same bathrooms and cafeterias as regular employees. One critical account of WEP described the plight of one participant, Sandra White:

Assigned to street cleaning, White endures dangerous and unsanitary conditions—and the contempt of regular sanitation employees. The orange safety vests that WEP workers wear are stored in garbage cans, and if they bring a bag lunch it gets tied to the cans’ handles for storage. But worst of all, White says, is the “bathroom problem.” “I have to go from business to business looking for a toilet,” she says. At the sanitation depot in Brooklyn where they meet before being driven by van to work sites, union workers wrote on the bathroom door, “No WEP workers.”¹⁶⁸

According to Seth Diamond, HRA’s deputy commissioner for operations at the time, the agency has been unable to substantiate those claims when it calls the agencies involved and such practices are not a matter of policy for either HRA or the agencies involved.¹⁶⁹ Indeed, some have argued that many WEP recipients like their assignments and have trouble leaving them. Seeming to support HRA’s position, Demetra Nightingale and her colleagues report that “some participants might get too comfortable in work assignments, particularly if they have little or no prior work experience and see no other options.”¹⁷⁰

At least a few complaints have been made about sexual and racial harassment of WEP participants. The Clinton administration sued the Giuliani administration for failing to protect women in WEP assignments from sexual and racial harassment.¹⁷¹ In filing the suit, the U.S. attorney described incidents such as a supervisor turning out the office lights and telling a welfare worker to pull down her pants; and another supervisor minimizing the significance of racial caricatures and a noose hanging in a window when a recipient was assigned to paint a building.¹⁷² We cannot assess the accuracy of such claims. HRA officials noted in our interviews that the number of such claims was small and that they were dealt with thoroughly.

¹⁶⁷Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, pp. 39 and 41.

¹⁶⁸Annette Fuentes, “Giuliani’s Workfare: Slaves of New York,” *In These Times*, December 23, 1996.

¹⁶⁹Seth Diamond, conversation with Marie Cohen, December 20, 2001.

¹⁷⁰Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 41.

¹⁷¹Steven Greenhouse, “Federal Suit Accuses City of Not Acting on Harassment Complaints,” *New York Times*, July 15, 2001, p. A27.

¹⁷²Greenhouse, “Federal Suit Accuses City of Not Acting on Harassment Complaints,” p. A27.

We are prepared to accept at least some of the foregoing allegations as individual cases of inappropriate or unfair behavior, but in the absence of any independent corroboration (including reliable statistical evidence), we have no objective reason to believe that the incidents are widespread.

Finally, the child care provided under HRA's auspices has also been criticized. HRA's official policy is to provide subsidized child care for all welfare recipients with children under age thirteen who are working or engaged in approved activities. Parents are free to choose the type of care they prefer, including center-based care, licensed family day care, or informal care by a friend or relative. Child care specialists or job center workers help find child care for recipients who cannot find it on their own. Some service providers, however, raised concerns regarding the child care arrangements of participants, particularly informal care. For example, in 1997 the city's Public Advocate accused HRA of failing to ensure that children are being cared for in safe, appropriate settings.¹⁷³ Again, little systematic evidence supports such claims.

Moreover, none of the recipients, former recipients, or service providers that participated in focus groups run by the National Center for Children in Poverty cited inability to obtain child care as a barrier to employment.¹⁷⁴ The focus group results suggest that the prevalence of informal arrangements reflects recipient preferences as well as shortages of licensed care, although some focus group participants cited problems with the convenience and reliability of informal providers.¹⁷⁵

¹⁷³Public Advocate for New York City, *Welfare and Child Care: What About the Children?* (New York: Office of the Public Advocate, June, 1997), as quoted in Association of the Bar of the City of New York, Committee on Social Welfare Law, *Welfare Reform in New York City: The Measure of Success* (New York: Association of the Bar of the City of New York, August 2001), p. 9, available from: www.abcnyc.org/currentarticle/welfare.html, accessed January 11, 2002.

¹⁷⁴O'Neill, Garcia, Amerlynck and Blum, *Policies Affecting New York City's Low-Income Families*, p. 66.

¹⁷⁵O'Neill, Garcia, Amerlynck and Blum, *Policies Affecting New York City's Low-Income Families*, p. 66. (See above note.)

V. “MEANINGFUL” WORK VERSUS DISPLACEMENT

All mandatory work experience programs that seek to provide a realistic, or “meaningful,” work experience—in which welfare recipients provide services of value to the community—must face the issue of possible worker displacement (i.e., the substitution of regular employees with welfare recipients). If the work would otherwise have been performed by a regular employee, someone else does not have the job. Invariably, unions oppose the creation of placements in which real work is performed, fearing that existing state or municipal union employees will be replaced. Their opposition helps explain why so few large-scale mandatory work experience programs have been established.¹⁷⁶

“Meaningful” Work

Not “make-work”. Too many work experience programs are little more than make-work, which is both demeaning and ultimately counterproductive because it breeds a contempt for the responsibility to become self-sufficient. Most experts believe that if the potential of work experience programs is to be achieved, participants should be performing “real work.” For example, Jason Turner, former commissioner of the Human Resources Administration (HRA), and his co-author Thomas Main, professor at Baruch College, write:

Real work must be accomplished. Nothing is more dispiriting to those expecting to work than to remain idle, or worse, ignored, on the job. By contrast, the pride and satisfaction of successfully mastering work tasks often result in a big psychological lift and translate into confidence in the search for private employment.¹⁷⁷

That does not mean, however, that the work experience needs to be in a white-collar job. As Heather MacDonald complains:

Many share the prejudice of Orange County, California’s, social services director, Larry Leaman, who exclaims: “The last thing we need is leaf rakers in California! In modern times, it’s unthinkable.” Leaman and others see workfare as demeaning to participants and a throwback to the WPA [Works Progress Administration] days.

¹⁷⁶Thomas Brock, David Butler, and David Long, *Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research* (New York: Manpower Demonstration Research Corporation, 1993), pp. 69-70.

¹⁷⁷Jason Turner and Thomas Main, “Work Experience Under Welfare Reform,” in *The New World of Welfare*, edited by Ron Haskins and Rebecca Blank (Washington, D.C.: The Brookings Institution, 2001), p. 300.

But why is it more demeaning to rake leaves outside Leaman's offices than to be sprawled out on one of the benches there, high on drugs—a frequent local sight?¹⁷⁸

Building skills. In theory, successful participation in a work experience program should increase confidence, job skills, and employability (even if only through recommendations to use in looking for a job). As Turner and Main put it, one goal of work experience should be “to increase the employability of participants by offering opportunities to practice work and to learn the habits and social skills necessary to succeed in entry-level employment.”¹⁷⁹ They report that “private employers like to receive attendance information and recommendations from work experience supervisors and take them into account.”¹⁸⁰ At least some HRA sites provide such information as well as recommendations about specific participants.

Thomas Brock, David Butler, and David Long of the Manpower Demonstration Research Corporation (MDRC) reviewed studies of work experience programs operated by MDRC in the mid-1980s in seven states.¹⁸¹ They studied the implementation and operational aspects of the programs, and, in some states, their impact on employment, earnings, and welfare receipt. Most of the programs targeted single mothers receiving Aid to Families with Dependent Children (AFDC), but some also targeted two-parent families receiving AFDC-Unemployed Parent (UP) benefits. Brock, Butler, and Long explain that work experience programs can “help participants gain general work skills and to teach them how to interact with co-workers and supervisors. These types of skills might be called job-holding skills, in contrast to more specific occupational skills, which are not usually emphasized in these types of programs.”¹⁸²

The MDRC researchers surveyed the supervisors of Work Experience Program (WEP) participants before and after assignment to a work experience job about participants' skill levels. Most participants were found to have adequate skills even before beginning their assignment, but the relatively small group judged to not have sufficient skills at the beginning was found to be performing adequately at the time of the follow-up interview, indicating that participation in the program had improved their skills. Moreover, most recipients themselves responded that they had learned new skills, and more than 80 percent believed that their participation “would enhance their employability and help them get a decent paying job later.”¹⁸³

¹⁷⁸Heather Mac Donald, “Don't Mess with Welfare Reform's Success,” *City Journal*, Winter 2002, vol. 12, no. 1, available from: www.city-journal.org/html/12_1_dont_mess.html, accessed January 8, 2002.

¹⁷⁹Turner and Main, “Work Experience Under Welfare Reform,” p. 291.

¹⁸⁰Turner and Main, “Work Experience Under Welfare Reform,” pp. 303-304.

¹⁸¹Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*.

¹⁸²Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 32.

¹⁸³Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 33.

Not an alternative to work. Providing real work or “real jobs” conflicts, to some extent at least, with the goal of moving recipients off welfare, because positions that provide a good opportunity to learn skills and work habits might be more attractive to recipients than leaving welfare.¹⁸⁴ For example, the Washington Family Independence Program (FIP), a welfare reform demonstration that operated between 1988 and 1993, was specifically designed to “humanize” welfare by providing a “client-oriented, supportive environment” that expanded benefits, education and training opportunities, and other services to welfare families. (FIP did not include a mandatory work component.) By making welfare more attractive, however, it had the unintended effect of increasing welfare caseloads and reducing employment. Sharon Long and Douglas Wissoker of the Urban Institute explain:

A likely key factor contributing to higher welfare participation under FIP is the change in the “culture” of welfare in Washington state among both the FIP clientele and the broader community. This change, combined with the cashing out of food stamps, reduced the stigma associated with assistance, thus increasing the attractiveness of welfare relative to work.¹⁸⁵

Similarly, some recipients may become too comfortable with their work experience jobs, thereby increasing their reliance on welfare, rather than reducing it. Lawrence Mead contends that a problem with “public employment is that it makes no provision, by itself, for job search to get a real job outside of government.”¹⁸⁶ This may be one reason why most of HRA’s WEP assignments include a job search component.

A proper balance must be achieved between providing real work experience and simply creating make-work jobs to avoid making Temporary Assistance for Needy Families (TANF) work experience programs a reincarnation of the Comprehensive Employment and Training Act (CETA), which, in too many places, offered nothing more than meaningless, make-work jobs. Nightingale and her colleagues describe the conflicting tensions involved in operating HRA’s program:

The reliance on WEP workers can pose challenges for both the host agency and the workers. Because WEP workers perform useful tasks for the agency, especially tasks that

¹⁸⁴Demetra Nightingale, director of the Welfare and Training Research Program at the Urban Institute’s Human Resources Policy Center, conversation with Marie Cohen, December 3, 2001; Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, conversation with Marie Cohen, December 5, 2001.

¹⁸⁵Sharon K. Long, “Welfare Reform at Three Years: The Case of Washington State’s Family Independence Program,” *The Journal of Human Resources*, vol. XXX, no. 4, 1995, pp. 766-790.

¹⁸⁶Lawrence M. Mead, Professor of Politics, New York University, Testimony, Before the Committee on Finance of the United States Senate, “The Reauthorization of TANF,” April 10, 2002, available from: <http://finance.senate.gov/hearings/testimony/041002lmtest.pdf>, accessed March 10, 2003.

may be critical but burdensome or undesirable to regular staff (e.g., clerical filing, picking up trash in public parks), there is a potential conflict between the interests of the host agency to keep participants engaged in productive WEP assignments versus transitioning participants into permanent wage-paying employment. As one administrator noted, “. . . it is a really good supervisor who can look beyond (his) own needs.” WEP workers can also become resentful that they are working alongside regular employees, and yet not receiving regular pay or fringe benefits. On the other hand, some participants might get too comfortable in work assignments, particularly if they have little or no prior work experience and see no other options. Guidelines for the maximum duration of WEP assignments vary across WEP sites—typically ranging from six months to one year (though worksite staff also report that the limitation is not consistently monitored or enforced).¹⁸⁷

Displacement

The more realistic the work assignment, the more likely it is that the job will raise the specter of worker displacement (i.e., the substitution of regular employees with welfare recipients). In fact, the city government and HRA have been criticized for allegedly using WEP to eliminate well-paid union jobs and replace them with poorly paid welfare recipients. As HRA’s WEP grew, so did union complaints about worker displacement.

Agreements with unions. From the beginning of the Giuliani administration in 1994, relations with public employee unions have influenced the development and implementation of WEP. When the city administration was planning the WEP program, it assured the public employee unions that no displacement would occur and it entered into negotiations with the key public employee unions to gain their support

In December 1994, the Giuliani administration reached its first workfare-related agreement with the city’s largest municipal union, District Council 37 (DC 37). The City was to develop a pilot program in which welfare recipients would be assigned to work in low-skilled jobs at schools, such as crossing guard and cafeteria server.¹⁸⁸ The expectation, at least on the union’s side, was that as attrition created job openings, welfare recipients could be moved into permanent jobs and become members of the union. Apparently, this did not happen.

Two years later, in 1996, the mayor and DC 37 met and agreed to create a joint committee that would meet biweekly to investigate complaints that full-time workers were being

¹⁸⁷Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute Labor and Social Policy Center, July 2002), p. 41.

¹⁸⁸Jonathan P. Hicks, “First Accord By New York With a Union On Workfare,” *New York Times*, December 15, 1994, p. B3.

displaced by workfare participants.¹⁸⁹ After the meeting, Stanley Hill, then the head of DC 37, dropped his call for a moratorium on the growth of workfare, and the mayor pledged to “consider hiring an unspecified number of welfare workers as city employees.”¹⁹⁰ Other union leaders, however, were critical of the agreement because no specific guarantees were made to hire a certain number of welfare recipients.¹⁹¹

Claims of displacement continued to be a major point of contention. In August 1997, union complaints led Mayor Giuliani to agree to a “statement of principles,” which remained in effect for the rest of his administration.¹⁹² It stated, in part, that the “city and the union recognize that no current city employees are intended to be displaced as a result of WEP assignments through the loss of job or position, reduction of wages and benefits or infringement of promotional opportunities.”¹⁹³ The statement also said that welfare recipients should be allowed to apply for all city job openings, that the city could take money earmarked for welfare benefits and apply it to training for workfare participants, and that workfare participants should receive adequate health and safety protections.¹⁹⁴ The City and the unions agreed that WEP participation should be encouraged and that they would jointly develop demonstration programs and form a joint committee that would meet regularly to discuss welfare reform issues.¹⁹⁵ In addition, supervisors were to be paid extra to supervise WEP participants.

These agreements were apparently facilitated by the fact that public employee layoffs seemed possible due to budget cuts. The Mayor promised that there would be no layoffs (in at least some areas of DC 37 membership) if the union agreed to an expanded WEP program.¹⁹⁶ Thus, in major aspects, WEP seems to have been expanded in exchange for a no-layoff pledge.¹⁹⁷

¹⁸⁹David Firestone, “Labor Leader Drops Demand On Workfare,” *New York Times*, September 28, 1996, p. A25.

¹⁹⁰Firestone, “Labor Leader Drops Demand On Workfare,” p. A25.

¹⁹¹Firestone, “Labor Leader Drops Demand On Workfare,” p. A25.

¹⁹²Turner and Main, “Work Experience Under Welfare Reform,” p. 304.

¹⁹³Steven Greenhouse, “Compromise With Unions On Workfare,” *New York Times*, August 8, 1997, p. B2.

¹⁹⁴Greenhouse, “Compromise With Unions On Workfare,” p. B2.

¹⁹⁵James Clark, “New York’s WEP Program,” unpublished paper submitted to Baruch College, City University of New York, 2001, pp. 56-57.

¹⁹⁶Jason Turner, former commissioner, New York City Human Resources Administration, conversation with Peter Germanis, January 15, 2002.

¹⁹⁷Jason Turner, conversation with Peter Germanis, January 15, 2002.

As noted, a vague promise to hire WEP participants repeatedly appears in the give and take between the city and union officials. At least as of 2001, however, HRA officials did not see WEP as an avenue to municipal jobs for welfare recipients. At that time, they reported that few WEP participants were hired into permanent jobs by the agencies where they were placed,¹⁹⁸ and they stressed that such permanent hiring was not an aim of the program. Rather, they expressed the hope that participants would find private sector jobs.¹⁹⁹

Only attrition? Throughout this multiyear process, the union's basic complaint was that the city was using welfare recipients to displace more highly paid union members, although doing so would have been against New York State law. The unions, however, could not establish a direct or clear causal link between employee layoffs and the substitution of welfare recipients. Instead, they pointed to the decline in the paid workforce in an agency and the growth of the welfare workers. For example, Maurice Emsellem, director of Public Policy with the National Employment Law Project, cited the fact that the number of Parks Department workers dropped dramatically between 1993 and 1998 while the number of WEP workers increased.²⁰⁰

Lee Saunders, executive assistant to the president of the American Federation of State, County and Municipal Employees (AFSCME), explains the displacement concerns of union workers:

AFSCME's affiliate, District Council 37, filed five separate lawsuits alleging displacement violations under the New York State social services law, which was amended to provide for substantially stronger non-displacement protections than the weak provisions in the federal law. Among other things, these lawsuits documented an 85 percent staff reduction from 136 to 24 custodial assistants in the City's welfare offices while hundreds of WEP workers were assigned to clean the offices. Another City agency lost 274 custodian positions out of a total of 389 positions over a six-year period. In Orchard Beach Park, there were over 60 employees in 1996, yet by the summer of 1999 only about 12-13 city workers were left. Even so, there were still over 60 people working in the Park. The rest were WEP workers.²⁰¹

¹⁹⁸Nina Bernstein, "As Welfare Comes to an End, So Do the Jobs," *New York Times*, December 17, 2001, p. A1, reporting that of 9,509 people sent for WEP placements in the city's subway system since December 1999, about 4,400 actually showed up, and 301 were hired.

¹⁹⁹Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, conversation with Marie Cohen, November 21, 2001.

²⁰⁰Maurice Emsellem, "Statement of the National Employment Law Project, Hearing Before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, April 3, 2001," p. 3, available from: www.nelp.org/pub68.pdf, accessed February 14, 2003.

²⁰¹Testimony of Lee Saunders, Executive Assistant to the President of the American Federation of State, County and Municipal Employees (AFSCME), On Welfare Reform Reauthorization Proposals, Before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, April 11,

Several lawsuits, some of which are still pending, have alleged displacement of public employees by welfare recipients, which is prohibited under federal law.²⁰² In June 2000, for example, the Giuliani administration hired 27 carpenters and painters to settle a lawsuit (which was brought by the unions representing municipal workers) charging the city with using workfare workers to displace city employee. The city admitted no wrongdoing in the settlement,²⁰³ but other lawsuits brought by DC 37 continued.²⁰⁴

In response, New York City has steadfastly denied that any displacement was taking place.²⁰⁵ The City has argued that it did not fire union workers and replace them with WEP participants; instead, it has let attrition take its course, and WEP workers have performed the work that was formerly provided by the workers who left the agency and were not going to be replaced.²⁰⁶ (In other words, WEP participants did not displace public sector workers, because they performed work that otherwise would not have been performed.) In an interview, Seth Diamond, former HRA deputy commissioner for operations, explained, “If you define displacement as actually firing workers and replacing them with WEP workers, then it is not happening, but others have argued displacement is really letting attrition take its course and not replacing people.”²⁰⁷

That would be in keeping with federal rules. The federal TANF rules governing displacement are as follows:

In general, an adult in a family receiving IV-A assistance may fill a work vacancy. However, no adult in a Title IV-A work activity shall be employed or assigned when another person is on layoff from the same or a substantially equivalent job, or when the employer has terminated the employment of a regular worker or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy thus created with a subsidized worker. This provision does not preempt or supersede any State or local law providing greater protection from displacement. . . . States must establish and maintain a

2002,” available from: www.afscme.org/action/sr020411.htm, accessed February 18, 2003.

²⁰²“Testimony of Lee Saunders, On Welfare Reform Reauthorization Proposals, Before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives

²⁰³Steven Greenhouse, “Manhattan: Workfare Agreement,” in Anthony Ramirez, “Metro Briefing,” *New York Times*, June 9, 2000, p. B4.

²⁰⁴Robert Polner, “Fighting To Keep Parks Jobs,” *Newsday*, January 17, 2002, p. A28.

²⁰⁵Turner and Main, “Work Experience Under Welfare Reform,” p. 304.

²⁰⁶Seth Diamond, conversation with Marie Cohen, December 5, 2001.

²⁰⁷Seth Diamond, conversation with Marie Cohen, December 5, 2001.

grievance procedure, including hearing opportunity, for resolving complaints and providing remedies for violations.²⁰⁸

Robert Lerman and Eric Rosenberg of the Urban Institute, based on a mid-1990s survey of twenty-two worksite managers (when WEP participants were mostly Home Relief recipients) and reports from various union officials, conclude that “[a]lthough some WEP labor apparently is replacing unionized city labor excised by budget cuts, most of the WEP workers are supplementary laborers. They perform tasks on a daily basis that were previously done perhaps once a week or once a month.”²⁰⁹

David Ellwood and Elizabeth Welty of Harvard also studied displacement in New York City. According to them, “at least some displacement is occurring,” but it is not clear whether they are simply referring to the fact that many WEP workers are replacing workers whose positions had been eliminated through attrition.²¹⁰ This statement seems based on anecdotal evidence and data showing a decline of city workers in some departments along with an increase in WEP participants. They are, therefore, careful to add that “there are no rigorous attempts to measure the extent of substitution”²¹¹ and that “because the city was seeking to cut back employment anyway, the statement of one administrator is also true in many cases: ‘They’re [WEP workers are] saving this agency.’”²¹²

The independent evidence that is available to us indicates that the city has largely (if not entirely) used attrition to create workfare slots. Little evidence supports a direct substitution, and what substitution may have taken place seems hopelessly entangled with the layoffs the city went through during much of this period.

An example of how murky the issue of displacement can be in regard to layoffs versus attrition is illustrated by what happened in the city’s public hospitals.²¹³ In April 1998, when the

²⁰⁸U.S. House of Representatives, *Personal Responsibility and Work Opportunity Reconciliation Act of 1996: Conference Report* (Washington, D.C., U.S. House of Representatives, Report 104-725, July 30, 1996), pp. 282-283.

²⁰⁹Robert Lerman and Eric Rosenberg, *The Benefits and Costs of New York City Workfare* (unpublished paper, January 2, 1997), pp. 15-16.

²¹⁰David T. Ellwood and Elizabeth D. Welty, *Public Service Employment and Mandatory Work: A Policy Whose Time Has Come and Gone and Come Again?* (Cambridge, MA: Harvard University, March 1999), p. 15, available from: www.jcpr.org/wpfiles/ellwood-welty.pdf, accessed January 4, 2002.

²¹¹Ellwood and Welty, *Public Service Employment and Mandatory Work*, p. 15.

²¹²Ellwood and Welty, *Public Service Employment and Mandatory Work*, p. 15.

²¹³Ian Fisher, “Giuliani Drops Workfare Jobs At the Hospitals,” *New York Times*, April 24, 1998, p. A1. See generally James Clark, “New York’s WEP Program,” unpublished paper submitted to Baruch College, City

Giuliani administration attempted to lay off about 900 of the city's 35,000 public hospital workers, a similar number of WEP participants were already working in the hospitals, so the union filed a lawsuit alleging that WEP workers were replacing union workers.²¹⁴

DC 37's Hill accused Giuliani of violating the state law against displacement of city workers by workfare participants, the promise of training applicable to other jobs for 34,000 workfare workers, and a promise to use all other available options before laying off hospital workers. Sarah Kennedy, executive vice president of the hospital workers local, asserted that more than 500 WEP workers were doing work once performed by some of the 1,000 employees that were laid off in 1996.²¹⁵ Referring to 1996 and the pending layoff of 800 more workers in 1988, she added, "This is a way to bust the union. They're trying to use slave labor."²¹⁶

The City denied all the allegations²¹⁷ and claimed that the reduction in the number of workers was in response to a decline in the bed occupancy and that the increase in WEP workers was a result of that program's growth.²¹⁸ In any event, the city withdrew all the WEP workers, but it also laid off 600 hospital workers.²¹⁹

Compliance with federal law, however, may no longer be sufficient in New York. In 1997, the displacement provisions in state law were broadened so that a recipient may not be assigned to a workfare position (in a private as well as public agency or firm) if, in the words of the statute, the result would be:

- (a) the displacement of any currently employed worker or loss of position (including partial displacement such as reduction in the hours of non-overtime work, wages or employment benefits) or result in the impairment of existing contracts for services or collective bargaining agreements;

University of New York, 2001, pp. 56-57.

²¹⁴Robert D. McFadden, "Union Chief Calls Workfare 'Slavery'," *New York Times*, April 19, 1998, p. 37.

²¹⁵Steven Greenhouse, "Many Participants in Workfare Take the Place of City Workers," *New York Times*, April 13, 1998, p. A1.

²¹⁶Greenhouse, "Many Participants in Workfare Take the Place of City Workers," p. A1.

²¹⁷Steven Greenhouse, "Layoffs Rupture Tie Between Giuliani and Labor Leader," *New York Times*, April 25, 1998, p. B1.

²¹⁸As of March 26, 1996, there were 743 WEP participants assigned to the Health and Hospitals Corporation. [Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 40.]

²¹⁹See also Ian Fisher, "Giuliani Drops Workfare Jobs At the Hospitals," p. A1; and Steven Greenhouse, "Union's Tactics Questioned in Failed Deal," *New York Times*, May 20, 1998, p. B5.

(b) the assignment of a participant or the filling of a position when any other person is on layoff from the same or any equivalent position or the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant assigned pursuant to this section;

(c) any infringement of the promotional opportunities of any current employed person;

(d) the performance, by such participant, of a substantial portion of the work ordinarily and actually performed by regular employees; or

(e) the loss of a bargaining unit position as a result of work experience participants performing, in part or in whole, the work normally performed by the employee in such position;

(f) such assignment is not at any work site at which the regular employees are on a legal strike against the employer or are being subjected to lock out by the employer.”²²⁰

Clearly, a full-time WEP assignment would have difficulty meeting these restrictions: In many—perhaps most—sites, recipients performed “a substantial portion of the work ordinarily and actually performed by regular employees” and the result was probably “the loss of a bargaining unit position.” As Nightingale and her colleagues write:

WEP slots represent an important portion of the workforce of several of the City’s agencies. For example, a Parks Department administrator indicated that participants in WEP have accounted for up to about 20 percent of that agency’s maintenance staff. The Parks Department credits, in part, the presence of the WEP workers for the marked improvement in its internal ratings for the cleanliness of the City’s public parks. WEP participants work side-by-side with regular Parks Department maintenance staff, although WEP workers are distinguishable by their uniforms.²²¹

Only the fact that WEP is now on the “three-plus-two” schedule, discussed in the next section, would seem to make it feasible (and legal) under New York State law.

²²⁰See New York State Department of Labor, “Section 1300.9: Work Activities and Work Requirements,” pp. 9-8 and 9-9, available from: www.labor.state.ny.us/pdf/13009.pdf, accessed February 3, 2003 (emphasis added).

²²¹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 39 and 41.

VI. “UNSUBSIDIZED EMPLOYMENT”

The problems with creating workfare-type assignments make all the more important the other major type of work experience under welfare reform: unsubsidized employment.²²² In November 2001, about 26 percent of engaged adults were combining work and welfare (in large part because of the newly generous earnings disregards described above). Temporary Assistance for Needy Families (TANF) regulations call this “unsubsidized employment,” but that clearly is a misnomer because the families continue to receive welfare payments, which can be a substantial portion of their original grants.²²³

Earnings Disregards

Under Aid to Families with Dependent Children (AFDC), the federal government set what is called the “earnings disregard,” that is, the amount that a recipient could earn without a reduction in the welfare grant. For all practical purposes, the AFDC earnings disregard was limited to the first \$90 in earnings, after which benefits were reduced dollar-for-dollar as earnings increased—a 100 percent marginal tax rate. As a result, few welfare mothers would gain financially if they worked without earning enough to leave welfare.

TANF, however, allows individual states to set the amount of their own earnings disregards, and most states have greatly liberalized them. Since the mid-1990s, most states have tried to increase incentives to work by disregarding a larger portion of earnings when determining a recipient’s benefit or by providing an additional earnings-related income supplement.²²⁴ Indeed, twenty-two states (comprising about 60 percent of the national caseload) disregard at least 50 percent of earnings in computing benefits (two states disregard all earnings up to the poverty level for a limited period).

In 1997 New York State expanded the earned income disregard in its Family Assistance (FA) program to allow families to remain eligible until their gross income reaches the poverty level (about \$14,250 for a family of three in 2001). In that first year, the disregard was \$90 plus 42 percent of the remainder of the family’s monthly earned income. By 2002, as a result of

²²²“Subsidized employment” (either public or private) is so rare that it need not be discussed here.

²²³First the Clinton Administration and now the Bush Administration have helped muddy the waters by repeatedly reporting that large percentages of welfare recipients were “working,” which suggested to many that they were in work experience programs, when, in fact, the vast majority were taking advantage of expanded earnings disregards to combine work and welfare.

²²⁴In addition, time limits, family caps, and other benefit restrictions have reduced the value of welfare, also making work relatively more attractive.

inflation-related increases in the Federal Poverty Guidelines, the percentage of income disregarded had increased to 50 percent of the family's grant.

Combining Work and Welfare

As the disregard increased, so did the number of families combining work and welfare. Between November 1996 (before the expanded disregard went into effect) and November 1999, the number of FA cases combining work and welfare tripled, increasing from 11,005 to 30,199 (or from 10 percent to 21 percent of the engageable caseload). By November 2001, the number of such cases had fallen to 25,106, but they represented an even larger share of the engageable caseload (26 percent).

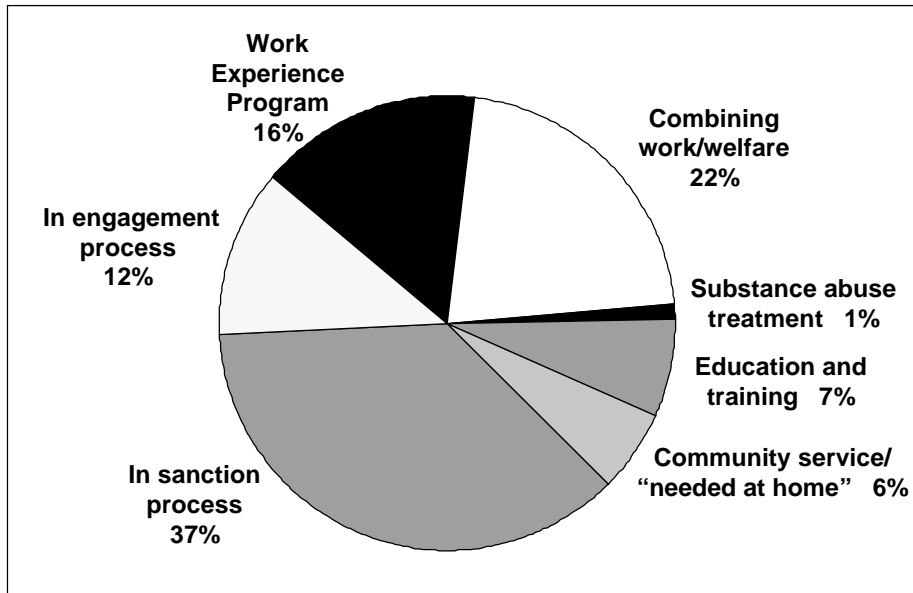
This rapid increase reflected a national trend, which also was associated with increases in the disregard in other states. Nationally, the proportion of TANF adults combining paid work and welfare increased steadily and substantially, rising from 7 percent in 1992 to 27 percent in 2001.²²⁵ Counting child-only cases, the proportion of recipient families in which an adult combined work and welfare more than doubled from about 8 percent in 1994 to about 16 percent in 2001.²²⁶

In December 1999, about 20 percent of adults on the New York City caseload were in unsubsidized employment, about the same proportion as statewide (see table 1). This proportion, however, was below the 24 percent nationwide average and considerably lower than in some states, such as Illinois and Michigan, where about 40 percent of adults were combining work and welfare.

²²⁵U.S. Department of Health and Human Services, Office of Planning, Research, and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Fifth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, February 2003), p. X-230, available from: www.acf.dhhs.gov/programs/ofa/annualreport5/, accessed March 15, 2003. A number of states started receiving waivers to expand earnings disregards beginning in the early 1990s, several years before the 1996 welfare reform law.

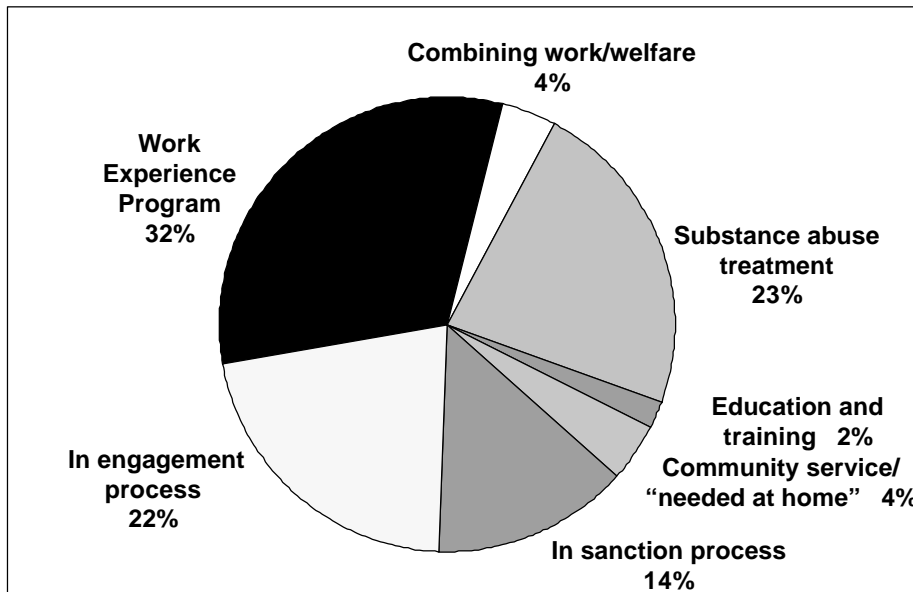
²²⁶See U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families (TANF) Program: Fifth Annual Report to Congress*, p. X-244. Unlike most other statements of work effort among TANF recipients, our calculation includes child-only cases in the denominator, because about half of these cases have parents present in the home. A measure that focuses on just adults receiving assistance exaggerates the increase in work, because it ignores the growth in the number of adults who do not receive assistance because they have been sanctioned, or are ineligible due to the receipt of disability benefits or their noncitizen status. If one does not include these groups in the calculation, it appears that the percent working rose more than it actually did.

Figure 8. Engageable Family Assistance Cases, Engagement Status, December 1999



Source: New York City Human Resources Administration, "PA — Weekly Caseload Engagement Status" (New York: New York City Human Resources Administration, December 1999).

Figure 9. Engageable Safety Net Assistance Cases, Engagement Status, December 1999



Source: New York City Human Resources Administration, "PA — Weekly Caseload Engagement Status" (New York: New York City Human Resources Administration, December 1999).

The increase in recipients combining work and welfare raises various issues. First, because unsubsidized employment is counted as a work activity for federal participation purposes, it reduces the need to establish and operate other work-related activities. Recipients combining work and welfare are not required to spend as much time in work-related activities; part-time work of twenty hours or more per week is generally sufficient to excuse a recipient from any further program requirements.²²⁷

Second, an expanded disregard (with no time limit on receiving) probably results in higher welfare caseloads and costs than otherwise. In a weakened economy, if caseloads begin to rise, New York and other states may reassess their earnings disregard policies and explore other options to minimize their cost.²²⁸

Third, expanded earnings disregards increase disposable family income by allowing families to combine earnings with welfare receipt. However, they also increase the likelihood that recipients will stay on welfare and thereby more quickly exhaust their time-limited benefits while receiving the reduced grants. Such recipients face an increased possibility that they will not have access to benefits in future years, when they may need them more, perhaps due to a job loss. In New York State, of course, the availability of the Safety Net Assistance program minimizes this concern, because there is essentially no real time limit.

²²⁷Jason Turner, former commissioner, New York City Human Resources Administration, conversation with Peter Germanis, January 15, 2002.

²²⁸*See, e.g.*, Rob Schneider, "Up to 35,000 families may see cash aid cut," *The Indianapolis Star*, January 17, 2003, available from: www.indystar.com/print/articles/1/016198-2901-009.html, accessed January 21, 2003.

VII. EDUCATION AND TREATMENT ACTIVITIES

To get and keep a job, some welfare recipients may need more intensive help than just work first and work experience. They may have very low job skills, physical and mental health problems (including substance abuse), or other disabilities that limit their employability or reduce their ability to work.²²⁹ Human Resources Administration (HRA) officials believe that because of the large decline in the welfare rolls, the remaining caseload has a higher proportion of people who have severe barriers to employment and who need additional services to supplement the work experience.²³⁰

Hence, HRA has expended considerable energy and funding to develop education and treatment programs. By around mid 2000, almost all welfare cases engaged in mandatory activities were spending at least fifteen hours per week in an activity designed to address specific barriers to employment. Some recipients were spending as many as thirty-five hours per week in such activities. According to Nightingale and her colleagues at the Urban Institute, “The special programs have been designed to combine the strong work-requirement aspects of welfare reform with the recognition that some specific groups are likely to require substantial services and special interventions if they are to become employable.”²³¹

Some of the programs that HRA developed, such as the Division of Parks and Recreation’s Parks Career Training (PACT) program²³² use an integrated model in which work experience and remedial services are provided at one site. City officials believe that this integration significantly increases program effectiveness because of the synergy created by combining different activities and the reduced likelihood of “losing” people between activities.

²²⁹See U.S. General Accounting Office, *Welfare Reform: Moving Hard-to-Employ Recipients into the Workforce* (Washington, D.C.: U.S. General Accounting Office, March 2001, GAO 01-368), p. 32, available from: www.gao.gov/cgi-bin/gettrpt?rptno=GAO-01-368, accessed September 19, 2001, stating that “limiting work activities to those that count for federal participation rate purposes makes it more difficult to prepare hard-to-employ TANF recipients for employment.”

²³⁰Seth Diamond, former deputy commissioner for Operations, New York City’s Human Resources Administration, conversation with Marie Cohen, December 20, 2001. See also Leslie Kaufman, “New York Says Those on Welfare Are Increasingly Hard to Employ,” *New York Times*, November 29, 2002.

²³¹Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute Labor and Social Policy Center, July 2002), pp. 56–57.

²³²See the discussion: “Enhanced WEP.”

The other reason for expanding education and treatment services seems to have been to increase the number of hours of required participation without running afoul of minimum wage rules²³³ and without aggravating complaints about displacement.

Required Participation

HRA provides education and treatment services in two ways: (1) As part of the Work Experience Program (WEP), in which recipients are assigned to fifteen hours per week in education or treatment activities (“with a continuous job search component”)²³⁴ in addition to twenty hours per week in a work assignment, or (2) separately from WEP, when recipients are judged to have such serious problems that they cannot participate in work experience. These recipients are assigned directly to full-time participation in education or treatment activities; they undergo regular review period and are expected to move on to the “normal” work-training treatment regime with continuous job search.

WEP with education and treatment activities. Initially, WEP alone (often called “basic WEP” or “WEP basic”) was the primary mandatory activity. Beginning in 1999, however, HRA gradually expanded its menu of mandatory activities to include a larger number of education and treatment services designed to make recipients more employable. By the middle of 2000, almost all WEP participants were also required to participate in a concurrent education or treatment activity. Seth Diamond, executive deputy commissioner of the Family Independence Administration and former deputy commissioner for HRA operations, describes the rationale for combining WEP with other activities:

[W]e believe that education alone is not the answer, just as work alone is not the answer. Our own experience and the experience of other jurisdictions across the country suggest a more balanced approach would be most beneficial. In recent years, we have developed a balanced approach that seeks ways to combine education and training with work in an integrated program that provides targeted services people need to get off welfare.²³⁵

Thus, WEP is now typically combined with other education, training, and job search activities designed to help recipients achieve self-sufficiency. As of this writing, most WEP participants (in both FA and SNA) are in the “three-plus-two” model of activity; that is, they spend three days per week (twenty hours) in WEP and two days (fifteen hours) in education or

²³³See the discussion: “Current WEP.”

²³⁴City of New York, Human Resources Administration, *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000), p. 15.

²³⁵Testimony of Seth Diamond, executive deputy commissioner Family Independence, Administration Human Resources Administration, before the City Council Committee on general welfare “Intro 93: Education and Training for Public Assistance Recipients,” available from: www.nyc.gov/html/hra/html/news_press4_18_02.html, accessed February 18, 2003.

treatment activities.²³⁶ The basic WEP cases consisted primarily of those who stopped participating in their concurrent assignment but did not drop out of WEP. Some cases may also involve situations in which individuals are between concurrent assignments.

- For FA, most WEP participants now combine work experience with other activities. Between April 1999 and November 2001, the percentage of FA WEP participants also participating in other activities increased from 18 percent (2,271 cases) to 87 percent (8,796 cases). Moreover, in April 1999, 98 percent of the cases combining WEP with another activity were in job search. By November 2001, the percentage in job search had dropped to 30 percent; instead, 32 percent were combining WEP with the Personal Roads for Individual Development and Employment (PRIDE) program (discussed below) and 23 percent were combining WEP with the Begin Employment Gain Independence Now (BEGIN) program. (Smaller percentages were mixing WEP with various substance abuse treatment or training activities.) This shift in emphasis happened because HRA officials believed that recipients could benefit from ancillary services while maintaining a strong emphasis on work.
- For SNA, although it serves a very different population from that of FA (primarily single adults), a similar shift in the mixture of services provided to WEP participants occurred. Between April 1999 and November 2001, the percentage of SNA WEP participants in other activities increased from 14 percent (2,199 cases) to 90 percent (6,383 cases). As with FA, the mixture of activities shifted. In April 1999, about 75 percent of the cases combining WEP with another activity were in substance abuse treatment and the remaining 25 percent were in job search. By November 2001, this range of activities had expanded: 48 percent of cases participated in PRIDE, 42 percent in job search, 6 percent in substance abuse treatment, and the remainder in various other activities.

Three-plus-two. Only a few exceptions are made in the formula for work and education or treatment activities. “The same ‘three-plus-two’ model is used in nearly all the programs—three days of work or WEP plus two days of some other service or intervention,”²³⁷ report Nightingale and her colleagues. They continue:

²³⁶Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. iv, stating: “In the last week of November 2000, about 25,000 persons were in WEP assignments, but only about 25 percent of those were in basic WEP. The other 75 percent were in WEP assignments that combined work experience with some other activity such as job readiness services, short-term training, or education—usually three days per week of work experience or workfare (21 hours) plus two days of some other activity (14 hours). This is often referred to as the “three-plus-two” model for full-time activity, defined as 35 hours per week. In comparison, in the first week of April 1999, nearly 90 percent of WEP assignments had been of the basic workfare type.”

²³⁷Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 56.

In discussions with HRA staff, Job Center staff, vendor staff, and community representatives, there is general support for special programs. The main concerns raised related to the distance some individuals had to travel to the lower-Manhattan Special Needs Job Center, where many of the programs are housed, and the difficulty some contractors have had reconciling the work requirement procedures and sanctioning process with their mainstream activities such as education or substance abuse treatment. There is no doubt that employment and compliance with the work requirements are HRA's top priority in these programs, just as it is in the HRA local Job Centers and the regular SAP [Skills Assessment and Placement] and ESP [Employment Services Placement].²³⁸

Some observers, however, have called for greater flexibility in the combination of work experience and education and treatment services. For example, Hugh O'Neill, president of Appleseed, a New York City-based consulting firm, and his colleagues argue that program administrators should have more flexibility in the number of hours recipients are assigned to each:

[T]he Human Resources Administration should consider adopting a more flexible approach to the definition of full engagement. Employment service and placement contractors could be given authority to vary the mix of training and work experience in which participants are engaged. Some participants, for example, might benefit more in the long run if for six to 12 months they could combine 10 to 12 hours a week of work experience with more intensive English language and literacy instruction. Others who already have solid basic skills, and perhaps some work experience, might be able to move into higher-paying jobs, with greater potential for advancement, if they could spend several months in full-time vocational training.

The city could consider developing an alternative definition of "full engagement" for parents with very young children. Mothers with children between the ages of three and 12 months, for example, could have the option of limiting their participation to 20 hours per week.²³⁹

The Task Force for Sensible Welfare Reform has made a similar recommendation:

The potential for New York to be a laboratory for understanding the implementation and effectiveness of work experience on a large scale, including the value that may be derived from the work performed, has clearly yet to be realized.

²³⁸Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, pp. 56–57.

²³⁹Hugh O'Neill, Kathryn Garcia, Virginie Amerlynck, and Barbara Blum, *Policies Affecting New York City's Low-Income Families* (New York, NY: Research Forum on Families, Children, and the New Federalism, October 2001), pp. 70-71, available from: www.nccp.org/policies/NYCrep.pdf, accessed January 3, 2003.

A major assumption of the City's initiative, and a parallel concern of service providers and program analysts, is that 20 hours of WEP is the appropriate program experience for all welfare recipients, regardless of their skills, work related problems or life circumstance. This "one size fits all" approach is especially problematic for the harder to serve individuals on the caseload who may need more individualized schedules and supports.²⁴⁰

The data available provide no objective way to judge such recommendations. On the one hand, the requirement is relatively rigid. On the other hand, without a rigid rule, the program could be a nightmare to administer. Moreover, as described next, recipients needing more services presumably would have been assigned to them directly as part of the Job Opportunity Specialists (JOS) process rather than as part of WEP.

Education and treatment alone. Recipients with severe barriers to employment or special needs may be excused from WEP and assigned to other education and treatment activities. Seth Diamond, former HRA deputy commissioner for Operations, explains:

. . . HRA realizes that employment may not be an option right away for clients with special needs. We closely review each case, monitor each assessor and assessment, and identify the best and most appropriate services. HRA provides a range of services for those with severe barriers to employment. These services are designed to move each person towards a sense of greater self-sufficiency by providing a continuum of support. This group includes chronic chemical abusers, who are referred to treatment centers suited to their needs. As they overcome their dependencies, they are integrated into work activities. Victims of domestic violence are assisted in finding safety when unable to remain in their homes and communities due to threat of further violence. As appropriate, they are involved in work activities that will assist them to free themselves from economic dependency. Those temporarily or permanently mentally and/or physically disabled are trained for work, when appropriate, and receive medical and rehabilitative care. Immigrants receive English language instruction when cultural and language barriers could keep them languishing on the rolls, unable to access services or jobs.²⁴¹

Vendors' contracts providing treatment and training services normally include job placement payments, which are a significant part of the payment and often subsume the cost of training. As a result, the vendors tend to focus on job search and job placement.

Since at least April 1999, an increasing proportion of engageable Family Assistance (FA) cases has been assigned to full-time education and training or substance abuse treatment. In

²⁴⁰New School University, Robert J. Milano Graduate School of Management and Urban Policy, *Welfare Reform in New York: A Report on Implementation Issues in New York City* (New York: New School University, Task Force on Sensible Welfare Reform, January 1999), p. 14.

²⁴¹Testimony of Seth Diamond, "Intro 93: Education and Training for Public Assistance Recipients."

contrast, WEP participation declined throughout most of this period. Between April 1999 and November 2001, the percentage of engageable FA participants in these activities increased from 8 percent (12,113 cases) to 9 percent (8,390 cases). Between April 1999 and December 1999, the percentage in WEP rose from 11 percent (17,862 cases) to 16 percent (21,933 cases), but it had dropped back to 11 percent (10,127 cases) by November 2001.

A similar trend is evident in Safety Net Assistance (SNA) cases. Between April 1999 and November 2001, the proportion of engageable SNA participants in these activities increased from 20 percent (12,074 cases) to 38 percent (14,488 cases), and the percentage in WEP fell from 27 percent (16,219 cases) to 19 percent (7,110 cases). About 80 percent of SNA participants were in some form of substance abuse treatment throughout this two-and-a-half year period.

Education and Treatment Activities

HRA made a major effort to develop and provide education and treatment services.²⁴² Nightingale and her colleagues write:

Several work initiatives serve recipients with special needs. Some programs operate in conjunction with HRA's ESP and WEP programs, and some operate separately with funding from other sources. Some of the programs have been operating for over a decade, while others were only recently developed. They all, however, maintain the same HRA work-centered policies, although blending in work with education, special services, or treatment.²⁴³

The major activities include education and treatment services for those with limited English or reading skills, those with physical or mental disabilities, those who are pregnant or who have a child under three months old, those who have a substance abuse problem, those who are suffering from AIDS, those who are victims of domestic violence, those who are age fifty-five and older, veterans, caretaker relative cases, dropouts, and those who are in the criminal justice system. In addition, recipients may attend college, either as part of WEP or separately.

Limited English or reading skills. Welfare recipients who read English at the sixth-grade level or below are often placed in BEGIN, a program that seeks to give recipients immediate work experience while providing remedial education. Recipients are generally sent to BEGIN by

²⁴²Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, pp. 43–44, stating: “A special HRA Resource Development (RD) office receives funding from city, state, and federal agencies to design and implement initiatives to serve some special populations, such as students in college. Parallel to the administrative reorganization discussed in Chapter II, offices serving specialized populations were brought under regional management and included within the goal-oriented and work-focused administrative structure serving the general public assistance population.”

²⁴³Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 43.

their HRA case manager. BEGIN generally provides three days of WEP and two days of classroom education in Adult Basic Education, GED, or English language instruction per week. Late in 2001, BEGIN also had eight sites that combined work experience with related vocational training, and HRA was planning to add six more sites by April 1, 2002.²⁴⁴ In essence, BEGIN offers more extensive educational and training opportunities for participants than is available for other WEP participants to accommodate their limited reading and language skills. BEGIN's "worksite teachers" maintain contact with the worksite supervisors, thereby facilitating coordination between the classroom and the worksite. The program also has job developers, job coaches, and counselors. Worksites include government agencies, nonprofits, and even for-profit companies. Participants are usually in BEGIN for six months, and participation may last for up to one year for those who are the least literate or do not speak English.

As of November 2001, a total of 2,058 FA recipients were participating in WEP and BEGIN (about 2 percent of the engageable caseload), representing more than 20 percent of all FA WEP participants. BEGIN does not serve SNA recipients. The program has not been evaluated.

Disability. Created in July 1999, PRIDE is HRA's program for FA and SNA recipients with physical or mental disabilities who, in the past, would have been exempt from required work activities. The program provides vocational rehabilitation, work experience, and case management services for recipients with physical or medical limitations that prevent participation in regular WEP but are not serious enough to qualify them for the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) programs. Health Services Systems, the contractor that assesses Public Assistance applicants and recipients for work-limiting disabilities, refers those determined to be employable with limitations to PRIDE.

In 2001, about a third of PRIDE participants had orthopedic impairments, a third had cardiac or respiratory problems, and a third had mental limitations. Many had educational needs as well.²⁴⁵ The program reflects the growing belief (reflected, for example, in legislation such as the Americans with Disabilities Act) that many people with disabilities can work as long as the tasks to which they are assigned are appropriate for their condition.²⁴⁶ According to Jason Turner,

A work experience program which aspires to have close to universal applicability must also have an inventory of assignments suitable for participants of varying ability levels. Both New York City and Wisconsin provide for a "ladder" of work options which provide real work for adults with all levels of experience and job readiness. Standard work

²⁴⁴Georgia Salley, executive director, BEGIN Managed Programs, conversation with Marie Cohen, November 13, 2001.

²⁴⁵Marcia Salovitz, director, PRIDE, conversation with Marie Cohen, November 13, 2001.

²⁴⁶Marcia Salovitz, conversation with Marie Cohen, November 13, 2001; Marcia Salovitz, "PRIDE: Personal Roads for Individual Development and Employment: A Focus on Rehabilitation," Power Point presentation provided by Ms. Salovitz, November 13, 2001.

assignments range from outdoor physical work to office jobs in government or non-profit agencies. For adults with mild disabilities, vocational rehabilitation agencies such as Goodwill can provide work in specialized settings.²⁴⁷

All recipients referred to PRIDE are assigned an HRA case manager who discusses the recipient's medical history, medical limitations, other barriers to work, skills and abilities, self-sufficiency goals, and how PRIDE can help. The recipient then receives a "comprehensive assessment that includes gathering additional medical, social, and psychiatric information as well as determining reading and math achievement levels."²⁴⁸ Based on the assessment, the recipient is placed in one of three "tracks." Those who are deemed to be possibly eligible for SSI or SSDI benefits are referred to one of six Independent Living Centers, where they receive assistance in applying for benefits.

Of the remaining recipients, those who meet state eligibility criteria for vocational rehabilitation services are assigned to the "Work/Education/Training Track." They are assigned to the New York State Education Department's Office for Vocational Educational Services for Individuals with Disabilities (VESID). Each recipient is assigned a VESID counselor and initially spends at least twenty-five hours per week in a combination of specialized WEP assignments tailored to meet their needs and job counseling, training, and placement services. The goal is to increase participation to twenty hours of work experience and fifteen hours of training per week when the participant is ready. Participation in this track is for sixty-five working days, which can be extended for another sixty-five days for participants who are considered to need more time.

Recipients that are determined to have relatively less serious medical conditions are assigned to the "Work-Based Education Track." They spend twenty hours per week in WEP assignments and the remaining time in education and job preparation and placement activities, for a total of at least thirty-five hours per week for up to one year. PRIDE attempts to place participants in jobs that accommodate their special needs and provides ongoing support to participants once they are working.

From its inception through late 2001, PRIDE engaged 11,917 participants in work activities and placed 1,147 in jobs.²⁴⁹ In November 2001, 2,824 FA recipients were participating

²⁴⁷Jason A. Turner, commissioner, New York City Human Resources Administration, Testimony, Before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, Hearing on Welfare Reform and Work, April 3, 2001, available from: <http://waysandmeans.house.gov/humres/107cong/4-3-01/4-3turn.htm>, accessed December 12, 2002.

²⁴⁸Salovitz, "PRIDE: Personal Roads for Individual Development and Employment: A Focus on Rehabilitation," Power Point presentation.

²⁴⁹Marcia Salovitz, conversation with Marie Cohen November 13, 2001; Marcia Salovitz, "PRIDE: Personal Roads for Individual Development and Employment: A Focus on Rehabilitation," Power Point presentation.

in combined WEP/PRIDE activities (about 3 percent of the engageable caseload), representing about 28 percent of all FA WEP participants. An even larger number of SNA cases were participating in WEP/PRIDE activities: 3,083 participants (about 8 percent of the engageable caseload), about 43 percent of all SNA WEP participants.

Manpower Demonstration Research Corporation (MDRC) began conducting a random assignment evaluation of the PRIDE program in December 2001. Those assigned to the experimental group are required to participate in PRIDE and can be sanctioned for failure to comply with the program's requirements. Participants assigned to the control group are not required to participate in work activities, unless their disability status changes, but they do receive case management services for their medical needs. Findings are not expected for some time.

Pregnancy. The Perfect Opportunity for Individual Skills and Educational Development (POISED) program "combines 'traditional employment services' with programs tailored to pregnant women and new parents."²⁵⁰ In the past, most of these women would have been exempt from program participation requirements. Demetra Nightingale and her colleagues observe, "Despite the small size of POISED, it represents a philosophical change from the mid-1990's, when both pregnant women and mothers of young children were exempt from work requirements."²⁵¹ Such women are now required to participate, except for a short period when they are exempt, generally from the eighth month of pregnancy until thirteen weeks after delivery. An extended exemption is granted for women with a high-risk pregnancy.

Funded by HRA and operated through the City University of New York (CUNY), POISED combines parenting instruction with employment preparation to help pregnant women and new mothers move toward becoming more employable. Training may include classes to improve reading, writing, English, and math skills; computer classes to provide skills in word processing and using the Internet; parenting workshops with information about caring for the new baby; health classes covering the physical and emotional aspects of pregnancy along with maternal and child health; and counseling to address personal and employment-related concerns. The program generally lasts about three months for a total of about twenty-five hours per week. Participation satisfies the recipient's participation requirement.

Substance abuse. All Public Assistance applicants and recipients are screened for substance abuse problems. Those identified as having a possible substance abuse problem are referred to the Substance Abuse Center Assessment Program (SACAP), where they are assessed by a Certified Alcohol and Substance Abuse Counselor (CASAC). Those accepted for the program are provided substance abuse treatment and employment activities.

²⁵⁰City of New York, Human Resources Administration, *Ladders to Success: Innovations in City Government* (New York: Human Resources Administration, 2000), p. 26.

²⁵¹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 48.

Case management services for substance abusers are provided (under contract) by the Visiting Nurse Service, the National Association for Drug Abuse Problems, and University Behavioral Associates. The case managers coordinate the multiple services received by each recipient, monitor compliance, and report noncompliance to HRA.²⁵²

In November 2001, about 1,286 FA cases were in substance abuse treatment. For 1,264 of those participants, the treatment was their only program activity. Most FA recipients in treatment were enrolled in a nonresidential treatment program. Only 133 were combining treatment with WEP or another activity.

Among SNA cases, substance abuse treatment had more participants than any other activity. In November 2001, 10,311 SNA cases were in substance abuse treatment and, for 97 percent of them, it was their only activity. Most were receiving treatment through a nonresidential treatment program, although a sizeable minority (41 percent) were in a residential treatment program. Only 3 percent were combining treatment with WEP or another activity.

Participants who are deemed able to work are assigned to WEP for twenty hours per week and are required to attend a substance abuse treatment program.²⁵³ Those who are deemed unable to work due to the severity of their condition are required to attend a treatment program for at least fifteen hours per week for up to ninety days. After this period, they are expected to have made enough progress to participate in required work activities for twenty hours per week while remaining in treatment. HRA initially tried to establish special WEP placements for some substance abusers, but found that, in general, this population differed so little from the caseload as a whole that the special placements were unnecessary.²⁵⁴

After ninety days in treatment, recipients are evaluated by a CASAC for their continued need for treatment and their employability status. According to Sally Satel of the American Enterprise Institute, who conducted an in-depth review of HRA's programs for people with drug and alcohol problems, SACAP reports that about half of the recipients seen at this point need continued treatment.²⁵⁵ Those with more serious substance abuse problems are placed in residential treatment programs.

²⁵²Sally Satel, *Welfare-to-Work for People with Drug and Alcohol Problems*, unpublished paper submitted to Baruch College, City University of New York, January 22, 2002.

²⁵³City of New York, HRA, *Ladders to Success: Innovations in City Government*.

²⁵⁴Seth Diamond, former deputy commissioner for Operations, New York City's Human Resources Administration, conversation with Marie Cohen, November 27, 2001.

²⁵⁵Sally Satel, *Welfare-to-Work for People with Drug and Alcohol Problems*, unpublished paper submitted to Baruch College, City University of New York, February 4, 2002, p. 27.

Apparently, the availability of space in treatment programs has not been an issue. Treatment slots have been available for everyone who is required to enter treatment.²⁵⁶

Until about the middle of 2001, there apparently was considerable tension between HRA, drug treatment programs, and advocates for drug-addicted welfare recipients as HRA tried to gain some control of treatment practices that were previously the business of the treatment providers alone. For example, when HRA asked treatment providers to sign off on a new set of clinical practice guidelines in order to receive referrals from HRA, many providers refused—with the encouragement of the state office dealing with alcohol and substance abuse services. A major sticking point was whether HRA or the provider would decide whether a patient should be sanctioned. After Governor Pataki got involved, the standards were adjusted so that HRA would make the sanction decision on the basis of information provided by the treatment provider.²⁵⁷ Most providers then signed on.

Some program advocates, however, continue to criticize HRA's treatment of drug-addicted welfare recipients. For example, the Committee on Social Welfare Law of the Bar Association of the City of New York has accused the city of assigning some addicted recipients to work activities along with their treatment when they are unable to participate in those activities, leading to their inevitable sanction for "alleged non-cooperation."²⁵⁸ According to a report by the committee, "HRA has yet to develop practical and humane treatment programs that support full recovery in welfare recipients, preferring to rely on punitive measures that do not move clients to functional independence."²⁵⁹

MDRC is planning a random assignment evaluation of the Substance Abuse Case Management project. Recipients referred to substance abuse treatment will be randomly assigned to one of three organizations providing case management services. Case managers will seek to enroll and keep participants in substance abuse treatment as well as refer them to other services, such as mental health counseling and job search or job readiness programs.

HIV/AIDS. Recipients with AIDS or advanced HIV disease are provided expedited benefits and services by the HIV/AIDS Services Administration. Services include vocational rehabilitation activities to help participants develop skills to prepare for employment. Benefits may also include more generous earnings disregards to allow participants to keep more of their Public Assistance and Food Stamp benefits and provide for continued Medicaid coverage for those who

²⁵⁶Seth Diamond, conversation with Marie Cohen, November 27, 2001.

²⁵⁷Satel, *Welfare-to-Work for People with Drug and Alcohol Problems*, pp. 30-34.

²⁵⁸Association of the Bar of the City of New York (ABCNY), Committee on Social Welfare Law, *Welfare Reform in New York City: The Measure of Success* (New York: Association of the Bar of the City of New York, August 2001), pp. 6-7, available from: www.abcny.org/currentarticle/welfare.html, accessed January 11, 2002.

²⁵⁹Association of the Bar of the City of New York (ABCNY), *Welfare Reform in New York City*, p. 7.

leave welfare. Given advances in medication and treatment, the hope is that many of these individuals can eventually resume their work careers and regain their independence. The program is run on a voluntary basis.

Domestic violence. Recipients who are victims of (or at risk for) domestic violence can receive counseling and referral services through the Domestic Violence Liaison Unit. They can be excused from other program requirements if such compliance would put them at further risk of harm. According to an HRA publication:

As part of the compliance with the State Welfare Reform Act, HRA established Domestic Violence Liaison Units in various Job Centers throughout the City. The units are staffed with social workers trained in the domestic violence field who assess clients to determine their special needs for Welfare to Work compliance. In a pilot project that began this spring, the liaison unit outlines recommended engagement plans that may include counseling, working on a GED, attending ESL (English as a Second Language) classes, job or skills training, a WEP assignment, or unsubsidized work, and helps coordinate work and work-related activities.

If a client has just entered a shelter, most likely she will have counseling as an important component of her 35-hour workweek. She might attend GED classes two days a week and go to a WEP assignment one or two days. The important part of this program is that the client will be protected from being sanctioned if she is unable to comply with her engagement plan on any given day because of the domestic violence. She has a domestic violence counselor to call who will intercede for her and help her to be successful in her journey toward self-reliance and self-sufficiency while remaining safe.²⁶⁰

No further data are available for this program.

Elderly. In the fall of 2001, the Senior Works program was developed at a single location to address the needs of the elderly, particularly those over age sixty-five and those individuals under age sixty-five with insufficient work history to qualify for Social Security once they reach age sixty-five. A special unit was established at the Social Security office to expedite processing of SSI and regular Social Security benefits. Home visits are performed to complete Social Security applications and to link people to other program benefits and services, effectively creating a one-stop approach for everyone served at the center. Part-time work slots, particularly those funded under the Title V elderly employment program, are offered to people who need additional work quarters so that they can qualify for Social Security and Medicare benefits.

Veterans. In 2002 HRA opened an integrated Veterans Center to target veterans on HRA's caseload, primarily those in the SNA program. The program consisted of a Veteran's

²⁶⁰NYC.gov, "Human Resources Administration," available from: www.nyc.gov/html/hra/html/serv_dvei.html, accessed December 12, 2002.

Administration (VA) health clinic with outreach services for homeless veterans and those with substance abuse and mental health issues. The center housed city, state, and federal staff dealing with veterans' programs to maximize the resources available to help move people from welfare to work and to access veterans' benefits.

Caretaker relative cases. A special program was developed to target relatives who were taking care of children. The object is to provide both work and family strengthening services in order to reduce the risk of out-of-home placement.

Teen school dropouts. A model alternative school was developed in 1999 for 250 youth of Temporary Assistance for Needy Families (TANF) households who had dropped out of school. The idea is to work with the youths to address their educational deficits and prepare them for work so that they do not go on welfare. Services include help in obtaining a GED, graduating from high school, or enrolling in postsecondary education. The school operates on the basis of one week of work alternating with one week of school. In 2001 its first students graduated, and some went on to enroll in college. The school now has been converted to a charter school under New York City school system.

Criminal justice. HRA integrated employment and substance abuse treatment programs with state corrections, state parole, and city probation services as well as with the state court system. The program is designed to integrate resources and case management with the power that various criminal justice entities have to compel behavior. With probation, parole, and courts, for example, the objective is to establish a consistent message that government's obligation to provide temporary support is contingent on the concurrent obligation of the citizen receiving that support to engage in a constructive plan to move to self-sufficiency.

College attendance. Prior to 1996, welfare recipients in New York City were allowed to attend college and other postsecondary educational institutions; in fact, full-time students were exempt from work requirements.²⁶¹ In 1995 about 28,000 FA and SNA recipients were enrolled at City University in New York (CUNY), constituting more than 10 percent of the total student body.²⁶²

Under welfare reform, however, the conditions under which welfare recipients can use college attendance to satisfy their participation requirements are much narrower. Attendance must be consistent with the recipient's employability plan and generally must be limited to no more than two years.

²⁶¹Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 50.

²⁶²Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 50.

In addition, in order to maintain HRA's employment focus, recipients are ordinarily required to participate in a WEP activity while attending college. (Students can be granted a twelve month exemption from participating in WEP if the education program is short-term—usually six months to one year—and fits the recipient's employability plan.) Students combining WEP with college are assigned to a WEP site for 20 hours per week and participate in school activities for 15 hours per week (defined as class hours, supervised study hall hours, and lab hours, for up to twelve months, as well as federal work-study or internship hours, if they are related to helping the participant secure employment). Work assignments are designed to avoid conflicts with class schedules and, when possible, to reflect the student's educational focus.²⁶³

Combining work experience with coursework is seen as a way to improve the employability of college students. Seth Diamond, former deputy commissioner for HRA operations, explains:

We believe the best way to prepare college students to succeed after graduation is to combine work with education. To that end, we have worked with the CUNY WEP to allow for work. HRA funds CUNY to provide College Opportunities to Prepare for Employment (COPE) for TANF participants. COPE provides caseworkers, verification of attendance and job developers. Caseworkers provide counseling and support services including assistance with domestic violence and child care and support to understand HRA's policies. Job developers assist with resume preparation, interviewing techniques, job readiness, job search and job placement services.²⁶⁴

After the imposition of these restrictions, the number of welfare recipients enrolled in college dropped substantially. Between 1995 and 2001, for example, the number of welfare recipients attending CUNY declined by 75 percent, from 28,000 to 7,000.²⁶⁵ Much of the reduction in the number of recipients enrolled in college, however, may be attributable to the decline in the total caseload, rather than to restrictions on college attendance. During the same period, the FA caseload declined by 51 percent, from 312,220 to 153,239, and the SNA caseload declined by 64 percent, from 215,513 to 78,356.

²⁶³Swati Desai, former executive deputy commissioner, Office of Program Reporting, Analysis, and Accountability, New York City Human Resources Administration, e-mail to Douglas Besharov, June 17, 2003.

²⁶⁴Testimony of Seth Diamond, "Intro 93: Education and Training for Public Assistance Recipients."

²⁶⁵Nightingale, Pindus, Kramer, Trutko, Mikelson, and Egner, *Work and Welfare Reform in New York City During the Giuliani Administration*, p. 50.

VIII. SANCTIONS

Sanctions are essential to enforcing mandatory participation, because participation is not truly mandatory unless there is a consequence for not participating. As Gayle Hamilton and Susan Scrivener, senior associates at the Manpower Demonstration Research Corporation (MDRC) write, sanctions are “important in reinforcing the mandatory nature of a welfare-to-work program.”²⁶⁶ With limited exceptions, New York State allows only partial sanctions. Many experts believe that this policy has undercut New York’s work mandate.

Predominantly Partial Sanctions

Under the old Aid to Families with Dependent Children (AFDC) program, states were required to sanction nonexempt recipients who, without good cause, failed to participate in assigned work activities, refused to accept employment, terminated employment, or reduced their hours of work. In practice, however, most states sanctioned few people. Moreover, under AFDC sanction involved, at most, removing the noncomplying adult from the grant. The rest of the family continued receiving assistance. This is called a “partial” sanction, as opposed to a “full-family” sanction. There were also federal limits on the duration of the sanction: The first sanction lasted until the recipient complied, the second sanction lasted the longer of three months or until the recipient complied, and any subsequent sanction lasted the longer of six months or until the recipient complied.

TANF rules. The drafters of Temporary Assistance for Needy Families (TANF) legislation apparently sought to toughen sanctions. TANF requires states to establish pro rata reductions in benefits for recipients who do not comply with state work or participation requirements.²⁶⁷ (This requirement is a minimum. States may impose larger sanctions, including full-family sanctions.) Key policymakers and experts involved in the drafting of this provision, including Ron Haskins, then of the House Ways and Means Committee staff, and Robert Rector

²⁶⁶Gayle Hamilton and Susan Scrivener, *Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities* (New York: Manpower Demonstration Research Corporation, September 1999), p. 58, available from: www.mdrc.org/Reports99/PromotingParticipation.pdf, accessed September 19, 2001.

²⁶⁷U.S. House of Representatives, *Personal Responsibility and Work Opportunity Reconciliation Act of 1996: Conference Report* (Washington, D.C., Government Printing Office, Report 104-725, July 30, 1996), pp. 30-31, stating: “[I]f an individual in a family receiving assistance under the State program funded under this part refuses to engage in work required in accordance with this section, the State shall—

(A) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the individual refuses; or
(B) terminate such assistance,

subject to such good cause and other exceptions as the State may establish.”

of the Heritage Foundation, believe that this reference to a pro rata reduction directed states to reduce benefits in proportion to the degree of noncompliance, including a full-family sanction for those who do not comply at all.

Dictionary definitions of the term support their interpretation. Merriam-Webster defines pro rata as “proportionately according to an exactly calculable factor (as share or liability).”²⁶⁸ *Black’s Law Dictionary* defines the term as “Proportionately; according to an exact rate, measure, or interest.”²⁶⁹ Similarly, a British trade union document states: “The basis of negotiating for part timers is equal rights to full timers or ‘pro rata’. Pro rata means in proportion to hours worked. For example, someone who works half the week of a full timer should get the same number of weeks’ annual leave, but will be paid for half the hours compared to the full timer. The pay is pro rata to hours.”²⁷⁰

The U.S. Department of Health and Human Services (HHS), however, took a different position, as Mack Storrs, a senior policy analyst in its Office of Family Assistance, explains:

There was some controversy about this point. Initially, as States implemented the provision, we allowed them “any reasonable” interpretation of the statute and also allowed similar flexibility in the NPRM [Notice of Proposed Rulemaking]. Jason Turner and others argued that in enacting the provision, Congress had intended the Robert Rector interpretation. While we were developing the final rules, Ron Haskins confirmed that this was also his understanding of the language, but no one on the Hill commented on this issue, and most commentators asked for State flexibility. Given the lack of clarity in the statutory language and no clarifying conference language, OGC [Office of General Counsel] said we could basically interpret the provision or leave it up to States. In the final rule, we basically repeated the statutory language and in the preamble told States we would not prescribe one method of proration and that they could use any reasonable method or proration. (Many States chose to remove the needs of the adult that is being sanctioned.)²⁷¹

²⁶⁸*Merriam-Webster OnLine*, s.v. “pro rata,” available from: www.m-w.com/cgi-bin/dictionary, accessed December 13, 2002.

²⁶⁹*Black’s Law Dictionary*, 7th ed., s.v. “pro rata.”

²⁷⁰GMB, “Part time workers,” available from: www.gmb.org.uk/docs/ViewADocument.asp?ID=86&CatID=3, accessed December 12, 2002.

²⁷¹Mack Storrs, senior policy analyst, HHS Office of Family Assistance, e-mail to Peter Germanis, October 9, 2002.

Thus, the preamble discussion of the final TANF regulation regarding this provision states that there is no single method for applying a pro rata sanction and that states may use “any reasonable method.”²⁷²

As a result, state sanction policies vary widely in regard to the amount and duration of the sanction, what recipients must do for a sanction to be lifted, and what constitutes good cause. As of April 2000, fourteen states and the District of Columbia continued to provide partial sanctions even in instances in which the recipient does not comply at all.²⁷³ Thirty-six states had full-family sanctions, including fifteen states that imposed such sanctions on the first instance of noncompliance. Seven states terminated assistance permanently for repeated or continued noncompliance. The states with the most stringent sanction policies, in terms of the proportion of the grant reduction and the duration of the sanction, tended to be those with relatively low TANF benefits. The states that did not have full-family sanctions tended to be the ones with higher benefits, including several with large TANF caseloads (such as California and New York).

New York State’s rules. New York State essentially retained the same sanctions it had under the old AFDC program. As a result, the state does not have a full-family sanction (except in limited circumstances related to eligibility, as described below and in Section IV). This has been a major point of contention.

Family Assistance sanctions. Under Family Assistance (FA), the first instance of noncompliance triggers a partial reduction in benefits until the recipient complies with the participation requirement. The maximum sanction is a reduction of the benefit by the inverse of the family size, that is, one-third for a family of three. If a second sanction is subsequently applied, the benefit is reduced for a minimum of three months, after which it can be restored with compliance. For the third and subsequent sanctions, the benefit is reduced for a minimum of six months, after which it can be restored with compliance. (These rules are essentially the same as under AFDC.)

According to Jo Anne Barnhart and her colleagues at the American Institute for Full Employment, “NYS’s sanction policy violates another important economic theory, in that it imposes a minimum sanction period of three months for the second instance of non-compliance

²⁷²U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families Final Rule*, 45 CFR Part 260, et al., *Federal Register* 64 (69), April 12, 1999, p. 17769.

²⁷³State Policy Documentation Project, *Summary of State Sanction Policies as of April 2000* (Washington, D.C.: State Policy Documentation Project, 2000), available from: www.spdp.org/tanf/sanctions_overview.pdf, accessed December 21, 2001.

and six months for third instance noncompliers.”²⁷⁴ They recommend that benefits be restored as soon as a family comes into compliance.²⁷⁵

Safety Net Assistance sanctions. The Safety Net Assistance (SNA) sanctions are slightly different from those for FA, and they can have a different impact. Because most SNA cases involve only one person, what is in effect a partial sanction under FA usually results in a case closure under SNA. In addition, the minimum sanction periods under SNA are a little longer. The first instance of noncompliance results in a sanction for at least three months, the second for a minimum of five months, and any subsequent sanction for a minimum of six months. After these minimum periods have been met, benefits can be restored with compliance. (If the SNA case includes dependent children, the minimum sanction periods described for FA apply.)

Sanctions in the two programs have been aligned in that the progressive imposition of sanctions continues if a family moves from FA to SNA. For example, if a family has two sanctions under FA, but then transfers to SNA with the time limit and is sanctioned again, it would be deemed a third sanction, with a minimum six-month benefit reduction.

In some cases, noncompliance with various “conditions of eligibility” can lead to an adverse case closure or the rejection of an application (essentially, the equivalent of a full-family sanction). In New York, this includes failure to comply with the finger imaging requirement, the initial substance abuse screen, the third-party medical assessment, and various other eligibility-related reporting requirements.²⁷⁶ For example, the “Administrative Directive to Commissioners of Social Services” states, “[I]f one required member of a case refuses to comply with the finger imaging requirement, the entire case is to be denied, because verification of eligibility by means of the finger imaging is a condition of eligibility for the household.”²⁷⁷ In addition to the basic requirements, a sanctioned case may be periodically called in for an eligibility review to determine how the family is managing on a reduced grant. Failure to keep the eligibility review appointment may also result in the termination of benefits for the entire family.

In addition, for some period of time at least, the city used the five-year time limit as an opportunity to impose full-family sanctions on noncooperating case heads. As described above,²⁷⁸

²⁷⁴Jo Anne Barnhart, Deborah Chassman, and Sandie Hoback, *Moving From Full Engagement to Full Employment: A Program Review of New York City’s Welfare Reform* (Klamath Falls: American Institute for Full Employment, November 5, 2001), p. 15.

²⁷⁵Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 15.

²⁷⁶See the discussion: “Full-family sanctions or adverse case closures.”

²⁷⁷New York State Office of Temporary and Disability Assistance, “The Automated Finger Imaging System (AFIS) for Public Assistance,” *Administrative Directive*, January 25, 1996, available from: www.otda.state.ny.us/directives/1996/ADM/96_ADM-04.pdf, accessed February 6, 2003.

²⁷⁸See the discussion: “Transfers to Safety Net Assistance.”

the Human Resources Administration (HRA) began offering temporary subsidized jobs in the fall of 2001, in anticipation of the first families reaching the five-year time limit. Initially, these job offers focused on the so-called “happily sanctioned.” Recipients offered a job were required to accept it as a condition of eligibility. Refusal meant termination of benefits for the entire family. According to Mark Hoover, a former HRA first deputy commissioner, about 30 to 35 percent of the sanctioned recipients were eventually removed from the rolls through this process.²⁷⁹

New York also toughened Food Stamp sanctions for many TANF recipients with young children. Ordinarily, under the Food Stamp Program, single parents with a child under age six are exempt from work requirements. Thus, even if they are sanctioned for noncompliance with a TANF work requirement, their Food Stamp benefits remain unaffected. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), however, allows states to conform their Food Stamp exemptions to those of the TANF program by adopting a Simplified Food Stamp Program.²⁸⁰ This provision, in turn, permits states to impose Food Stamp sanctions on noncompliant families. New York adopted the Simplified Food Stamp Program, which increased the size of the sanction from \$192 (FA) to \$261 (FA plus).²⁸¹ (In 2000, about 40 percent of welfare families in New York had a child between age one and six and were thus potentially affected by this change.²⁸²)

Increased Sanctioning

How much sanctioning is the right amount? Is there such a thing as a “right” amount? Although Gayle Hamilton and Susan Scrivener state that sanctioning is an important aspect of careful monitoring, they argue that high rates of sanctioning do not necessarily increase participation rates:

Sanctioning should be viewed as a tool to bring welfare recipients into compliance with program requirements, not as an end in itself . . . programs with high sanctioning rates do

²⁷⁹Mark Hoover, former first deputy commissioner, New York City Human Resources Administration, e-mail to Peter Germanis, October 14, 2002.

²⁸⁰The Simplified Food Stamp Program allows states to develop a common set of rules for determining eligibility and benefits for households in which some or all members receive TANF, although this flexibility is subject to a number of limitations.

²⁸¹In 2001, the maximum monthly TANF grant in New York City for a three-person family was \$577, with an additional \$311 in food stamps, bringing the combined monthly benefit package to \$888. The maximum sanction for families with young children was \$192 (22 percent of the total benefit) when only TANF could be reduced, but increased to \$270 (30 percent) with the addition of the Food Stamp sanction. Of course, when other benefits the family may be receiving are included, such as Medicaid, housing assistance, and subsidized school meals, the sanction becomes an even smaller percentage of the total benefit package.

²⁸²This is an upper bound estimate, because some of the families did not receive food stamps or would have remained exempt for some other reason.

not necessarily achieve greater participation rates or impacts than those with moderate sanctioning rates. Sanctions are, however, important in reinforcing the mandatory nature of a welfare-to-work program.²⁸³

The effects they cite, however, cannot be viewed as direct results of sanctions because a number of other factors defined the level of enforcement. Moreover, the studies they examined were limited to programs that could only impose partial sanctions and do not suggest what the potential impact of full-family sanctions would be.

Sanctions in New York City. The patterns and consequences of sanctions are quite different in FA and SNA cases both because of the differences in sanction rules and because the recipients in each program have different characteristics (the latter, for example, are much less likely to have children).

Family Assistance. Between November 1996 and November 1999, the number of FA cases in the sanction process increased sharply, from 17,727 to 54,012 (from 16 percent to 38 percent of the engageable caseload). (These numbers do not include cases that were closed for failing to comply with various reporting requirements related to the participation requirements, which are not available.) Although the number of sanction cases subsequently declined over the next two years by about 40 percent (from 54,012 in November 1999 to 30,679 in November 2001), they remained a significant share of the engageable caseload (34 percent).

The proportion of cases actually sanctioned, as opposed to being in the “process” of being sanctioned, also grew steadily. Between April 1999 and November 2001, the proportion of recipients in the sanction process who had already had their grants reduced increased from 20 percent to 51 percent, probably as a result of HRA’s efforts to make the process more efficient.

Safety Net Assistance (SNA) sanctions. The SNA program has almost the identical sanction rules as FA, but because more than 95 percent of the SNA caseload has traditionally been composed of single adults, until recently, a sanction usually meant case closure.²⁸⁴ As a result, in November 2001, of the 6,505 cases in the “in sanction process” only 184 (2 percent) were actually considered sanctioned (compared with 51 percent of FA cases). However, since December 2001, when families on FA reaching their five-year time limit were converted to SNA, an increasing share of the SNA caseload has consisted of single mothers with children. As a result,

²⁸³Hamilton and Scrivener, *Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities*, pp. 58.

²⁸⁴In November 2001, more than 96 percent of SNA cases outside New York City were composed of one adult. This same data is not available for New York City, but the city had 74,542 SNA cases, with 77,538 adult recipients and 2,221 child recipients. This too suggests a very small number of multi-person households. New York State, Office of Temporary and Disability Assistance, *Temporary and Disability Assistance Statistics: November 2001* (Albany: New York State Office of Temporary and Disability Assistance, January 28, 2002), available from: www.otda.state.ny.us/bdma/2001/stats1101.pdf, accessed January 17, 2003.

by August 2002, the proportion of SNA cases in the “in sanction process” had nearly quadrupled, from 2 percent to 8 percent, probably reflecting the growing number of families on SNA.

A report by the Committee on Social Welfare Law of the Association of the Bar of the City of New York claims that the “fair hearing” process has become more biased against welfare applicants and recipients since welfare reform. Under Mayor Giuliani, the setting for work-related hearings was moved from the state office building to HRA’s Office of Employment services, and a new group of judges was hired. According to the bar association, the new judges were biased in favor of the city, and the hearings were attended by a new set of city representatives who had been “trained to aggressively defend HRA determinations.”²⁸⁵ According to the bar association, “the result was fewer settlements and a precipitous decline in the appellant win rate from ninety percent to fifty-five percent.”²⁸⁶ In addition, the HRA hearing process has been accused of failing to inform participants that they cannot be sanctioned if they cannot find appropriate child care.²⁸⁷

HRA officials counter that although they changed the fair hearing process, it was made more balanced. For example, missing information from a file previously led to a favorable decision for the participant, regardless of whether the missing information was related to the issue at hand. In addition, they contend that the agency was often represented poorly or not at all at the hearings. Under the new system, the agency’s representatives argued in favor of agency interpretations and were able to ask for short postponements to obtain agency information as necessary. As a result, agency win rates improved.

We have no additional data on the subject and have no way of judging the validity of the claim that the new judges were biased. Otherwise, the statements of both sides of the debate seem to reflect the same underlying reality: The HRA sanction process became much more rigorous.

National rates. If no objective way exists to determine the appropriate level of sanctions, it might be informative to compare New York City’s rate with that of other states. In what is apparently the only comprehensive national study of sanctions, the U.S. General Accounting Office (GAO) estimated that 136,000 families (about 5 percent of the national caseload) were sanctioned during an average month in 1998, including 23,100 families with a full-family sanction.²⁸⁸

²⁸⁵Association of the Bar of the City of New York (ABCNY), Committee on Social Welfare Law, *Welfare Reform in New York City: The Measure of Success* (New York: Association of the Bar of the City of New York, August 2001), available from: www.abcny.org/currentarticle/welfare.html, accessed January 11, 2002.

²⁸⁶Association of the Bar of the City of New York (ABCNY), *Welfare Reform in New York City*.

²⁸⁷Roslyn Powell, Sherry Leiwant, and Elizabeth Goncher Hempstead, *Still Nowhere to Turn: New York City’s Continuing Failure to Inform Parents About Their Child Care Rights* (NOW Legal Defense and Education Fund, 2001), available from: www.nowldef.org/html/pub/pubs/stillnowhere.pdf, accessed August 12, 2004.

²⁸⁸U.S. General Accounting Office, *Welfare Reform: State Sanction Policies and Number of Families Affected*, GAO/HEHS-00-44 (Washington, D.C.: GAO, March 2000).

The GAO's estimate, however, is problematic. On the one hand, the estimate overstates the number of work-related sanctions because it is based on the total number of sanctions for noncompliance with any state requirement, not just those that are work or participation related. (The GAO reports that about two-thirds of the sanctions appear to be related to work requirements, but the precise number is uncertain because several states did not identify the specific reasons for sanctions.)

On the other hand, the GAO's estimate understates the number of families affected by sanctions (especially for the purpose of comparing it with New York City's monthly rate) because it counts the cases with a full-family sanction (23,100) only in the month the sanction was first imposed. Because of the sanction, many such families may have been kept off welfare for months or, sometimes, years, even though they were otherwise eligible for assistance. As Dan Bloom and Don Winstead observe, "If one simply projects GAO's monthly estimates over several years, it is easy to conclude that well over half a million families have had their cases closed due to full-family sanctions . . ."²⁸⁹ This calculation overcompensates for the problem, however, because some families comply with program requirements after a full-family sanction is imposed and then return to the rolls, or they compensate for the sanction by earning more or moving in with others and, thus, are no longer be eligible for assistance. And some recipients were not truly being sanctioned: After having found a job, they did not report back to the welfare agency and were then dropped for noncompliance.

We could find only one study, by Heidi Goldberg and Liz Schott, both of the Center on Budget and Policy Priorities, estimating the total number of families not receiving welfare because of a full-family sanction. They used the state data reported in the GAO study, with some corrections, and assumed that about one-third of the families with a full-family sanction would return to the welfare rolls within four months of leaving. They estimated that between 1997 and 1999, "nearly 370,000 families had lost welfare benefits due to assistance and remained off aid."²⁹⁰ Adding this figure to the 112,700 families with a partial sanction suggests that about 480,000 families were affected by a sanction during an average month by the end of 1999.

Adopting the Goldberg and Schott approach, the total number of work-related sanctions may be about 320,000, applying GAO's estimate that about two-thirds of all sanctions are for noncompliance with work requirements. This formula results in a national sanction rate of roughly

²⁸⁹Dan Bloom and Don Winstead, *Sanctions and Welfare Reform*, Welfare Reform and Beyond Series, Policy Brief No. 12 (Washington, D.C.: The Brookings Institution, January 2002), p. 3.

²⁹⁰Heidi Goldberg and Liz Schott, *A Compliance-Oriented Approach to Sanction in State and County TANF Programs* (Washington, D.C.: Center on Budget and Policy Priorities, October 1, 2000), p. 43, October 1, 2000, available from: www.cbpp.org/10-1-00sliip.pdf, accessed February 4, 2002.

12 percent. Although this calculation has many problems,²⁹¹ it suggests that New York City's sanction rate in 1999 was about the same as the national average.²⁹²

“Happily Sanctioned?”

Although some recipients sanctioned by HRA may have misunderstood program requirements or been the victims of erroneous reports from program sites, such cases are usually cleared up easily. City officials consider most of the recipients currently being sanctioned as the “happily sanctioned”—that is, they are accepting the sanction as the price of noncompliance. According to Jo Anne Barnhart and her colleagues at the American Institute for Full Employment, “Employment Vendor interviewees reported that a considerable number of these sanctioned cases are headed by long-term, ‘happily sanctioned’ participants, who are content to indefinitely continue to receive the reduced benefits.”²⁹³

Bearable costs. How can these families absorb the loss of the mother's portion of the grant? First, the rest of the welfare grant can be substantial: \$385 for a family of three (compared with \$577 before the sanction). In addition, the family would still receive \$233 worth of food stamps (reduced from \$311 because of the sanction), and it might well be receiving one of a number of housing subsidies. Finally, the family might be getting help from relatives or the mother's boyfriend, or the mother might be working without telling HRA.²⁹⁴

²⁹¹There are many problems with the data and assumptions used to derive this estimate. Two examples illustrate the seriousness of these problems. First, the GAO estimated that 23,100 families had received a full-family sanction in an average month in 1998. When Goldberg and Schott developed their estimates, they noted that there was a large discrepancy between the GAO's estimate of full-family sanctions in Illinois and the number reported by the states to HHS (7,214 vs. 44 per month). They concluded that the discrepancy was due to GAO's misinterpretation of the sanction data and that they had counted many cases that were closed due to procedural reasons, such as failing to comply with the recertification process, rather than a sanction. This discrepancy accounted for about one-third of the full-family sanctions. In addition, there are problems with the assumptions. For example, Goldberg and Schott acknowledge, however, that “this is not a measure of the number of families that would be on welfare today in the absence of a sanction policy, both because it does not reflect sanctions imposed in 2000 and because it does not reflect that some families that left welfare due to sanction would have left at some point for other reasons in the absence of a sanction.” (p. 43)

²⁹²HRA's reported sanction rate ignores the undetermined number of families denied assistance by failing to comply with various conditions of eligibility, that is, its version of the full-family sanction. All states, however, have similar conditions of eligibility, so it is unclear how excluding these case closures from the calculation of a sanction rate affects New York City's sanction rate relative to the national average.

²⁹³Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 15.

²⁹⁴See generally Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work* (New York: Russell Sage Foundation, 1997). From 1988 to 1992, Edin and Lein conducted in-depth interviews with 379 low-income mothers in four cities—Chicago, San Antonio, Boston, and Charleston, South Carolina—to examine their income and spending patterns. Although their sample is not representative of welfare mothers nationally, it raises interesting insights into the survival strategies of these mothers (confirmed by more representative surveys). More than half their sample consisted of mothers on welfare. The average monthly

That is why many experts believe that full-family sanctions are the best way to achieve compliance with participation requirements.²⁹⁵ Full-family sanctions tend to “smoke out” those recipients with unreported income who then leave the rolls if doing so is more profitable, and they put more teeth in the requirement to participate for those recipients who are staying at home. According to the GAO, “The number of reopened cases demonstrated that stronger sanctions were working as intended—to reinforce the need for recipients to comply with requirements if they wished to continue receiving benefits, according to state officials.”²⁹⁶ As one Massachusetts caseworker explained: “Many clients don’t take the program seriously until the checks stop. Loss of just the adult portion of the grant isn’t enough to get their attention. [But] when they get no benefits at all, they’re on the phone with their caseworkers right away.”²⁹⁷

Although there is reason to be concerned about the people who may be too disorganized or otherwise dysfunctional to comply with participation requirements, states and counties can take various measures to help these people participate. Almost all states have a process to resolve compliance issues before a sanction is imposed.²⁹⁸ In some states, that process involves extensive attempts to contact the recipient and resolve issues that may be preventing participation. For example, in Oregon, before a case can be closed, case managers are required to conduct an intensive case management session with the noncompliant adult and, usually, make a home visit.

Another matter of concern has been the initial slowness of HRA’s sanctioning process. It provided opportunities for uncooperative recipients to “game” the system and continue receiving full benefits, perhaps for months, before either complying with work requirements or receiving a benefit cut. According to Barnhart and her colleagues,

NYS’s conciliation and conference stages take an enormous amount of time to complete, with about eight weeks elapsing from the time of the infraction to the imposition of the

income for these families was \$883. Of this amount, 64 percent consisted of welfare income (primarily AFDC and food stamps). Five percent had jobs, which they reported to the welfare agency, but nearly half worked in unreported employment or in the underground economy. They estimated that such “off the books” work accounted for 12 percent of their income. However, this may have been an underestimate, because Edin and Lein stopped asking the mothers about their income when their responses were within \$50 of monthly expenses.

²⁹⁵Jason Turner, “Don’t Let California and New York Undermine Welfare Reform’s Work Requirements,” *Executive Memorandum*, no. 819, June 13, 2002, available from: www.heritage.org/Research/Welfare/EM819.cfm, accessed June 17, 2004.

²⁹⁶U.S. General Accounting Office, *States’ Early Experiences With Benefit Termination*, GAO/HEHS-97-74 (Washington, D.C.: GAO, May 1997), p. 34.

²⁹⁷U.S. General Accounting Office, *States’ Early Experiences With Benefit Termination*, p. 34.

²⁹⁸State Policy Documentation Project, *Sanctions for Noncompliance with Work Activities* (State Policy Documentation Project, June 2001), available from: www.spdp.org/tanf/sanctions/sanctions_findings.htm, accessed September 19, 2001.

sanction. Therefore, the imposition of the actual sanctions is very much delayed, which obscures the connection between the violation and the penalty.²⁹⁹

For example, the ten-day waiting period between notification of an impending sanction and imposition of the sanction allows the recipient to wait until the tenth day before responding. The recipient can then request a hearing, thus further delaying the imposition of the sanction.³⁰⁰

Less participation. Does the absence of a full-family sanction (except in the limited circumstances involving “conditions of eligibility”)³⁰¹ and the slowness of the process make a difference? It seems intuitively obvious that a severe sanction will be more effective than a mild sanction at inducing participation. Anecdotally, Barnhart and her colleagues report that “ESP contractors. . . report significant no-show rates [and] attribute this to the partial sanction policy.”³⁰² The evidence comparing the effects of partial sanctions and full-family sanctions on participation, however, is very limited.

For example, using data from two states, LaDonna Pavetti, a senior fellow at Mathematica Policy Research, and Dan Bloom, a senior associate at MDRC, argue that full-family sanctions may not be necessary to reduce caseloads and increase employment exits. They note that several experimental studies generated employment increases even in the absence of full-family sanctions.³⁰³ Their observation, however, provides no information on the relative impact of a full-family sanction compared with that of a partial sanction. It is possible that the observed effects in these experimental studies would have been considerably larger with a full-family sanction, but in the absence of a direct comparison of the two sanction policies, it is impossible to make an informed judgment.

Robert Rector, senior policy analyst at the Heritage Foundation, and Sarah Youssef, formerly a research assistant there, conducted a statistical analysis to determine the relative importance of various policy and economic variables on the caseload decline that occurred between January 1997 and June 1998. They found that states with immediate full-family sanctions had, on average, caseload declines that were 25 percentage points larger than states with weaker sanctions. They also reported that states with immediate work requirements had caseload declines

²⁹⁹Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 15.

³⁰⁰James Clark, “New York’s WEP Program,” unpublished paper submitted to Baruch College, City University of New York, 2001, p. 74.

³⁰¹See the discussion: “Full-family sanctions or adverse case closures.”

³⁰²Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 16.

³⁰³La Donna Pavetti and Dan Bloom, “State Sanctions and Time Limits,” in *The New World of Welfare*, edited by Ron Haskins and Rebecca Blank (Washington, D.C.: Brookings, 2001), p. 256.

that were 11 percentage points larger than those without such requirements.³⁰⁴ Their methodology, however, only established a correlation, not causation, and the actual cause of the decline could be quite different. For example, the states with full-family sanctions tended to be those with relatively low TANF benefits; in such states, a larger sanction might be necessary to induce compliance.

Thus, about the most that can be said on the basis of research about the impact of sanctions is that the effects of sanctions depend on many factors, including the size of the original grant, the proportion that is cut, the duration of the sanction, and the availability of other financial support.

In any event, the growing share of the engageable caseload in the sanction process suggests that alternative policies may be needed to bring the “happily sanctioned” into compliance. According to Barnhart and her colleagues, “The long and cumbersome New York State conciliation process and the modest financial sanctions assessed under the NYS program for noncompliance do not sufficiently motivate individuals to participate in activities that will help them gain independence.”³⁰⁵ They conclude that the problem exists even though HRA seems to rigorously enforce the “conditions of eligibility”³⁰⁶ for those sanctioned:

The significant number in sanction status exists despite HRA’s use of data matches and other EVR (fraud program) tools, such as home visits, to make sure that sanctioned families do not have other sources of income. NYC also calls in the sanctioned individuals periodically, for re-determinations or health checks, and attempts to convince them to participate.³⁰⁷

HRA has several times requested waivers from New York State to modify its sanction policy to provide actual pro rata sanctions that would eventually result in a full sanction. None of its requests, however, have been granted, although the governor has more than once supported legislation to create a full-family sanction. According to Mark Hoover, a former HRA first deputy commissioner, this request could have been approved without a change in state law:

[W]hen NYS law changed due to TANF passage, it provided for prorated sanctions picking up the federal language. NYS had never put out a rule as to what it meant. Sharing the written intent of the congressional language there was generally a legal

³⁰⁴Robert Rector and Sarah Youssef, *The Determinants of Welfare Caseload Decline* (A Report of the Heritage Center for Data Analysis, May 11, 1999), available from: www.heritage.org/Research/Welfare/CDA99-04.cfm, accessed December 12, 2002.

³⁰⁵Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 14.

³⁰⁶See the discussion: “Full-family sanctions or adverse case closures.”

³⁰⁷Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 16.

agreement at the state level that the state could, without changing the law, interpret that “prorated” meant that each subsequent sanction would go against an already reduced grant. So after three or four sanctions the grant would be eliminated. For example, for a family of three, the first sanction would be 1/3, second 2/3, third 0. The state had two concerns: 1) the ability of city’s bureaucracy to implement without totally automating and, 2) court action. It wasn’t worth it politically.³⁰⁸

This may change, however. H.R. 4, the administration’s TANF reauthorization proposals passed by the House in 2003, would require that states adopt tougher sanction rules.³⁰⁹ States would be required to reduce the assistance payment either pro rata or terminate assistance during the first month a sanction is imposed. For recipients who failed to participate for two consecutive months, without good cause, the state would be required to terminate all cash assistance until the recipient resumed full participation. (California and New York would be exempt from this mandate for the first year.) It would still be possible, however, for HRA to avoid this stricture by placing such sanctioned families in a separate state program.³¹⁰

H.R. 4 would also toughen the enforcement of participation requirements. It would effectively require all states to adopt either an immediate full-family sanction or a specified form of a progressive full-family sanction. For recipients who failed to comply for two consecutive months without good cause the state would be required to terminate all cash assistance until the recipient resumed full compliance. (In its first year, H.R. 4 exempts from this requirement those states, such as California and New York, that have a constitutional or statutory requirement to provide assistance to needy parents and children.) The Senate reauthorization bill, unlike H.R. 4, would not require states to adopt a full-family sanction but would essentially retain current TANF sanction policies.³¹¹ (The only modification would be to require states to describe how they would deal with noncomplying families.)

In the absence of a full-family sanction, HRA is trying other ways to increase participation among adults who are choosing to take a benefit cut rather than cooperate with work

³⁰⁸Mark Hoover, former first deputy commissioner, New York City Human Resources Administration, e-mail to Peter Germanis, February 10, 2003.

³⁰⁹See the discussion: “Less participation.”

³¹⁰See Douglas J. Besharov and Peter Germanis, *Toughening TANF: How Much? And How Attainable? An Analysis of Participation Requirements in the House and Senate Bills to Reauthorize the Temporary Assistance for Needy Families Program, and of Likely State Responses to Them* (College Park, MD: University of Maryland, School of Public Affairs, Welfare Reform Academy, March 23, 2004), pp. 40-41, available from: www.welfareacademy.org/pubs/welfare/toughening_tanf.pdf, accessed July 9, 2004.

³¹¹Under current TANF law, a state may “disregard” a family under a partial sanction from the participation rate calculation for up to three months in any twelve-month period. This rule provides a partial exclusion of such families from the participation rate requirement. This exclusion is most helpful to states that allow a partial sanction to continue for three months or longer.

requirements. HRA is funding an experimental program in which churches are working to follow up with sanctioned families and bring them back into the program by identifying and addressing barriers to employment.³¹² For example, mothers with substance abuse problems may be reluctant to divulge their condition to caseworkers, fearing that they will lose custody of their children. A faith-based organization may be able to act as an intermediary to work with the mother and HRA to obtain the necessary treatment.

³¹²Barnhart, Chassman, and Hoback, *Moving From Full Engagement to Full Employment*, p. 16.

IX. MONETARY COSTS VERSUS MONETARY BENEFITS

Although a jurisdiction could well decide that work experience programs are good policy regardless of their cost, in many places, fears of a high price tag has clearly prevented their adoption. Limited data from New York and other jurisdictions suggest that well-run work experience programs result in benefits to the community that can more than match the costs of administration, that can probably cover the costs of child care, and that may cover the costs of at least some education and treatment services. (This paper deals only with the possible monetary benefits of work experience programs, but they may provide many other benefits that are difficult to quantify in monetary terms, such as increased skills and self-worth among recipients and the ability of recipients to serve as positive role models for their children.)

Thomas Brock, David Butler, and David Long of the Manpower Demonstration Research Corporation (MDRC) reviewed studies of eight work experience programs operated by MDRC in seven sites in the mid-1980s.³¹³ The researchers examined the implementation and operational aspects of the programs and, in some sites, the programs' impact on employment, earnings, and welfare receipt. In addition, they estimated the major cost components of work experience programs, including site administration, participant monitoring, and support services. We use their estimates as the starting point for our analysis.

This section refers to costs and monetary benefits from various years, as early as 1993. To facilitate comparison, all dollar amounts are in 2003 constant dollars.

Costs

The costs of work experience programs vary greatly and depend on a number of factors, including the number of participants, the average length and intensity of participation, the types of activities in which people participate, the characteristics of participants (e.g., age of children, barriers to employment), the extent of participant monitoring and case management, the scope

³¹³Thomas Brock, David Butler, and David Long, *Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research* (New York: Manpower Demonstration Research Corporation, 1993). The San Diego site included two separate programs that operated during different periods. In addition, all eight programs targeted single mothers receiving AFDC, but in four sites, two-parent families receiving AFDC-Unemployed Parent (UP) benefits were also targeted. The findings from the four two-parent programs are excluded from this analysis, because the costs of administering a work experience program were about the same for the two types of families in those sites that operated programs for both groups and because two-parent families represent a small percentage of the FA/TANF caseload.

and intensity of support services offered, management practices, overhead costs, and employee wage scales.³¹⁴

Administrative costs. Actually operating the program, including finding and supervising quality sites, assigning recipients to the sites, and making sure that the recipients actually participate is a major undertaking.

Site administration. The cost of site administration includes costs for developing worksites, assigning participants to work slots, and monitoring program operations. The MDRC researchers estimated that in the programs they studied, the costs ranged from about \$334 up to about \$1,245 per participant.³¹⁵ Most participants were in a work experience position for three months or less,³¹⁶ so the annual cost of keeping a slot filled was generally higher, ranging from about \$468 to about \$4,076.³¹⁷ The mean cost was about \$2,042, and the median cost was about \$1,771.³¹⁸

Jason Turner, then commissioner of the Human Resources Administration (HRA), and Thomas Main, Turner's co-author and a professor at Baruch College, estimated the annual cost to administer a HRA Work Experience Program (WEP) slot at about \$1,546 in 1999.³¹⁹ At that time, they were mostly full-time. This estimate largely reflects the costs of operating a full-time, thirty-five-hour-per-week WEP program, because in 1999 only about 15 to 25 percent of WEP participants combined their WEP participation with another activity.³²⁰ About 67 percent of costs went to payments to other government agencies for direct costs, including timekeepers, coordinators, and field supervisors as well as tools and equipment. About another 24 percent went

³¹⁴See, e.g., Gayle Hamilton and Susan Scrivener, *Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities* (New York: Manpower Demonstration Research Corporation, September 1999), pp. 31-32, available from: www.mdrc.org/Reports99/PromotingParticipation.pdf, accessed September 19, 2001.

³¹⁵Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, tables 10 and A.1. The findings for AFDC and AFDC-UP are reported separately in four of the sites studies and are considered separate programs.

³¹⁶Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 3.

³¹⁷Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, tables 10 and A.1.

³¹⁸These figures are for only the single-parent programs. As mentioned above, there were four sites that had programs for both single-parent and two-parent families. We excluded the cost data for the latter because the sites with both programs tended to be the higher-cost sites and would therefore skew the averages, but they were almost the same in a given site.

³¹⁹Jason Turner and Thomas Main, "Work Experience Under Welfare Reform," in *The New World of Welfare*, edited by Ron Haskins and Rebecca Blank (Washington, D.C.: The Brookings Institution, 2001), p. 301.

³²⁰New York City Human Resources Administration, "FA - Weekly Caseload Engagement Status," various reports issued in 1999.

to third-party medical assessments, and approximately 9 percent was used for HRA's administrative costs.

The Turner and Main estimate of the cost of site administration is at the low end of the range for the MDRC-evaluated programs (about \$1,546 vs. a mean of about \$2,042). Moreover, it reflects more hours on assignment: The work obligation in New York City was thirty-five hours per week, compared with about twenty hours per week in most of the MDRC-evaluated programs.³²¹ In some MDRC sites, participation involved considerably fewer hours. For example, in Cook County, Illinois, the Aid to Families with Dependent Children (AFDC) applicants and recipients assigned to unpaid work experience were expected to participate just twenty to forty hours *per month*.³²² The economies of operating on a large scale may help explain HRA's lower costs. Indeed, the MDRC research indicates that the work experience programs in West Virginia and Cook County, which had the largest number of work experience positions, also had the lowest costs per filled slot.

Participant monitoring (especially the sanctioning process). The MDRC researchers also estimated the costs associated with monitoring participant compliance, primarily the costs associated with the sanctioning process. Those costs ranged from about \$44 to about \$1,194 per participant.³²³ The annual cost per slot ranged from about \$37 to \$5,190. The mean cost was about \$2,228, and the median cost was about \$2,316.³²⁴

Turner and Main apparently did not include the cost of monitoring recipients and the sanctions process in their cost estimate. We assume that such costs would be at least as high as the costs in the MDRC projects (about \$2,234 per slot per year). This assumption may still result in an underestimation of the direct cost of the WEP because HRA's sanction process involves a much larger share of the caseload than any of the work experience programs evaluated by MDRC. HRA refined the process to the point that costs per case may be significantly lower than they would be if sanctioning were less frequent. For example, in November 2001 about one-third of the city's engageable caseload either had a sanction in effect or was in the process of being sanctioned. In contrast, Brock, Butler, and Long report that "sanctions were not used extensively

³²¹Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 71.

³²²Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 21.

³²³Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, tables 10 and A.1. The findings for AFDC and AFDC-UP are reported separately in four of the sites studies and are considered separate programs.

³²⁴These figures are for only the single-parent programs. As mentioned above, there were four sites that had programs for both single-parent and two-parent families. We excluded the cost data for the latter to avoid giving too much weight to the sites with both programs, but the costs across the two programs were almost the same in a given site.

at the study sites.”³²⁵ Of course, sanctions also reduce the cost of benefits, which ideally should be reflected in the cost of a work experience slot.

As the foregoing indicates, the MDRC estimates of the cost of work experience programs vary considerably, making it difficult to generalize. Nevertheless, because the costs associated with most of the programs were in the middle of this range, many analysts have narrowed this range to develop cost estimates for program administrators and policy analysts exploring federal and state welfare reform options. For example, Amy Brown, a senior associate at MDRC, concluded that the cost of filling a work experience position (excluding child care costs) for one year would be between about \$2,546 and about \$5,091.³²⁶ More recently, Sheila Dacey, an analyst at the U.S. Congressional Budget Office (CBO), estimated that the annual cost of a twenty-hour-per-week work experience slot (excluding child care) would be about \$3,300 and that a forty-hour-per-week slot would cost about \$3,700.³²⁷ Because Brown and Dacey both relied on the earlier MDRC research, it is not surprising that all three estimates are relatively close.

Support services. The foregoing cost estimates do not include costs for child care and transportation, often needed if a mother is to work. Some Temporary Assistance for Needy Families (TANF) recipients may also need to resolve other issues, such as lack of stable housing, medical or legal issues, or family or personal issues, in order to participate in activities. Because we have no data on the later, we offer cost estimates only for child care and transportation.

Child care. HRA, as well as all other jurisdictions, provides child care subsidies for mothers who participate in work experience programs. Four variables go into an estimate of the costs of child care subsidies: (1) the cost associated with a child care slot, (2) the number of children per family receiving a child care subsidy, (3) the percentage of welfare families with an eligible child, and (4) the take-up rate of the subsidy. (For various reasons, many families do not obtain a subsidy.)³²⁸

³²⁵Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 73.

³²⁶Amy Brown, *Work First: How to Implement an Employment-Focused Welfare Reform* (Washington, D.C.: Manpower Demonstration Research Corporation, March 1997), p. 55. The Center for Law and Social Policy used the midpoint of this range, \$3,000, for its 2002 analysis of the Bush Administration’s TANF work participation proposal (also excluding child care costs). By not adjusting the MDRC estimate for inflation from 1993 to 2002, the CLASP analysis may understate the annual cost of a work experience position by more than \$600. See Mark Greenberg, Elise Richer, Jennifer Mezey, Steve Savner, and Rachel Schumacher, *At What Price? A Cost Analysis for the Administration’s Temporary Assistance for Needy Families (TANF) Work Participation Proposal* (Washington, D.C.: CLASP, April 15, 2002), p. 18, available from: www.clasp.org/DMS/Documents/1023208530.14/At_What_Price_anaylsis.pdf, accessed March 5, 2003.

³²⁷Sheila Dacey, Congressional Budget Office, conversation with Peter Germanis, January 27, 2003.

³²⁸For example, some families do not need a child care subsidy because they receive free child care from friends and relatives or because their children are in Head Start, preschool, or school. In addition, some families may not be aware of their eligibility or may not apply because of the stigma associated with subsidized child care.

Although the MDRC researchers collected information about the costs of child care, their estimates are of limited usefulness in the post TANF world, and are undoubtedly low for current programming. When the programs operated in the mid-1980s, mothers with children under age six generally were exempt from work activities. Thus, most of the participating mothers did not need child care because they had children who were in school or had someone at home to care for them. In addition, most of the MDRC programs had relatively short participation mandates, so it may have not been worth the bother for families to obtain child care assistance. Today, after almost a decade of expanded subsidies, the child care infrastructure has grown, making it easier for families with a subsidy to find an acceptable and accessible provider. Thus, most analysts do not use MDRC data on child care costs.

Sheila Dacey used administrative data on child care subsidies under the Child Care and Development Fund (CCDF) to estimate child care costs for work experience programs.³²⁹ She estimated that the annual cost of child care for a child in CCDF-funded child care was about \$4,000, including both full-time and part-time child care. The administrative data also indicated that about 1.68 children per family received subsidies, resulting in an estimated annual cost of about \$6,720 per family. She further estimated that 86 percent of TANF families included a child under age thirteen and were eligible for a subsidy and that 50 percent of eligible families would actually use the subsidy. (She chose the 50 percent take-up rate for eligible welfare families because of research from several state programs.)³³⁰ Dacey thus estimated that the annual cost of child care for a twenty-four-hour-per-week work slot would be about \$2,900. She also estimated that child care cost for a full-time work slot would be about 10 percent higher, or about \$3,200.

A similar national estimate of child care costs was made by Mark Greenberg and his colleagues at the Center for Law and Social Policy (CLASP). Using CCDF administrative data for 2000, they estimated that the per child cost of a child care subsidy was about \$3,896, with 1.68 children per family receiving a subsidy. The CLASP estimate assumes a take-up rate of 52 percent. This rate was slightly higher than the take-up rate assumed by CBO, but it factored in the fact that not all welfare families had children under age thirteen. That formula resulted in an estimated child care cost of about \$3,404 per work slot.³³¹ (This estimate was about \$500 higher than the CBO child care estimate for a twenty-four-hour-per-week work slot because CLASP

In some cases, the value of the subsidy may not be sufficient to offset the hassle associated with applying and maintaining eligibility, particularly when relatively large copayments are required.

³²⁹Sheila Dacey, conversation with Peter Germanis, January 27, 2003.

³³⁰See, e.g., Ann Dryden Witte and Magaly Queralt, *Take-Up Rates and Trade Offs After the Age of Entitlement: Some Thoughts and Empirical Evidence for Child Care Subsidies* (Wellesley, MA: Wellesley College, Department of Economics, March 2002).

³³¹Mark Greenberg, Elise Richer, Jennifer Mezey, Steve Savner, and Rachel Schumacher, *At What Price? A Cost Analysis for the Administration's Temporary Assistance for Needy Families (TANF) Work Participation Proposal* (Washington, D.C.: CLASP, April 15, 2002), p.21, available from: www.clasp.org/DMS/Documents/1023208530.14/At_What_Price_anaylsis.pdf.

assumed a higher take-up rate and did not adjust the data to reflect the percentage of families with age-eligible children.) Unlike the CBO, the CLASP estimate did not estimate a higher cost for full-time child care, but the researchers cautioned that their estimate might be low:

First, the FY 2000 data [CCDF administrative data] reflects child care costs for a mixture of families with full- and part-time participation, while participants here would typically be full-time participants. Second, as states seek to engage families with the most serious barriers, there will be a higher share of new participants with children with disabilities, along with a greater need for sick child care, and night and weekend care. The fact that such care is limited in supply and often expensive when available suggests higher than average costs for these new participants. Third, CCDF participants are a mixture of TANF recipients, former TANF recipients, and other low-income families; families with relatively lower incomes generally receive larger subsidies, since they have reduced or no copayment requirements. Accordingly, applying the average expenditure for all families to these new TANF recipients engaging in full-time work activities does not reflect that some CCDF families were only receiving part-time care or receiving partial subsidies.³³²

HRA's child care costs per slot are apparently higher than these national estimates. New York City's Independent Budget Office, for example, reports that in 2002 the average annual cost of subsidized child care per child was about \$6,605, considerably higher than the \$4,000 per child estimate used by the CBO.³³³ Applying the CBO's assumptions of 1.68 children per family suggests a cost per family of about \$11,096; applying CBO's assumptions of 86 percent of TANF families with a child under age thirteen and a 50 percent take-up rate results in an estimated annual child care cost of about \$4,771 per WEP slot. (We have no data on take-up rates or total costs.)

These estimates are rough. For example, whether the cost of a part-time or part-day slot is considerably less expensive than a full-time slot depends on the actual number of hours involved and the availability of child care providers willing to provide part-time or part-day care. Similarly, the take-up rate might well rise in a full-engagement regime.

Transportation. Recipients may need financial help getting to worksites and to other program activities. HRA assists TANF recipients with transportation. Every two weeks, \$34 is added to the welfare checks of WEP participants so that they can buy two weekly unlimited farecards. (The unlimited farecard has the added advantage of helping recipients who have to make separate stops at child care providers.³³⁴)

³³²Greenberg, Richer, Mezey, Savner, and Schumacher, *At What Price?*, p.21.

³³³Paul Lopatto, "Where Have All the New Child Care Dollars Gone?" *Inside the Budget*, no. 111, December 12, 2002, p. 1.

³³⁴Seth Diamond, former deputy commissioner for Operations, New York City Human Resources Administration, conversation with Marie Cohen, December 20, 2001.

This benefit adds \$884 to the annual cost of a WEP slot. HRA has no assurance, however, that the money is actually spent on transportation. As Seth Diamond explains, “We don’t know that they are buying the farecards, but we hope they are.”³³⁵ (Other jurisdictions have helped TANF recipients set up van services to transport participants to activities.)³³⁶

Education and treatment services. Most recipients also participate in one or more of an extensive array of education and treatment services. We have no information on the costs associated with those services in New York City, but they could easily exceed the cost of work experience activities. For example, Amy Brown, a MDRC researcher, compared the costs of various program activities for five welfare-to-work programs. She reported that the cost of “basic education” and “vocational training and college” ranged from about \$2,037 to about \$8,911 per participant, considerably higher than the about \$433 to about \$1,782 for work experience in the same programs.³³⁷ As we will see, determining whether the financial benefits of HRA’s WEP program exceed its costs depends on how much those services cost.

Total costs. Based on the foregoing, we estimate that HRA’s costs for site administration (about \$1,546), participant monitoring (about \$2,228), child care (about \$4,771), and transportation (\$884) total about \$9,429 per slot per year. As noted above, even this cost estimate may be low, because the cost of the sanctioning process may be understated. It also does not take into account the cost of providing other education, training, treatment, or support services that may be associated with WEP.

By way of comparison, both the CBO and CLASP estimates are lower. The CBO’s Dacey estimates that the annual cost of a twenty-four-hour-per-week work experience slot, including child care, was about \$6,200 and about \$6,900 for the cost for a forty-hour-per-week work experience. The CLASP estimate for 2003 would be about \$6,476.³³⁸

³³⁵Seth Diamond, conversation with Marie Cohen, December 20, 2001.

³³⁶For more ideas, see Carolyn Jeskey, *Linking People to the Workplace* (Washington, D.C.: Community Transportation Association of America (CTAA), revised January 2001), available from: www.ctaa.org/ntrc/atj/toolkit, accessed September 19, 2001; Community Transportation Association of America, *Access to Jobs: A Guide to Innovative Practices in Welfare-to-Work Transportation* (Washington, D.C.: CTAA, updated July 1999), available from: www.ctaa.org/ntrc/atj/pubs/innovative/, accessed September 19, 2001; Margo Waller and Mark Allen Hughes, *Working Far From Home: Transportation and Welfare Reform in the Ten Big States* (Philadelphia: Public/Private Ventures and Washington, D.C.: Progressive Policy Institute, July 1999), available from: www.ppionline.org/documents/far_from_home.pdf, accessed September 19, 2001.

³³⁷Brown, *Work First*, p. 55

³³⁸Greenberg, Richer, Mezey, Savner, and Schumacher, *At What Price?*, p.21.

Monetary Benefits

Counterbalancing the costs is (1) the value of the services provided by WEP participants, plus (2) the possible reductions in welfare caseloads and payments. (We consider benefits to the City, only, not to other levels of government or recipients because of data limitations.)

Value of services. Based on MDRC studies of twelve programs in seven sites,³³⁹ Brock, Butler, and Long concluded that the work performed by work experience participants was of value to the government and nonprofit organizations where they worked.³⁴⁰ Most supervisors and participants rated the work as necessary, and almost all the supervisors surveyed said that the work would be done by regular staff if unpaid welfare recipients were not available.

The MDRC researchers estimated the value of output from the work experience assignments by using information from the surveys of supervisors who assessed the productivity of work experience participants compared with regular workers. Their assessment was expressed in percentage terms and multiplied by the wage rates of the regular workers to estimate the hourly value of participants' work hours in work experience. This "wage rate" was then multiplied by the participants' number of work hours to derive the value of their output.

Using this procedure, the MDRC researchers estimated that the annual value of the output produced by each participant ranged from about \$1,138 to about \$5,837. The annual benefit associated with each slot ranged from about \$4,231 to about \$11,065.³⁴¹ The mean annual value per slot filled was \$6,715, and the median was \$6,163.

By all accounts, HRA's WEP placements resulted in "real work" that provided "real" benefits to the community.³⁴² Turner and Main report that immediately before the introduction of large numbers of welfare workers in New York City's parks, the parks had an "acceptable cleanliness" rating of 74 percent. With the introduction of welfare workers to a peak of more than 3,000 full-time worker equivalents, the acceptable cleanliness rating of the city's parks climbed from 74 percent to 95 percent, an increase that they attribute largely to WEP.³⁴³ According to Demetra Nightingale and her colleagues,

³³⁹The findings for AFDC and AFDC-UP are reported separately in four of the programs evaluated.

³⁴⁰Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, p. 32. Their assessment also includes findings from the four programs targeted to two-parent families.

³⁴¹Authors' calculations based on Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, tables 11 and 13.

³⁴²See the discussion: "WEP activities."

³⁴³Turner and Main, "Work Experience Under Welfare Reform," p. 302.

[a] Parks Department administrator indicated that participants in WEP have accounted for up to about 20 percent of the agency's maintenance staff. The Parks Department credits, in part, the presence of the WEP workers for marked improvements in its internal ratings for the cleanliness of the City's public parks. WEP participants work side-by-side with regular Parks Department maintenance staff, although WEP workers are distinguishable by their uniforms.³⁴⁴

Also, as mentioned earlier, Community Voices Heard (CVH), a citywide organization of welfare recipients, surveyed 649 WEP participants at 131 worksites in 1999 and 2000; most respondents reported doing the same work as regular municipal employees. CVH also found that WEP workers were performing 35 of the 36 tasks in three union job titles.³⁴⁵ (The survey included a mixture of TANF and SNA recipients, but the findings were not reported separately.)

Because the maximum number of hours a welfare recipient can be required to work is based on the amount of the welfare grant plus the value of food stamps divided by the minimum wage, one way of valuing the output produced by WEP participants is to base it on the minimum wage multiplied by the number of hours worked. Thus, a twenty-hour-per-week WEP slot would produce services valued at about \$5,150 per year (\$5.15 multiplied by 1,000 hours), and a thirty-five-hour-per-week slot would produce services valued at about \$9,000 per year (\$5.15 multiplied by 1,750 hours).

The minimum wage approach may substantially underestimate the value of the services performed by WEP participants. Hence, we also could use MDRC's approach, which would apply the hourly cost of a city worker doing the same work. Because at least two surveys indicate that WEP participants perform real work and are nearly as productive as regular city workers performing similar tasks, we could use the salary of a low-level, full-time worker at the Department of Parks and Recreation (about \$23,189 per year) as a proxy for the value of the work of WEP participants.³⁴⁶ (Some would suggest a higher valuation of the services provided based on a comparison of specific services to associated salaries, but we refrain from doing so.) Thus, we estimate that the annual value of work produced by a WEP participant in twenty-hour-

³⁴⁴Demetra Smith Nightingale, Nancy Pindus, Frederica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: Urban Institute, July 2002), pp. 39 and 41.

³⁴⁵Community Voices Heard, *Welfare to Work: Is It Working? The Failure of Current Welfare-to-Work Strategies To Move the Hardest To Employ Into Jobs* (New York: Community Voices Heard, 1999) p. 6, available from: www.cvhaction.org/Publications.html, accessed January 23, 2002.

³⁴⁶According to Elizabeth Zeldin, an assistant budget and policy analyst in New York City's Independent Budget Office, a low-level, full-time worker at the Department of Parks and Recreation earned about \$21,000 in 1999. See Elizabeth Zeldin, "Use of Work Experience Program Participants at the Department of Parks and Recreation," *Inside the Budget*, no. 72, November 1, 2000, p. 3. But see Robert Lerman and Eric Rosenberg, *The Benefits and Costs of New York City Workfare* (unpublished paper, January 2, 1997), suggesting that, in the mid-1990s, "the cost of one low level Parks employee is approximately \$29,000 per year."

per-week assignments could be about \$11,595. For a participant in a thirty-five-hour-per-week assignment, the value of output produced could be nearly \$20,290.

Along these lines, Robert Lerman and Eric Rosenberg of the Urban Institute conducted a rough benefit-cost analysis of the WEP program as it existed in 1996. They interviewed twenty-two managers at WEP sites in five New York City agencies.³⁴⁷ The managers rated the quality of the WEP workforce only slightly below that of city workers, on average, and they all indicated that they would accept more WEP workers. Lerman and Rosenberg noted that the cost associated with administering WEP was \$9.4 million. Using a cost estimate of \$29,000 per year for a low-level Parks Department employee, they concluded that the benefits of the program exceeded the costs:

Since \$9.4 million would hire an additional 325 Parks workers, each of the city's 20,000 WEPs would need to be less than 1/30th as efficient as the average city employee (keeping in mind that WEP workers work half-time), for the WEP program to be cost ineffective—the least efficient workers recorded in the departmental survey were one quarter as efficient.³⁴⁸

The survey also indicated, however, that WEP workers were performing tasks that were previously done much less often. As a result, although their work may have been important, it may not have been valued as much as the ongoing work of the city. Lerman and Rosenberg explain, “Though the value of having the brass in the city court house polished more often may not have direct economic value, it has the secondary benefit of helping of maintain the dignity and stature of the rule of law.”³⁴⁹ They also suggest that the work may have other, less tangible, benefits: “Cleaner parks and streets improve overall city morale and make for a more pleasant environment in which law abiding citizens can congregate and drive down the number of desolate, abandoned spaces where crimes or criminal dealings can occur.”³⁵⁰ This analysis suggests caution in comparing the value of the work produced by WEP workers with that of other city workers.

Reduced welfare payments. Theoretically, a well-functioning work experience program should reduce welfare caseloads and, because of sanctions, the payments to the families

³⁴⁷Robert Lerman and Eric Rosenberg, *The Benefits and Costs of New York City Workfare* (unpublished paper, January 2, 1997). The work in the paper was completed at a time when most WEP participants were recipients of Home Relief (New York City's general assistance program), not AFDC.

³⁴⁸Lerman and Rosenberg, *The Benefits and Costs of New York City Workfare*, pp. 18-19. The work in the paper was completed at a time when most WEP participants were recipients of Home Relief (New York City's general assistance program), not AFDC.

³⁴⁹Lerman and Rosenberg, *The Benefits and Costs of New York City Workfare*, p. 16.

³⁵⁰Lerman and Rosenberg, *The Benefits and Costs of New York City Workfare*, p. 16.

remaining on welfare. Unfortunately, we have no basis for estimating the first effect and can make only a rough estimate of the second.

Reduced welfare caseloads. Many experts believe that work experience programs discourage families from applying for welfare and facilitate and encourage those receiving assistance to leave.³⁵¹ One HRA official explained that “by design, WEP was also intended to reduce caseloads by providing participants with job experience and skills necessary to find employment.”³⁵² In addition, work experience programs appear to “smoke out” recipients who are working (usually under the table) and encourage nonworking recipients to find a job, because their choice is either unpaid work experience or a “real job.” As an article in the *New York Times* describes,

Workfare has also had a less direct effect on the size of the welfare rolls: It has contributed to what welfare experts call a “smoke-out effect,” pushing people off welfare whether they have jobs or not.

In some cases, welfare recipients who were already working off the books have decided to leave the rolls, experts say. There are no reliable estimates of how many people fall into that category, but welfare experts say that because it is virtually impossible to survive on welfare benefits alone, a significant number of welfare recipients probably rely on other sources of income.³⁵³

Other aspects of HRA’s program, however, such as accessibility to quality education and training services, might attract families to welfare or at least give them an incentive to stay on. Similarly, the pre-TANF tendency of earnings disregards to encourage families to stay on welfare is well documented. Whether families do so under time limits or mandatory participation regimes are still open questions.³⁵⁴

Some of the MDRC projects described above isolated the impact of work experience on welfare expenditures and tax revenues associated with changes in employment and found that

³⁵¹See Blanche Bernstein, *The Politics of Welfare: The New York City Experience*, p.42.

³⁵²Swati Desai, then executive deputy commissioner, Office of Program Reporting, Analysis, and Accountability, New York City Human Resources Administration, e-mail to Douglas Besharov, June 17, 2003.

³⁵³Vivian S. Toy, “Tough Workfare Rules Used As Way to Cut Welfare Rolls,” *New York Times*, April 15, 1998, p. A1.

³⁵⁴See the discussion: “Combining work and welfare.”

benefits exceeded total costs.³⁵⁵ Unfortunately, we do not have similar data for New York City; hence, we do not include such likely effects in our calculations here.

Higher sanction rates. Work experience programs can reduce welfare payments by encouraging welfare recipients to find work and by imposing sanctions for those who fail to comply with the participation requirements. Unlike the MDRC projects, however, a large portion of the HRA caseload is under a partial sanction, and it is possible to estimate (very roughly, of course) the amounts saved.

In November 2001, 15,738 Family Assistance (FA) cases were receiving reduced benefits due to a sanction, compared with just 10,127 FA cases participating in WEP. Assuming a family of three, each sanction case would bring savings of about \$270 in monthly TANF and Food Stamp benefits. Assuming that all the sanctions were due to nonparticipation in WEP, the annual savings per WEP slot would be about \$5,035. (About \$936 of this amount would be in Food Stamp savings, which would accrue to the federal government, not the city.)

A net monetary benefit?

To recapitulate, we estimate the following costs and benefits for HRA's WEP program:

Costs	(2003 \$)	
Site administration	\$1,546	
Participant monitoring	2,228	
Child care	4,771	
Transportation	884	
Education and treatment	Unknown	
Total Costs	\$9,429	
Benefits	(2003 \$)	
Value of services	\$5,150– \$20,290	Depending on how services are valued and if 20 or 35 hours of work per week
Reduced caseload	Not available	

³⁵⁵Most of the programs combined work experience with other services and could not isolate the impact of work experience alone. Total benefits exceeded total costs in two of the three programs for single parents, with a net gain of \$1,001 in West Virginia and \$997 in San Diego (\$1,227 and \$1,222 in 2001 dollars, respectively). [Brock, Butler, and Long, *Unpaid Work Experience for Welfare Recipients*, table A.2.] Reductions in welfare expenditures and increases in tax revenues accounted for about 12 percent to the net gain in West Virginia and about 60 percent of the net gain in San Diego.

Reduced welfare payments	5,035	Savings from sanctions, but no estimate of savings or costs as recipients combine work and welfare
Total Benefits	\$10,185– \$25,325	
Net benefit	\$756– \$15,896 ³⁵⁶	Depending on (1) the costs of education and treatment services, (2) the valuation of the services provided, and (3) the possible caseload reduction

Given the paucity of information and evaluation, the net benefit is necessarily expressed as a range (\$756 to \$15,896). Another way of viewing the benefits versus costs of HRA’s WEP is as follows: Even using the most conservative estimate of the benefits of work experience (i.e., a part-time slot at the minimum wage, or \$5,150), because of the savings from sanctions (about \$5,035), our estimate is that WEP benefits covered the cost of site administration and participant monitoring (about \$3,774) as well as the costs of child care and transportation (about \$5,655). This conservative valuation of the services provided by recipients would not exceed total costs, however, once expenditures on ancillary education and treatment services were factored in. The costs of such services would be covered only if the value of the participants’ work were set at that of low-level city workers or if the work assignment were full-time.

³⁵⁶This includes \$936 in Food Stamp savings that accrue to the federal government.

X. THE CASELOAD DECLINE

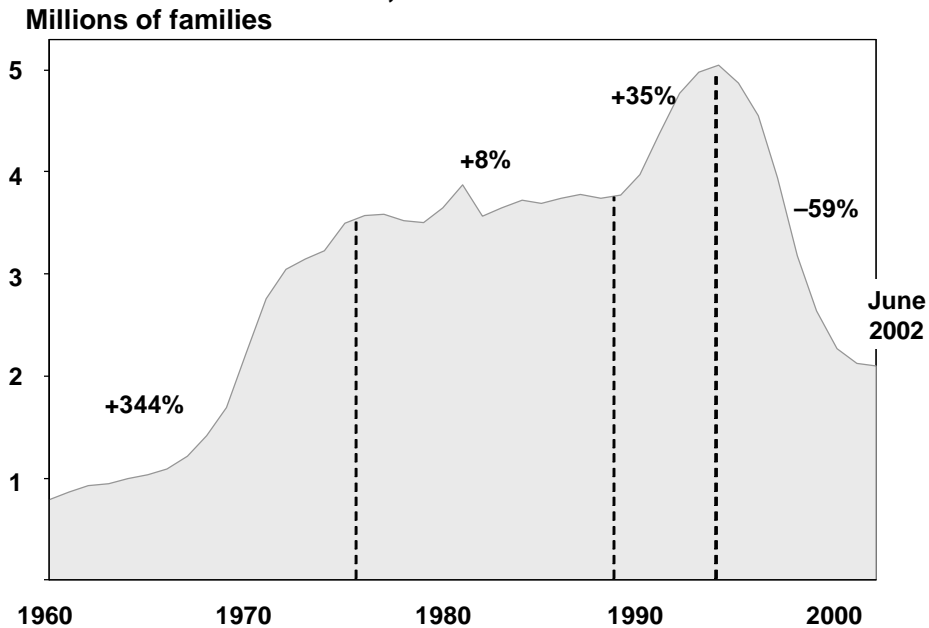
The Aid to Families with Dependent Children (AFDC) program was created in 1935 as part of the new Social Security Act. AFDC was essentially tailored after the old Mother's Pension Laws, which assumed that mothers would not work and that fathers were unavailable to help support the family (due to death, disappearance, or disability). Welfare policy is still struggling to shed this legacy of having been structured as an aid program for nonworking widows (even though, from the very beginning of the AFDC program, many divorced and unwed mothers received benefits).³⁵⁷

For more than half a century, it seemed that caseloads could only grow. Through the 1960s and early 1970s, at least, the focus of progressive social policy was to expand eligibility and to ensure that eligible families received benefits. Between 1960 and 1977, the program more than quadrupled, going from about 800,000 families to more than 3.5 million families (see figure 10).³⁵⁸

³⁵⁷In 1940, about one-third of children entering the program were eligible because of a deceased parent, about one-third because of an incapacitated parent, and about one-third because of another reason for absence (including divorce, separation, or no marriage tie).

³⁵⁸U.S. Department of Health and Human Services, Administration for Children and Families, "Cash Assistance for Needy Families—Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF): 1936-2001," available from: www.acf.dhhs.gov/news/stats/3697.htm, accessed October 13, 2002.

**Figure 10. Welfare's Growth and Decline,
United States, 1960–2002**



Sources: For caseload from 1936 to 1999: U.S. Department of Health and Human Services, Administration for Children and Families, *ACF News, Statistics, U.S. Welfare Caseloads Information: Temporary Assistance for Needy Families (TANF), 1936-1999*, last updated: 12/14/00 Friday, July 27, 2001, available from: www.acf.dhhs.gov/news/stats/3697.htm, accessed April 29, 2002; for caseload in 2000 and 2001: U.S. Department of Health and Human Services, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families Program (TANF): Fourth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, April 2002), tables 2:1a and 2:1b, pp. II-13 and II-15 available from: www.acf.dhhs.gov/programs/opre/ar2001/chapter02.pdf, accessed May 23, 2002; for caseload in 2002: Elise Richer, Hedieh Rahmanou, and Mark Greenberg, "TANF Caseloads Declined in Most States in Second Quarter, But Most States Saw Increases Over the Last Year," October 1, 2002, available from: www.clasp.org/DMS/Documents/1033487945.66/caseload_2002_Q2.pdf, accessed October 13, 2002; for percentage change from previous year: authors' calculation; for unemployment rate: U.S. Census Bureau, *Statistical Abstract of the United States*, various years.

Notes: Cases represent total number of families on welfare, which was called "Aid to Dependent Children" from 1936 to 1962, "Aid to Families with Dependent Children" (AFDC) from 1962 to 1996, and "Temporary Assistance for Needy Families" from 1996 to 2002. Totals include AFDC Unemployed Parent program.

A 59 Percent Decline

In 1994, welfare caseloads reached their historic high of 5.1 million families (about 15 percent of all American families with children). That year, however, caseloads began a seven-year decline: Between March 1994 and July 2001, they fell 59 percent. Caseloads dropped almost everywhere—in suburbs, rural areas, and even most inner cities. Declines were substantial for whites, blacks, and Hispanics alike.³⁵⁹ When welfare reform began, no one, not even the strongest proponents of the original Temporary Assistance for Needy Families (TANF) legislation, predicted a decline of this size and scope.

Around July 2001, caseloads stopped declining in most states and started rising again, presumably because of the weakening economy. Although about ten states experienced caseload increases of from 10 to 20 percent between then and June 2002,³⁶⁰ the nationwide rise has been surprisingly modest.³⁶¹

New York State's welfare program, Temporary Assistance (referred to as Public Assistance in New York City), is actually two separate programs:

- The *Family Assistance* (FA) program provides cash assistance to needy families with one or more minor children living with a parent or other caretaker relative. It operates under the federal TANF program: FA families are subject to such TANF provisions as its work requirements and five-year limit on benefits. The program is funded by a combination of federal (50 percent), state (25 percent), and local funds (25 percent).
- The Safety Net Assistance (SNA) program, with origins in the state's Home Relief program, originally provided benefits only to single adults or couples without children.³⁶²

³⁵⁹Between 1994 and 2000 (the most recent year for which we have data on the race of recipients), the AFDC/TANF caseload declined by 55 percent. In that period, the number of white families on welfare showed the steepest decline falling by 63 percent, while the number of black families on welfare fell by 52 percent, and the number of Hispanic families by 44 percent (with immigration presumably countering what would have been a larger decline). [U.S. Department of Health and Human Services, Office of Planning, Research, and Evaluation, *Temporary Assistance for Needy Families (TANF) Program: Fourth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, April 2002), p. X-192, available from: www.acf.dhhs.gov/programs/opre/ar2001/indexar.htm, accessed October 13, 2002.]

³⁶⁰Elise Richer, Hedieh Rahmanou, and Mark Greenberg, "TANF Caseloads Declined in Most States in Second Quarter, But Most States Saw Increases Over the Last Year," October 1, 2002, available from: www.clasp.org/DMS/Documents/1033487945.66/caseload_2002_Q2.pdf, accessed October 13, 2002.

³⁶¹Douglas J. Besharov, "Welfare Rolls: On the Rise Again," *The Washington Post*, July 16, 2002, p. A17.

³⁶²The following categories of individuals and families are eligible for New York State's Safety Net Assistance (SNA) program: "single adults; childless couples; children living apart from any adult relative; families of persons abusing drugs or alcohol; families of persons refusing drug/alcohol screening, assessment or treatment; persons who have exceeded the 60-month limit on assistance; aliens who are eligible for temporary assistance, but

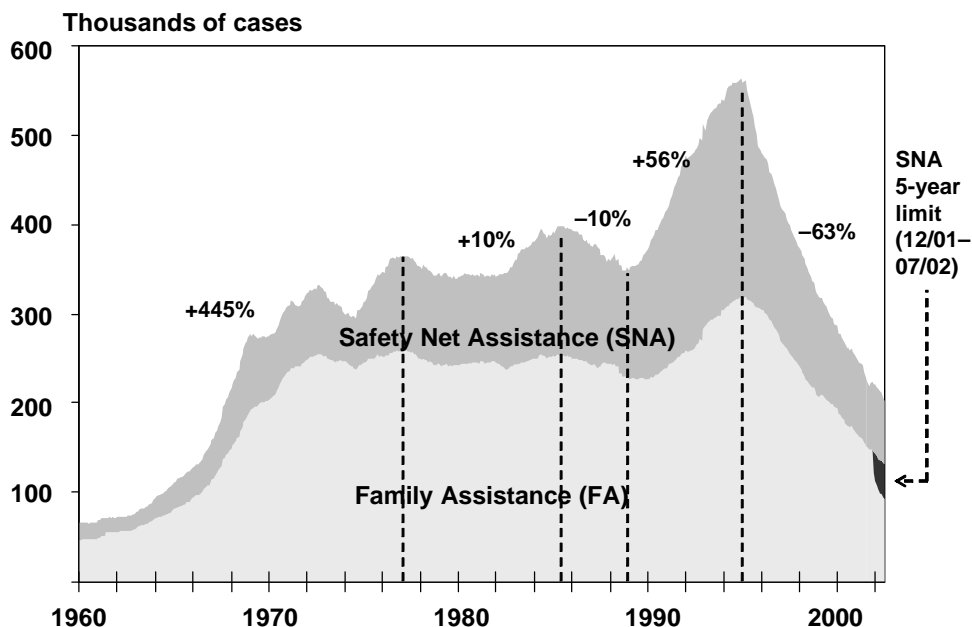
However, since December 2001, the program has experienced a sharp increase in the number of families with children (as FA families reaching their five-year time limit lose their eligibility for FA and are converted to SNA). Generally, SNA cash assistance is available for a cumulative two years in a lifetime, after which some portion of aid, primarily that portion intended for rent and utilities, is to be provided in non-cash form, such as a two-party check or a voucher. (It is not clear that the noncash aspect of the program has been implemented.) The program is funded equally by state and local funds.

Decline. Significantly, the decline in the FA caseload was greater than the national decline (71 percent), falling from 318,681 to 93,645 between March 1995 and July 2002. This is somewhat misleading, however, because about 38,000 of the families were no longer receiving FA as a result of the five-year time limit; those families were simply converted to SNA, under which they continued to receive the same level of benefits. The decline in the FA caseload would have been about the same as the national decline (59 percent) if the converted cases were still counted as part of the FA caseload (see figure 12). In fact, as will be seen in figure 16, the trend in the city's caseload closely tracks the national trend throughout this same period. (Unless otherwise noted, we use the official Human Resources Administration (HRA) caseload data, which exclude from the FA case count the FA cases that hit their five-year time limit and were converted to SNA. In accordance with HRA practice, those cases are included in the SNA caseload figures.)

Although the nationwide caseload reached its lowest point in July 2001 and has since started to increase or at least level off, New York City's caseload continued to decline at least through July 2002, the latest month for which data are available at this writing. Figure 11 portrays welfare's growth and decline in New York City between 1960 and 2002. It shows that the FA caseload would have continued to decline even after including the FA cases that were converted to SNA.

who are not eligible for federal reimbursement." [New York State Office of Temporary and Disability Assistance, "Temporary Assistance," available from: www.otda.state.ny.us/otda/ta/default.htm, accessed June 17, 2002.]

**Figure 11. Welfare's Growth and Decline,
New York City, 1960–2002**



Sources: For 1960–2001: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 3, 2002; for 2002: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, *HRA Facts*, available from: www.nyc.gov/html/hra/html/hrafacts.html, accessed January 20, 2003.

Notes: Before 1998, Family Assistance was called “Aid to Families with Dependent Children.” SNA denotes the FA cases that were converted to SNA after exhausting their five-year, time-limited benefits.

Until 2000, New York City’s FA caseload declined at a slower pace than the caseload in the rest of the state. Between 1994 and 2000, the city caseload declined 43 percent, compared with a drop of 53 percent in the rest of the state.³⁶³ As a result, New York City’s share of the statewide caseload grew from 68 percent to 72 percent. This initially slower decline mirrors the national urban/nonurban pattern. According to Paul Leonard and Maureen Kennedy of the Brookings Institution, “In the 89 urban counties that contain the 100 largest American cities, the aggregate caseload decline between 1994 and 1999 (41 percent) lagged the national decline (52

³⁶³The FA caseload began declining in March 1995, but we start with 1994, because the caseloads were virtually identical in those two years and it facilitates comparisons with the national caseload decline, the SNA caseload decline, and the FA caseload decline in the rest of the state, which all began in 1994.

percent) by a substantial amount.”³⁶⁴ As they imply, this would be consistent with urban areas having caseloads that are somewhat more disadvantaged and more difficult to help off welfare.

Beginning sometime in 2000, however, New York City’s caseload started to fall faster than the caseload in the rest of the state. As a result, the city’s share of the statewide caseload declined from 72 percent to 70 percent (see figure 12).³⁶⁵ (Some observers think the reason may be that the caseload in the rest of the state could not fall further because the program had already reached the hardest to help or employ). Similar declines were seen in other cities. For example, in Cook County, Illinois (which includes Chicago), caseloads fell even faster than in New York City. Between 1994 and March 2002, the caseload declined about 74 percent, from 158,692 to 40,578.³⁶⁶ Similarly, in Cuyahoga County (which includes Cleveland), between March 1994 and April 2002 the caseload declined about 67 percent, from 48,028 to 16,034.³⁶⁷

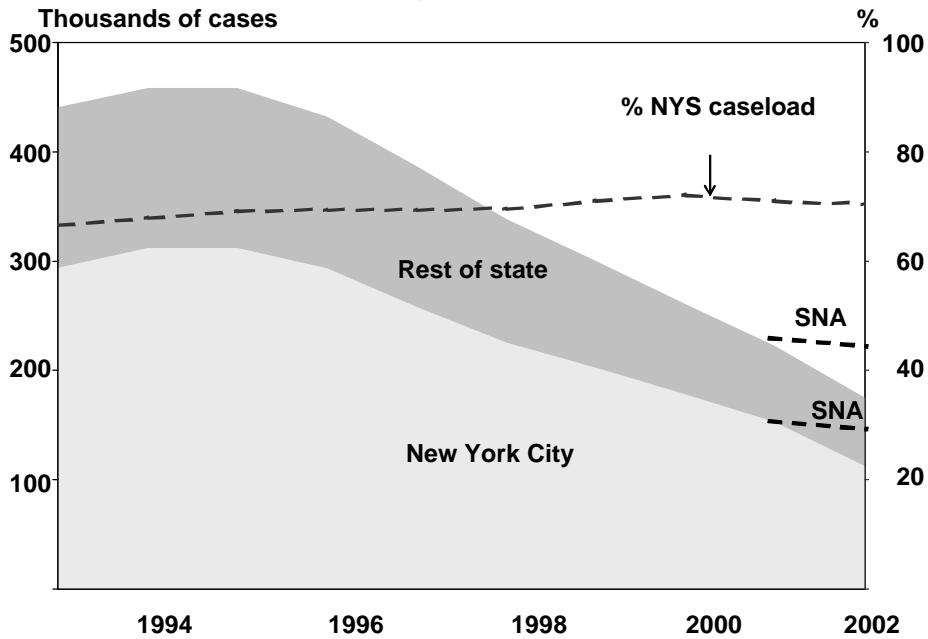
³⁶⁴Paul Leonard and Maureen Kennedy, *What Cities Need from Welfare Reform Reauthorization* (Washington, D.C.: The Brookings Institution, January 2002), p. 2, available from: www.brookings.edu/es/urban/publications/leonkencitieswelfare.pdf, accessed February 10, 2002.

³⁶⁵For purposes of presentation, we have included in the FA caseload those cases that hit their five-year time limit and were converted to SNA, under which they continue to receive essentially the same benefits.

³⁶⁶Illinois Department of Human Services, Division of Transitional Services, Office of Employment and Training, Bureau of Program Design and Evaluation, “TANF Case Numbers,” April 29, 2002.

³⁶⁷George Zeller, senior researcher, Council for Economic Opportunities in Greater Cleveland, e-mail to Peter Germanis, May 20, 2002.

**Figure 12. Family Assistance Declines,
New York City vs. Rest of State, 1993–2002**

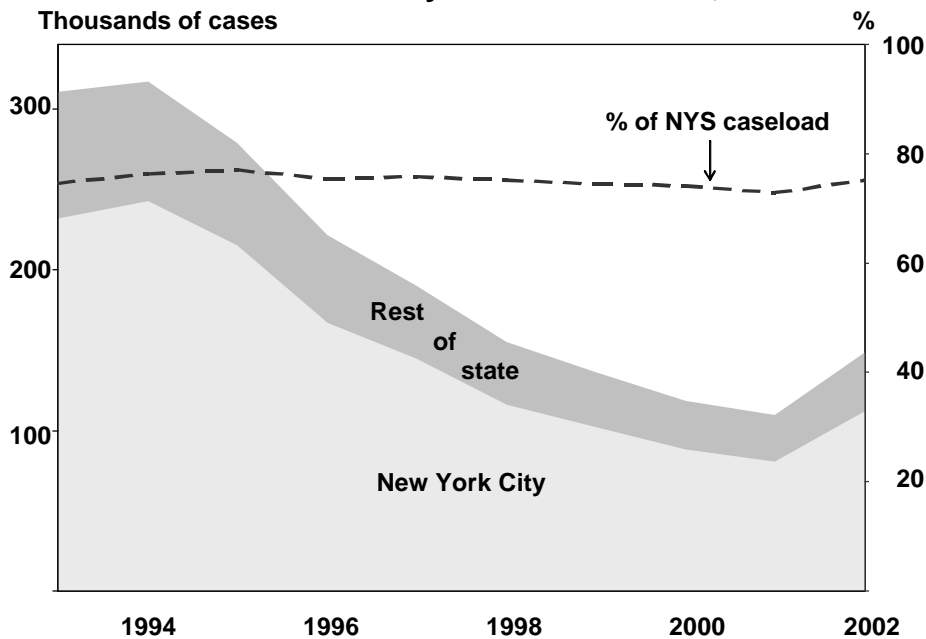


Source: New York State, Office of Temporary and Disability Assistance, *Temporary and Disability Assistance Statistics* (Albany: New York State, Office of Temporary and Disability Assistance, various years).

Notes: Before 1998, Family Assistance was called “Aid to Families with Dependent Children.” SNA denotes the Family Assistance cases that were converted to Safety Net Assistance after exhausting their five-year, time-limited benefits.

Initially, the decline in New York City’s SNA caseload was much more rapid than that of its FA caseload. For example, between 1994 and 1997, the SNA caseload fell 40 percent, while the FA caseload fell just 17 percent. Moreover, unlike the FA caseload, between 1994 and 2002 the SNA caseload declined at about the same pace as that of the rest of the state (see figure 13).

**Figure 13. Safety Net Assistance Declines,
New York City vs. Rest of State, 1993–2002**



Source: New York State, Office of Temporary and Disability Assistance, *Temporary and Disability Assistance Statistics* (Albany: New York State, Office of Temporary and Disability Assistance, various years).

Note: Before 1998, Safety Net Assistance (SNA) was called “Home Relief.” The SNA caseload includes the Family Assistance cases that were converted to SNA after exhausting their five-year, time-limited benefits.

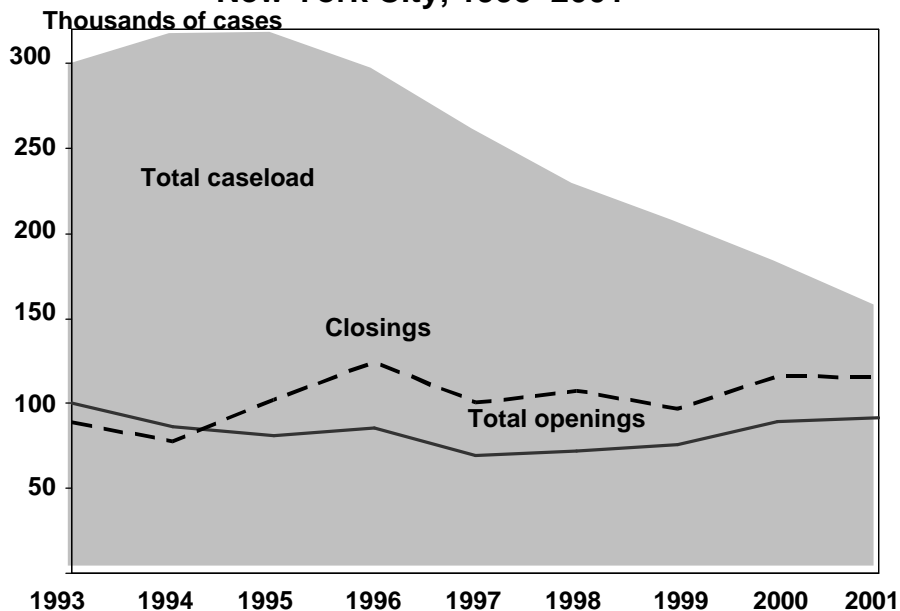
Dynamics. Appreciating the size of the caseload decline is only the beginning of understanding what happened under welfare reform. The dynamics of the decline are equally important. Did caseloads fall because fewer mothers applied for welfare? Because fewer were approved to receive benefits? Because mothers left the rolls faster than before? Because fewer of those who left welfare went back on? Or all of the above? In other words, without knowing whether the decline stemmed from a fall in applications for welfare, a fall in entries onto welfare (“openings”), or more exits from welfare (“closings”), and without knowing whether churning has increased or whether families are being shifted to other assistance programs, one cannot begin to assess the decline’s causes or its implications—because one does not know where to begin looking for causative explanations.

The early caseload decline in New York City seems to have been driven by a drop in both total openings and an increase in closings (see figure 14).³⁶⁸ Between 1993 and 1997, total

³⁶⁸HRA’s administrative data on openings and closings have some limitations, including changes in the definition of various categories of case openings and incomplete data on openings and closings. Nevertheless, they

openings declined 31 percent, from 100,359 to 69,534, and closings rose 14 percent, from 88,371 to 100,430 (with an intermediate peak of 123,754 in 1996).

**Figure 14. Family Assistance:
Total Openings and Closings,
New York City, 1993–2001**



Source: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 1, 2002.

Notes: Caseload represents the average number of monthly Aid to Families with Dependent Children cases before 1998 and Family Assistance cases since 1998. Total openings include new applications accepted, reapplications (cases closed longer than 30 days that are reopened), and reopenings (cases closed that are reopened within 30 days). Closings represent net closings (closings minus reopenings) and reopenings.

The decline in total openings was driven by an especially sharp drop in “new openings” (i.e., new cases for first-time recipients). Between 1993 and 1997, new openings fell 69 percent, from 43,969 to 13,800 (see figure 15). This drop in new openings suggests that at least part of the decline was caused by either the economy, work-first policies, or welfare reform’s general impact on potential applicants (“entry effects”).

An important question is whether this fall in new openings was caused by applicants being inappropriately discouraged, diverted, or rejected from going on welfare. Many advocates, for example, claim that the approval rate for applications fell sharply, causing much of the decline. For example, in 1998, Timothy Casey, assistant director of the Policy, Advocacy and

are the only data available and are consistent with changes in the overall caseload.

Research Department of the Federation of Protestant Welfare Agencies, complained that the Job Centers were denying eligible families assistance:

Much of the decline in the caseload may be due to an increase in denials to needy, financially eligible persons resulting from stricter verification requirements and stricter administration of the work rules. Under Mayor Giuliani, the welfare application rejection rate rose from 27 percent in 1994 to 54 percent in 1997. The Citizens Budget Commission concluded in a 1997 report that there was “evidence that elements of the [HRA] initiative are causing otherwise eligible indigent New Yorkers to be denied cash benefits,” and recommended that “[a]dministrative procedures could be revised to avoid inappropriate rejection of applications and inappropriate closing of cases.”³⁶⁹

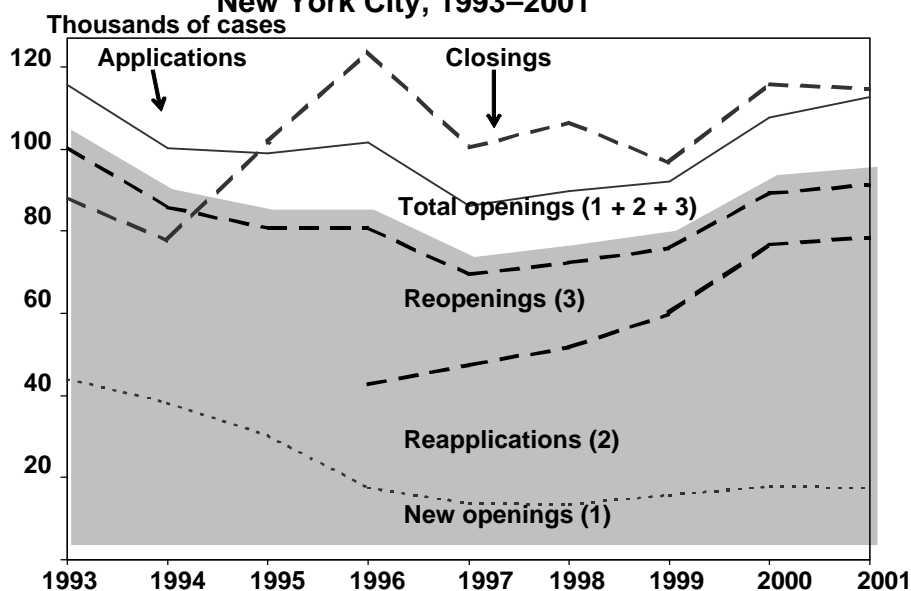
That does not seem to be the case, however. We found no evidence of a major change in approval rates, which would have suggested an increase in diversion or rejected applications. Although the data have problems, it appears that between 1993 and 1996, the approval rate declined and then rose, but the decline was not more than about 15 percent. Between 1996 and 2001, the approval rate rose from 68 percent to 79 percent (with an intermediate high of 81 percent in 2000). Of course, it is possible that potential applicants were discouraged from even going to a Job Center or, if they did, were discouraged from formally submitting an application for assistance. In fact, however, the decline in openings, as well as the increase in closings, occurred before any major welfare reforms were implemented in New York City, so other factors were probably more influential.

Whatever might be the truth of these allegations, it is unlikely that the practices continued after a 1999 court decision, *Reynolds vs. Giuliani*, which forced HRA to make changes in the way it processed applications for cash assistance, food stamps, and Medicaid.³⁷⁰

³⁶⁹Timothy J. Casey, “Welfare Reform and its Impact in the Nation and in New York,” Western New York Law Center, August 1998, available from: www.wnylc.net/web/welfare-law/resource-material/welrefor.htm, accessed March 13, 2003.

³⁷⁰See Peter J. Ferrara, “Caesar in Robes: Case Studies in Judicial Administration of New York City Welfare Programs,” unpublished paper submitted to Baruch College, City University of New York, undated.

**Figure 15. Family Assistance Applications
(Reapplications, New Openings, and Reopenings):
Total Openings, and Closings,
New York City, 1993–2001**



Source: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 1, 2002.

Notes: Approvals and closings are annual totals. Total openings include new openings (new applications accepted), reapplications (cases closed longer than 30 days that are reopened), and reopenings (cases closed that are reopened within 30 days). Closings represent net closings (closings minus reopenings) and reopenings.

After 1997, however, *total openings* ceased to decline, and between 1997 and 2001, they rose 31 percent, from 69,534 to 91,375.³⁷¹ Despite these considerable increases, however, caseloads continued to fall because the number of closings rose. Many former recipients apparently left welfare for work or other government aid programs or because they were being supported by friends and relatives.³⁷²

A continued increase in closings is apparently responsible for the caseload decline after 1997. Between 1997 and 2001, closings rose 14 percent, from 100,430 to 114,752. Even greater was the growth in the number of closings compared with the size of the caseload. In 1997,

³⁷¹Part of the increase in total openings appears to be due to an increase in the approval rate, from 74 percent to 79 percent, with an intermediate peak of 81 percent in 2000.

³⁷²Douglas J. Besharov, "Leaving Welfare Without Work: How do mothers do it? And what are the implications?" (paper prepared for the workshop on "Welfare Reform: A Comparative Assessment of French and U.S. Experiences," Berkeley, Calif., February 2002), available from: www.welfareacademy.org/pubs/leavingwithoutwork.pdf, accessed January 28, 2003.

closings equaled just 39 percent of the average monthly caseload, whereas in 2001 they rose to 75 percent of the caseload.

If a substantial portion of the caseload decline was caused by an increase in closings, then an important question would be whether the families were leaving welfare because of better opportunities or because they were being pushed off welfare.³⁷³ This determination is difficult to make because it is often impossible to know why a family left welfare.

Researchers at the Nelson A. Rockefeller Institute of Government used administrative data to examine the subsequent employment and welfare experiences of welfare recipients who left welfare in New York State during the first quarter of 1997.³⁷⁴ The study was based on a statewide sample of 8,983 cases involving at least one adult and one child that left welfare and did not return within two months of closing. (The study included a subsample of 4,855 cases from New York City.) In the fourth quarter after leaving welfare, only 52 percent of the leavers were employed; their mean quarterly earnings were \$4,630. The actual percentage working was probably slightly higher, because some of those who left welfare were employed in another state and were not captured in the study's examination of administrative records.³⁷⁵ The researchers estimated that 60 percent of leavers were employed, once out-of-state and off-the-books employment were considered, and had mean quarterly earnings of \$5,034.³⁷⁶ Only 20 percent had returned to welfare, 27 percent received food stamps, and 47 percent received Medicaid (for at least one family member).

These patterns are roughly in accord with the available evidence from other states and suggest that nothing was unusual about HRA's case-closing practices.

³⁷³Although New York has a partial sanction for noncompliance with participation requirements, some families may be terminated for failure to comply with various reporting requirements associated with the participation requirements.

³⁷⁴Terrence Maxwell, *After Welfare: A Study of Work and Benefit Use After Case Closing (Revised Interim Report)* (Albany, NY: The Nelson A. Rockefeller Institute of Government, December 1999), available from: www.otda.state.ny.us/otda/welfare/welfarestudy.pdf, accessed June 21, 2004.

³⁷⁵Howard Rolston, "Comments," on Patricia Ruggles and Matthew Stagner, "Plans of the Department of Health and Human Services," in Douglas J. Besharov (editor), *Family Well-Being After Welfare Reform* (College Park, MD: University of Maryland, School of Public Affairs, Welfare Reform Academy, 2002), available from: www.welfareacademy.org/pubs/welfare/familywellbeing/familywellbeing-frontmatter.pdf, accessed July 9, 2004.

³⁷⁶Maxwell, *After Welfare: A Study of Work and Benefit Use After Case Closing*, p. iv.

Increased Churning and Cycling³⁷⁷

Sometime around 1995, in both the nation as a whole and in New York City, cycling on and off welfare seems to have increased, perhaps because the economy softened or because more recipients who left welfare with a job or in contemplation of the time limit found that they needed to return to the rolls. (These cases probably mirror the 13 to 30 percent of welfare leavers in other states who tell surveys that they are worse off financially.)³⁷⁸

This process is revealed after subdividing the data on openings by whether they are new openings or “reapplications” (i.e., families returning for assistance). HRA data are divided into new openings (i.e., cases for first-time recipients), reapplications (i.e., openings of previous cases that had been closed longer than thirty days), and “reopenings” (i.e., openings of previous cases that had been closed by agency error and reopened once the error was connected). (Prior to 1996, the reapplications and reopenings are considered together in the reopening category.) Between 1995 and 2001, the number of reapplications and reopenings (combined) grew 46 percent, from 50,839 to 74,010, even as the number of new openings remained roughly constant throughout most of this period.

Only a small number of total openings seem to represent families new to welfare. Between 1993 and 1998, the number of first-time recipients in the city declined from 43,968 to 13,458 (from 15 percent of the caseload to 6 percent of the caseload). Between 1998 and 2001, the number of new openings increased slightly (from 13,458 to 17,671), but it remained low.

Moreover, during much of this period, the number of FA *reapplications* increased. Between 1996 and 2001 (there are no data for earlier than 1996), reapplications increased 142 percent, from 25,348 to 61,303, suggesting an increase in cycling because many of those who left welfare returned.

It is possible that the increase in reapplications is merely the result of a change in administrative coding that resulted in reclassifying many reopenings as reapplications. In 1996, HRA decided that only cases closed by agency error or in which a fair hearing decision was in the recipient’s favor could bypass the application process and be classified as a reopening. As a

³⁷⁷“Churning” refers to very short welfare exits caused by administrative procedures that lead a family to lose aid for a month or two, before returning to the welfare rolls. “Cycling” refers to longer term welfare exits that are related to employment or other nonadministrative reasons.

³⁷⁸U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, “Findings from ASPE Leaver Studies (Appendix B),” July 2001, available from: <http://aspe.hhs.gov/hsp/welf-ref-outcomes01/appb.htm>, accessed October 13, 2002.

result, there was a sharp drop in the number of reopenings beginning in 1996, and some cases that had been considered reopenings were reclassified as reapplications.³⁷⁹

Thus, at least part of this increase in reapplications may reflect not increased cycling but the inadvertent shift of very short-term case closures to the reapplication category. For example, if a case was closed in error or closed because the recipient failed to comply with reporting requirements, even if the error could be corrected quickly, the case could only be added back to the rolls as a reapplication.

We also hypothesize that one of the reasons for the increase in the number of reapplications is that the reopening process slowed down with the implementation of welfare reform, thereby transforming what would have been reopenings into reapplications. HRA invested more time and resources in helping applicants find alternatives to welfare and in verifying their eligibility. As a result, it took longer to process an application.³⁸⁰ For example, before welfare reform, if a family did not comply with reporting requirements and its case was closed, it could often return to the rolls within thirty days simply by submitting the required reports. After welfare reform, the family would have to go through a more formal reapplication process, which could take up to forty-five days.

In any event, there appears to have been a steady increase in reapplications, indicating more cycling.

The HRA data have some limitations, and on their own, they might not be sufficient to conclude that churning sharply increased. Other research, however, seems to confirm this conclusion. One of the more interesting findings of the study of welfare leavers conducted by the Rockefeller Institute of Government³⁸¹ was not reported by the researchers themselves but was raised in a critique of the study by the Office of the State Comptroller. According to the Comptroller's analysis, the study "failed to disclose the fact that some 3,300 families (out of the survey group of 12,000) who left the welfare rolls came back onto the rolls within two months."³⁸² It further added:

³⁷⁹Personal communication from Swati Desai, then executive deputy commissioner, Office of Program Reporting, Analysis, and Accountability, New York City Human Resources Administration, to Peter Germanis, April 24, 2002.

³⁸⁰Mark Hoover, former first deputy commissioner, New York City Human Resources Administration, e-mail to Peter Germanis, February 5, 2003.

³⁸¹Maxwell, *After Welfare: A Study of Work and Benefit Use After Case Closing*.

³⁸²Office of the State Comptroller, *Staff Analysis of New York State's Welfare Evaluation Report: After Welfare: A Study of Work and Benefit Use After Case Closings* (Albany, NY: Office of the State Comptroller, November 2000), p. 1, available from: www.osc.state.ny.us/reports/welfare/welf11-00.pdf, accessed October 8, 2002.

[T]he fact that some 27% of the caseload returned to the rolls within two months sends a red flag about the underlying administration of the State's welfare program. This problem of a high number of administrative case closings parallels a recent judicial decision and is consistent with advocacy groups, media, and prior audit reports. Some review of these 3,000 plus cases might give the State insights into how this group of recipients that is having trouble demonstrating administrative compliance is doing.³⁸³

Nationally, we have data only about total applications, approvals, and discontinuances (closings). Although these data are only indirect indicators,³⁸⁴ they, too, suggest that cycling on and off welfare has been rising rapidly. In 2001, for example, the national TANF caseload almost completely turned over, meaning that the number of families that entered welfare and left it was almost equal to the total number of recipients. (Mark Greenberg and his colleagues at the Center for Law and Social Policy have estimated that in fiscal year 2000, there were 2.1 million case closings and 1.9 million case openings. They divided these estimates by the average monthly caseload and concluded that "the case closure rate was 93%, and the case opening rate was 84%, or 7% monthly.")³⁸⁵ This high rate of churning, about 50 percent higher than the rate before welfare reform, is one reason why real mandatory work programs will be necessary to maintain the momentum of welfare reform.

On the one hand, such cycling, especially if it increases, may be a warning that welfare agencies are too aggressively pushing families to leave the rolls; however, some increase in cycling is probably the unavoidable result of policies that increase welfare exits (especially in anticipation of time limits).³⁸⁶ (Time limits or sanctions that terminate assistance permanently, of

³⁸³Office of the State Comptroller, *Staff Analysis of New York State's Welfare Evaluation Report: After Welfare*, p. 1.

³⁸⁴These measures are not precise indicators of the extent of churning, because they do not parse out the proportion of new cases that are first-time welfare recipients from those who are returning to the rolls. However, the increased rate of entries and exits is suggestive of increased churning.

³⁸⁵Mark Greenberg, Elise Richer, Jennifer Mezey, Steve Savner, and Rachel Schumacher, *At What Price? A Cost Analysis for the Administration's Temporary Assistance for Needy Families (TANF) Work Participation Proposal* (Washington, D.C.: CLASP, April 15, 2002), p. 12, available from: www.clasp.org/DMS/Documents/1023208530.14/At_What_Price_anaylsis.pdf, accessed March 5, 2003.

³⁸⁶*See, e.g.*, Sandra L. Hofferth, Stephen Stanhope, and Kathleen Mullan Harris, "Remaining Off Welfare in the 1990s: The Influence of Public Policy and Economic Conditions," February 27, 2002, available from: www.popcenter.umd.edu/people/hofferth_sandra/online.shtml, accessed September 30, 2002, *concluding* that some policies are likely to increase churning. Hofferth and her colleagues used the Panel Study of Income Dynamics (PSID) to examine the welfare recidivism rate among women who headed their own household sometime between 1989 and 1996. They used regression analysis to control for relevant demographic, economic, and policy variables. They observed:

The risk of return is 37 percent higher ($p < .10$) for those in states with a more restrictive work exemption compared with those in states with less restrictive policies. While restrictive policies should discourage

course, are two notable exceptions to this general rule.) On the other hand, an increase in cycling could also be a positive sign, because it might indicate that recipients who otherwise would have remained passively on the caseload are trying to become self-sufficient, and it could take several attempts for those who have little work experience to achieve self-sufficiency.

reentry, instead, women faced with these policies while they are on welfare may exit, only to find that they cannot make it on their own. Greater churning may be an unanticipated consequence. (p. 24)

XI. ASSESSING THE IMPACT OF FULL ENGAGEMENT

Between March 1995 and July 2002, New York City's Family Assistance (FA) caseload fell 59 percent.³⁸⁷ Its Safety Net Assistance (SNA) caseload fell 71 percent.³⁸⁸ How much of this decline was the result of the city's welfare reform program, and how much was due to other factors—primarily a strong economy and increased aid to low-income, working families?

Although expert opinion is divided on the relative contribution of each factor, it is generally agreed that this unprecedented decline (like that in the rest of the nation) was caused by a combination of three major factors: welfare reform writ large (the decline started nearly two years before the passage of Temporary Assistance to Needy Families [TANF]); an extremely strong economy (especially for unskilled workers and single mothers); and increases in aid to low-income, working families (including the Earned Income Tax Credit [EITC] and expanded Medicaid benefits).³⁸⁹

No Useful Evaluation

New York City officials and some outsiders who have examined HRA's experience believe that its full-engagement model, backed up with a strong work mandate, is responsible for a large share of the caseload decline. According to a report from the Task Force on Sensible Welfare Reform, a group of public officials, program administrators, policy analysts, researchers and advocates:

Mayor Giuliani and HRA officials cite the benefits of WEP as embodying the concept of mutual obligation, teaching the value of work and generating work that is of value to the City. Equally important is the implicit role of the program in reducing the caseload by "smoking out" those who may already be employed or who have other options than welfare. As a result, the Mayor and City officials use caseload declines as the measure of

³⁸⁷As described in the discussion: "A 59 Percent Decline," the "official" decline was 71 percent, but this decline includes the cases that hit their five-year time limit and that were then converted to SNA, under which they continued to receive essentially the same benefits.

³⁸⁸The "official" decline was 54 percent, but this decline includes the cases that hit their five-year time limit and were converted to SNA, under which they continued to receive essentially the same benefits.

³⁸⁹Douglas J. Besharov, "The Past and Future of Welfare Reform," *The Public Interest*, no. 150 (Winter 2003): 4-21.

program success, without specifically attributing this success to the experiences of WEP participants in finding jobs. In this regard, actual evidence is scanty.³⁹⁰

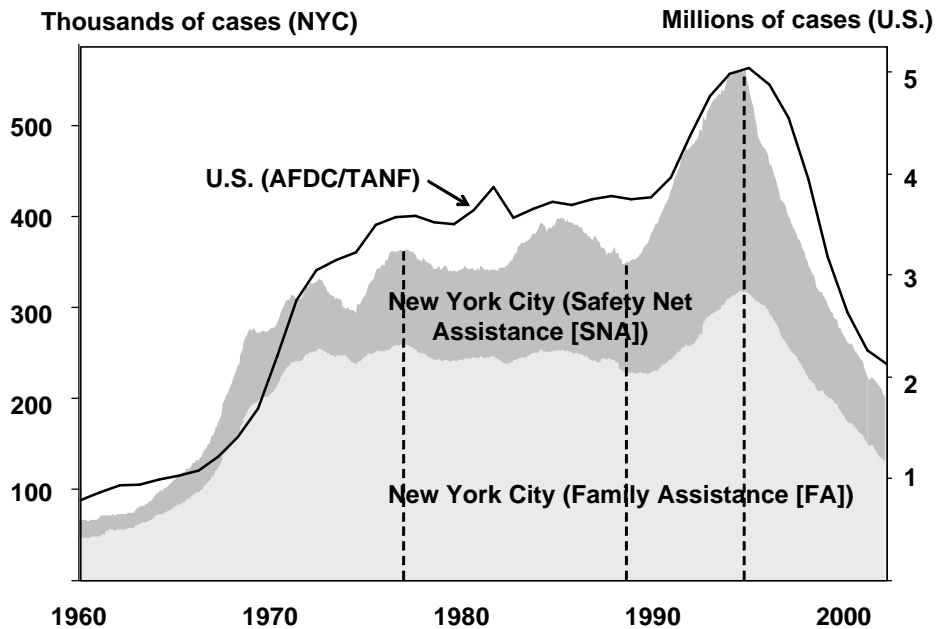
But it really is not possible to say for certain how much HRA's programs contributed to the decline because no scientifically rigorous research has been conducted to determine its impact.

On the one hand, in this period HRA adopted many new programs and policies designed to reduce welfare dependency and welfare caseloads, including rigorous work-first, job search, and work experience requirements. On the other hand, even states that did not change their programs very much experienced comparable declines. (Figure 16, for example, depicts the remarkable correspondence between the rises and declines of the New York City and national caseloads.) Some would argue that this lack of difference indicates that HRA's program may not have had the dramatic effect on welfare caseloads that its supporters claim. It could be that HRA has a more disadvantaged, inner-city population that was more difficult to move from welfare to work—so that the fact that the city's caseload fell as far as it did is an indication of the program's effectiveness. If that is true, however, then other cities—without large mandatory work programs—should have experienced smaller declines. But some cities saw even greater caseload declines than New York City—often without having adopted work experience or other welfare reform programs.³⁹¹

³⁹⁰New School University, Robert J. Milano Graduate School of Management and Urban Policy, *Welfare Reform in New York: A Report on Implementation Issues in New York City* (New York: New School University, Task Force on Sensible Welfare Reform, January 1999), p. 14.

³⁹¹See the discussion: "New York's Caseload Decline."

**Figure 16. Welfare's Growth and Decline,
United States vs. New York City, 1960–2002**



Sources: For U.S. caseload in 1960–1999: U.S. Department of Health and Human Services, Administration for Children and Families, *ACF News, Statistics, U.S. Welfare Caseloads Information: Temporary Assistance for Needy Families (TANF), 1936–1999*, last updated: 12/14/00 Friday, July 27, 2001, available from: www.acf.dhhs.gov/news/stats/3697.htm, accessed April 29, 2002; for caseload in 2000 and 2001: U.S. Department of Health and Human Services, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families Program (TANF): Fourth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, April 2002), tables 2:1a and 2:1b, pp. II-13 and II-15 available from: www.acf.dhhs.gov/programs/opre/ar2001/chapter02.pdf, accessed May 23, 2002; for caseload in 2002: U.S. Department of Health and Human Services, Administration for Children and Families, *ACF News, Statistics, U.S. Welfare Caseloads Information: Temporary Assistance for Needy Families, Total Number of Families and Recipients, April-June 2002*, available from: www.acf.dhhs.gov/news/stats/apr_jun2002_rev.htm, accessed February 4, 2003; for New York City caseload 1960–2001: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 3, 2002; for 2002: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, *HRA Facts*, available from: www.nyc.gov/html/hra/html/hrafacts.html, accessed January 20, 2003.

Notes: Welfare in the United States was called “Aid to Dependent Children” from 1936 to 1962, “Aid to Families with Dependent Children” (AFDC) from 1962 to 1996, and “Temporary Assistance for Needy Families” (TANF) from 1996 to 2002. In New York, Family Assistance was called “Aid to Families with Dependent Children” and Safety Net Assistance was called “Home Relief” before 1998.

It could also be possible that HRA's work experience program had (or could have had) a greater impact but was countered by other state policies that tended to increase caseloads. For example, the state adopted a generous earnings disregard that allows families with earnings up to the poverty level to remain eligible for assistance, thus encouraging mothers working at low-wage jobs to stay on welfare. New York State also allows families that exhaust their five-year, time-limited benefits to continue to receive full benefits under the state's SNA program, undermining the message that welfare is temporary and thereby reducing the incentive to find work or other arrangements as quickly as possible. And, despite its get-tough rhetoric, the city can only impose partial sanctions on recipients who fail to comply with work requirements, thus allowing noncompliant families to remain on assistance with only a relatively minor reduction in their total benefit package. It is unlikely, however, that these policies countered caseload declines in New York any more than in other states. Most states also significantly expanded earnings disregards, and many allow families who have played by the rules to receive extended benefits in some fashion. Most states with relatively high benefits, such as New York, also impose only partial sanctions.

Of course, coarse comparisons like these can be deeply misleading because cities vary greatly on many socioeconomic and policy dimensions.³⁹² The point is, we just don't know how much of New York's caseload decline came from its ambitious welfare reform program.

We cannot leave this subject without contrasting the availability of data and evaluations in Wisconsin versus New York City. Much more data and evaluation findings are available in Wisconsin than in New York City. Yet, many of the same people led both efforts, so it is unlikely that the difference has to do with personal preferences. Although it is true that Wisconsin was making the bulk of its changes while Aid to Families with Dependent Children (AFDC) waivers (and hence evaluations) were still required, we think that the power (and stridency) of advocacy groups and their ability to gain assistance from the media and the courts are also responsible for the relative dearth of information about New York City's program. The fact is that program innovation involves many false starts, dead ends, weak or problematic implementation, and mistaken policies. An environment that makes these problems potential lawsuits adds to the underlying reluctance of bureaucracies to release unflattering data.³⁹³

Systematic Evaluation Needed

Many people believe that able-bodied welfare recipients should be required to work in order to repay society for the benefits they receive. "Work among welfare recipients," writes

³⁹²For a powerful, interstate analysis of the caseload decline, see Jeffery Grogger, Lynn Karoly, and Jacob Alex Klerman, *Consequences of Welfare Reform: A Research Synthesis* (Washington D.C.: RAND, July 2002), available from: www.acf.hhs.gov/programs/opre/welfare_reform/reform_contents.html, accessed September 1, 2004.

³⁹³See generally Peter J. Ferrara, "Caesar in Robes: Case Studies in Judicial Administration of New York City Welfare Programs," unpublished paper submitted to Baruch College, City University of New York, undated.

Robert Moffitt, “is widely regarded as part of the social contract—a quid pro quo for the provision of income support—as well as a source of self-esteem and self-reliance among single mothers. This in turn is thought to increase the mothers’ chances for long-term economic improvement for themselves and their children.”³⁹⁴

For some, fulfilling this “moral” obligation is sufficient reason to establish a full-engagement program with a strong work experience or workfare component. Turner and Main, for example, call work programs a way “to fulfill a social and moral obligation of recipients to contribute to society in exchange for benefits.”³⁹⁵ We, too, believe in mandatory welfare-to-work programs, including workfare programs, and believe that past research provides at least some support for them. The evidence on the subject is modest, however, and even more so in regard to program design and operation. Moreover, work experience and workfare programs impose substantial costs on welfare agencies as well as on recipient families. Thus, it is important to explore the degree to which work experience programs increase employability and reduce dependency, and how they can be made more effective in doing so.

Unfortunately, as mentioned earlier, no serious evaluation of full-engagement or intensive work experience programs was conducted under TANF, even though that was a central element of welfare reform. A real opportunity was missed.

The U.S. Department of Health and Human Services (HHS) is now conducting four major, multiyear experiments on employment retention and advancement services, enhanced services for the hard-to-employ, rural welfare-to-work strategies, and efforts to build strong families. Although each of these areas is important to the further development of welfare reform strategies, it would have been more important for HHS to test how best to implement work experience programs, a major—and still problematic—aspect of TANF.

Regardless of whether the reauthorization process results in more stringent participation requirements, full-engagement and intensive work experience programs are sure to be central issues of contention. Hence, we strongly endorse much more research on the subject.

Randomized experiments. The preferred evaluation methodology of most social scientists is experimental design, in which individuals are randomly assigned to an experimental or control group. In such an evaluation, the experimental group would be assigned to a new welfare regime and would be compared with a control group that received the existing set of benefits and services. A control group provides a benchmark for measuring program improvement (and making sure that various programmatic approaches do not do more harm than

³⁹⁴Robert A. Moffitt, “From Welfare to Work: What the Evidence Shows,” *Welfare Reform and Beyond*, The Brookings Institution Policy Brief No. 13, January 2002, p. 1.

³⁹⁵Jason Turner and Thomas Main, “Work Experience Under Welfare Reform,” in *The New World of Welfare*, edited by Ron Haskins and Rebecca Blank (Washington, D.C.: The Brookings Institution, 2001), p. 291.

good). Some experimental evaluations include multiple experimental groups that allow researchers to not only assess the impact of a particular welfare regime but also to compare it with alternative approaches.

If properly planned and implemented, an experimental design should result in experimental and control groups that have comparable measurable and unmeasurable aggregate characteristics (within the limits of chance variation). From the moment of randomization, both groups would be exposed to the same outside forces, such as economic conditions, social environments, and other events, allowing any subsequent differences in outcomes to be attributed to the intervention.

In the past thirty years, experimental designs have been used to evaluate a wide range of social interventions, including evaluations of welfare-to-work programs. With less rigorous methodologies, the findings of such research are often questioned. But with experimental findings, policymakers can focus on the implications of findings, rather than, as Gary Burtless has observed, “become entangled in a protracted debate about whether the findings of a particular study are statistically valid.”³⁹⁶

Questions about the effectiveness of mandatory work experience programs could best be answered by conducting randomized experiments in which the experimental group is subject to mandatory work and the control group is not. Randomized experiments are probably the best way to “unbundle” TANF programs to discern the optimal programmatic arrangements. Thus, the test could be between alternative strategies, such as mandatory work versus mandatory education and training, and both versus combining work and welfare.

Testing policy options. Depending on the funds available, an experimental test of work experience programs could explore the impact of a wide array of services and interventions. The evaluation could involve randomly assigning groups to various interventions and then tracking them for several years to compare long-term impacts on employment, earnings, and welfare receipt. Random assignment could be used to compare the relative effectiveness of various work experience designs. For example, it could involve assignment to any one of three groups—existing work experience program, a control group, and a third group implementing the more flexible approach described above. Of course, other program models or other variations within the existing model could be tested. For example, the current New York City Work Experience Program (WEP) structure could be compared with WEP-basic, which essentially involves full-time WEP participation. Or, sanction policies could be made tougher to address the problem of having too many cases remaining out-of-compliance as part of the “happily sanctioned.” With a rigorous evaluation, it would be possible to see whether families are more likely to comply with tougher sanctions and whether tougher sanctions adversely affect families and children.

³⁹⁶Gary Burtless, “The Case for Randomized Field Trials in Economic and Policy Research,” *Journal of Economic Perspectives*, 9, Spring 1995, p. 69.

Current full-engagement program. Under the current full-engagement program, most participants are required to engage in a twenty-hour work week and fifteen hours of other activities, including job search, as well as job skills training, substance abuse treatment, or educational development. Because several advocacy groups have challenged the effectiveness of the full-engagement program, it is important to establish its impact on welfare receipt, employment, and earnings. One option would be to compare those assigned to the city's current full-engagement program with those who do not have a participation mandate but who can volunteer for services generally available to the public. This comparison would demonstrate the impact of New York City's current approach. (However, because this model includes an array of services, it would not isolate the impact of WEP alone.)

Work first. As described earlier, New York City's caseload decline began with a drop in case openings, suggesting that it was caused by either the economy, work first, welfare reform's general deterrence effects or, more likely, all of these. HRA's version of work first combines the traditional, mandatory up-front job search to encourage employment with an added dose of "hassle": Applicants are subject to more rigorous eligibility requirements, including scanning fingerprints and multiple visits to various welfare offices. One option would be to compare recipients assigned just to work first with those who do not have a participation mandate. This comparison would show the impact of work first itself. Although considerable research on this topic exists already, as described above, this would be the first evaluation of work first in the post-welfare reform era. Other options could isolate the impact of various elements of the work-first strategy, such as the hassle associated with having to go to multiple offices to establish and maintain eligibility. For example, current applicants, who are now required to make multiple visits to different offices, could be compared with a group allowed to sign up for the full range of benefits and activities in one building at one time. Because all other services and assignments would remain the same, this design would measure the impact of hassle in the current program model.

WEP. The centerpiece of New York City's full-engagement model is WEP. Most past research of work experience programs has focused on short-term programs offered as part of a sequence of activities. No rigorous research has been conducted on an ongoing mandate to participate in a WEP-like program. One option would be to compare recipients assigned to WEP with those who do not have a participation mandate beyond work first. This design would isolate WEP's added impact. Alternatively, the comparison could be with a group that has no participation mandate, a design that would then reveal the impact of work first plus WEP.

Intensive WEP. Initially, most WEP participants were placed in full-time (five days per week) work assignments. In 1999, a pronounced shift began toward the current WEP model, which involves a combination of twenty hours per week of work experience and fifteen hours of participation in other activities. The number of hours of work experience could be increased to the maximum allowed under current law (the combined TANF and food stamp grant divided by the minimum wage). One option would be to compare recipients assigned to full-time WEP with those subject to the existing sequence of program assignments. Because both requirements

would be based on full-time participation, this comparison would indicate whether the current, mixed approach is more effective than simply requiring full-time work experience.

Education and training first. An alternative to the work-first model would be to place welfare recipients into education or training programs before mandating participation in work activities. Proponents of this approach argue that most welfare recipients need to raise their skills to get a job that will pay enough to raise their family out of poverty. Recipients without a high school degree or the equivalent usually must participate in basic education, GED preparation courses, or English as a second language classes. For high school graduates, this approach may lead to vocational training or, in some cases, postsecondary classes. Critics argue that the education-and-training-first approach is costly, promotes welfare dependency, and does little to improve the long-term employability of most families. One option would be to compare recipients assigned to the education-and-training-first approach with those subject to the existing sequence of program assignments. As discussed above, past research suggests that recipients assigned to an “education-first” program (which can also include assignment to various training activities) eventually catch up to families assigned to a “job-search-first” program in terms of employment and earnings gains. Thus, follow-up of three years or more may be required to determine the relative effectiveness of an education-and-training-first program in New York City compared with the existing sequence of activities.

Mixed strategy. Although the current WEP program offers two days of participation in other services, an alternative strategy could involve allowing case managers to assign welfare recipients to alternative activities on the basis of an up-front assessment. The assessment could be conducted upon application or after the recipient has gone through an initial period of job search. Based on the assessment, a wide range of activities could be considered, including job search, basic education, short-term postsecondary education, job skills training, job readiness, on-the-job training, and work experience. Work experience, however, would not have to be part of the treatment. One option would be to compare recipients assigned to a mixed-strategy approach with those subject to the existing sequence of program assignments. As described above, past research suggests that programs offering a mixture of services tend to have larger effects on employment and earnings than do solely job-search, work-first, or education-first programs. No research, however, has compared outcomes for mixed-strategy programs and programs having an ongoing work mandate, such as New York City’s.

Subsidized employment. Participants in WEP “work off” their welfare grants; they do not earn wages. An alternative to WEP would be to create subsidized employment slots, whereby the welfare grant can be used to subsidize jobs in the private sector or the public sector. This may be a cost-effective alternative to WEP if the benefit payments are used to leverage other resources. In addition, participants become eligible for the EITC, thereby increasing their income by more than WEP. The main drawbacks to this approach are that it is more complicated to structure a subsidized employment slot than a work experience program and that the effort could provide windfall subsidies to employers who would have hired the participants anyway. One option would to compare recipients required to participate in a subsidized employment program with

those subject to the existing WEP mandate. It should be possible to determine relatively quickly any differences in participation levels and employer interest in offering subsidized employment slots. Long-term follow-up would be needed to determine the impact on other outcomes, such as income.

Sanctions. One barrier to achieving higher participation rates identified by several outside observers is the relatively large number of “happily sanctioned” families. As of November 2001, 17 percent of engageable TANF families received a sanction (and 17 percent were in the sanction process). New York’s current sanction involves removing the adult’s needs from the grant, or about a one-third reduction for a family of three. One option would be to compare recipients subject to a larger sanction, perhaps even including a full-family sanction, with those subject to the existing sanction policies. It should be possible to determine relatively quickly how many families come into compliance and how many lose their benefits. Long-term follow-up would be needed to determine the impact on other outcomes, such as income, but the effects on participation could be important. For example, if most of the families come into compliance, it is likely that their incomes would be higher because the sanction would be cured.

Earnings disregards. New York’s current earnings disregards are very generous compared with prior AFDC law. The intent of expanded earnings disregards is to encourage nonworking welfare recipients to seek employment. Such disregards, however, increase program costs and welfare receipt, and they create inequities by providing some low-income families with supplements while denying them to others. Moreover, the need for such a supplement is diminished because (1) a work requirement should provide the stimulus for work and (2) other supports for the working poor have been expanded in the past decade, including the EITC, Medicaid/State Children’s Health Insurance Program, and child care subsidies. One option would be to compare the impact of WEP combined with existing earnings disregards against the impact of a program without an earnings disregard (or with a less generous disregard). As discussed above, many states are now reassessing the costs associated with generous earnings disregards. This option would provide direct evidence about the behavioral effects of expanded earnings disregards and provide data on their cost.

Two-parent families. Under TANF, two-parent families are subject to a stricter work mandate than other families; 90 percent are required to participate for a minimum of thirty-five hours per week (up to fifty-five hours per week if the family received a child care subsidy). One reason for this differential approach is that two-parent families are perceived as having fewer barriers to employment, particularly child care (because one parent could be available to care for the children while the other parent works). Some two-parent families, however, receive welfare because one of the parents is disabled; thus, such families may face even greater barriers to employment than single-parent families. Most states have met the two-parent work requirements by taking advantage of the caseload reduction credit or by shifting their two-parent caseload to a “separate state program.” Nevertheless, at some point, the requirements are likely to become binding. Hence, the impact of work experience on two-parent families should be examined separately from that on single-parent families. One option would be to compare families under

WEP with families who do not have a participation mandate beyond work first. Alternatively, the research could compare WEP recipients with recipients who have no mandate to participate at all. (There could also be a special analysis of mothers cohabiting with a man who is not the biological father of the children, by either conducting random assignment separately for this group or examining the impact as part of the subgroup analysis for the single-parent group.)³⁹⁷

In addition to effects on employment and welfare receipt, special attention should be paid to assessing welfare's effects on marriage and other family-related outcomes. For example, a recent evaluation in Iowa found that the state's welfare reform program, which was intended to make it easier for two-parent families to qualify for assistance, may have actually discouraged marriage among two-parent welfare applicant families.³⁹⁸ One of the researchers involved speculated that this may have occurred because the state imposed the work requirement on both parents, rather than just one. Hard evidence, rather than speculation, is needed to address these questions.

³⁹⁷Mothers cohabiting with the biological father of one of the children are subject to the same TANF rules as married-couple families.

³⁹⁸Thomas M. Fraker, Christine M. Ross, Rita A. Stapulonis, Robert B. Olsen, Martha D. Kovac, M. Robin Dion, and Anu Rangarajan, *The Evaluation of Welfare Reform in Iowa: Final Impact Report* (Washington, D.C.: Mathematica Policy Research, Inc., June 11, 2002), p. 56.

APPENDIX A
TABLES

Table A.1. Unengageable Family Assistance Cases, New York City, 1996–2002

	Nov. 20, 1996	April, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 29, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001^a	Aug. 4, 2002^a
Total caseload	278,832	201,948	196,271	189,614	187,357	163,020	160,012	141,843	136,256	127,411
Active single issue	–	1%	1%	2%	2%	2%	2%	3%	3%	3%
Child-only cases	73,770	27,814	29,051	30,178	30,420	33,739	33,894	34,156	33,849	33,670
Indefinitely unengageable	6,857	6,130	6,135	6,158	5,945	5,216	5,191	4,449	4,447	4,528
Case head on Supplement Security Income (SSI)	5,619	3,243	2,992	2,891	2,751	1,756	1,717	1,141	1,204	1,190
Division of AIDS Services and Income Support case	–	1,453	1,666	1,813	1,769	2,370	2,432	2,573	2,529	2,768
Case head age 60 or over	1,238	1,434	1,477	1,454	1,425	1,090	1,042	735	714	570
Temporarily unengageable	84,523	7,152	7,627	7,096	8,996	11,521	11,264	6,715	6,253	5,889
Temporarily incapacitated	24,927	3,423	4,125	3,050	4,433	6,042	5,865	2,183	1,983	1,623
Young child exemption	59,596	1,382	1,166	1,102	1,237	3,741	3,681	1,361	1,356	1,611
SSI pending/appealing	–	2,347	2,336	1,948	2,611	1,247	1,202	1,875	1,839	1,550
Temporarily exempt	–	0	0	302	356	475	511	859	885	682

Limitations — pending	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Personal Roads for Individual Development and Employment scheduling	0	0	0	694	359	16	5	437	190	423
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	0	0	0	0	0	0	0	0	0	0
Total unengageable	59%	21%	23%	24%	26%	33%	34%	35%	36%	37%
	165,150	42,870	45,122	46,328	48,279	54,104	54,013	49,799	48,947	47,526

Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Guliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Family Assistance was called “Aid to Families with Dependent Children” before 1998.

^aCombines Temporary Assistance for Needy Families cases with “conversion” cases, those that reached the five-year time limit and received extended benefits through a separate state program.

Table A.2. Unengageable Safety Net Assistance Cases, New York City, 1996–2002

	Nov. 20, 1996	April, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 29, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
Total caseload	152,869	98,679	94,207	88,543	86,971	79,588	78,698	74,879	75,171	73,300
Active single issue	–	6%	6%	7%	7%	8%	9%	12%	12%	7%
		5,474	5,741	6,410	6,038	6,555	6,758	8,785	9,211	5,431
Child-only cases	7%	0%	0%	0%	0%	0%	0%	0%	0%	1%
	10,780	257	140	68	85	82	81	142	267	653
Indefinitely unengageable	27%	19%	21%	22%	23%	28%	29%	30%	30%	30%
	41,134	19,154	19,895	19,703	19,805	22,434	22,498	22,691	22,271	22,303
Case head on Supplement Security Income (SSI)	20%	4%	5%	5%	6%	5%	5%	5%	5%	6%
	30,648	4,235	4,655	4,809	4,865	3,996	4,019	3,999	3,899	4,337
Division of AIDS Services and Income Support case	–	6%	6%	6%	7%	12%	13%	15%	14%	15%
		5,490	5,709	5,748	5,972	9,946	10,075	10,947	10,795	10,875
Case head age 60 or over	7%	10%	10%	10%	10%	11%	11%	10%	10%	10%
	10,486	9,429	9,531	9,146	8,968	8,492	8,404	7,745	7,577	7,091
Temporarily unengageable	15%	13%	15%	15%	15%	13%	13%	7%	7%	6%
	23,002	12,813	13,986	12,971	12,809	10,367	10,128	5,430	5,413	4,712
Temporarily incapacitated	10%	4%	5%	3%	3%	5%	6%	2%	2%	1%
	15,182	3,670	4,428	2,378	2,265	4,100	4,386	1,475	1,269	502
Young child exemption	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	0	62	49	56	73	94	86	75	93	105
SSI pending/appealing	–	9%	10%	11%	11%	7%	6%	4%	4%	4%
		9,121	9,310	9,753	9,697	5,597	4,419	3,190	3,332	3,249
Temporarily exempt	–	0%	0%	0%	0%	1%	1%	1%	1%	1%
			199	393	374	522	509	485	500	386
Limitations — pending	0%	0%	0%	0%	0%	0%	1%	0%	0%	1%
Personal Roads for Individual Development and Employment scheduling	0	0	0	441	400	54	728	205	219	470

Other	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	7,820	0	0	0	0	0	0	0	0	0
Total unengageable	49%	38%	42%	44%	45%	50%	50%	49%	49%	45%
	74,916	37,698	39,762	39,152	38,737	39,438	39,465	37,048	37,162	33,099

Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Guliiani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Safety Net Assistance was called “Home Relief” before 1998.

^aExcludes Family Assistance cases that reached the Temporary Assistance for Needy Families five-year time limit and were converted to the Safety Net Assistance.

Table A.3. Engageable Family Assistance Cases, New York City, 1996–2002

	Nov. 20, 1996	Apr. 1, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 27, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
Engageable cases ^b	113,682	159,078	151,149	143,286	139,078	108,916	105,999	91,289	87,309	79,885
Participating in any activity ^c	34%	35%	41%	48%	52%	54%	53%	55%	57%	55%
	39,251	56,413	61,657	68,367	71,671	58,847	56,496	50,588	49,676	43,957
Combining work and welfare	10%	12%	17%	21%	22%	26%	27%	26%	28%	27%
	11,005	18,821	26,356	30,199	30,316	27,968	28,297	25,106	24,812	21,537
Work Experience Program (WEP)	10%	11%	11%	14%	16%	14%	14%	11%	12%	10%
	11,757	17,862	17,229	20,676	21,933	15,774	14,996	10,127	10,532	8,038
WEP basic	–	10%	10%	11%	12%	3%	4%	1%	2%	1%
	–	15,591	14,546	15,411	16,269	3,680	3,840	1,331	1,724	762
WEP mixed	–	1%	2%	4%	4%	11%	11%	10%	10%	9%
	–	2,271	2,683	5,265	5,664	12,094	11,156	8,796	8,808	7,276
Other activities	15%	12%	12%	13%	14%	14%	12%	17%	16%	18%
	16,489	19,730	18,072	18,492	19,422	15,105	13,203	15,355	14,322	14,382
Wage subsidy	–	0%	0%	0%	0%	0%	0%	3%	2%	3%
	–	0	0	0	0	296	211	2,327	1,818	2,273
Substance abuse	–	0%	1%	1%	1%	1%	2%	1%	2%	2%
	–	421	866	1,385	1,506	1,628	1,616	1,286	1,492	1,442
Education training	–	2%	3%	3%	3%	4%	3%	4%	3%	3%
	–	3,347	3,842	4,074	3,798	4,328	2,732	3,700	2,950	2,679
Student	–	5%	4%	4%	4%	3%	3%	2%	2%	2%
	–	8,345	5,349	5,339	5,423	3,432	3,280	1,574	1,546	1,434
Needed at home	–	5%	5%	5%	6%	5%	5%	5%	5%	6%
	–	7,617	8,015	7,361	8,394	4,990	4,982	4,638	4,659	4,503
Wellness/rehab	–	0%	0%	0%	0%	0%	0%	2%	2%	3%
	–	0	0	0	0	0	0	1,805	1,846	2,044
Other	–	0%	0%	0%	0%	0%	0%	0%	0%	0%
	–	0	0	333	301	431	382	25	21	7

	Nov. 20, 1996	Apr. 1, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 27, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
In sanction process	16%	24%	28%	38%	37%	34%	36%	34%	32%	31%
	17,727	37,911	42,388	54,012	50,743	37,265	37,677	30,679	28,002	24,706
In effect	–	5%	10%	15%	14%	17%	17%	17%	16%	16%
	–	7,610	15,583	20,808	21,976	18,231	17,842	15,738	13,642	12,385
In process	–	19%	18%	23%	23%	17%	19%	16%	16%	15%
	–	30,301	26,805	33,204	28,767	19,034	19,835	14,441	14,360	12,321
In engagement process	17%	15%	16%	14%	12%	12%	11%	11%	11%	14%
	19,173	23,924	24,106	19,672	16,664	12,804	11,826	10,022	9,541	11,222
Unengaged	33%	26%	15%	0%	0%	0%	0%	0%	0%	0%
	37,531	40,830	22,998	232	0	0	0	0	0	0

Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Giuliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Family Assistance was called “Aid to Families with Dependent Children” before 1998.

^aCombines Temporary Assistance for Needy Families (TANF) cases with “conversion” cases, those that reached the five-year time limit and received extended benefits through a separate state program.

^bThe Urban Institute did not count “needed at home” in its count of engageable cases. New York City’s Human Resources Administration does count this group in its total for engageable cases, so we have added this number back to the columns based on the Urban Institute report, covering the following periods: Dec. 19, 1994; Nov. 20, 1996; Apr. 1, 1999; Nov. 29, 1999; Nov. 27, 2000; and Nov. 25, 2001. A state can count this as participation in a “community service” program

^cParticipating in any activity reflects any activity counted by the city. This includes some activities, such as substance abuse treatment or needed at home, which have traditionally not been counted by the federal government as allowable activities, but may be counted under TANF, at state option.

Table A.4. Engageable Safety Net Assistance Cases, New York City, 1996–2002

	Nov. 20, 1996	Apr. 1, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 27, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
Engageable cases ^b	77,953	60,981	54,445	49,391	48,234	40,150	39,233	37,831	38,009	40,201
Participating in any activity	67%	52%	57%	63%	64%	64%	63%	66%	66%	64%
	52,278	31,497	31,237	30,962	30,964	25,515	24,745	24,798	25,134	25,836
Combining work and welfare	2%	3%	3%	3%	4%	5%	5%	6%	6%	7%
	1,824	1,598	1,777	1,727	1,764	2,175	2,073	2,081	2,268	2,741
Work Experience Program (WEP)	26%	27%	29%	30%	32%	23%	21%	19%	19%	17%
	19,982	16,219	16,018	15,008	15,320	9,103	8,370	7,110	7,186	6,806
WEP basic	–	23%	25%	24%	23%	5%	5%	2%	2%	2%
	–	14,020	13,719	11,699	10,904	2,149	2,110	727	699	712
WEP mixed	–	4%	4%	7%	9%	17%	16%	17%	17%	15%
	–	2,199	2,299	3,309	4,416	6,954	6,260	6,383	6,487	6,094
Other activities	39%	22%	25%	29%	29%	35%	37%	41%	41%	41%
	30,472	13,685	13,442	14,227	13,880	14,237	14,302	15,607	15,680	16,289
Wage subsidy	–	0%	0%	0%	0%	0%	0%	0%	0%	1%
	–	0	0	0	0	0	0	59	50	279
Substance abuse	–	19%	21%	23%	23%	27%	28%	27%	27%	26%
	–	11,558	11,531	11,469	11,120	10,779	10,989	10,290	10,311	10,577
Education training	–	0%	1%	2%	2%	4%	4%	3%	3%	3%
	–	256	534	804	749	1,480	1,547	1,288	1,318	1,055
Student	–	0%	0%	0%	0%	0%	0%	0%	0%	0%
	–	260	99	97	87	111	122	102	101	143
Needed at home	–	3%	2%	3%	4%	3%	3%	3%	3%	3%
	–	1,606	1,278	1,723	1,793	1,276	1,135	1,060	1,025	1,104
Wellness/rehab	–	0%	0%	0%	0%	0%	0%	6%	7%	7%
	–	0	0	0	0	0	0	2,388	2,478	2,667
Other	–	0%	0%	0%	0%	0%	1%	0%	1%	1%
	–	0	0	134	0	591	509	420	397	464

	Nov. 20, 1996	Apr. 1, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 27, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
In sanction process	13%	12%	13%	15%	14%	19%	20%	17%	18%	19%
	10,386	7,271	7,213	7,442	6,579	7,541	7,928	6,505	6,841	7,585
In effect		0%	2%	2%	2%	1%	1%	0%	0.5%	1%
	–	73	1,168	823	965	422	391	147	184	598
In process		12%	11%	13%	12%	18%	19%	17%	18%	17%
	–	7,198	6,045	6,619	5,614	7,119	7,537	6,358	6,657	6,987
In engagement process	11%	21%	20%	22%	22%	18%	17%	17%	16%	17%
	8,340	12,741	11,048	10,681	10,691	7,094	6,560	6,528	6,034	6,780
Unengaged	9%	16%	9%	1%	0%	0%	0%	0%	0%	0%
	6,949	9,472	4,947	306	0	0	0	0	0	0

Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Guliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Safety Net Assistance (SNA) was called “Home Relief” before 1998.

^aExcludes Family Assistance cases that reached the Temporary Assistance for Needy Families five-year time limit and were converted to SNA.

^bThe Urban Institute did not count “needed at home” in its count of engageable cases. New York City’s Human Resources Administration does count this group in its total for engageable cases, so we have added this number back to the columns based on the Urban Institute report, covering the following periods: Dec. 19, 1994; Nov. 20, 1996; Apr. 1, 1999; Nov. 29, 1999; Nov. 27, 2000; and Nov. 25, 2001. A state can count this as participation in a “community service” program.

Table A.5. Family Assistance Cases: Engagement Status, New York City, 1996–2002

	Nov. 20, 1996	Apr. 1, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 27, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
Engageable cases ^b	113,682	159,078	151,149	143,286	139,078	108,916	105,999	91,289	87,309	79,885
Combining work and welfare	11,005	18,821	26,356	30,199	30,316	27,968	28,297	25,106	24,812	21,537
Work Experience Program (WEP)	11,757	17,862	17,229	20,676	21,933	15,774	14,996	10,127	10,532	8,038
Other activities	16,489	19,730	18,072	18,492	19,422	15,105	13,203	15,355	14,322	14,382
In sanction process	17,727	37,911	42,388	54,012	50,743	37,265	37,677	30,679	28,002	24,706
In engagement process	19,173	23,924	24,106	19,672	16,664	12,804	11,826	10,022	9,541	11,222
Unengaged	37,531	40,830	22,998	232	0	0	0	0	0	0
Unengageable cases	165,150	42,870	45,122	46,328	48,279	54,104	54,013	49,799	48,947	47,526

Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Guliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Family Assistance was called “Aid to Families with Dependent Children” before 1998.

^aCombines Temporary Assistance for Needy Families cases with “conversion” cases, those that reached the five-year time limit and received extended benefits through a separate state program.

^bThe Urban Institute did not count “needed at home” in its count of engageable cases. New York City’s Human Resources Administration does count this group in its total for engageable cases, so we have added this number back to the columns based on the Urban Institute report, covering the following periods: Dec. 19, 1994; Nov. 20, 1996; Apr. 1, 1999; Nov. 29, 1999; Nov. 27, 2000; and Nov. 25, 2001. A state can count this as participation in a “community service” program.

Table A.6. Safety Net Assistance Cases: Engagement Status, New York City, 1996–2002

	Nov. 20, 1996	Apr. 1, 1999	July 28, 1999	Nov. 29, 1999	Dec. 26, 1999	Nov. 27, 2000	Dec. 26, 2000	Nov. 25, 2001	Dec. 30, 2001 ^a	Aug. 4, 2002 ^a
Engageable cases ^b	77,953	60,981	54,445	49,391	48,234	40,150	39,233	37,831	38,009	40,201
Combining work and welfare	1,824	1,598	1,777	1,727	1,764	2,175	2,073	2,081	2,268	2,741
Work Experience Program (WEP)	19,982	16,219	16,018	15,008	15,320	9,103	8,370	7,110	7,186	6,806
Other activities	30,472	13,685	13,442	14,227	13,880	14,237	14,302	15,607	15,680	16,289
In sanction process	10,386	7,271	7,213	7,442	6,579	7,541	7,928	6,505	6,841	7,585
In engagement process	8,340	12,741	11,048	10,681	10,691	7,094	6,560	6,528	6,034	6,780
Unengaged	6,949	9,472	4,947	306	0	0	0	0	0	0
Unengageable cases	74,916	37,698	39,762	39,152	38,737	39,438	39,465	37,048	37,162	33,099

Sources: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, various periods); and Demetra Smith Nightingale, Nancy Pindus, Federica D. Kramer, John Trutko, Kelly Mikelson, and Michael Egner, *Work and Welfare Reform in New York City During the Guliani Administration: A Study of Program Implementation* (Washington, D.C.: The Urban Institute Labor and Social Policy Center, July 2002), p. B-2.

Notes: In New York, Safety Net Assistance (SNA) was called “Home Relief” before 1998.

^aExcludes Family Assistance cases that reached the Temporary Assistance for Needy Families five-year time limit and were converted to SNA.

^bThe Urban Institute did not count “needed at home” in its count of engageable cases. New York City’s Human Resources Administration does count this group in its total for engageable cases, so we have added this number back to the columns based on the Urban Institute report, covering the following periods: Dec. 19, 1994; Nov. 20, 1996; Apr. 1, 1999; Nov. 29, 1999; Nov. 27, 2000; and Nov. 25, 2001. A state can count this as participation in a “community service” program.

Table A.7. Work Experience Program Participation, New York City, March 1997–September 2001

Date	Safety Net Assistance	Family Assistance	Total
3/10/1997	19,900	16,000	35,850
3/24/1997	20,750	15,850	36,450
4/7/1997	19,250	17,000	36,200
4/21/1997	19,000	18,250	37,050
5/5/1997	19,250	19,750	38,900
5/19/1997	19,000	20,000	38,900
6/2/1997	18,250	20,000	38,300
6/16/1997	17,900	18,250	36,100
6/30/1997	17,800	18,050	35,900
7/14/1997	18,650	17,100	35,850
7/28/1997	17,900	16,500	34,200
8/11/1997	16,900	14,500	31,300
8/25/1997	16,850	14,200	31,000
9/8/1997	17,400	14,300	31,500
9/22/1997	16,500	13,550	30,100
10/6/1997	16,900	14,750	31,800
10/20/1997	16,250	15,300	31,500
11/3/1997	16,300	15,300	31,600
11/17/1997	16,250	15,400	31,700
12/1/1997	16,500	15,300	31,800
12/15/1997	16,300	15,600	31,900
12/29/1997	16,200	16,200	32,300
1/12/1998	15,800	16,300	32,200
1/26/1998	16,200	17,150	33,100
2/9/1998	16,450	18,250	34,800
2/23/1998	16,430	17,680	34,000
3/9/1998	16,400	18,900	35,200
3/23/1998	16,480	19,750	36,000
4/6/1998	16,600	20,100	36,700
4/20/1998	16,500	20,300	36,800
5/4/1998	16,500	20,300	36,800
5/18/1998	16,350	21,000	37,150
6/1/1998	15,800	20,300	36,000
6/15/1998	15,750	19,750	35,300
6/29/1998	15,600	19,500	35,000
7/13/1998	15,050	18,600	33,600
7/27/1998	15,050	18,750	33,700
8/10/1998	15,000	18,000	33,000
8/24/1998	14,800	17,500	32,200
9/7/1998	14,800	17,250	32,000
9/21/1998	14,400	17,400	31,900
10/5/1998	14,800	18,200	33,000
10/19/1998	15,100	18,750	33,800
11/2/1998	15,150	19,550	34,800
11/16/1998	14,900	19,250	34,200
11/30/1998	14,600	17,250	31,900
12/14/1998	14,800	16,200	30,850
12/28/1998	14,400	15,200	29,500
1/11/1999	14,200	15,300	29,700
1/25/1999	14,400	14,500	28,600
2/8/1999	14,800	14,800	29,600
2/22/1999	15,200	15,200	30,200

Table A.7. Work Experience Program Participation, New York City, March 1997–September 2001

Date	Safety Net Assistance	Family Assistance	Total
3/8/1999	15,500	14,800	30,200
3/22/1999	16,200	15,700	31,900
4/5/1999	16,000	15,700	31,750
4/19/1999	16,450	15,700	32,000
5/3/1999	16,500	16,000	32,200
5/17/1999	16,550	15,950	32,400
5/31/1999	16,520	16,000	32,500
6/14/1999	16,250	15,450	31,750
6/28/1999	16,300	15,000	31,400
7/12/1999	15,600	15,750	31,200
7/26/1999	15,350	15,700	30,900
8/9/1999	15,400	15,700	31,000
8/23/1999	15,100	15,650	30,800
9/6/1999	15,000	16,200	31,000
9/20/1999	14,450	16,480	30,900
10/4/1999	14,250	17,150	31,100
10/18/1999	13,550	17,250	30,900
11/1/1999	13,900	18,500	32,400
11/15/1999	14,300	19,200	33,400
11/29/1999	14,280	19,800	34,000
12/13/1999	14,200	19,900	34,000
12/27/1999	14,200	19,350	33,500
1/10/2000	15,000	21,750	36,700
1/24/2000	15,380	21,850	37,100
2/7/2000	13,300	19,850	33,050
2/21/2000	13,200	19,100	32,300
3/6/2000	13,050	19,800	32,700
3/20/2000	13,000	20,200	33,000
4/3/2000	13,100	20,100	33,000
4/17/2000	13,100	19,970	32,900
5/1/2000	12,850	20,350	33,000
5/15/2000	13,100	19,950	32,900
5/29/2000	11,750	20,600	32,400
6/12/2000	11,350	20,500	31,700
6/26/2000	11,100	19,750	30,800
7/10/2000	11,000	19,400	30,400
7/24/2000	10,750	18,750	29,600
8/7/2000	10,750	18,700	29,500
8/21/2000	10,400	18,000	28,600
9/4/2000	9,800	15,700	25,400
9/18/2000	9,500	16,400	25,900
10/2/2000	9,450	16,150	25,500
10/16/2000	9,100	16,200	25,000
10/30/2000	8,450	15,700	24,000
11/13/2000	8,550	14,500	23,000
11/27/2000	8,150	15,000	23,100
12/11/2000	7,750	15,000	22,800
12/25/2000	7,500	14,250	21,800
1/8/2001	7,000	13,250	20,350
1/22/2001	6,900	13,000	20,000
2/5/2001	7,100	13,600	20,600
2/19/2001	7,200	13,500	20,700

Table A.7. Work Experience Program Participation, New York City, March 1997–September 2001

Date	Safety Net Assistance	Family Assistance	Total
3/5/2001	7,250	13,250	20,500
3/19/2001	7,350	13,000	20,400
4/2/2001	6,900	12,600	19,500
4/16/2001	7,000	12,750	19,700
4/30/2001	6,900	12,700	19,600
5/14/2001	6,600	12,500	18,800
5/28/2001	6,300	12,200	18,400
6/11/2001	6,100	11,900	17,800
6/25/2001	5,800	11,400	17,300
7/9/2001	5,670	11,200	16,800
7/23/2001	5,100	10,350	15,400
8/6/2001	5,500	10,500	15,800
8/20/2001	5,500	10,250	15,700
9/3/2001	5,100	9,700	14,950
9/17/2001	5,400	9,600	14,900

Sources: Authors' estimates from New York City Human Resources Administration, *PA in NYC: 6-Year Engagement Comparison* (New York: New York City Human Resources Administration, October 18, 2001), figures. "Bi-Weekly WEP Roster for FA and SNA through 7/17/01" and "Bi-Weekly WEP Roster through 9/17/01."

Note: In New York, Family Assistance was called "Aid to Families with Dependent Children" and Safety Net Assistance was called "Home Relief" before 1998.

Table A.8. Engageable Family Assistance Cases, Engagement Status, December 1999

	Family Assistance
Total engageable cases	139,078
Distribution	
Work Experience Program	16%
Combining work/welfare	22%
Other activities	14%
Education and training	7%
Community service/“needed at home”	6%
Substance abuse treatment	1%
In sanction process	37%
In engagement process	12%

Source: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, December 1999).

Table A.9. Engageable Safety Net Assistance Cases, Engagement Status, December 1999

	Safety Net Assistance
Total engageable cases	48,234
Distribution	
Work Experience Program	32%
Combining work/welfare	4%
Other activities	29%
Education and training	2%
Community service/“needed at home”	4%
Substance abuse treatment	23%
In sanction process	14%
In engagement process	22%

Source: New York City Human Resources Administration, “PA — Weekly Caseload Engagement Status” (New York: New York City Human Resources Administration, December 1999).

Table A.10. Welfare's Growth and Decline, United States, 1960–2002

Year	Number of Cases	Change from Previous Year (%)	Unemployment Rate (%)	Child Poverty Rate (%)	Family Poverty Rate (%)
1960	787,000	1.7	5.5	26.9	21
1961	869,000	10.4	6.7	25.6	21
1962	931,000	7.1	5.5	25.0	20
1963	947,000	1.7	5.7	23.1	–
1964	992,000	4.8	5.2	23.0	–
1965	1,039,000	4.7	4.5	21.0	–
1966	1,088,000	4.7	3.8	17.6	–
1967	1,217,000	11.9	3.8	16.6	–
1968	1,410,000	15.9	3.6	15.6	–
1969	1,698,000	20.4	3.5	14.0	–
1970	2,208,000	30.0	4.9	15.1	–
1971	2,762,000	25.1	5.9	15.3	–
1972	3,049,000	10.4	5.6	15.1	–
1973	3,148,000	3.2	4.9	14.4	–
1974	3,230,000	2.6	5.6	15.4	–
1975	3,498,000	8.3	8.5	17.1	–
1976	3,579,000	2.3	7.7	16.0	–
1977	3,588,000	0.3	7.1	16.2	–
1978	3,522,000	–1.8	6.1	15.9	–
1979	3,509,000	–0.4	5.8	16.4	–
1980	3,642,000	3.8	7.1	18.3	–
1981	3,870,765	6.3	7.6	20.0	–
1982	3,568,781	–7.8	9.7	21.9	–
1983	3,650,746	2.3	9.6	22.3	–
1984	3,724,864	2.0	7.5	21.5	–
1985	3,691,610	–0.9	7.2	20.7	–
1986	3,747,531	1.5	7.0	20.5	–
1987	3,784,018	1.0	6.2	20.3	–
1988	3,747,948	–1.0	5.5	19.5	–
1989	3,770,960	0.6	5.3	19.6	–
1990	3,974,322	5.4	5.6	20.6	–
1991	4,373,883	10.1	6.8	21.8	–
1992	4,768,495	9.0	7.5	22.3	–
1993	4,981,248	4.5	6.9	22.7	–
1994	5,046,263	1.3	6.1	21.8	–
1995	4,876,240	–3.4	5.6	20.8	–
1996	4,553,339	–6.6	5.4	20.5	–
1997	3,946,304	–13.3	4.9	19.9	–
1998	3,179,167	–19.4	4.5	18.9	–
1999	2,642,826	–16.9	4.2	16.9	–

2000	2,268,653	-14.2	4.0	16.2	-
2001	2,123,306	-6.4	4.8	16.3	-
2002 (June)	2,029,481	-4.4	5.9	-	-

Sources: For caseload from 1936 to 1999: U.S. Department of Health and Human Services, Administration for Children and Families, *ACF News, Statistics, U.S. Welfare Caseloads Information: Temporary Assistance for Needy Families (TANF), 1936-1999*, last updated: 12/14/00 Friday, July 27, 2001, available from: www.acf.dhhs.gov/news/stats/3697.htm, accessed April 29, 2002; for caseload in 2000 and 2001: U.S. Department of Health and Human Services, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families Program (TANF): Fourth Annual Report to Congress* (Washington, D.C.: U.S. Department of Health and Human Services, April 2002), tables 2:1a and 2:1b, pp. II-13 and II-15 available from: www.acf.dhhs.gov/programs/opre/ar2001/chapter02.pdf, accessed May 23, 2002; for caseload in 2002: Elise Richer, Hedieh Rahmanou, and Mark Greenberg, "TANF Caseloads Declined in Most States in Second Quarter, But Most States Saw Increases Over the Last Year," October 1, 2002, available from: www.clasp.org/DMS/Documents/1033487945.66/caseload_2002_Q2.pdf, accessed October 13, 2002; for percentage change from previous year: authors' calculation; for unemployment rate: U.S. Census Bureau, *Statistical Abstract of the United States*, various years; for child poverty rates: U.S. Census Bureau, "Historical Poverty Tables," table 3, available from www.census.gov/hhes/poverty/histpov/hstpov3.html, accessed November 1, 2002.

Notes: Cases represent total number of families on welfare, which was called "Aid to Dependent Children" from 1936 to 1962, "Aid to Families with Dependent Children" (AFDC) from 1962 to 1996, and "Temporary Assistance for Needy Families" from 1996 to 2001. Totals include AFDC Unemployed Parent program.

Table A.11. Welfare's Growth and Decline, New York City, 1960–2002

Year	FA	SNA/ HR	SNA/ 5 Yr Limit	Total PA	Year	FA	SNA/ HR	SNA/ 5 Yr Limit	Total PA
1960	47,497	18,714	–	66,211	1992	264,392	220,558	–	484,950
1961	52,997	17,960	–	70,957	1993	293,962	231,537	–	525,499
1962	56,897	16,665	–	73,561	1994	312,127	242,089	–	554,216
1963	64,251	19,670	–	83,921	1995	312,220	215,513	–	527,734
1964	74,579	26,217	–	100,796	1996	291,491	165,308	–	456,799
1965	85,960	32,516	–	118,476	1997	256,448	142,899	–	399,347
1966	101,233	37,737	–	138,970	1998	224,322	124,530	–	348,852
1967	130,059	53,985	–	184,044	1999	202,764	101,671	–	304,435
1968	167,404	77,232	–	244,635	2000	178,821	88,218	–	267,038
1969	197,492	76,906	–	274,398	2001	153,239	78,356	–	233,613
1970	216,485	71,268	–	287,753					
1971	240,783	71,331	–	312,114	Monthly, January 2001–July 2002				
1972	252,128	75,226	–	327,355					
1973	247,915	64,291	–	312,206	Jan. 01	167,343	84,640	–	251,983
1974	242,000	58,446	–	300,446	Feb. 01	164,066	82,705	–	246,771
1975	249,724	80,653	–	330,377	Mar. 01	162,359	83,273	–	245,632
1976	255,454	101,903	–	357,357	Apr. 01	160,302	82,790	–	243,092
1977	256,299	104,327	–	360,625	May 01	159,097	82,673	–	241,770
1978	245,954	101,946	–	347,900	Jun. 01	155,901	79,263	–	235,164
1979	242,012	100,346	–	342,358	Jly. 01	152,856	75,327	–	228,183
1980	243,998	98,791	–	342,789	Aug. 01	150,879	74,083	–	224,962
1981	245,865	96,745	–	342,610	Sep. 01	147,587	71,657	–	219,244
1982	240,687	105,949	–	346,636	Oct. 01	148,516	73,916	–	222,432
1983	245,647	125,327	–	370,974	Nov. 01	148,608	74,828	–	223,436
1984	251,617	136,284	–	387,901	Dec. 01	121,351	75,115	24,221	220,687
1985	252,619	142,948	–	395,567	Jan. 02	112,813	76,933	30,729	220,475
1986	247,715	138,939	–	386,654	Feb. 02	107,392	76,947	32,677	217,016
1987	242,432	127,236	–	369,667	Mar. 02	102,765	77,795	34,967	215,527
1988	236,417	119,724	–	356,142	Apr. 02	98,942	76,868	36,556	212,366
1989	227,615	129,896	–	357,511	May 02	98,080	76,199	36,938	211,217
1990	231,879	160,743	–	392,622	Jun. 02	95,278	75,185	38,171	208,634
1991	248,653	195,678	–	444,331	Jly. 02	93,644	74,074	38,388	206,106

Sources: For 1960–2001: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 3, 2002; for 2002: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, *HRA Facts*, available from: www.nyc.gov/html/hra/html/hrafacts.html, accessed January 20, 2003.

Note: FA, Family Assistance (Aid to Families with Dependent Children/Temporary Assistance for Needy Families); PA, Public Assistance; SNA/HR, Safety Net Assistance/Home Relief; SNA/5 Yr Limit, Cases converted to SNA after exhausting the five-year limit on TANF receipt.

Table A.12. Family Assistance Declines, New York City versus Rest of State, 1993–2002

Year	Average Monthly Caseload		NYC %
	New York State	New York City	
1993	440,536	293,962	67
1994	459,157	312,127	68
1995	451,633	312,220	69
1996	422,557	293,303	69
1997	371,868	258,387	69
1998	323,723	225,651	70
1999	284,985	202,718	71
2000	247,890	178,635	72
2001	215,321	153,239	71
2002	188,716	131,898	70

Source: New York State, Office of Temporary and Disability Assistance, *Temporary and Disability Assistance Statistics* (Albany: New York State, Office of Temporary and Disability Assistance, various years).

Notes: In New York, welfare was called “Aid to Families with Dependent Children” before 1998 and “Family Assistance” (FA) after 1998. Data for 2002 are for July 2002, and they include the FA cases that were converted to Safety Net Assistance after exhausting their five-year time-limited benefits.

Table A.13. Safety Net Assistance Declines, New York City versus Rest of State, 1993–2002

Year	Average Monthly Caseload		NYC %
	New York State	New York City	
1993	310,352	231,537	74.6
1994	316,872	242,089	76.4
1995	279,179	215,512	77.2
1996	221,497	167,308	75.5
1997	190,288	144,540	76.0
1998	154,660	116,493	75.3
1999	136,366	101,717	74.6
2000	118,608	87,961	74.2
2001	109,700	80,062	73.0
2002	102,132	71,588	74.3

Source: New York State, Office of Temporary and Disability Assistance, *Temporary and Disability Assistance Statistics* (Albany: New York State, Office of Temporary and Disability Assistance, various years).

Note: In New York, Safety Net Assistance (SNA) was called “Home Relief” before 1998. Data for 2002 are for July 2002, and they exclude the Family Assistance cases that were converted to SNA after exhausting their five-year time-limited benefits.

Table A.14. Family Assistance: Total Openings and Closings, New York City, 1993–2001

Year	Caseload	Total Openings	Closings
1993	293,962	100,359	88,371
1994	312,127	86,023	77,692
1995	312,220	81,029	101,639
1996	291,491	85,737	123,754
1997	256,448	69,534	100,430
1998	224,322	72,395	106,650
1999	202,764	75,999	96,590
2000	178,821	89,348	115,817
2001	153,263	91,375	114,752

Source: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 1, 2002.

Notes: Caseload represents the average number of monthly Aid to Families with Dependent Children cases before 1998 and Family Assistance cases since 1998. Approvals and closings are annual totals. Approvals include new openings (new applications accepted), reapplications (cases closed longer than 30 days that are reopened), and reopenings (cases closed that are reopened within 30 days). Closings represent net closings (closings minus reopenings) and reopenings.

Table A.15. Family Assistance Applications (Reapplications, New Openings, and Reopenings), Total Openings, and Closings: New York City, 1993–2001

Year	Caseload	Openings				Closings
		Total	New Openings	Reapplications	Reopenings	
1993	293,962	100,359	43,968	–	56,390	88,371
1994	312,127	86,023	38,162	–	47,861	77,692
1995	312,220	81,029	30,190	–	50,839	101,639
1996	291,491	85,737	17,424	25,348	38,289	123,754
1997	256,448	69,534	13,800	33,753	21,981	100,430
1998	224,322	72,395	13,458	38,386	20,551	106,650
1999	202,764	75,999	15,764	44,103	16,132	96,590
2000	178,821	89,348	17,671	59,122	12,555	115,817
2001	153,263	91,375	17,365	61,303	12,707	114,752

Source: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 1, 2002.

Notes: Caseload represents the average number of monthly Aid to Families with Dependent Children cases before 1998 and Family Assistance cases since 1998. Approvals and closings are annual totals. Approvals include new openings (new applications accepted), reapplications (cases closed longer than 30 days that are reopened), and reopenings (cases closed that are reopened within 30 days). Closings represent net closings (closings minus reopenings) and reopenings.

Table A.16. Welfare's Growth and Decline, United States versus New York City, 1960–2002

Year	United States	New York City		
	AFDC/TANF	AFDC/FA	SNA/HR	Total PA
1960	787,000	47,497	18,714	66,211
1961	869,000	52,997	17,960	70,957
1962	931,000	56,897	16,665	73,561
1963	947,000	64,251	19,670	83,921
1964	992,000	74,579	26,217	100,796
1965	1,039,000	85,960	32,516	118,476
1966	1,088,000	101,233	37,737	138,970
1967	1,217,000	130,059	53,985	184,044
1968	1,410,000	167,404	77,232	244,635
1969	1,698,000	197,492	76,906	274,398
1970	2,208,000	216,485	71,268	287,753
1971	2,762,000	240,783	71,331	312,114
1972	3,049,000	252,128	75,226	327,355
1973	3,148,000	247,915	64,291	312,206
1974	3,230,000	242,000	58,446	300,446
1975	3,498,000	249,724	80,653	330,377
1976	3,579,000	255,454	101,903	357,357
1977	3,588,000	256,299	104,327	360,625
1978	3,522,000	245,954	101,946	347,900
1979	3,509,000	242,012	100,346	342,358
1980	3,642,380	243,998	98,791	342,789
1981	3,870,765	245,865	96,745	342,610
1982	3,568,781	240,687	105,949	346,636
1983	3,650,746	245,647	125,327	370,974
1984	3,724,864	251,617	136,284	387,901
1985	3,691,610	252,619	142,948	395,567
1986	3,747,531	247,715	138,939	386,654
1987	3,784,018	242,432	127,236	369,667
1988	3,747,948	236,417	119,724	356,142
1989	3,770,960	227,615	129,896	357,511
1990	3,974,322	231,879	160,743	392,622
1991	4,373,883	248,653	195,678	444,331
1992	4,768,495	264,392	220,558	484,950
1993	4,981,248	293,962	231,537	525,499
1994	5,046,263	312,127	242,089	554,216
1995	4,876,240	312,220	215,513	527,734
1996	4,553,339	291,491	165,308	456,799
1997	3,946,304	256,448	142,899	399,347
1998	3,179,167	224,322	124,530	348,852
1999	2,642,826	202,764	101,671	304,435
2000	2,272,210	178,821	88,218	267,038
2001	2,123,306	153,239	78,356	233,613
2002 ^a	2,024,875	130,413	71,709	202,122

Sources: For U.S. caseload in 1960–1999: U.S. Department of Health and Human Services, Administration for Children and Families, *ACF News, Statistics, U.S. Welfare Caseloads Information: Temporary Assistance for Needy Families (TANF), 1936–1999*, last updated: 12/14/00 Friday, July 27, 2001, available from: www.acf.dhhs.gov/news/stats/3697.htm, accessed April 29, 2002; for caseload in 2000 and 2001: U.S. Department of Health and Human Services, Office of Planning, Research and Evaluation, *Temporary Assistance for Needy Families Program (TANF): Fourth Annual Report to Congress* (Washington, D.C.:

U.S. Department of Health and Human Services, April 2002), tables 2:1a and 2:1b, pp. II-13 and II-15 available from: www.acf.dhhs.gov/programs/opre/ar2001/chapter02.pdf, accessed May 23, 2002; for caseload in 2002: U.S. Department of Health and Human Services, Administration for Children and Families, *ACF News, Statistics, U.S. Welfare Caseloads Information: Temporary Assistance for Needy Families, Total Number of Families and Recipients, April-June 2002*, available from: www.acf.dhhs.gov/news/stats/apr_jun2002_rev.htm, accessed February 4, 2003; for New York City caseload 1960–2001: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, unpublished data, April 3, 2002; for 2002: New York City Human Resources Administration, Office of Program Reporting, Analysis, and Accountability, *HRA Facts*, available from: www.nyc.gov/html/hra/html/hrafacts.html, accessed January 20, 2003.

Notes: FA, Family Assistance (Aid to Families with Dependent Children/Temporary Assistance for Needy Families); SNA/HR, Safety Net Assistance/Home Relief. In New York, Family Assistance was called “Aid to Families with Dependent Children” and Safety Net Assistance was called “Home Relief” before 1998.

^aNumber in June 2002 for U.S. caseload, in July 2002 for New York City caseload. AFDC/FA number for New York City includes cases converted to SNA after exhausting the five-year limit on TANF receipt, and for SNA it excludes the converted cases.