



**Human Resources  
Administration**  
Department of  
Social Services

## **TESTIMONY**

Robert Doar, Commissioner  
Human Resources Administration/Department of Social Services

***Oversight: Effects of the Recession on the Public Assistance Caseload***

*Hearing of the New York City Council  
General Welfare Committee*

September 13<sup>th</sup>, 2010

Good Afternoon Chairwoman Palma and members of the General Welfare Committee. I greatly appreciate the opportunity to discuss recent activity at the Human Resources Administration (HRA), especially as it relates to the City's experience of the national recession and how the downturn has impacted our clients. Here with me today is Patricia Smith, HRA First Deputy Commissioner.

According to a number of recent economic reports, the recession in New York City started later and was less severe than for the nation as a whole. This was unlike past economic downturns when New York preceded the national recession and experienced much more severe job losses. In fact, at 9.4% the City's unemployment rate is currently lower than the national rate and over the past two years we have suffered proportionally fewer net job losses than the rest of the country. Not only has the recession been less severe for the City, we also seem to be recovering at a stronger pace than the rest of the country and the rest of New York State with positive job growth over the past year. This net growth is attributed to strong job gains in the health, education, and hospitality sectors, which have more than offset job losses in the financial and manufacturing sectors. These sectors are also the sectors that historically employ our cash assistance applicants and recipients in large numbers. This helps explain why in 2009 we were able to place more than 75,000 recipients in jobs, similar to pre-recession years, and we are on pace to match that achievement in 2010. The City's ability to weather the most recent economic downturn can largely be attributed to the underlying strength of New York City's economy, as well as the Bloomberg Administration's economic development initiatives and the Obama administration's stimulus package. In addition, HRA's continued focus on helping people connect to jobs while providing critical work supports has contributed to the ability of low-income families to weather the economic downturn.

While the recession in New York City was less severe than the country as a whole and we are in better shape than was originally forecasted, many low-income families faced significant challenges during these times- - challenges that we believe we responded to in an appropriate, effective, and efficient way.

### ***The Broader Safety Net System Response***

New York City saw large increases in the work support programs administered by HRA; primarily in Medicaid and Food Stamp enrollment. The Medicaid caseload has increased by 11 percent since the beginning of the recession, from over 2.58 million in August 2008 to over 2.86 million in August 2010. At the same time, the number of Food Stamp recipients has risen from 1.27 million to more than 1.76 million, a growth of 38 percent. Per-family food assistance benefits have also increased by roughly 13 percent, due to federal legislation. We have also experienced increases in the number of Food Stamp Program recipients who are also receiving unemployment insurance, as well as recipients with other sources of income.

While some of this growth in enrollment in both Medicaid and Food Stamps has to do with the effects of the recession, much is also a result of significant policy and procedural changes made during the same period. For example, HRA and partner agencies have launched aggressive outreach efforts to identify and enroll eligible New Yorkers in Food Stamps and public health insurance, especially those with language barriers or who for other reasons have been traditionally hard to reach. Electronic applications and partnerships with community-based organizations have also made it easier and faster than ever for eligible people to enroll in these important programs. And finally, State policy changes in both Medicaid and Food Stamps eliminated the resource test for applicants and recipients of these programs. Now, unlike in the past, people can have more than one house, several cars, and/or bank accounts, and be eligible for Medicaid and Food Stamps as long as they have limited income and would otherwise qualify.

<b>FORM OF SUPPORT</b>	<b>2008</b>	<b>PRESENT</b>	<b>GROWTH</b>
Food Stamps	1,276,590 (8/08) recipients	1,764,202 (8/10) recipients	487,612 (38%)
Medicaid	2,585,641 (8/08) recipients	2,863,648 (8/10) recipients	278,007 (11%)
Child Support Collections	\$642 million (FY08)	\$686 million (FY10)	\$44 million (7%)

The amount of Child Support HRA has collected has also grown by 7 percent over the past two years and by more than \$15 million from FY 2009 to 2010. Given that many parts of the state and the country have seen a decrease in Child Support collections, this growth demonstrates both that we have an excellent Child Support Enforcement program, and that New York City's

economy is in better shape than elsewhere. This is true because Child Support collections are particularly sensitive to underlying economic conditions as 70 percent of our collections come from wage garnishments. These collections provide significant help to the single mothers who make up the majority of our Cash Assistance caseload.

### ***New York City's Cash Assistance Programs***

Our Cash Assistance Programs (TANF and Safety Net) grew by 3 percent from August 2008 to August 2010, although the cost of the program grew even more due to the benefit being raised by 20 percent during that period. We believe that our ability to maintain a work-first approach, while focusing on placing HRA participants in jobs has allowed us to respond to the most recent economic downturn for our clients. In addition, government assistance programs such as the extensions to the Unemployment Insurance Benefit (UIB) have provided income support for New Yorkers who have lost jobs.

For those individuals, however, who qualify and are in need of Cash Assistance, we have remained committed to our work-first approach which focuses on assisting people to move into employment as quickly as possible. This approach has been successful, even during the economic downturn, largely because certain job sectors have remained strong and for those who have been unable to find employment, we were assisted by an influx of federal stimulus funds for transitional jobs.

### ***◇ Job Placements***

This year to date we have placed more than 47,400 Cash Assistance and Safety Net recipients in jobs. We are presently on pace with last year's placement totals of 75,398, which is a tribute to the hard work both of recipients and the many outstanding service providers with whom we work. In addition, 462 non-custodial parents found employment through our Child Support Enforcement STEP employment program. The average wage for our Back to Work programs is \$9.34 and 83 percent of those who find employment do not return to HRA after 6 months, both good numbers considering the economy. The vendors with which we contract for all of these programs are strategically located in all five boroughs of the city. They foster relationships with local businesses, connect participants to jobs, help build stronger neighborhoods, and increase

the economic stability of thousands of households. As an agency we leverage their expertise through performance-based contracts based on job placement and retention milestones.

◇ ***Transitional Jobs***

HRA substantially expanded its subsidized job programs through an influx of state funding that included both TANF contingency and federal stimulus dollars. With the help of our employment vendors, 13, 245 individuals were placed in subsidized employment since August 2009.

Subsidized job participants have been employed not only at the Departments of Parks and Sanitation but also in a new JTP program at HRA. In the private sector, participants were placed in jobs across a range of industries including health care, security, retail, food service, and transportation. We also collaborated with the Wildcat Service Corporation on a small, specialized transitional jobs program that focused on neighborhood improvement in areas with high levels of foreclosures.

<b>Subsidized Employment Program</b>				
<b>Program</b>	<b>Placements as of 8/29/09</b>	<b>Ongoing</b>	<b>ARRA Funding (Partial or Full)</b>	<b>TANF/SN</b>
<b><i>Total Number of Participants</i></b>	<b><i>13,245</i></b>			
Parks	9,397	√		
<i>Park Stimulus JTP- 1,465</i>			<i>Partial</i>	
DYCD Parks *	216		Full	
SBS Parks *	36		Partial	
HRA Job Training Program	203		Partial	
Sanitation	137	√		
Neighborhood Improvement Project	38		Partial	
Employer Incentives Program	544	√		
Private Sector Transitional Jobs	431		Partial	
Health Care Jobs	612			√
Green Jobs	166			√

*\* not funded through HRA but CA recipients referrals made*

All of the transitional jobs provided an excellent work experience for participants that allowed them to build their resume even in cases where the placement did not result in employment after the subsidy ended. However, with no present extension of federal TANF Emergency Contingency Fund dollars and only about 20 percent of the amount of State funding we had last year for subsidized jobs, we will have to scale back these efforts. We are currently evaluating last year's program performance to determine how best to allocate these limited resources.

Also, I know the Council has previously expressed an interest in the relationship between HRA employment programs and the Small Business Services (SBS). I am pleased to report that we are now working with SBS Workforce 1 Career Centers' Community Partners program and referring our clients to jobs SBS has developed. Our agencies are also working together to pair the SBS NYC Business Solution Centers with HRA's Business Link to help employers find the services in the City to help them grow. Business Link has helped over 330 businesses with subsidized jobs and will be helping them access the array of services at NYC Business Solution Centers for financing, legal and other products that they may need.

### *A State and National Perspective*

New York State stepped forward early in drawing down federal TANF Emergency Contingency Funds for transitional jobs. We also have one of the only programs in the country designed specifically to address the mental and physical barriers to employment. In step with Mayor Bloomberg's leadership to address barriers for those New Yorkers with limited English speaking ability, HRA is going beyond both federal and state law by providing supplemental informational materials to the TANF application in seven languages (*English, Arabic, Chinese, Haitian Creole, Korean, Russian, and Spanish*). In addition, New York City is not only in compliance with state regulation to accept or deny a Cash Assistance application within 30 days, but has an average processing time of 18.5 days.

Although many people are not aware, Federal law limits TANF benefits to only families with a child under the age of 18. This means that New York is more generous than most states in that we provide assistance to single adults as well through our Safety Net program. New York's Safety Net program is also available to families with children who exceed their 5 year limit on Federal benefits. This also is not available in most other states. We also have one of the highest grant levels in the country yet have one of the most lenient sanction policies. In fact, 43 states have sanctions that ultimately turn into full-family with 17 states having immediate, full family sanctions while only 8 states, including New York, allow families to remain on the rolls long-term even when they refuse to comply with the program.

### ***Future Directions***

Recent economic data suggest that New York City's economy is emerging from the recession at a pace that is somewhat stronger than the national economy and the rest of New York State.

Year-over-year private sector job growth in New York City continues to be positive and outpaces much of the rest of the state. However, we still face an unemployment rate for July 2010 of 9.4 percent and low-income families will continue to need HRA's support. In addition, federal, state, and local government face substantial budget challenges, which creates uncertainty around the strength of the economic recovery. HRA will continue to meet the needs of the City's low-income families, while remaining committed to the lessons of welfare reform and our work-first approach to fighting poverty.

Thank you and I look forward to your questions.