



Human Resources
Administration
Department of
Social Services

TESTIMONY

Seth Diamond, Executive Deputy Commissioner
Human Resources Administration's Family Independence Agency

The Back to Work Program

*Joint Hearing of the New York City Council
General Welfare and Contracts Committees*

April 29, 2009

Good morning. My name is Seth Diamond, Executive Deputy Commissioner at the Human Resources Administration's (HRA) Family Independence Administration. With me is Ray Singleton Assistant Deputy Commissioner in charge of the Employment Services Division at HRA. We are here to discuss the Agency's Back to Work Program and accomplishments over the most recent contract cycle.

HRA's Back to Work program is a partnership between the agency and seven service providers. This partnership is further supplemented by the work of nine not-for-profit community based organizations who act as subcontractors. These contractors and subcontractors, which represent the City's leading employment and training providers, operate throughout the five boroughs and offer a range of employment services to low-income New Yorkers. The Back to Work program is part of a larger, integrated service structure that offers employment services to Cash Assistance applicants and recipients of all abilities. That network of programs has helped the City achieve record job placements and is a key component of our welfare reform strategy.

HRA's Broader Employment System

To more fully understand the Back to Work Program, it is important to first better understand the role the providers play in our employment system. Individuals who apply for Cash Assistance (CA) are asked by one of HRA's Job Opportunity Specialists as part of the application process about their employment experience and interests. The interview also includes a discussion of any barriers to employment the applicant may have and if they are currently enrolled in training program.

Based on the results of the interview, the individual will be referred to a program designed to meet their needs. If an individual has a potential health barrier to employment they will be referred to the Agency's WeCARE program for further assessment. If they are already enrolled in a training program, they will be referred to a centralized training assessment process. Someone who claims to or may have substance abuse issues is referred for a more detailed assessment by credentialed substance abuse workers. If a Cash Assistance applicant is not enrolled in a program and does not have a substantial barrier, after child care is put in place, should it be needed, they will likely be referred to the Back to Work program.

The Back to Work Population

While other programs in our employment system are designed specifically to assist individuals with more substantial barriers to employment, the Back to Work program also serves individuals with a wide range of experience and backgrounds. Although some of those enrolled may have recently lost a job and need only minimal help connecting to a new employer others have more challenges to employment. For example, some recipients may be homeless, recently released from prison, young people aging out of foster care, people who have no substantial prior work experience, or have limited to no specific skills training. Back to Work vendors have services available for the full range of the cash assistance population and must assist all who are referred in finding employment.

The BTW Applicant Phase

During the applicant period, the Back to Work vendor is expected to focus on assisting those individuals who can work into employment. The hope is that during this phase, which lasts about a month, the individual can find employment, eliminating or reducing the need for Cash Assistance. Prior to assignment to a work activity, the Back to Work programs conduct a more detailed assessment of the individual's skills and abilities and try and identify an appropriate employment goal. Individuals are expected to participate full-time, 35 hours a week, in a range of activities which could include job search, resume preparation, interviewing skills and short-term training.

The BTW Cash Assistance Recipient Phase

Individuals not placed in employment during the application phase of Back to Work are assigned to a recipient activity. This assignment incorporates the experience during the BTW Applicant Phase and is determined after a meeting between the individual and an HRA worker who is outstationed at the Back to Work vendor. Many individuals are actively engaged in looking for employment at the completion of the applicant phase and continue working as a recipient with the Back to Work vendor. For others, the applicant phase has led to the identification of career interests which can be better served in a skills training program. Some may need the literacy or language proficiency services of the Agency's Begin Education Gain Independence Now (BEGIN) program. There may be other recipients who start as a recipient working with the Back to Work provider but are later referred to a subsidized employment opportunity such as one at the City's Parks Department.

For those who stay with the Back to Work vendor, the continuity of working with the same employment vendor as a recipient as when they were an applicant is helpful. This is a change from our previous approach and is in response to input we received from both advocates and service providers. Individuals may have developed relationships with counselors and job developers, and, rather than starting over with a new set of providers, they can build on that work as a Cash Assistance recipient. Those working with a Back to Work vendor as a recipient generally spend two days weekly with that vendor and three days weekly working in a work experience assignment. This full time engagement best prepares individuals for paid work and is an important part of the City's overall employment strategy.

Individuals are required to complete their required hours each week at the Back to Work program but are excused for illness, religious holidays, jury duty and other documented reasons. The service providers participating in the program are responsible for keeping attendance and reporting that information weekly to HRA. Since the attendance standards at Back to Work and in our other programs are designed to replicate what a recipient should face in the private sector, we allow and expect providers to exercise discretion when completing their attendance rosters. Like a private employer, staff has the discretion not to report non-compliance for a participant if they feel a Cash Assistance recipient is making good progress in finding employment and otherwise complying with their required employment program hours.

Our Back to Work providers offer a full range employment services. In addition to job search services, the vendors may utilize employment focused training programs to prepare an individual for work in a specific field. If needed and appropriate, individuals can be excused from work experience on a particular day to attend a program the contractor is offering. Although there are federal and state rules regarding the ability to count certain activities that vendors must follow, the City does not dictate any particular employment strategy for our partners but leaves service related decisions to the program providers who are experts in the field and who are working closely with program participants.

The BTW Milestone Performance Structure

Our Back to Work partners are intensely focused on the key goal of any employment program – finding a job for those enrolled. Back to Work vendors receive most of their funding not for merely providing services, but for an individuals beginning to work and remaining employed for 30, 90 and 180 days. This milestone structure is a critical component of the contract. It ensures taxpayer dollars are only spent when vendors achieve successful outcomes and, just as importantly, it guarantees vendors will aggressively work with those enrolled to help them find employment as quickly as possible. Vendors have no incentive to merely provide services not tied to employment and must ensure the jobs they connect people to are a good fit. If someone is placed in a job and then leaves that job in less than a month, the contractor receives no payment for that placement.

As I have said, the vendors' work does not end 30 days after placement. For the vendor to receive full payment, the Cash Assistance recipient must continue to be employed at the 90th and 180th day. Vendors are expected to provide services designed to help with a participant's transition to the work place and must provide pay stubs from them to document a claim for a retention payment.

While the performance nature of the Back to Work contract ensures our contractors are working intently to achieve program goals, the Agency also closely monitors performance. Each month contractors are provided with a report card of their performance on over 40 indicators. Vendors' offices are judged against other offices operated by the same vendor and against other vendors for the calendar year and the contract period. Discussion on these indicators which include placement and retention rates, average wages of placements and a variety of process measures takes place weekly at "Vendorstat" meetings. HRA also conducts contract monitoring visits to vendor locations.

As I mentioned earlier the Back to Work vendors are one part, certainly an important part, but only one part of a larger comprehensive employment system. Because the system works together with the different parts supporting each other, it is best to view the results of our employment system as a whole. Last year despite an already difficult economic environment, over 80,500 Cash Assistance applicants and recipients gained employment. This was an improvement over the previous year, even with a smaller caseload. The average wage for those jobs was over \$9 an hour. While we are of course concerned about the impact on the Cash Assistance population of the downturn in the economy, we

continue to work to move people to employment and at this point the turnover in the entry level job market still allows for continued job placements. This year alone, over 19,000 individuals have moved to employment.

We are proud of our relationship with our Back to Work providers and believe together, with our other programs, we have created one of the most integrated and comprehensive employment service systems in the country.

Thank you and we are available for your questions. However, as you know we are not able at this time to respond to questions concerning the exercise of the Back to Work contract renewal options since these contract actions have not yet been finalized.

FOR THE RECORD

Testimony of Vicki Lens before the New York City Council General Welfare Committee, April 29, 2009

I am Vicki Lens, an associate professor at the Columbia University School of Social Work. I conduct research on public welfare programs and in my testimony today I will address the use of work sanctions within the welfare system, including whether they help or hinder welfare clients from becoming self-sufficient, and how to avoid their use.

Sanctions are financial penalties imposed on clients for violating the work rules. In New York state clients lose a portion of their grant for escalating periods of time, up to six months or longer, for such things as failing to attend an appointment at the Department of Labor or for not attending a work assignment. Families who are sanctioned also lose access to such crucial benefits as rent supplements.

Sanctions are a widely used tool. In New York City, one out of four clients are either in sanction status, or in the process of being sanctioned.¹ In some specialized New York City work programs, the sanction rate may be higher. In a study of the WeCARE Program, designed to help people with mental and physical disabilities, over 50 percent of the clients surveyed reported they were sanctioned.²

Although sanctions are widely used, their efficacy is not well established. Among researchers, there is disagreement over whether sanctions work. While some researchers have found that sanctions lead to increased employment exits from welfare,³ others have found they do not, and that sanctioned welfare leavers have lower employment rates and earnings than individuals who left welfare for other reasons.⁴ Studies have also found that sanctions have no effect on welfare use and do not increase compliance with work rules.⁵

Complicating the use of sanctions is the difficulty in applying them. Sanctions are based on the premise that financial disincentives will alter clients' work behaviors, making them more willing to work or comply with work rules. Because they involve clients' work behaviors and motivations, they require individualized determinations. However, in some welfare systems, imposing sanctions is primarily a clerical function rather than an evaluative one.⁶ Workers focus on the immediate task of scheduling and monitoring attendance at work appointments rather than the larger goal of encouraging self-sufficiency. A single appointment becomes a proxy for determining whether clients are willing to work, with sanctions often applied bluntly and swiftly without regard to past efforts or willingness to work, and often without a full assessment of obstacles to work, such as the lack of day care, disabilities, or other problems. In short, workers often fail to distinguish between those unwilling to work, and those unable to.

Technology, including computer information systems essential to the operation of large welfare bureaucracies, can have the anomalous effect of inviting errors rather than preventing them. New York City's system is one such example. It relies on "auto-posting," or the mass and automatic recording of a sanction for every client who misses a required appointment. Clients are automatically sent a "*failure to comply*," notice, giving them an opportunity to explain why they missed the meeting before the actual sanction is

imposed. Such a system invites clerical error and bureaucratic run-arounds as clients who have complied, or have legitimate reasons for not complying, attempt to rebut the presumption of fault. Such a system also overlooks the possible role of agency error in imposing a sanction. For example, a recent study of New York City's Back to Work Program found that vendors sometimes fail to record clients' attendance at work appointments.⁷ In such a system mistakes are inevitable, as evidenced by reversal rates as high as 77 percent at fair hearings involving work related issues.⁸

Research through-out the country on who is most likely to get sanctioned has been remarkably consistent. Sanctions typically are applied against the most vulnerable, and thus the most in need of support. Virtually every study has found that the most disadvantaged, and those with the most barriers to employment, are more likely to be sanctioned.⁹ Sanctioned clients have lower levels of education, less work experience, and more children, than their non-sanctioned counterparts. Health problems, and domestic violence, are more common among sanctioned clients. Logistical problems, such as securing transportation or child care, are also more common. Race appears to be a factor; African-Americans are more likely to be sanctioned than whites.¹⁰

Less disadvantaged clients however are also affected by sanctions. A bureaucratized and process orientated system catches in its net all types of clients, many of whom are trying to work and regain their independence from welfare. Consequently, sanctions can sometimes discourage work rather than facilitate it. In my research,¹¹ I have come across people who have been sanctioned for choosing work over an appointment to discuss work, illustrated by a client who was sanctioned when she chose a temporary work assignment as a home health aid over attending a routine "check-in" meeting at the Department of Labor. Other clients have been sanctioned when self-initiated educational and training programs conflicted with mandated work activities less likely to lead to self-sufficiency.

Sanctions have several consequences, financial and otherwise. They set the stage for an antagonistic relationship between worker and client, rather than both working cooperatively to overcome obstacles to self-sufficiency. Instead, clients must spend time convincing skeptical workers of their desire to work and correcting bureaucratic mistakes. Sanctions also terminate clients' connections to work activities and support services, making it harder to prepare them for work. The financial penalty is often disproportionate to the offense. A missed meeting or a missed day of a work assignment otherwise faithfully attended can result in six months of lost benefits. In most work places such infractions would result in no reduction in pay, or a proportionate reduction. The reduction in benefits creates financial hardship; studies have demonstrated that sanctioned clients are more likely to experience such hardships as food insecurity, eviction and utility shut-offs, and inadequate medical care.¹²

There are several changes that can be made to avoid many of these problems. While sanctions are required by federal law, the law allows considerable discretion in their configuration and application. Presently, with the exception of the initial sanction, sanctions in New York State are imposed for escalating periods of time with no

opportunity for a reduction no matter how willing the client is to comply with work rules. Sanctions could be made non-durational, as California has done, which means that once a client indicates they are willing to comply with the work rules, no sanction would be imposed. Sanctions could also be made more proportional to the offense, which is what Wisconsin, a leader in welfare reform, does. Grant reductions are based on an hourly rate for every hour missed in assigned work and training activities.

The application of sanctions could also be improved in several ways. HRA includes sanction reduction as a goal in the Back to Work program. They have devoted substantial resources and expended much effort to identify and reach out to clients with multiple barriers and resolve obstacles to work. They should be applauded for this effort. Four changes would help HRA better achieve its goal of reducing sanctions. First, more of these support efforts should occur before sanctions are imposed or threatened, thus making sanctions less likely. Second, HRA's automated sanctioning system should be dismantled and substituted with individualized assessments before sanctions are threatened or imposed. This would reduce the number of sanctions imposed in error or indiscriminately. Third, sanctions should only be imposed if an assessment reveals a pattern and practice of avoiding work activities, and not for a single infraction. This would also reduce the potential of sanctions to interfere with those clients whose overall work behaviors demonstrate a path to self-sufficiency. Fourth, workers, including vendors, should be rewarded, perhaps through financial incentives, for avoiding sanctions and finding other ways to maintain clients' engagement in work activities (through for example support services and individualized attention). High sanction rates would be viewed as an error signal, not just for clients, but for workers and vendors providing work related services as well, and would trigger increased efforts to avoid them.

The current economic climate makes such changes all the more important. The welfare poor and the working poor are often one and the same. They should not be penalized for being unable to find jobs that are no longer there. Nor should we consider welfare reform, and the programs designed to implement it, a success until the most disadvantaged among us do not endure punitive hardships on their way to self-sufficiency.

Thank you for the opportunity to submit this testimony.

¹ Based on HRA weekly caseload engagement reports from Aug 31, 2008.

² Community Voices Heard, Failure to Comply, March 2007, available at <http://cvh.mayfirst.org/files/WeCareReportFinal.pdf>.

³ Hofferth, Sandra L., Stephen Stanhope, and Kathleen Mullan Harris. 2000. Exiting Welfare in the 1990's: Did Public Policy Influence Recipients' Behavior? Population Studies Center Research Report 01-469. University of Michigan.

⁴ Lee, Bong Joo, Kristen S. Slack, and Dan A. Lewis. 2004. Are Welfare Sanctions Working as Intended? Welfare Receipt, Work Activity, and Material Hardship among TANF-Recipient Families. *Social Service Review* 78 (3):370-403.

⁵ Hamilton, Gayle, and Susan Scrivener. 1999. Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities. New York, New York Manpower Demonstration Research Corporation

⁶ Lens, Vicki. 2006. Examining the administration of work sanctions on the front lines of the welfare system. *Social Science Quarterly* 87:573-590. Lens, Vicki. (2009) Implementing full and partial work sanctions: The case of Texas. *American Review of Public Administration*. 39 (3), 286-303.

- ⁷ Community Voices Heard, Missing the Mark, 2008, available at <http://cvh.mayfirst.org/files/Missing%20the%20Mark%20-%20Final%20Report.pdf>
- ⁸ Lens, Vicki. 2005. Bureaucratic Disentitlement after Welfare Reform: Are Fair Hearings the Cure? *Georgetown Journal on Poverty Law and Policy* 12, 13-54.
- ⁹ Born, Catherine, Pamela Caudill, and Melinda Cordero. 1999. Life After Welfare: A Look at Sanctioned Families. Baltimore, MD: University of Maryland, School of Social Work; Cherlin, Andrew J., Karen Bogen, James M. Quane, and Linda Burton. 2002. Operating within the Rules: Welfare Recipients' Experiences with Sanctions and Case Closings *Social Service Review* 76 (3):387-405; Edelhoch, Marilyn, Qiduan Liu, and Linda Martin. 1999. The Post-Welfare Progress of Sanctioned Clients: A Study Using Administrative and Survey Data to Answer Three of Four Important Questions. South Carolina Department of Social Services, Office of Planning and Research; Fein, David J., and Wang S. Lee. 1999. The ABC Evaluation: Carrying and Using the Stick: Financial Sanctions in Delaware's A Better Chance Program. Prepared for Delaware Health and Social Services. Cambridge, MA: ABT Associates Inc.; Hasenfeld, Yeheskel, Toorjo Ghose, and Kandyce Larson. 2004. The Logic of Sanctioning Welfare Recipients: An Empirical Assessment *Social Service Review* 78 (2):304-319; Kalil, Ariel, Kristen S. Seefeldt, and Hui-chen Wang. December 2002. Sanctions and Material Hardship under TANF. *Social Service Review* 76 (4):642-662; Koralek, Robin. 2000. South Carolina Family Independence Program Process Evaluation. Prepared for South Carolina Department of Social Services Washington, DC: The Urban Institute; Mancuso, David, and Vanessa L. Lindler. 2001. Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County [CA], Final Report Burlingame, CA: The SPHERE Institute; Pavetti, LaDonna, Michelle K. Derr, Gretchen Kirby, Robert G. Wood, and Melissa A. Clark. April 30, 2004. The Use of TANF Work-Oriented Sanctions in Illinois, New Jersey, and South Carolina. Washington, DC: Mathematica Policy Research, Inc.; Polit, Denise F., Andrew S. London, and John M. Martinez. May 2001. The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change Manpower Demonstration Research Project; Westra, Karen, and John Routely. January 2000. Arizona Cash assistance Exit Study, First Quarter 1998 Cohort. Arizona Department of Economic Security; Wu, Chi-Fang, Maria Cancian, Daniel R. Meyer, and Geoffrey Wallace. June 2004. How Do Welfare Sanctions Work? : Institute for Research on Poverty, University of Wisconsin-Madison
- ¹⁰ Schram, Sandford., Fording, Richard. and Soss, Joe. 2008. Neo-liberal poverty governance: race, place and the punitive turn in US welfare policy. *Cambridge Journal of Regions, Economy and Society*, 1 (1), 17-36.
- ¹¹ Lens, Vicki. (2008). Welfare and work sanctions: Examining discretion on the front lines. *Social Service Review* 82, 197-222.
- ¹² Reichman, Nancy, Julien Teitler, and Marah Curtis. 2005. TANF Sanctioning and Hardship. *Social Service Review* 79 (2):215-236.

FOR THE RECORD



OFFICE OF THE NEW YORK CITY COMPTROLLER

**TESTIMONY OF
COMPTROLLER WILLIAM C. THOMPSON, JR.**

**Regarding the Back to Work Program
Before the
New York City Council General Welfare and Contracts Committees**

**New York City Council
New York, NY**

April 29, 2009

Comptroller William C. Thompson, Jr.
Before the
General Welfare and Contracts Committees
New York City Council
April 29, 2009

Thank you for the opportunity to submit this statement regarding the proposed renewal of HRA's seven Back to Work contracts, valued at nearly \$160 million. While the effort to link cash assistance applicants and recipients with jobs is of paramount importance, there have been reports that performance under these contracts has not met stated goals. Concerns have been raised about low placement rates, lack of vendor action to improve job retention, and consequent high recidivism. In response to these concerns, we make the following recommendations.

We recommend that HRA, either itself or through an independent evaluator, publish and regularly update statistics that demonstrate how the Back to Work program is performing compared to its goals. While HRA does publish statistics regarding its overall caseload, these metrics do not permit us to evaluate individual programs, nor do they deal with the applicant population, which is a large component of the clientele of the Back to Work contractors.

We specifically recommend that HRA track and report on recidivism in the Back to Work program. How many of the people placed in jobs return to the caseload (or to the application process) within three months? Six months? We also recommend that a larger portion of the payment under the contract be tied to 180-day job retention and to the creation of a job retention and career plan for clients who have found jobs.

Some cash assistance applicants have complained that they are not permitted to seek jobs on their own. Although we recognize that if applicants had been successful in their own job searches, they would most likely not be applying for cash assistance, we nevertheless believe it is reasonable to provide one day a week for them to pursue jobs on their own. We therefore recommend that HRA consider meeting the federal 30-hour participation requirement in four 7-1/2 hour days, rather than over five days.

We also recommend that applicant and recipient populations be separated in the Back to Work program. These populations face different challenges, and vendors have reported that it is difficult for them to address these divergent needs at the same time.

We suggest that referrals to the Back to Work program be made weekly rather than daily. This would allow vendors to use Monday as an "orientation" day and not necessitate orientations be held five days a week.

We urge that HRA and the Back to Work vendors work more closely with the Department of Small Business Services in accessing appropriate training vouchers, as well as in identifying sectors where appropriate jobs may be available. My October 2008 report on the City's workforce development programs, *Demands of the Times*, recommended greater coordination between DSBS and HRA, among others, to help rationalize the City's workforce development process. In addition, the report called for better use of training vouchers, questioned whether the \$2,500 lifetime limit for these vouchers was reasonable, and suggested that the City vastly improve its labor information system so that the City administration would know which sectors have current openings and are likely to grow in the future.

It is especially important now, when our economy is troubled and City revenues are falling, that we spend the taxpayers' money prudently. Therefore, before we renew these contracts with a value of nearly \$160 million, we must do everything we can to ensure that we are getting our money's worth. Thank you for the opportunity to be heard.



FEDERATION OF PROTESTANT WELFARE AGENCIES

Testimony Prepared for the
New York City Council Committees on General Welfare and Contracts
Oversight Hearing on
HRA's Back to Work Program

April 29, 2009

Prepared By:

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Fatima Goldman
Executive Director/CEO

My name is Liz Accles and I am a Senior Policy Analyst with the Federation of Protestant Welfare Agencies. Thank you for the opportunity to testify about the Back to Work Program this morning.

The Federation of Protestant Welfare Agencies (FPWA) has been helping New Yorkers in need since 1922. FPWA promotes the social and economic well-being of Greater New York's most vulnerable by strengthening human service organizations and advocating for just public policies. Our work is informed and supported by the almost 300 community based human service agencies and church-based programs in our member network, which puts us in direct contact with every level of the social service delivery.

FPWA is releasing a report today titled **"The State of New York's Social Safety Net for Today's Hard Times: Over a Decade since Welfare Restructuring, a Closer Look at the Changes, Opportunities, Limitations and Current Day Needs"** that examines the outcomes of the first decade of NYS Welfare Reform Act. The study reveals that there has been a dramatic decline in welfare caseload despite surging job losses.

The findings suggest that there are many roadblocks that limit access to basic assistance. The current recession highlights the systemic flaws in the program that is structured to keep caseloads down rather than get critical assistance to households living deeply in poverty. The welfare system often serves as the "unemployment insurance" of last resort for many low wage, part time and marginal employees, and single parents with primary caregiving responsibilities.

In this current economic climate, continued limitations on access to assistance will mean New York City missing out on Federal stimulus funding through the TANF Emergency Contingency (\$700 million) that are designed to support the increased provision of basic assistance, one time grants and employment opportunities during this economic crisis.

Since Back to Work (BtW) is the main program through which most applicants who are deemed employable are funneled, the high rates of denials, sanctions and withdrawals in New York City are directly related to policies and implementation of BtW.

One primary concern about the BtW program stems from the assessment and screening process at the jobs centers. We are concerned that people who are sent to BtW are not properly screened for barriers to employment such as physical and mental health issues, lack of childcare, housing crises, and domestic violence situations. Thorough screenings would limit inappropriate referrals that result in very high rates of application withdrawals, denials and sanctions.

Inappropriate referrals, due to inadequate screening, also places a burden on BtW vendors who end up either providing ancillary services without reimbursement for the costs of providing these services, initiating punitive action when people can't comply with program requirements, or referring the person back to HRA for an assessment.

We believe it would be important for HRA to track and report on the number of clients who are referred back to them for a re-assessment or services and what services were offered to those clients.

Another primary concern is the underlying “work first” philosophy that believes that placing people in any job regardless of wage level, job stability or work conditions is the goal, without consideration of impact on the family. Within the job placement category wages are low (an average of \$8.30 per hour in NYC in 2007), often unstable, and without any basic sick time.

The following are FPWA’s suggestions regarding improvements to BtW:

- Eliminate burdensome administrative and reporting requirements that result in neither better eligibility determinations nor employment results, but instead increase the case rejections and churning of income eligible households.
- Institute thorough assessments and screenings to ensure the needs of the applicants and recipients are addressed.
- Build time within the BtW program for people to be able to independently seek employment and other support services, without penalty. The required documentation letters from potential employers is obviously counter-productive and should be eliminated.

While the recession is making job placements more challenging than ever, education and training is made inaccessible even though it is the surest route out of poverty. Our education related suggestions include:

- Maximize the number of Individual Training Account (ITA) vouchers that are issued by eliminating barriers to access. Only a minimal number have been issued because of the arduous process that is required to get one.
- Build referrals to education and training programs into the BtW contracts so that vendors will be paid if they place a participant into an education or training program. In the long run it is in the best interest of the recipients and the welfare system as a whole.
- Make access to education and training as broadly available as possible and count these activities toward BtW goals. There is much greater flexibility in federal and state law in allowing educational activities to count toward work requirements than the City currently makes use of.

Although federal law allows up to 30% of the participating welfare caseload to be in vocational education, NYS has only 9% of the TANF population in this activity, and only 14% of the population is engaged in any type of education and training activity.

Despite the State Office of Temporary and Disability Assistance requiring all local social services districts to increase the numbers of welfare recipients engaged in education and training by 20% by January 2009, there was a 563 person drop in the number of NYC welfare recipients in vocational education/job skills training between September 2007 and November 2008.

Limiting access to education and training is bad public policy because, simply put, it pays to get an education. The average wage for someone without a high school/GED degree is \$22,256, whereas with a high school/GED degree it is \$31,408, with an associate's degree it is \$38,480, and with a B.A./B.S. it is \$51,324.

Access to education and training increases earnings and tax revenues, while decreasing the long term costs associated with public benefits--a great return on investment. For example, by supporting a welfare recipient's participation in an Associates degree program, the cumulative 10-year value of this investment for a single parent with two children would be approximately: 1) earnings for the individual of \$307,000, and 2) tax revenues to the state of \$9,800. Moreover, the state would save \$460,000 which would otherwise be spent on public benefits, including public assistance, food stamps, child care, and Medicaid.

We hope as you move forward you will consider our recommendations for changing the BtW program and making it more responsive to the current and future needs of New Yorkers that assistance.

Thank you again for the opportunity to testify before the committee today.



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038

April 23, 2009

The Honorable Bill de Blasio
250 Broadway, 17th Floor
New York, New York 10007

Dear Council Member de Blasio:

Your office had asked the Independent Budget Office (IBO) to look into contract spending and performance for the Human Resources Administration's (HRA) Back to Work employment services program. The Back to Work program includes citywide contracts with seven community based employment and training organizations to provide job readiness training, placement services and vocational training to applicants for and recipients of cash assistance. All of the contracts run from July 1, 2006 to June 30, 2009. The maximum allocation for the contracts is \$159.6 million over three years. Actual allocations are based on a series of performance milestones, with contractors receiving payments each time one of their clients achieves a milestone.

In response to your request, IBO requested and received from HRA information on actual expenditures and major performance indicators for the Back to Work program for each of the three contract years. The agency also reported its initial performance goals as presented in the contract Request for Proposal (RFP). This information is presented in the attached table. Each contract year corresponds to a city fiscal year. For the current fiscal year, the reported expenditures and performance indicators are for six months, through December 2008. We have provided projected totals for fiscal year 2009 by simply doubling these six month totals. It should be noted that although the contracts end on June 30, 2009, additional payments will continue to be made to contractors in fiscal year 2010 as clients in the system continue to achieve additional milestones. For instance, a client who has been employed for 90 days as of June and remains employed could reach the 180 day employment retention milestone in September; the contractor would then receive an additional payment for achieving that milestone.

Expenditures. As expected, the numbers for program expenditures as well as for all of the performance measures are lower for the first year than for subsequent years. This is due to program start-up time and the time it takes to prepare clients for employment. In addition, a client who begins the program late in the year might not achieve some of the employment milestones until the following fiscal year. This would reduce payments to contractors during the first year.

As such, total payments to the vendors rose from \$21.3 million in 2007 to \$53.8 million in 2008. Total payments for the first half of 2009 were \$29.6 million. If payments continue at this pace the total expenditures for 2009 would be \$59.3 million, and the three year expenditure total would be \$134.4 million. Additional payments will be made in the early months of fiscal year 2010 as clients already in the system by June 30 continue to achieve performance milestones.

Performance Indicators. The number of cash assistance clients referred to the Back to Work program totaled 121,143 in 2007, 143,311 in 2008, and 82,895 in the first six months of fiscal year 2009. These numbers are significantly higher than the initial goals. HRA, however, does not consider the number of program referrals to be a reliable performance measure and does not use this measure as a payment milestone, due to the fact that many referred clients are later determined to be financially ineligible for cash assistance or fail to appear for their scheduled appointment at the Back to Work vendor.

The first payment milestone occurs when a client engages with the vendor and an employment plan is completed. The client is then considered to be enrolled in the program. The number of completed employment plans totaled 44,318 in 2007, 56,828 in 2008, and 33,323 in the first six months of 2009. While the first year totals were apparently impacted by start-up delays, by the second year the program was largely achieving its initial goals. The number of employment plan completions in the third year is running somewhat ahead of the annual goal.

The Back to Work contracts include additional payment milestones for placement and retention in unsubsidized employment. The first of these milestones occurs when a client is placed in a job and employment is retained for 30 days. Additional payments are made when the client retains that job for 90 days and again for 180 days. The HRA data indicate that in the second year of the program 15,776 clients reached the 30 day employment milestone, somewhat more than the original goal. In that same year 7,786 clients reached the 90 day employment milestone, about 82 percent of the initial annual goal. Finally, 5,337 clients achieved the 180 day employment milestone, somewhat more than the program goal.

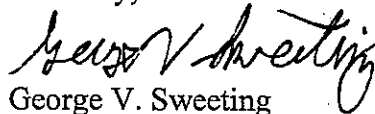
While the Back to Work vendors have largely achieved the agency's initial employment goals, the data indicate a significant drop-off in employment retention over time. The number of clients reaching the 30 day employment milestone in 2008 represented about 28 percent of the number of clients who completed employment plans. By the 90 day milestone the retention rate decreased to 14 percent, and by the 180 day milestone it further decreased to 9 percent of completed employment plans. Because not all clients reaching a particular milestone in a given fiscal year entered the program that year (the data report annual totals for each milestone), these results are not necessarily measuring the same individuals reaching each of these milestones in a given year. Nevertheless, this measure does give us a sense of client drop-off over the various phases of the program. In other words, roughly two-thirds of clients who were placed in unsubsidized positions through Back to Work and retained those jobs for 30 days are no longer in the same jobs five months later.

HRA's modest initial employment goals indicate that, based on their long experience with this population, the agency expected major difficulties with employment placement and retention in spite of the performance based vendor payment system. Efforts to improve the program in the future will need to carefully focus on ways to improve client employment retention rates.

Overall Employment Placements. Finally, it is important to point out that the Back to Work program represents just one component of HRA's overall job placement efforts. The agency reported that in fiscal year 2008 just over 80,000 cash assistance applicants and recipients were placed into jobs. This total includes job placements by Back to Work vendors, other employment programs run by HRA such as WeCARE and BEGIN, programs run by the state, and jobs clients found on their own. Job placements through the Back to Work program represented about 20 percent of the total.

If you have any further questions regarding this request, please do not hesitate to contact me at 212-442-8642 or Paul Lopatto, IBO's Supervising Analyst for Social and Community Services, at 212-442-8613.

Sincerely,



George V. Sweeting
Deputy Director

Cc: Public Advocate Betsy Gotbaum

BACK TO WORK PROGRAM EXPENSES AND PERFORMANCE INDICATORS

	<u>City Fiscal</u> <u>Year</u>			
	2007	2008	2009 YTD through 12/08	2009 Projected
Total Expenses	\$21,273,943	\$53,793,244	\$29,631,011	\$59,262,022
Referral Goal	112,464	112,464	56,232	112,464
Actual Clients Referred	121,143	143,311	82,895	165,790
Employment Plan Goal	58,246	58,246	29,123	58,246
Employment Plans Completed	44,318	56,828	33,323	66,646
30 Day Unsubsidized Placement Goal	14,564	14,564	7,282	14,564
30 Day Unsubsidized Placements Achieved	7,341	15,776	8,044	16,088
90 Day Unsubsidized Retention Goal	9,467	9,467	4,734	9,468
90 Day Unsubsidized Retentions Achieved	2,908	7,786	3,885	7,770
180 Day Unsubsidized Retention Goal	5,098	5,098	2,549	5,098
180 Day Unsubsidized Retentions Achieved	1,105	5,337	2,644	5,288
30 Day Placements Achieved as a % of Employment Plans Completed		27.8%		
90 Day Retentions Achieved as a % of Employment Plans Completed		13.7%		
180 Day Retentions Achieved as a % of Employment Plans Completed		9.4%		

SOURCES: IBO; New York City Human Resources Administration

Testimony of Community Voices Heard's Executive Director Sondra Youdelman
NEW YORK CITY COUNCIL JOINT HEARING
GENERAL WELFARE & CONTRACTS COMMITTEES
Human Resources Administration's (HRA) Back to Work (BTW) Program
WEDNESDAY, APRIL 29, 2009
250 BROADWAY, NEW YORK, NY

Thank you to the General Welfare and Contracts Committees, Chairs de Blasio and James, and Committee members, for holding this important hearing.

My name is Sondra Youdelman and I am the Executive Director of **Community Voices Heard (CVH)**. CVH is a membership organization of low-income New Yorkers that work collectively to influence policy change around issues that impact our members' lives. We were founded back in 1994 in response to the evolving national debate around welfare reform. A group of mothers receiving public assistance were frustrated by the fact that the debate was grounded in stereotypes that did not fit their reality and that the policy proposals emerging as a result did not meet their needs.

Since our start in 1994, we have tirelessly worked to **monitor and improve Welfare-to-Work (WtW) Programs** in New York City and State. The focus of our current welfare organizing work is to end the Work Experience Program (WEP) and improve employment services programs. We are best known for our work advocating to create and to improve NYC's paid transitional jobs program, the Parks Opportunity Program (POP).

One of the strategies that CVH utilizes to promote changes in the welfare system and improvements in public policy at large is that of preparing **grassroots-driven research projects**. This means that we study what emerges from people directly affected by the issues and our research has the intent of determining whether or not anecdotes that we hear at our membership meetings are more than anecdotes and actually reflect problems with policies and programs.

In November, we released our latest such report on HRA's Back to Work Program - a mandated job readiness and job search program for welfare recipients considered by the system to be ready for work. Our report, entitled ***Missing the Mark***, revealed an unsettling set of findings.

Over the past 3 years, the City budget has allocated **\$53 million a year** (\$160 million in all) for the Back to Work Program. Despite this large amount, however, the program is failing to serve its purpose and meet its goals. Our research points to an extremely weak program with a number of shortcomings: poor job placement, weak job retention, high rates of recidivism, limited access to education and training, punitive sanction policies, and many people falling through the cracks without receiving needed services.

Our research drew from a **variety of sources**, including: 954 short conversations with participants, 152 phone surveys, 5 focus groups with 50 participants, 10 vendor interviews, and a review of HRA contracts, policy manuals, training materials, site visit summaries, and Vendor Stat Reports (monthly performance evaluation reports prepared by HRA).

The report found that the work-first approach to welfare policy has failed again. The work-first model of serving welfare recipients appears to be a poor match for the current welfare caseload, preventing HRA from connecting clients to good, long-term jobs. The research also revealed that despite setting extremely low goals for the program's outcomes, HRA is still falling short of these goals.

HRA's own statistics pointed to the fact that a mere 9 percent of clients who begin the program **get jobs** through the program. Of those placed in jobs, three out of every four BTW participants lose their jobs after six months and within 9 months of leaving the program for employment, 50 percent of former BTW participants are **back on public assistance** and must re-start the BTW Program.

[While HRA might have presented a different set of statistics earlier today, our numbers came directly from a Freedom of Information Act (FOIA) request to the agency. Even if things have improved in the program since the dates of the statistics that we had access to, one needs to question if they have improved enough to fully contradict our findings AND if the current economic climate will only exacerbate the program challenges. It is also important to note that HRA often chooses to comment only on outcomes for those that arrive at the program sites and consistently choose not to address clients that do not show up, and may need a different support approach, in their program approaches.]

The report also finds that **education and training programs** and services are seriously lacking and that many welfare recipients, who are in desperate need of education and training programs, are not accessing these programs. Only 1.7 percent of HRA's engageable cash assistance recipients were enrolled in education and training programs according to HRA statistics from August 2008. Looking at the statistics from late March 2009, a slightly higher percentage (3.4%) are engaged in education & training. However, the numbers are still remarkably low given the need. HRA will at times state that few people are interested in such opportunities, however, our findings point to a lack of information rather than interest. 72 percent of BTW clients that we surveyed said that they were never told about Individual Training Account (ITA) vouchers (resources available to participants for pursuing education and training), either by HRA or a BTW vendor.

High rates of **barriers to employment** among participants (including but not limited to low levels of education, homelessness, lack of childcare, and formerly incarcerated status), contribute to the low placement and retention rates, and yet, the report finds little done in the program to address barriers to employment. 76.7 percent of BTW participants surveyed identified a barrier to employment. However, of those clients who identified one or more barrier, 75 percent said that the BTW Program had not helped them to address any of these barriers.

The research also demonstrated that instead of providing services to meet the needs of its clients, the program often **sanctions** people for not being able to meet its requirements, resulting in the loss or reduction of cash benefits. As of July 2008, one out of every four HRA clients was in a process of being sanctioned or had a sanction in effect. *[The March 2009 statistics reflect a similar percent.]* HRA reports show that 68% of applicants and 28% of recipients receive a Failure to Comply while in the Back to Work Program (an FTC is the status given by HRA to clients that are deemed to be in non-compliance before the sanction goes into effect). Interestingly, while HRA often blames the client for the failures, 60% of all Failure to Comply notices are found to be in error after HRA reviews the case at a conciliation hearing.

It was clear from our research that the **Back to Work Program is failing** in so many ways – it is failing the clients of the system who are unable to get the services they need to propel themselves into the workforce and out of poverty, the vendors of the system who are unable to run the type of programs they know will work and are instead forced to focus on an approach that only meets the needs of a select few that get referred to them, and it is failing us (the taxpayers) - in tight fiscal times our money is being wasted on ineffective programming and welfare is forced to become a permanent state rather than a temporary, transitional one.

CVH has a number of alternative programmatic suggestions that we have long been advocating for, including increased funding for **Career Pathways Programs** and **Paid Transitional Jobs Programs**, but I will focus my recommendations today on some of the specific ways we believe the Back to Work Program itself could be improved:

- (1) **Adjust Payment System to Reflect Broader Program Goals and Benchmarks:** Current contracts pay vendors for assessment, placement, and retention. Little to no incentive exists for providing comprehensive case management to clients, for connecting them to and supporting them in the completion of education and training programs, and in working to avoid rather than sanction clients. We recommend that the milestone payments be adjusted to reflect a broader range of services and supports that should be provided – both to assure that they ARE provided and to reward vendors for doing so. Precedent exists in DYCD contracts that have payment milestones for linking youth to education and training opportunities and then assisting them in the completion of the programs.
- (2) **Money Carved Out for an External Evaluation:** The Mayor is currently an advocate of using research to illuminate successful, and unsuccessful, approaches to addressing poverty. Just last week he spoke at the Center for American Progress in DC about how this is an essential component of his “innovative” Center for Economic Opportunity (CEO). And yet, while resources are carved out of the budget for testing new initiatives of the CEO, no resources are dedicated to testing the effectiveness of an ongoing approach to which we allocate over \$53 million annually. We recommend that money be set aside to fund an external evaluation of the program that can highlight successes and failures of it, and lead to appropriate programmatic adjustments.
- (3) **Money Set Aside for External Monitoring & Capacity Building:** Time and again clients’ experiences in HRA-funded employment services programs point to a much different experience of service provision than that laid out in program contracts. HRA claims to effectively monitor its vendors with its own internal systems. Yet, our report as well as City and State Comptroller audits confirm otherwise. Perhaps it is time to admit that this function is best done by an external entity to assure that clients are provided with the services that they need, that vendors are held accountable to their contracts for things beyond items linked directly to payments, and that support can be provided for vendors that need help in improving their service delivery and program approach. This type of external monitoring exists for other HRA contracts and should be instituted for the BTW Program.
- (4) **Establish Pilot Sector-Based Back to Work Centers:** The Department of Small Business Services (SBS) recently created a new Sector-Based Workforce1 Career Center through the Center for Economic Opportunity (CEO) to focus on the transportation industry. This sector-focused approach should also be incorporated into the Back to Work Program. While some individuals benefit from the geographic proximity of their BTW site, others might benefit more from a specialized site that has more extensive knowledge around both appropriate trainings, job opportunities, and career ladders within a particular industry. Vendors could benefit from focusing their expertise and clients could benefit from being provided with more appropriate advice and referrals. We recommend creating at least 2 sites focused on particular industries – healthcare (due to the ever-expanding need) and construction (given the new ARRA resources being dedicated to the creation of infrastructure jobs) – and allowing welfare recipients to “opt in” to a sector site if that sector is of interest to them.

Additional recommendations can be found in the copy of the Executive Summary of our *Missing the Mark* report that we are submitted today as well as the full copy that can be found on our website (<http://www.cvhaction.org/node/396>). We are also submitting a summary document that succinctly outlines our recommended changes and which problems they seek to address.

In conclusion, we would like to recommend that the **City Council insist that the HRA contracts are improved or work to have them held back.** In 2005, CVH released a report on the previous HRA employment services program – the Employment Services and Placement (ESP) Program. Our previous research pointed to a *Revolving Door* for welfare recipients and recommended a number of changes in the program, including better monitoring & oversight and a suggestion that a long-term evaluation of the program be done so as to inspire more strategic, research-tested programmatic choices in the future. In 2009, we find ourselves at the same crossroads – contracts about to be renewed and many of the same problems existing.

The City cannot afford to waste resources on a failing program. And, the City's welfare recipients should not be forced to tolerate it. In today's economic climate, with both tight government budgets and tighter job markets, we need to be wise about how we spend our money. We look to the Council to assure that the challenges of the Back to Work Program are addressed. What better time than in the moment that the contract period is ending - and June is that time.

HRA might claim that many of our recommendations cannot be made amidst a renewal process, due to contract procurement rules. However, they stated the same when another set of welfare contracts – for the WeCARE program - were being renewed. Then, when the renewal contracts were released, it was clear that changes even within the “scope of work” had been made and were, therefore, clearly permissible.

We ask that the Council assure that our recommendations are heeded in the contract renewal process. Should this not be possible, we recommend that an emergency extension be made through year's end and that a newly initiated RFP be crafted. The NYS Comptroller will be coming out with a report on an audit it is currently conducting and the NYC Comptroller is considering conducting one itself. Findings from CVH's report and these audits should influence adjustments in the program before we get trapped into another 3 years of the same.

Thank you again for holding this hearing and for inviting some of our members and I to testify. We hope that the City Council will move forward to actively assure that the Back to Work Contracts are improved amidst this renewal process.

I would be happy to answer questions now about our recent report on the Back to Work Program, our recommendations for programmatic improvement, or our suggestions for alternative investments.



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Anita Walton
Community Voices Heard Member and Back to Work Client

My name is Anita Walton. I have been a member of Community Voices for the past 8 years and I have been in the Back to Work Program, on and off, since November 2006. I have been on and off the program because I am constantly getting sanctioned. I have been sanctioned ten times. Each time I requested a Fair Hearing because the sanction was unfair. I fought and won each one.

Before I begin my testimony, I want to let all of you in this hearing know that we are frustrated with the poor quality of the Back to Work program and aggressively encourage Commissioner Doar to make overdue and much needed improvements. As our signs in the audience say: "Back to Work Does Not Work!" Today, before the hearing began, we delivered a Failure to Comply notice to Commissioner Doar, explaining that he should be "sanctioned" if he does not meet his work requirements of helping us move out poverty into good jobs. To get into compliance he should implement our recommendations for program improvement. A copy of his FTC is attached to my testimony for all of you to read.

Now, I will continue with my personal experiences with Back to Work...

One of the sanctions I've gotten was the result of my housing crisis. In the fall of 2007, I was in six months of rent arrears and facing eviction. I was back and forth to housing court, the Legal Aid Society office and the Section 8 office to try to stop from becoming homeless. The rent arrears occurred because HRA had stopped paying my rent when I was in the Back to Work Program and was sanctioned. The sanctions were unjustified and at each Fair Hearing I had proper evidence and would win the case. Still, HRA did not pay my rent and, therefore, I was being threatened with eviction. While all of this was happening, I was on the brink of a breakdown. I was facing mental health issues and trying to find help and support so I could get through this tough time. When I told someone at the Back to Work Program that I was having these housing problems, they didn't seem to care and were too busy to help me. So they just told me to bring in documents verifying the reasons I was going to be out, when I needed to be. No one actually had the time to help me. I couldn't focus on finding a job because I was fixating on my problems all day while I sat at the program. I just had to sit there and do nothing and all I could think about was the eviction situation and what I could do about it once I got done with the program for the day. If I was going to have to sit there all day, the least they could do was help me fix this situation. But instead, they made it harder to sort out my housing situation and just fed me more stress and that ultimately led me to a breakdown.

(MORE ON BACK)

They brought people in to the Back to Work site like cattle. A group that started together would get connected, start figuring out what they were going to do, be ready to search for jobs. And then, every day there'd be more people brought in. People were all at different points in their search. There was only one job developer, and they would be swamped with clients. It never became a positive place to search for a job. It was so frustrating being there.

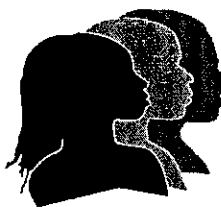
I haven't gotten to the point where I have found a job because every time I get my life to a place where I can start looking for a job, I get sanctioned. Every time I get sanctioned I have to re-start the program and I have to re-take all of the tests over again. That really got to me. It is a waste of my time and a waste of the city's money and makes me lose hope. I am working towards an Associate's Degree in Secretarial Studies. I'm not trying to play the system; I'm really just trying to get through and I just need a little help to do so. I started Bronx Community College a year prior to the passage of the 1996 welfare reform law. If I hadn't been constantly pressured to get a job instantly, attend programs like the Back to Work Program, do a WEP assignment, and constantly be sanctioned unjustly, I might be done with my degree by now and already be working in a good-paying job.

As a Back to Work client and Community Voices Heard member, I am asking that Commissioner Doar make the following significant changes to the Back to Work program and that the City Council assures that he does so.

- 1. Back to Work vendors should do outreach and case management before a client is sanctioned, not just after. Many of us on public assistance are facing crisis and need assistance with that. Sometimes it is the crisis that prevents us from meeting work requirements and other times, sanctions make our lives worse. We come to welfare looking for help, not to make our lives worse.**
- 2. People are cycling in and out of the system because of sanctions. If HRA required vendors to remove our barriers and provide us with case management, we could finally get on our feet.**

115 East 106th Street, 3rd Floor

Commissioner Robert Doar
180 Water Street 25th Floor
New York, NY 10038



Date: 4/29/2009

Case Number: 0003574557-01

Case Name: Robert Doar

Expiration Date: 5/31/09

Telephone: 212-860-6001

Job Center: 013

Failure To Comply Notice

We would like to discuss any problems you may have with scope of work activity requirements and the reasons why you:

Want to renew the Back to Work Program, a failing welfare to work program, for 3 more years with little or no improvements.

You have been FTC'd for your failure to create an employment services program that effectively moves welfare recipients into self-sufficiency. HRA's statistics and reports show:

- HRA has spent \$53 million per year on this failing program!
- Low expectations of the program only call for vendors to place 25% of BTW clients!
- 75% of BTW clients who do get jobs lose their job after 6 months!
- After 9 months of leaving BTW for employment, 50% of former BTW clients return to public assistance!

If you do not want to be sanctioned and cut off from your salary and benefits you must be willing to comply with your scope of work requirements. Moving people into employment and self-sufficiency means making the following changes to the Back to Work Program:

- | | |
|--|--|
| ✓ Better case management | ✓ Optional participation of welfare applicants |
| ✓ Access to education and training | ✓ End automated FTC's |
| ✓ Allow BTW clients to conduct independent job searches | ✓ Invest money into sector based hubs and career ladder programs such as Career Pathways |
| ✓ Quality job placement | ✓ End WEP and replace it with the Job Training Participant Programs (JTP's) |
| ✓ Job retention services | |
| ✓ \$4.5 million set aside for external monitoring and evaluation | |

If you are unable to make these changes in the renewed contracts, create a new RFP that implements all of Community Voices Heard's recommendations. You have until May 31, 2009 to comply.

Failure to comply will result in a sanction. You have the right to contest this sanction with a request for a Fair Hearing. You must report to the office of Community Voices Heard to make your request.

Please Note: Failure to comply with your scope of work requirements has no effect on your Medicaid eligibility. There are no work requirements for Medicaid.



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Jonathan Sawyer
Community Voices Heard Member and Back to Work Client

My name is Jonathan Sawyer. I am a public assistance recipient, a college student and a member of Community Voices Heard. One of my biggest challenges with the Human Resources Administration (HRA) has been their sanction policy. I am interested in pursuing higher education but their work-first model has hindered this pursuit. Throughout my first year as a student at the Borough of Manhattan Community College, I have been repeatedly assigned to the Work Experience Program (WEP). Even though according to HRA policy I am not supposed to be assigned to WEP, I still am. As a full-time student it is difficult to juggle coursework and WEP.

In January of 2008 I applied for public assistance at the Waverly Job Center in Manhattan. This was my first time receiving public assistance after having applied multiple times in the past. After sitting through a two hour orientation, I was sent to a Back to Work site. I was then told that when in compliance with HRA policies, they help public assistance recipients go back to school. My experience has, in fact, been the opposite.

At the Back to Work program I was asked to attend the program every day, to be in the office and look for work, yet there was very little help available. Without appropriate explanation I was given a Failure to Comply (FTC) notice. I had to re-enter the entire system once again going through the two hour orientation for the second time in one month.

After this, I happened to find a training program at the Back to Work site that taught Microsoft Office skills for administrative assistant work. I was once again given an FTC notice while in the training program with vague descriptions explaining why this happened. As a result of having been accepted to the program, my job search was discontinued. I independently found a job at Shea Stadium and was fired. I had to quit this program since I needed to have this time during the program to find a job and maintain my housing situation.

After being encouraged by my support network to apply for college independently of HRA, I applied and was accepted. However, I was still required to go to the Training Assessment Group (TAG) to complete paperwork in order for HRA to know what I was doing. At this time I was attending classes as well as an information technology (IT) program, and HRA gave me difficulties for being in both programs. I was asked to fill out paperwork for the IT program and was then told that it was not an approved program when in fact it was.

(MORE ON BACK)

More recently, after not reporting to WEP, I was sanctioned. I am still not clear about why I am being asked to attend WEP when HRA knows that I am in college. I requested a Fair Hearing, where an HRA representative retracted a prior grievance. This was in the system since December, and I was not aware of it. The judge in this case ruled in my favor.

One of the biggest issues in the sanction process is that HRA doesn't properly notify people of their intention to sanction. When you are notified, there isn't sufficient communication of why and for how long. The written communication is not dated, so participants are unaware of when these notices were issued. I believe the sanction policies are punitive, distracting and fail to meet the goal of maintaining compliance in the program.

Pursuing my education should not be in opposition to program compliance. For people like me who are trying to get on their feet and want to get higher education, we should not be penalized or discouraged from doing so.

As a Back to Work client and Community Voices Heard member, I am asking that the Council make sure that Commissioner Doar make some significant changes to the Back to Work program that can allow Back to Work clients to better access education and training:

- 1. WEP should be eliminated. It is unpaid labor that does not help us get good jobs or achieve our goals. In my case, WEP work requirements interfered with my pursuit of higher education. My college education is more likely than WEP to lead me into a career.**
- 2. HRA should have point people at vendor sites that specialize in connecting clients to education and training. As my experience has shown, Back to Work clients trying to access education and training programs get conflicting and wrong information. Clients can be enrolled in HRA approved programs and still experience hassles in accessing them! This is ridiculous and could be improved with an educational specialist or point person at the vendor sites.**
- 3. Many people in Back to Work are not accessing education and training. HRA should encourage vendors to place and ensure successful completion of quality education and training programs and better access to Individual Training Account Vouchers. In fact, this encouragement should be linked with goals: HRA should set a goal of connecting clients to education and training to ensure accountability with access.**

Also, Back to Work clients should be allowed to conduct independent job searches. I was able to find employment through my own efforts. If Back to Work vendors supported clients with searching for jobs on their own, the clients may be able to find job placement a lot sooner than waiting and job searching at the Back to Work vendor site.



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Janet Rivera
Community Voices Heard Board Member and Back to Work Client

My name is Janet Rivera and I am a public assistance recipient and a Board Member at Community Voices Heard.

I was assigned to the Back to Work Program in 2006 when I had recently re-applied for public assistance. I had been working as a Security Guard for about 9 months when suddenly the company went under and no longer existed. I wasn't able to get another job right away and unemployment wasn't kicking in. Therefore, I had to apply for public assistance.

While I was waiting for my application to be accepted, I was sent to the Back to Work Program. I had to stay at the site all day, every day, at a point in time when I didn't have any resources. I wasn't even able to bring my own lunch because I didn't have any money. This was really frustrating. They expect you to be there all day but they don't even have food or drinks for you, and when you're still in the application phase, you don't even have public assistance to pay for stuff yourself. While some people get Emergency Food Stamps, at this point I didn't qualify for them. I didn't have money to wash my laundry at the laundromat either, and had to wash everything by hand. This takes longer and being forced to be in a welfare program all day doesn't allow you to deal with basic issues.

The Back to Work site only gave me a metro card to get there, and that was about it. During this time, we took a test that was about 3 hours long. It was a familiar test, the TABE test. I've taken this test every single time I applied for welfare. It got to the point that I knew everything on it. I thought they would have the results of the last time I took the test, but they didn't.

Each time I had to reapply for welfare, I had to do everything all over again. They explain to you that you have to sit at a computer and look for jobs, but then there's only one person in the room there to help people. You could ask for help, but sometimes you had to wait for an hour for someone to help you. There were like 50 people and one counselor in the room. There weren't enough staff at the vendor site to help us out or answer our questions.

When Back to Work clients had interviews, they could go to them, but people didn't necessarily have money for transportation. At the Back to Work site, there was one person in charge who could give you an extra metro card to go to an interview or to look for jobs. But, if that person wasn't there, you were stuck. How is this supposed to help you look for a job?

(MORE ON BACK)

I don't think it's fair that I needed to go to a Back to Work site before my benefits kicked in. This should have been a time for me to deal with issues in my personal life that might be related to why I am applying to public assistance again or why I lost my job. Someone at the Back to Work program or HRA should have helped me to deal with these issues while I was waiting for my benefits. Instead, I was stuck at the site and could not deal with all the things I really needed to in order to get a job and get off of welfare.

As a Back to Work client and Community Voices Heard Board Member, I am asking that Commissioner Doar make some significant changes to the Back to Work program so that public assistance applicants can have a better experience. In the new contracts for the Back to Work Program, the City Council should insist that Commissioner Doar:

- 1. Make participation in the program optional for public assistance applicants. As my personal story shows, it is difficult to meet HRA's work requirements when you are not receiving benefits. People like myself come to public assistance in crisis. These crises need to be addressed before making us work. If we cannot afford lunch during the day or carfare to get to and from the site, how can we be expected to meet work requirements?**
- 2. If Back to Work is optional for applicants, case management is very important and should be mandatory for vendors to provide. If during the weeks when someone's application is pending they could get assistance with other crises in their life, it could really help.**

Also, the Work Experience Program should be eliminated because it is unsatisfying and unproductive work. I have worked two WEP assignments since I first came to public assistance. Fortunately I had a chance to participate in a paid transitional jobs program as a Job Training Participant (JTP) through the Parks Department known as POP: the Parks Opportunity Program. I liked the JTP program because I was a paid worker making 6 times more than I was getting through public assistance benefits.

New York City should eliminate WEP and replace it with JTPs.



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038

April 23, 2009

The Honorable Bill de Blasio
250 Broadway, 17th Floor
New York, New York 10007

Dear Council Member de Blasio:

Your office had asked the Independent Budget Office (IBO) to look into contract spending and performance for the Human Resources Administration's (HRA) Back to Work employment services program. The Back to Work program includes citywide contracts with seven community based employment and training organizations to provide job readiness training, placement services and vocational training to applicants for and recipients of cash assistance. All of the contracts run from July 1, 2006 to June 30, 2009. The maximum allocation for the contracts is \$159.6 million over three years. Actual allocations are based on a series of performance milestones, with contractors receiving payments each time one of their clients achieves a milestone.

In response to your request, IBO requested and received from HRA information on actual expenditures and major performance indicators for the Back to Work program for each of the three contract years. The agency also reported its initial performance goals as presented in the contract Request for Proposal (RFP). This information is presented in the attached table. Each contract year corresponds to a city fiscal year. For the current fiscal year, the reported expenditures and performance indicators are for six months, through December 2008. We have provided projected totals for fiscal year 2009 by simply doubling these six month totals. It should be noted that although the contracts end on June 30, 2009, additional payments will continue to be made to contractors in fiscal year 2010 as clients in the system continue to achieve additional milestones. For instance, a client who has been employed for 90 days as of June and remains employed could reach the 180 day employment retention milestone in September; the contractor would then receive an additional payment for achieving that milestone.

Expenditures. As expected, the numbers for program expenditures as well as for all of the performance measures are lower for the first year than for subsequent years. This is due to program start-up time and the time it takes to prepare clients for employment. In addition, a client who begins the program late in the year might not achieve some of the employment milestones until the following fiscal year. This would reduce payments to contractors during the first year.

As such, total payments to the vendors rose from \$21.3 million in 2007 to \$53.8 million in 2008. Total payments for the first half of 2009 were \$29.6 million. If payments continue at this pace the total expenditures for 2009 would be \$59.3 million, and the three year expenditure total would be \$134.4 million. Additional payments will be made in the early months of fiscal year 2010 as clients already in the system by June 30 continue to achieve performance milestones.

Performance Indicators. The number of cash assistance clients referred to the Back to Work program totaled 121,143 in 2007, 143,311 in 2008, and 82,895 in the first six months of fiscal year 2009. These numbers are significantly higher than the initial goals. HRA, however, does not consider the number of program referrals to be a reliable performance measure and does not use this measure as a payment milestone, due to the fact that many referred clients are later determined to be financially ineligible for cash assistance or fail to appear for their scheduled appointment at the Back to Work vendor.

The first payment milestone occurs when a client engages with the vendor and an employment plan is completed. The client is then considered to be enrolled in the program. The number of completed employment plans totaled 44,318 in 2007, 56,828 in 2008, and 33,323 in the first six months of 2009. While the first year totals were apparently impacted by start-up delays, by the second year the program was largely achieving its initial goals. The number of employment plan completions in the third year is running somewhat ahead of the annual goal.

The Back to Work contracts include additional payment milestones for placement and retention in unsubsidized employment. The first of these milestones occurs when a client is placed in a job and employment is retained for 30 days. Additional payments are made when the client retains that job for 90 days and again for 180 days. The HRA data indicate that in the second year of the program 15,776 clients reached the 30 day employment milestone, somewhat more than the original goal. In that same year 7,786 clients reached the 90 day employment milestone, about 82 percent of the initial annual goal. Finally, 5,337 clients achieved the 180 day employment milestone, somewhat more than the program goal.

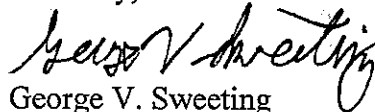
While the Back to Work vendors have largely achieved the agency's initial employment goals, the data indicate a significant drop-off in employment retention over time. The number of clients reaching the 30 day employment milestone in 2008 represented about 28 percent of the number of clients who completed employment plans. By the 90 day milestone the retention rate decreased to 14 percent, and by the 180 day milestone it further decreased to 9 percent of completed employment plans. Because not all clients reaching a particular milestone in a given fiscal year entered the program that year (the data report annual totals for each milestone), these results are not necessarily measuring the same individuals reaching each of these milestones in a given year. Nevertheless, this measure does give us a sense of client drop-off over the various phases of the program. In other words, roughly two-thirds of clients who were placed in unsubsidized positions through Back to Work and retained those jobs for 30 days are no longer in the same jobs five months later.

HRA's modest initial employment goals indicate that, based on their long experience with this population, the agency expected major difficulties with employment placement and retention in spite of the performance based vendor payment system. Efforts to improve the program in the future will need to carefully focus on ways to improve client employment retention rates.

Overall Employment Placements. Finally, it is important to point out that the Back to Work program represents just one component of HRA's overall job placement efforts. The agency reported that in fiscal year 2008 just over 80,000 cash assistance applicants and recipients were placed into jobs. This total includes job placements by Back to Work vendors, other employment programs run by HRA such as WeCARE and BEGIN, programs run by the state, and jobs clients found on their own. Job placements through the Back to Work program represented about 20 percent of the total.

If you have any further questions regarding this request, please do not hesitate to contact me at 212-442-8642 or Paul Lopatto, IBO's Supervising Analyst for Social and Community Services, at 212-442-8613.

Sincerely,



George V. Sweeting
Deputy Director

Cc: Public Advocate Betsy Gotbaum

BACK TO WORK PROGRAM EXPENSES AND PERFORMANCE INDICATORS

	<u>City Fiscal</u>			
	<u>Year</u>			
	2007	2008	2009 YTD through 12/08	2009 Projected
Total Expenses	\$21,273,943	\$53,793,244	\$29,631,011	\$59,262,022
Referral Goal	112,464	112,464	56,232	112,464
Actual Clients Referred	121,143	143,311	82,895	165,790
Employment Plan Goal	58,246	58,246	29,123	58,246
Employment Plans Completed	44,318	56,828	33,323	66,646
30 Day Unsubsidized Placement Goal	14,564	14,564	7,282	14,564
30 Day Unsubsidized Placements Achieved	7,341	15,776	8,044	16,088
90 Day Unsubsidized Retention Goal	9,467	9,467	4,734	9,468
90 Day Unsubsidized Retentions Achieved	2,908	7,786	3,885	7,770
180 Day Unsubsidized Retention Goal	5,098	5,098	2,549	5,098
180 Day Unsubsidized Retentions Achieved	1,105	5,337	2,644	5,288
30 Day Placements Achieved as a % of Employment Plans Completed		27.8%		
90 Day Retentions Achieved as a % of Employment Plans Completed		13.7%		
180 Day Retentions Achieved as a % of Employment Plans Completed		9.4%		

SOURCES: IBO; New York City Human Resources Administration

**Testimony of Peter Cove,
Founder,
America Works of New York, Inc.
To The NYC Council Contracts & General Welfare Committee
Wednesday, April 29, 2009**

Chairman De Blasio, Chairman James, and distinguished members of both the General Welfare & Contracts Committee, good afternoon.

On behalf of America Works of New York, Inc. Chief Executive Officer Dr. Lee Bowes and myself, I would like to express our gratitude for the opportunity to be heard here today.

My name is Peter Cove, and I am the founder of America Works of New York, Inc. As I speak to you today, America Works is in its 25th year of existence. We are a private, performance-based workforce development firm that has placed hard-to-serve populations in employment since 1984. We have helped low-income individuals and public assistance recipients across a broad demographic spectrum become self-sufficient by obtaining and retaining jobs or improving their career positions. To date, America Works has placed more than 150,000 hard-to-serve individuals into jobs in cities across the United States. We currently have offices in Albany, Newark, Baltimore, and Oakland as well as three offices in the City of New York.

When America Works opened its doors in 1984, there were about 1.1 million New York City residents receiving welfare benefits. Today there are only about 350,000 New York City residents receiving welfare benefits. In fact, this is part of a larger trend; the number of Americans receiving welfare

benefits overall has gone down by nearly 60%. This sharp decline in the number of New Yorkers receiving welfare benefits is largely thanks to the Human Resources Administration's (HRA) Back To Work Program (BTW) and its predecessor programs.

America Works has been a vendor for the BTW Program since it started in 2006. Since then, America Works has consistently been ranked number one among the city's vendors in terms of the percentage of BTW clients placed and in terms of the number of clients reaching the 30-, 90-, and 180-day retention milestones.

America Works places thousands of New Yorkers into employment each year. We have placed over 10,000 BTW participants into employment throughout the span of this contract. America Works is ranked number one in placement and retention by HRA over all of its BTW vendors.

America Works' model for finding employment for welfare recipients is called "Rapid Attachment To Work." Our model is very simple. We believe that work should be the central focus so we wrap around the participant all the support services they need in order to be successful in finding and retaining employment. In order to uncover their skills and experiences, we help them write their resumes. We specialize in job matching, meaning we match our clients' skill sets and experiences to jobs being offered by employers.

Another reason we are successful is that America Works' sales representatives have professional relationships with New York City employers. They do not sell "welfare recipients." Our sales staff sells the America Works corporate brand. We tell employers that we are a mobile human resources unit that

will screen and process applicants; we promise that we will only send them the candidate that best matches what they are looking for.

America Works also has on staff corporate representatives, otherwise known as case managers. Our Corporate Reps go out on the job sites and make sure that America Works' clients are doing well on the job. If there is a problem with our clients, we will either fix the problem with the employer or we will send that company another qualified individual. Our Corporate Reps meet with our clients and, help them deal with any life problems they have that might prevent them from staying on the job – issues like day care, food stamps, work-appropriate clothing, housing, health insurance, and counseling, to name a few.

America Works of New York, Inc. is a 100% performance-based company. This means that we do not take any upfront money. We only get paid by HRA after someone gets a job and stays on the job for a certain amount of time. New York City's Human Resource Administration is the only place in the country with fully performance based contracting. This has allowed the City of New York to defund or had non performing contractors drop out when they could not get people jobs. This has become an international model for good government. Currently the United Kingdom has adopted this contracting structure for new initiatives. Performance-based contracting is the best method for the New York City Council to save money during this economic recession. It is a very simple method. Under performance-based contracting, organizations do not get paid until they provide the services they were contracted to do. In addition to Welfare Recipients, this contract allows us to place Veterans, Non Custodial Fathers whose children are on Welfare, Young people aging out of foster care and returning prisoners. America Works recently started a pilot program with the Mayor's Office and Veterans Affairs and HRA to find employment for New York City's Veterans. We also work with the New York State Office of Temporary

and Disability Assistance with the HIV/AIDS Welfare-To-Work Program and the Social Security Administration's Ticket-To-Work Program for SSI and SSDI beneficiaries. We have also been operating an employment program for people living in shelters and in the New York City Housing Administration. If New York City wants to find jobs for additional residents – simultaneously improving the lives of New Yorkers and easing the burden on city services – I do believe that there is one thing you can do: Expand this program. By doing so, you will be allowing America Works to give a brighter future to the city's welfare recipients as well as other hard-to-place populations.

America Works' track record shows that our method leads to successful employment for welfare recipients. With a recession upon us, now is a perfect time to invest in programs to help the most disadvantaged New Yorkers who would otherwise have no place to turn. America Works is constantly expanding its model to help other hard-to-place populations find employment. We are eager to grow our relationship with the New York City Council in relation to any of these initiatives or new initiatives that may arise in the future.

Chairman De Blasio, Chairman James, and members of these committees, thank you for the opportunity to offer this testimony. America Works of New York, Inc. is eager to continue our work with you to help find employment for welfare recipients.

**Testimony of the Hunger Action Network of New York State to the
Joint Hearing of the General Welfare and Contracts Committee of the New York City Council
On HRA's Back to Work Program
250 Broadway, 14th Floor – April 29, 2009**

The Hunger Action Network in New York State is a statewide membership organization of direct food providers, advocates and other individuals whose goal is to end hunger and its root causes, including poverty, in New York State. Started in 1982, Hunger Action has offices in New York City and Albany.

One way that Hunger Action Network seeks to reduce hunger is to improve the performance of local and state welfare agencies such as HRA in providing needed assistance to low-income households.

In the next few weeks Hunger Action Network will release a study of the state's welfare to work programs. The federal government (HHS) has consistently ranked New York as among the worst states in the country in helping individuals to move from welfare to work.

We have attached a number of our key findings and recommendations from the report at the end of our testimony. A main problem is that New York, particularly HRA, has invested heavily in placing participants in work experience programs (wep) even though it has been well established by decades of academic reports that workfare is ineffective in helping to make participants employable. Workfare is also expensive to administer. New York's commitment to a Jobs First approach to welfare to work is seriously flawed; this is made worse by the failure of the city and state to provide training and education to welfare participants once they become employed, undercutting much of the rationale for Jobs First.

WEP is particularly ineffective with individuals who have multiple barriers to employment. Such individuals have become a much larger percentage of the city and state's welfare population as the caseload has dropped in recent years.

Local districts do a poor job of providing participants with needed training and education. They also do a poor job in accessing individual's barriers to employment and working with them to develop an individual employment plan to overcome such barriers.

Our study found that the most effective welfare to work programs are those involving subsidized employment, which provide a real job experience with a paycheck combined with access to education and training. We applaud the New York City Council for having provided leadership in passing legislation requiring such programs to be created. They need to be expanded. We applaud the New York State legislature for including an additional \$30 million in funding in the 2009-10 state budget for a variety of transitional jobs and wage subsidy programs while also expanding the Career Pathways programs.

Back to Work

The Back to Work Program (BTW) was created in July 2005 to replace HRA's Employment Services and Placement (ESP) and Skills Assessment and Job Placement (SAJP) Programs.

According to HRA, individuals applying for cash assistance may be referred to Back to Work during the application period. If they are not able to find a job in that time, they may continue receiving Back to Work services two days weekly and participate in a work experience assignment three days weekly. Back to Work services are provided by organizations such as FECS, Goodwill and America Works. The services include job search or training in fields like security or health care. According to HRA, in the two plus years these programs have been operating, they have produced nearly 30,000 job placements, with an average wage rate of over \$9 an hour. Nine months after being placed in jobs, nearly 70 percent of the cash assistance recipients have not returned to welfare, strongly indicating they are continuing to work.

Outside groups however have a more negative assessment of the Back to Work program.

Community Voices Heard, a NYC-based welfare rights organization started by Hunger Action Network, recently released "Missing the Mark: An Examination of NYC's Back to Work (BTW) Programs and Its Effectiveness in Meeting Employment Goals for Welfare Participants." The report found that the BTW program is characterized by poor job placement, weak job retention, high rates of recidivism, limited access to education and training, punitive sanction policies, and people "falling through the cracks" without receiving needed services.

The report found that only 9% of the clients who begin BTW get jobs through the program, a rate worse than the city's previous Employment Services and Placement (ESP) program. BTW participants are channeled towards jobs with low wages and little opportunity for career advancement. HRA statistics showed that three out of every four BTW participants lose their job after six months. Over 60% of the BTW clients surveyed said that job retention services were poor, bad or not provided. Within 9 months of leaving the program for employment, 50% of former BTW participants are back on public assistance and must re-start the BTW program. Only 1.7% of HRA's engageable cash assistance recipients are enrolled in education and training programs.

BTW clients have multiple challenges to finding jobs and the BTW program is not helping clients to address these barriers.

The report concluded that while HRA recognizes the high level of barriers to employment facing Back to Work clients, vendors are encouraged to quickly place participants in any job they can get, without taking the time to address or even assess a person's barriers to employment. Accordingly, the majority of those who do find jobs through BWP lose them within six months and wind up back where they started. The report also concluded that sole reliance on performance-based contracting for employment services hurts clients and vendors alike.

Recommendations on How to Improve Back to Work (BtW)

While we support shifting as much resources as possible into transitional jobs and other employment programs, we endorse the recommendations made by CVH with respect to improving the BtW program.

Changes in the Contract Payment Structure

Revise contract payments so they are partially performance-based and partially line item to cover administrative costs. Create milestone payments for vendors to provide the following services: education and training (both placement and successful completion); case management; and job retention (such as connecting clients to transitional benefits and encouraging receipt of the advanced EITC). Arrange milestone payments for job retention whereby retention yields higher milestone payments. Increase the current payments for these services.

Monitoring Contract Compliance

HRA should dedicate \$4.5 million of the BTW budget for contracts to external organizations to provide the following services:

- **Technical Assistance and Training to Vendors:** build vendor capacity through training and organizational consultation; develop materials and curriculum to help structure the content of services and enhance vendor performance; facilitate peer learning/networking opportunities across vendors; and document best practices and lessons learned for broader sharing.

- Contract Monitoring and Assessment: check on program services, periodic reviews of reported figures, occasional focus groups with clients and providers, and the release of yearly reports on the findings with the purpose of promoting programmatic improvements.
- Program Evaluation: conduct an impact assessment of the program, a rigorous evaluation of the program to determine the value added of the approach. This could help to improve the program in the next cycle based on research.

Programmatic Changes

Make participation in BTW optional for public assistance applicants. Add case management for those who choose to participate. BTW should encourage, instead of forbid, BTW clients to conduct independent job search activities

Allow BTW clients to take a set amount of sick days, bereavement days and vacation/personal days to care for themselves or others as needed without requiring a written note.

Addressing Barriers to Employment

Mandate that vendors prioritize barrier removal services before clients are placed into jobs. Improve assessments and screening for barriers to employment. Provide monetary resources to support case management services.

Connection to Education and Training Programs

HRA should widely publicize the availability of ITA vouchers and simplify the process to obtain one. Goals should be set for vendors to connect people to training and education. Point people should be created at vendor sites that specialize in education connections.

Sanctions:

HRA is general has an excessive rate of sanctioning. This indicates serious administrative problems with HRA and its vendors.

HRA should standardize sanctions ("Failure to Comply" FTC) and write a policy directive outlining the exact actions that will generate an FTC. HRA should end automatic FTCs. HRA should exempt applicants from the sanction process. HRA vendors should conduct outreach and case management before a client is sanctioned, not just after

Hunger Action Network's 2009 Report on Welfare to Work

Summary of Findings

Welfare reform (TANF) has been ineffective in improving the employability and income of most participants.

Welfare participants today are more likely to have multiple barriers to employment than a decade ago. To make such individuals employable require an increased investment in programs to assist such participants in overcoming such barriers.

Subsidized employment (e.g., wage subsidies, transitional jobs) are the most effective welfare to work programs in moving participants into jobs, as well as keeping them there.

New York State has a poor record in providing education and job training to welfare participants, thus failing to help them become more employable. Access to education has become more of a priority during the Spitzer / Paterson administration.

The State's welfare to work program has a particularly negative impact upon people of color and women.

The state fails to help welfare participants find jobs that enable them to escape poverty. Those leaving welfare generally end up in the lowest-paying industries with little opportunity for advancement or wage increases over time, having acquired few new job skills, and often shortly return to welfare. The average wage earned is \$8.50 an hour.

The state's "jobs first" approach negatively impacts upon participants. Pushing participants into low-wage dead end jobs has a negative impact on their long term income. Wages more likely increase for participants who begin working at higher paying jobs.

There is little evidence that welfare increases the likelihood of finding a job. In fact, it can impede finding a job. Welfare is least effective for individuals with multiple barriers to work – which is now the dominant welfare population in NYS.

Welfare cycling or churning – moving on and off of welfare – has increased under TANF.

At the recent Assembly hearing on welfare to work, the NYS Legal Aid Society stated that based on their representation of thousands of clients in NYC, the most pressing problems are:

- First**, public assistance application rules interfere with clients' ability to secure jobs and keep them;
- Second**, clients who make it through the application process suffer an unacceptable number of sanctions which affect their ability to leave welfare by disrupting child care, educational activities and exacerbating housing instability;
- Third**, clients have difficulty accessing education and training necessary to meet their needs;
- Fourth**, clients who find work suffer unnecessary case closings which prevent them from making a smooth transition from welfare to work and adversely affect the State's TANF participation rate; and
- Fifth**, households that do find full time employment are losing out on the opportunity to receive federally-subsidized "transitional benefits."

When New York and the country "toughened" up the welfare system in 1996, districts in NY made it both harder to apply and qualify for welfare, changing the demographics of those receiving assistance. Instead of a large majority who were largely job ready and used welfare as a short-term transitional program, the majority of adults on the caseload now remain on welfare for an extended period of time and have multiple barriers to employment. Individuals with multiple barriers require stronger job training, job experience and education programs.

New York has failed to evaluate which programs are most effective in moving individuals into jobs, especially ones that enable households to support themselves. Programs such as on the job training, grant diversion and wage subsidy have a much higher success rate in placing individuals in employment. While a potential argument is that such programs are "too costly," the state has failed to do any cost-benefit analysis to determine whether such higher up front costs are offset by diminishing costs in a few years as people leave the caseload. A recent study of transitional jobs by the Fiscal Policy Institute shows that they would be cost-effective for the state.

A November 2008 report by the NYC Public Advocate's Office (Barriers to Benefits: A Survey of Clients at New York City Human Resources Administration Job Centers) found long wait times at offices, multiple visits,

misplaced and local documents by HRA staff, lack of clear information and knowledge about rules, and nonworking computers.

A 2008 report by Brennan Center Strategic Fund, Inc., (Improving New York City's Public Benefits System: A Key Role for Help Desks), highlights the many obstacles clients face at HRA Job Centers in NYC. "Confusion among caseworkers and clients about the procedures, deadlines, and timelines associated with public benefit programs" is a major problem. Miscommunication between eligibility and job opportunity specialists and clients about the rules for participating in public benefits can result in the termination or reduction of client's benefits, particularly when clients are unaware that they failed to comply with an HRA requirement. The Brennan Center report identifies long wait times as a problem that can be particularly challenging for families with young children. Clients waiting all day at Job Centers are often forced to leave to attend to childcare duties and are then unfairly sanctioned for missing an appointment.

Findings from Hunger Action's 2008 SNAPSHOT Survey

In the fall of 2008, Hunger Action surveyed 128 present and former participants about their experiences with welfare to work (wtw). Unfortunately, we found many of the same problems as our prior workfare and wtw surveys in 1997 and 2001.

Only 11.5% of survey respondents rated the assessment done by DSS / HRA as good or very good. Almost half can't remember actually having their barriers to employment assessed.

The two biggest reasons why welfare participants say they are not employed are a lack of jobs (36.7%) and the need for more education (35.2%). Others major barriers cited include the need for more work experience (27.3%), transportation problems (25.8%), wages too low (23.4%) and child care (18.8%).

Compared to prior surveys, individuals were less satisfied with their job training, though slightly more found it led to a job. Less than a quarter (22.7%) reported that training provided by DSS / HRA led to a job. (In a related question, only 24.7% reported that DSS / HRA had helped them become more employable.) Only about one third (33.3%) found the job preparation useful, down from 48% in 2001. Of the limited number of individuals reporting they had found a job, less than 20% (18.5%) said it was due to efforts by DSS / HRA, with most (70.4%) saying that it didn't pay enough to get them off of welfare.

When asked what job skills had they obtained from DSS / HRA, 25.8% cited resume writing; 24.2% job interview skills, 21.9% job readiness / job preparation skills; 19.5% computer training / typing; and 16.4% for job skills training. A very small percentage cited vocational training (5.5%) or job certification programs such as nursing or home health aide (5.5%).

Almost 2/3 thirds of the respondents (65.2%) cited the need for job training, skills or education to make them employable. 42.8% cited the need for technological training such as computers, with 35.3% citing the need for vocational training (carpentry, nursing, etc.) and 32.5% for education. Similar responses were reported in a related question: 53.8% cited need for technological training; 33.8% for education and 38.4% for vocational skills.

Less than a quarter of the respondents (21%) said that DSS/HRA had given them an opportunity to meet their work requirements by going to school instead of workfare, etc.

Of those individuals asking for education but being rejected by DSS / HRA, the most frequent reason (45.8%) was that they were told they had to work instead. 25% were told that education programs were not available.

WEP / Workfare is Ineffective in Helping Participants Find Employment

The ineffectiveness of WEP was well-established long before the major expansion in the late 1990s.

The NY Times reported on April 12, 1998 that “an extensive examination...found scant evidence that workfare has accomplished one of its central goals -- moving a significant number of people from welfare to full-time work. Workfare has provided limited job training for many of the poorly skilled, poorly educated New Yorkers on public assistance. Much of the work is so menial that it offers few, if any, skills that employers demand. Participants receive little help looking for a permanent job; half of them get none at all. And there is no indication that many people have been able to use workfare as a springboard to a real job: a recent state survey, the first of its kind, found that after three months off the rolls, fewer than a third of those who left welfare in New York City found full- or part-time jobs on the books.” The Times added “Across the country, where the welfare caseload has dropped by about a third, local officials rethinking welfare have largely shunned workfare as an expensive program that has not been notably successful at getting people into real jobs.”

Recent studies have come to the same conclusion.

“A comparative review of workfare programmes in the United States, Canada and Australia” (Richard Crisp and Del Roy Fletcher, Department for Work and Pensions in the United Kingdom, <http://www.dwp.gov.uk/asd/asd5/summ2007-2008/533summ.pdf>, August 2008) examined workfare programs in the three countries. Among the report’s conclusions:

- Workfare has a deterrent effect which stops people claiming or encourages them to leave welfare before the workfare phase.
- There is little evidence that workfare increases the likelihood of finding work. It can even reduce employment chances by limiting the time available for job search and by failing to provide the skills and experience valued by employers.
- Subsidized (‘transitional’) job schemes that pay a wage can be more effective in raising employment levels than ‘work for benefit’ programs.
- Workfare is least effective in getting people into jobs in weak labor markets where unemployment is high.
- Workfare is least effective for individuals with multiple barriers to work (i.e., the dominant population in NYS now).
- Welfare recipients with multiple barriers often find it difficult to meet obligations to take part in unpaid work. This can lead to sanctions and, in the most extreme cases, the complete withdrawal of benefits that leaves some individuals with no work and no income.

The Manpower Development Corporation, often hired by governments to evaluate their welfare programs, largely came to the same conclusions. Welfare-to-Work Program Benefits and Costs A Synthesis of Research (David Greenberg, Victoria Deitch, and Gayle Hamilton, Feb. 2009) looked at 28 benefit-cost studies of welfare-to-work programs by MDC (though apparently not transitional jobs programs). Their finding include:

- If a chief goal is to reduce government expenditures, then programs that require individuals to look for jobs immediately and that assign other activities if work is not found are relevant strategies. These programs tended to be beneficial for the government budget (and to be less expensive than the type of program described next) but result either in small benefits or in net costs for participants. (Note: this has largely been the NYS model)

Recommendations (summary)

New York should significantly increase the number of participants engaged in on the job training, wage subsidy, subsidized employment, grant diversion and transitional jobs.

New York – and particularly New York City - should reduce reliance upon workfare (WEP) programs, especially with so many present welfare participants having multiple barriers to employment.

The state should formally state that the key goal of welfare to work is to enable participants to become employable in jobs that allow them and their families to become economically self-sufficient.

The state should conduct a cost-benefit and performance analysis of its various welfare to work programs.

The state should expressly reject the Jobs First approach (namely, that any job, no matter how low the pay and benefits or lack of career advancement, is always the best solution) for one that promotes sustainable jobs and requires more upfront access to job training and education.

New York should substantially reduce the rate of sanctioning of welfare to work participants.

The state needs to increase oversight of local districts' performance in welfare to work. The best and most cost-effective solution would be state take over off administration of welfare and food stamps.

The State should continue to expand the Career Pathways program. Increased funding was included in the final 2009-10 state budget, though well short of the \$50 million recommended by advocates last year.

The State should increase work incentives for welfare participants, including earnings supplements, a higher Earned Income Disregard, Individual Development Accounts, and a higher minimum wage and Earned Income Tax Credit.

New York should increase access to transitional benefits, including child care.

Respectfully Submitted

Mark Dunlea, Esq.

Executive Director

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**Public Hearing—Oversight
Human Resources Administration
Back to Work Program**

New York City Council Committee on General Welfare and
New York City Council Committee on Contracts

April 29, 2009



Testimony Prepared by:

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Good morning, my name is Lori McNeil, Director of Research and Policy with the Homelessness Outreach and Prevention Project, (HOPP) at the Urban Justice Center. I appreciate this opportunity to testify. Since its inception in 1984, HOPP has continuously been involved in serving vulnerable populations in New York City. We serve low and no income residents through direct legal services, systematic advocacy and outreach but also through an application of policy research thereby not only serving our clients but also impacting all low income New Yorkers. It is in this capacity that I wish to address the findings of our latest research report, released in March 2009, *We Want to Work: Challenges to Self-Sufficiency in New York City's Workforce-Development Program*.

Our research data was drawn from intensive, in-depth interviews of 66 food stamp and/or cash assistance recipients—all of whom were Human Resource Administration (HRA) clients. The study documents barriers faced by low-income New Yorkers in pursuit of work or a better job. While most respondents reported a desire to work, fifty percent of interviewees faced at least one employment barrier such as childcare issues, English language proficiency or job training access. Moreover, interviewees reported earning wages that kept them in poverty and working in jobs that produced un dependable wages. Overwhelming respondents reported that they needed more than a job. Instead, they needed career choices where they could realistically expect to earn wages above federal poverty levels.

Most respondents aspired to work in specific career sectors, the majority of which are characterized by high growth. Almost half of the interviewees reported skills and/or education that could serve as a foundation for career development but acknowledged the need for additional training in order to realize their aspirations. Still, many interviewees weren't aware of existing job training or educational opportunities that would place them on appropriate career paths. Those who participated in training programs reported mixed results ranging from experiences that were positive to issues surrounding training programs that did not provide skills useful in the job market. It is based on these findings that the following recommendations are proposed to address the persistent nature of inadequate workforce development programs for low income New Yorkers.

1) **Career Counseling Initiative.** Our workforce development program is nearly impossible to navigate because so many programs exist that operate in an independent and unconnected fashion. HRA clients often don't know what opportunities exist or how to access different job related resources. Many potential opportunities are not utilized due to this issue. To address this problem, a career counseling initiative can be written into the HRA June vendor contracts. A career counselor would guide clients through the entire work process, working along with clients toward career acquisition and providing on-going and continual support especially in the following areas:

- Assist and direct clients with obtaining appropriate training and education offerings
- Assist clients in securing free English as a Second Language instruction
- Assist clients in accessing quality and stable childcare arrangements
- Assist clients with locating mentorship offerings
- Assist clients in identifying relevant work experience, education and strengths or skills that can contribute to a solid career foundation

Such initiatives have been highly effective especially when recipients have specific career aspirations.¹

2) **Career Ladder Programs.** Since many research respondents were working but almost all of them were still impoverished, the opportunity for all HRA clients to participate in career ladder programs is necessary. Such programs are designed to ultimately produce employment opportunities so that clients can realistically attain jobs yielding wages

¹See *NYC Workforce Weekly*, September 12, 2008. EarnMore Program. Also see MDRC report, *Moving from jobs to careers engaging low-wage workers in career advancement*. December, 2008.

above poverty level. Career ladder programs have a proven track record of success in New York City.²

- 3) **Individual Training Grants (ITG—formerly ITA)** Expand the ITG voucher program so that they are widely available and easily accessible to all HRA clients. Currently, ITG approved training/educational programs are needlessly narrow. Additional approved programs are necessary in order to offer a full range of career options.

Providing low income New Yorkers with opportunities for economic success not only assists those families by providing viable avenues to self-sufficiency, but also produces stronger communities by reducing poverty. Additionally, a concerted commitment to the initiatives outlined above, will allow all residents to fully contribute their skills and expertise to New York City thereby expanding and strengthening the City's resource base.

² See Center for Economic Opportunity, *Nursing Career Ladders*, http://www.nyc.gov/html/ceo/downloads/pdf/appendixb_nurse.pdf.

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