



*Getting to the
Root of the
Problem*

Hunger Action Network OF NEW YORK STATE

Media Release

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Hunger Action Study Says Jobs Programs for Welfare Participants Show Promise

Calls for State to Maintain Job Funding, Do Cost Benefit Analysis

(Albany) Hunger Action Network of NYS said today that New York's recent welfare experiment with transitional jobs programs that combine education and training with a real job had shown promising results and should be expanded.

"Welfare participants want a job that will enable them to support their families. While we want a stronger and more compassionate safety net, we also want New York to have the best welfare to work program in the country rather than one of the worst. Two years ago under the leadership of OTDA Commissioner David Hansell New York began to move in the right direction by increasing investments in job programs. We need Governor Cuomo to commit to helping low-income New Yorkers find real, decent paying jobs," said Mark Dunlea, Executive Director of the Hunger Action Network of New York State.

Even before their first year of funding was complete, subsidized employment programs enabled over one in four welfare jobs participants to make the transition to regular work; some counties had placement rates above 50%. Statewide, only about 14% of TANF participants leave welfare for employment in a given year, compared to a national average of 20%.

Unfortunately, while state lawmakers in the last two budget allocated \$85 million for a variety of welfare jobs programs, including Career Pathways, less than one million dollars (for wage subsidies) was included in the budget adopted this week (though \$15.5 million was restored for summer youth employment). Advocates had hoped that some of the \$960 million of federal welfare funds that the state diverts to the county as a block grant would have been allocated to continue funding the jobs initiatives.

The group said that it hoped lawmakers would restore at least partial funding for the programs in a supplemental budget. It also called upon the Governor to conduct a cost-benefit analysis comparing subsidized employment to workfare, which is the main welfare to work program in NY. New York relies on workfare much more than other states. The federal government consistently ranks New York among the worst states in helping to move individuals from welfare to work.

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Many of the individuals now remaining on welfare in New York State have multiple barriers to employment, thus requiring more assistance in becoming employable.

Hunger Action Network said that the state's current emphasis on Jobs First, moving participants into any job under any condition before job training or education was provided, was not succeeding in improving employability. One drawback was that local districts lacked mechanisms to effectively tie the participants into training and education programs (e.g., GED, adult literacy) once the person found a job. Many of these individuals frequently returned to welfare.

Hunger Action compiled initial welfare jobs data from some of the larger counties outside of NYC – Albany, Schenectady, Westchester, Dutchess, Onondaga, Erie, and Monroe. Local districts—in spite of having to implement a trio of new programs very quickly and suddenly— did a reasonably good job of creating and expanding relationships with a variety of employers, including in several cases developing new connections with businesses and job fields.

Hunger Action said it was disappointed that New York had spent comparatively little of the \$1.2 billion in extra welfare dollars it received as part of the economic stimulus package on jobs programs. The federal government provided a 4 to 1 match for any state investment in employment programs for low-income New Yorkers (and the state contribution could come from federal funds). Larger states created five to eight times the number of job slots that New York did. Even smaller states like Kentucky created more jobs positions. Hunger Action provided funding (primarily federal, though some state funds) for transitional, green and health care jobs, as well as wage subsidy and Career Pathways.

Several years ago, at the request of Community Voices Heard, the Fiscal Policy Institute did a Return on Investment Study for a proposed Transitional Jobs program. The study found that, while the program had a direct cost of \$80 million to provide for an annual 4,000 subsidized transitional job slots, the net cost is only \$49 million, and within three years the statewide initiative could pay for itself. The analysis compares the cost of providing transitional jobs (including the cost of wage payments, training, supervision and other program administration) with the public savings that result when participants increase their likelihood of employment and therefore are more likely to stay out of jail or prison and get off public cash assistance rolls.

The analysis shows that a statewide transitional jobs initiative in New York could pay for itself in just three years if it is able to increase employment rates by more than 26% for public assistance participants and by more than 35% for formerly incarcerated participants.