

# MAKING WELFARE TO WORK, WORK

The mayor turns to a onetime rival to reimagine job training for the poor. But is the city willing to pay for what employers really need? **BY LESLIE KAUFMAN**

S hanta Owens was back in one of the many job-training sessions she's been forced to attend in the 15 years she's been on welfare. Only this time, instead of handing out job listings, the instructor gave her a piece of chocolate.

"Sometimes in our life, things can be rough," the teacher, Brynn Wallace, said, "so we need to remember to slow down and enjoy the good moments."

Owens, a 49-year-old mother of six, has cycled through job-training classes with little to show for them. "There were no jobs," she said. "They just wanted you to sit around."

Then the de Blasio administration offered her a chance to join an employment-training service that aims to get its clients not just any job, but one that gives them the interpersonal skills that can move them beyond low-skill, minimum-wage work. The nutrition counseling, computer literacy, long-term mentoring and, yes, mental-health assistance go well past the basics needed for entry-level work. Even the name of the service is nurturing: the Hope Program.

Owens, who is training to get her food-handler license because she dreams of a job at Costco, said her favorite part of the Hope Program has been its counseling on emotional health. As sun streamed through the windows in the small office in downtown Brooklyn, she unwrapped her chocolate and took a deep whiff. "In my culture we don't talk to therapists and counselors, we talk to the pastor," Owens explained. "I am normally not one to open up, but when I met the counselor it was like a weight lifted off my shoulders."

Such a touchy-feely approach to public assistance would have been unfathomable under Mayors Rudy Giuliani and Michael Bloomberg. But since taking office two years ago, Mayor Bill de Blasio, and his commissioner of human resources, Steve Banks, have used this model as they remake the \$200 million system intended to move roughly 54,000 able-bodied New Yorkers from welfare to work.

They are phasing out the signature Giuliani program that required welfare recipients to do community-service-type work in exchange for their government check, and have lately reduced the number of clients punished for missing city-mandated meetings intended to get them back to work.

At the end of February, the de Blasio administration requested new proposals from welfare-employment trainers. Vendors will have to assess each client's educational needs and career ambitions, and ideally offer individually tailored programs.

The ambition behind the massive rebidding process is to reduce the city's poverty rate, which has hovered stubbornly at about 20% for more than a decade. Banks is seeking to change a system focused on getting people from welfare to work as fast as possible into one that, as he puts it, emphasizes "quality jobs with sustainable wages."

To achieve this goal, training contractors will be measured with tough new metrics, including how long recipients stay in the jobs in which they are placed. Banks would like to see 80% still in their positions after 180 days. By industry standards, that's asking for the moon. The new system would triple New York City's current number, according to one independent study.

Banks and de Blasio have talked up their efforts to consult employers and promised big changes to the system, but they have moved very deliberately. After they introduced the concept behind the revamp, nearly a



**SANDRA CHEVALIER** took advantage of new rules allowing welfare recipients to go to school while collecting benefits. She's now at LaGuardia Community College.

year passed before they issued the request for proposals and the new metrics by which programs would be judged. Contractors were given less than eight weeks to prepare their bids.

The effort, even at this early stage, has been met with skepticism. Conservatives say it will bring back a culture of dependency. Businesses fear it won't turn welfare recipients into reliable workers. And job-training nonprofits warn that they are being insufficiently funded.

Alan Momeyer, who recently retired as vice president of human resources at Loews Corp., which occasionally employs former welfare recipients for its hotels, says the city must do more after its trainees land a job. Many have challenging circumstances in their lives or don't understand the cultural norms of a professional workplace. They don't

need skills so much as continuing guidance and support.

"It is not a priority for us that the city train people. We will do that—we have our own, very specific standards," Momeyer said. "Where the nonprofit world would be much more helpful is after the person starts. It's then that there are always issues. If you've been on welfare a long time, working requires adjustments, like getting along with the boss and co-workers and getting to work on time."

**WHEN GIULIANI TOOK OFFICE IN 1994**, 1.1 million New Yorkers—nearly one in six city residents—were on welfare. The mayor and his HRA commissioner, Jason Turner, blamed fraud and a system of perverse incentives that handed out checks without insisting that the able-bodied try to work first.

In Washington, President Bill Clinton—pushed by a new Republican-

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controlled House of Representatives—promised to “end welfare as we know it.” Congress passed a controversial reform limiting welfare to five years and creating financial incentives for states to move people off the rolls. But municipalities and states could continue funding benefits indefinitely. New York City and state both did.

Giuliani, however—embracing what his fellow Republicans in Washington were doing—found other ways to reduce the rolls. He made benefits recipients submit to fingerprinting and report to welfare centers—which he renamed job centers—and, most famously, began making able-bodied but unemployed recipients do tasks such as raking leaves in parks.

One effect of the “workfare” mandate was immediate: Recipients who had off-the-books jobs conflicting with their new assignments had to choose one or the other; an untold number chose their jobs. Bloomberg largely continued the policy. During the two mayoralities, the monthly count of New Yorkers on welfare declined by two-thirds, or more than 700,000.

One man, however, fought the new rules—often successfully. The attorney-in-chief of the Legal Aid Society brought lawsuit after lawsuit against the Human Resources Administration. He alleged it was illegal to make welfare applicants spend a day at a job center looking for work before they could apply for benefits; he won. He charged the city couldn’t force disabled recipients to use job centers far from their house, and won again. He sued so often that both Giuliani and Bloomberg frequently singled out the lawyer for criticism.

His name was Steve Banks.

No one could have predicted that the bane of HRA’s existence would one day run the agency. But in hiring Banks in February 2014, the mayor—who had edged Banks in a 2001 race for a Brooklyn City Council seat—could not have made a stronger statement about his predecessors’ policies for the poor.

When Banks was appointed, longtime staffers at the agency—which runs the city’s biggest poverty programs, namely food stamps, Medicaid and welfare—were shocked. Their longtime nemesis was suddenly their boss. Lisa Fitzpatrick, a 30-year veteran of the agency and now its first deputy commissioner, said she and her colleagues knew it was time to “brace for change.”

**BANKS AND DE BLASIO** consider entitlements to be just that, and that people should be helped instead of thwarted to get everything they legally can. Banks has taken steps to ease barriers to a wide range of benefits, such as adding kiosks and phone apps that let individuals apply for food stamps without visiting an office and waiting in line. Under Giuliani and Bloomberg, missing one appointment could result in a suspension of cash. Banks gives five sick days.

Banks is also aggressively taking advantage of a change in state law that allows welfare recipients to attend college for four years while still receiving benefits. It was a major shift, but New York was merely bringing itself in line with other liberal states that have allowed more training and education for years, said Elizabeth Lower-Basch, director of the income and work supports team at the Center for Law and Social Policy in Washington. “New York, in the past, has stood out as using workfare much more than other places,” she said. “That was quite unusual.”

Sandra Chevalier, a single mother of five, was



STEVE BANKS circa 1992. Then, he fought Giuliani’s welfare policies; now he’s implementing his own.

one of the new cohort. A foster child who never finished school, she had always loved animals. When she had a family of her own and went on welfare, she said, she decided she wanted an education but had no time as a clerical assistant under workfare.

Under the new program, she earned a high-school equivalency diploma and now attends LaGuardia Community College, where she is

studying to be a veterinary assistant. In addition to receiving welfare, she earns \$10 an hour mentoring other students who are on welfare. “Before I was having trouble paying the rent,” she said. “Now I can focus on my studies.”

The new leniency, however, has been just what the mayor’s conservative critics feared—

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and they have attacked. “De Blasio’s new welfare plan: Anything to stop people from getting a job,” screamed a *New York Post* headline on a column written by Heather MacDonald, the Manhattan Institute’s welfare expert. “Welfare users will no longer be expected to immediately look for and take a job in exchange for taxpayer support,” but instead “will serve indefinitely as receptacles for an endless array of taxpayer-supported services,” MacDonald wrote.

In the two years after de Blasio became mayor, the number of people receiving monthly benefits rose by nearly 24,000, to 358,000.

To Banks, that does not indicate a rise in free-loading. He said his predecessors kept the number artificially low by chasing people off the rolls, only to see them return by appealing to the state. The more honest number, he said, is how many clients receive cash assistance at some point in an entire year. That figure, roughly 500,000, has not changed in nine years.

“All the prophecies of doom and gloom have not come to pass,” said Banks. “There is no evidence we are increasing dependency.” Nor is there any that his department is reducing it. The Independent Budget Office recently reported that it’s too soon to judge how things are going under Banks’ leadership.

If there are more people on welfare and they are staying on it longer, it is because they are more engaged, Banks offered. “The idea that we are not asking people to work could not be further from the truth,” he said.

**T**HE VAST MAJORITY of New Yorkers on welfare are children, elderly or disabled and can’t work. Of the roughly 89,000 adults who can, 27,000 are employed but earn so little that they still qualify for benefits, and an additional 7,000 are in drug-treatment programs. Almost all the political *Sturm und Drang* about welfare focuses on some 54,000 unemployed able-bodied adults on the dole. Banks’ toughest challenge has been moving them into jobs.

For many years, about a half-dozen contractors handled almost all of the city’s welfare-to-work training. According to one of them, they were paid about \$2,600 per person. Banks said this has not been money well spent, calling the programs job-training factories that offer one-size-fits-all services for employable high-school graduates as well as those who can’t read or write.

The efficacy of the city’s welfare contractors has long been debated. Under Bloomberg, HRA reported that 75% of welfare recipients who were placed in jobs kept them for at least 180 days. HRA says the retention rate is now closer to 65%.

Many of the providers that have done the contract work believe Banks is fixing something that wasn’t broken—at an unnecessary cost to taxpayers. They say the 75% success rate should be a point of pride. “I don’t think anyone—whether larger or smaller or nonprofit—can do much better than that,” said one executive, requesting anonymity for fear of angering City Hall.

However, doubts have been raised about the city’s numbers. An independent investigation in 2008 by Community Voices Heard—a nonprofit that advocates for more training and education—found that three of every four trainees placed in jobs lost them within six months.

That’s a crucial statistic. Turnover costs



BRYNN WALLACE teaches a class on wellness at the Hope Program.

businesses, even in fields accustomed to it, such as retail, hospitality and fast food, where many welfare recipients find work. The cost to society is steep, too, not just in terms of welfare payments but all the other assistance that low-income families get, such as housing subsidies, food stamps and health care, and the lack of income-tax revenue they generate.

To reach the city’s goal of 80% retention, Banks has his eye on a larger number of small vendors training people outside the city’s purview. The Hope partnership began last year when Banks asked the Robin Hood Foundation to recommend programs with strong records.

Last July, as a test, the city began sending clients to the smaller agencies. Some 100 people are spread among 10 different providers, which took the clients at their own expense.

Hope serves only 300 new people a year, so it can offer the kind of personalized attention that the city believes will lead to jobs that can lift people out of poverty. The program has a high

tle money. The average cost for a student to go to a service-rich provider like Hope is between \$5,000 and \$6,000, but the city’s new bidding process offers far less, depending on the services.

In March testimony to the City Council, Mary Ellen Clark of the NYC Employment Training Coalition said that programs were being asked to do more, but with potentially less money. Career programs that typically cost between \$1,000 and \$2,400 now—and can go as high as \$7,000—are being funded at an estimated \$931, she testified.

Louis Miceli, executive director of JobsFirstNYC, which finds employment for at-risk young adults, called the city’s offer “woefully insufficient.” “Despite lots of thoughtfulness on the planning side, it is really more of the same,” he said. “To get the kind of readiness and training support for the people typically coming from this type of background is expensive.”

Hope’s Mitchell said the cost of her program is high compared with what the city is accustomed to spending, but the payoff would be worth it. “If you measure the number of people who stay successfully employed for a year, it makes sense,” she said. “If the trainees aren’t staying employed for a year, what is that cost to society?”

The Community Service Society of New York once determined that when someone fails to graduate from high school or get a GED, the average cost to taxpayers exceeded \$300,000 during the course of his lifetime. But data on the effectiveness of the city’s programs for welfare recipients is hard to come by. For all the attention Giuliani got for the plunge in welfare recipients, the Independent Budget Office said it could not get enough information near the end of his tenure in 2001 to determine the effectiveness of his efforts.

Banks acknowledged that the funding being offered is not what everyone wishes but said his agency is preparing to supplement it with support that might not be readily apparent: more city agencies or contractors required to hire or at least review welfare recipients, more job-search assistance from city agencies such as Small Business Services and more money to the City University of New York for schooling.

“A whole new architecture is being built,” Banks said. “Let’s give it time to work.” ■

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number of staff relative to the number of enrollees, and offers stipends and rewards for graduates who get jobs and stay in them. Other extras include trips to a farmers’ market to learn about the benefits of fresh vegetables.

Hope’s executive director, Jennifer Mitchell, said it follows trainees even after they get jobs and counsels them on everything from dealing with bosses to replacing dirty uniforms. “A lot of places are a Band-Aid,” she said. “When you’re with Hope, you’re with Hope for life.”

Of course, welfare recipients are notoriously difficult to track once they leave the rolls. When *Crain’s* tried to follow up with Shanta Owens several months after visiting her at Hope, she had moved on, and the program could not find her. A spokeswoman said the program has since been in touch with her and continues to reach out to offer her help with job placement, retention and advancement.

**E**MPLOYMENT TRAINERS are excited by City Hall’s change in direction—they believe wholeheartedly in the mission—but most worry that the city is asking too much for too lit-

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