

CHAPTER 3

Jobs

Just as important as trends up or down in overall employment levels are structural changes in the nature and quality of jobs in New York. The continued, pronounced decline in manufacturing jobs and the growth of lower-paying service sector jobs have restrained growth in the state's median and average wages. Other changes in the labor market have also produced less favorable results for workers. These include: an increase in the number of temporary jobs, greater public and private contracting-out, and the substitution of lower-paid unskilled workers for higher-paid skilled workers. In addition to the greater job insecurity and lower wages that these developments helped produce, fewer and fewer employers provide their employees with health insurance and pension benefits.

After losing 510,600 jobs during the 1989-1992 recession — a recession that was considerably longer and more pronounced for New York than for much of the nation — New York recovered 857,700 jobs between 1992 and 2000. (*Table 3.1*) Before the

recent downturn, statewide employment in the spring of 2001 was at 8.6 million, an all-time high.

The state's recovery during the 1990s, however, was uneven, as the bulk of the jobs gained were added in the latter part of the decade. Between 1992 and 1996, New York's total employment base grew 2.2%. Over the next four years, the pace of job growth quickened significantly, as the state added jobs at a rate of 8.8%. Indeed, over 80% of the jobs gained between 1992 and 2000 were added in the decade's final four years.

Pronounced shift away from manufacturing jobs, further rise in services

As Table 3.1 shows, New York (similar to the nation a whole) continued to see a marked shift away from manufacturing and toward services over the course of the 1990s. The downsizing of New York's manufacturing sector, however, has been significantly more pronounced than the downsizing on the national level. Whereas New York's manu-

TABLE 3.1

| | Employment Change, New York, 1989-2000 | | | | | | | | |
|---|--|------------------------|---------|---------|----------|-----------------------|---------|---------|---------|
| | <u>Employment</u> | <u>Absolute Change</u> | | | | <u>Percent Change</u> | | | |
| | 2000 | 1989-92 | 1992-96 | 1996-00 | 1989-00 | 1989-92 | 1992-96 | 1996-00 | 1989-00 |
| TOTAL | 8,479,416 | -510,606 | 171,270 | 686,408 | 347,072 | -6.3% | 2.2% | 8.8% | 4.3% |
| Agricultural Services, Forestry, Fishing, Mining | 56,339 | -1,486 | 4,934 | 9,530 | 12,978 | -3.4% | 11.8% | 20.4% | 29.9% |
| Construction | 326,799 | -89,874 | 9,129 | 73,788 | -6,957 | -26.9% | 3.7% | 29.2% | -2.1% |
| Manufacturing | 846,359 | -162,713 | -88,019 | -48,141 | -298,873 | -14.2% | -9.0% | -5.4% | -26.1% |
| Transportation, Communication and Utilities | 422,948 | -17 | 6,047 | 27,953 | 33,983 | 0.0% | 1.6% | 7.1% | 8.7% |
| Wholesale Trade | 447,125 | -55,153 | -1,372 | 23,171 | -33,354 | -11.5% | -0.3% | 5.5% | -6.9% |
| Retail Trade | 1,290,439 | -102,656 | 51,250 | 100,396 | 48,990 | -8.3% | 4.5% | 8.4% | 3.9% |
| Finance, Insurance and Real Estate | 742,336 | -49,381 | -12,843 | 28,874 | -33,350 | -6.4% | -1.8% | 4.0% | -4.3% |
| Services | 2,828,648 | 4,799 | 244,319 | 379,840 | 628,958 | 0.2% | 11.1% | 15.5% | 28.6% |
| Government | 1,401,653 | -25,057 | -45,488 | 82,918 | 12,373 | -1.8% | -3.3% | 6.3% | 0.9% |
| Nonclassifiable Establishments | 58,511 | -26,127 | 3,233 | 644 | -22,250 | -32.4% | 5.9% | 1.1% | 27.6% |

SOURCE: NYS DOL, insured employment series.

facturing employment base accounted for 20% of total nonfarm jobs in the early 1980s, today it accounts for just 10%. For the nation as a whole, the manufacturing sector accounts for 14% of total nonfarm jobs today, down from 22% in the early 1980s. From 1989 to 2000, New York lost 298,900 manufacturing jobs and gained more than twice that number of jobs in services.

Although there has been considerable job growth in the finance, insurance and real estate (FIRE), construction and wholesale trade sectors since 1996, this growth has been insufficient to fully offset declines recorded earlier in decade. Within the FIRE sector, commercial banks reduced employment sharply over the decade, while securities firms added tens of thousands of jobs, particularly since 1996. Between 1989 and 2000 the state's retail trade, transportation and communication, and government sectors grew 3.9%, 8.7% and 0.9%, respectively.

To get a better sense of the change in the state's industrial composition during the expansion years of the 1990s, Table 3.2 lists the 15 industries (at a 2- or 3-digit standard industrial classification level) that experienced the greatest job growth (in absolute terms) from 1992 to 2000. Table 3.3 identifies the 15 industries (also at a 2- or 3-digit level)

that recorded the largest employment declines in absolute terms over this period.

The construction trades sector led all industries with a gain of 82,900 jobs, a 34% increase between 1992 and 2000. Of the remaining 14 industries, nine were in the services sector. With an employment gain of 80,900 (an 85% increase), personnel supply services led all service industries, followed by computer and data processing services which added 75,800 jobs (a 157% increase).

Many of the service industries listed in Table 3.2 pay significantly less than the state's average wage of \$40,658. In addition to personnel supply services, other low-wage services industries on the list include individual and family services, miscellaneous business services, nursing and personal care facilities and miscellaneous amusement and recreation services. Combined, these industries added 210,900 jobs between 1992 and 2000. At the same time, computer services, management and public relations services, and motion picture production and services, which also make the list, pay wages much higher than the state average. However, combined these higher-paying service industries added 134,900 jobs, significantly fewer than the number gained in the lower-paying service industries.

TABLE 3.2

New York State's 15 Industries with Greatest Employment Growth, 1992-2000

| SIC | Industry | Employment | | Absolute Change | Rate of Change | 2000 Avg. Wage |
|-----|--|------------|-----------|-----------------|----------------|----------------|
| | | 1992 | 2000 | | | |
| | Total Private and Public Employment | 7,621,738 | 8,479,416 | 857,678 | 11.3% | \$40,658 |
| 150 | Construction Trades | 243,882 | 326,799 | 82,917 | 34.0% | \$43,859 |
| 736 | Personnel Supply Services | 95,241 | 176,137 | 80,896 | 84.9% | \$30,290 |
| 737 | Computer and Data Processing Services | 48,233 | 123,987 | 75,754 | 157.1% | \$73,876 |
| 581 | Eating and Drinking Places | 356,184 | 419,478 | 63,294 | 17.8% | \$14,993 |
| 620 | Security and Commodity Brokers | 141,011 | 199,254 | 58,243 | 41.3% | \$221,538 |
| 832 | Individual and Family Services | 113,563 | 163,540 | 49,977 | 44.0% | \$20,375 |
| 801 | Offices and Clinics of Medical Doctors | 92,534 | 130,503 | 37,969 | 41.0% | \$54,016 |
| gov | Government | 1,364,223 | 1,401,653 | 37,430 | 2.7% | \$40,865 |
| 874 | Management and Public Relations | 42,119 | 75,704 | 33,585 | 79.7% | \$76,659 |
| 738 | Miscellaneous Business Services | 109,383 | 142,509 | 33,126 | 30.3% | \$31,947 |
| 805 | Nursing and Personal Care Facilities | 109,514 | 137,725 | 28,211 | 25.8% | \$26,535 |
| 781 | Motion Picture Production and Services* | 14,797 | 46,399 | 25,602 | 173.0% | \$57,699 |
| 500 | Wholesale Trade, Durable and Nondurable | 425,326 | 447,125 | 21,799 | 5.1% | \$53,384 |
| 799 | Miscellaneous Amusement, Recreation Services | 41,791 | 60,485 | 18,694 | 44.7% | \$17,952 |
| 650 | Real Estate | 137,228 | 155,539 | 18,311 | 13.3% | \$40,026 |
| | Total, these 15 growing industries | 3,335,029 | 4,006,837 | 671,808 | 20.1% | \$41,270 |

*Calculations for change in employment in this industry take into account adjustments made in the classification of establishments.
 Note: Average wage for total employment excludes securities.
 SOURCE: NYS DOL, insured employment series.

Non-service industries that ranked among the top 15 largest job gainers included jobs in eating and drinking establishments and security and commodity brokers. These two industries have the distinction of being the lowest and the highest paid, respectively, of all the industries on the list of top growing industries.

Depository institutions (commercial banks and savings institutions) had by far the largest number of job losses (-52,200) among all industries over the 1992 to 2000 period. (Table 3.3) This sector’s downsizing — a national trend during the 1990s — reflects both the mergers and consolidations wave that took place during the decade and which continues to unfold, as well as the continued displacement of teller positions, a consequence of the widespread introduction of automated teller machines.

Eleven of the 15 industries with the greatest employment declines between 1992 and 2000 were in the manufacturing sector. As shown in Table 3.3, eight of these eleven manufacturing industries recorded declines greater than 25%. In several of these cases, the declines in the 1990s were highly concentrated geographically: apparel in New York City, photographic equipment in Rochester, computer equipment in the Mid-Hudson Valley, and aircraft and parts on Long Island.¹

One other notable sector in which job losses occurred during the decade was in the state’s electric, gas and sanitary supplies industry. The 12,270 jobs lost in the industry, a decline of 20% during the decade, reflect, in part, the deregulation of electric and gas utilities in New York.

Change in industrial mix hurts average wage

Tables 3.2 and 3.3 reveal that the change in the state’s industrial mix during the 1990s effectively reduced the size of several industries that pay above the statewide average wage. The average wage for the 15 largest-declining industries was \$60,600, nearly 50% above the statewide average wage. On the other hand, the average wage of the 15 industries with the largest employment gains (except security and commodity brokers) was only about \$600 above the statewide average.

Erosion in employer-provided health care and pension benefits

Despite the apparent robustness of New York’s economic growth in recent years, the economic change experienced in the state has done little to improve the extent of employer-provided health and pension benefits. While national trends, including the broader change in the industrial mix from manu-

TABLE 3.3

New York State’s 15 Industries with Greatest Employment Decline, 1992-2000

| SIC | Industry | Employment | | Absolute Change | Rate of Change | 2000 Avg. Wage |
|-----|--------------------------------------|------------|-----------|-----------------|----------------|----------------|
| | | 1992 | 2000 | | | |
| | Total Private and Public Employment | 7,621,738 | 8,479,416 | 857,678 | 11.3% | \$40,658 |
| 600 | Depository Institutions | 227,953 | 175,722 | -52,231 | -22.9% | \$78,346 |
| 230 | Apparel Manufacturing | 96,695 | 67,852 | -28,843 | -29.8% | \$30,419 |
| 386 | Photographic Equipment and Supplies | 58,962 | 39,015 | -19,947 | -33.8% | \$61,581 |
| 357 | Computer and Office Equipment | 37,384 | 24,174 | -13,210 | -35.3% | \$98,518 |
| 630 | Insurance Carriers | 118,475 | 105,785 | -12,690 | -10.7% | \$63,346 |
| 490 | Electric, Gas and Sanitary Supplies | 60,442 | 48,169 | -12,273 | -20.3% | \$67,936 |
| 372 | Aircraft and Parts | 16,670 | 5,773 | -10,897 | -65.4% | \$56,892 |
| 371 | Motor Vehicles and Equipment | 31,005 | 20,274 | -10,731 | -34.6% | \$59,926 |
| 381 | Search and Navigation Equipment | 20,081 | 11,464 | -8,617 | -42.9% | \$64,480 |
| 200 | Food and Kindred Products | 63,420 | 56,335 | -7,085 | -11.2% | \$43,612 |
| 260 | Paper and Allied Products | 36,393 | 29,553 | -6,840 | -18.8% | \$43,316 |
| 225 | Knitting Mills | 12,959 | 6,587 | -6,372 | -49.2% | \$29,076 |
| 275 | Printing | 47,045 | 40,732 | -6,313 | -13.4% | \$42,810 |
| 554 | Gasoline Service Stations | 25,782 | 21,708 | -4,074 | -15.8% | \$18,911 |
| 351 | Engines and Turbines | 9,856 | 6,113 | -3,743 | -38.0% | \$69,040 |
| | Total, these 15 declining industries | 863,122 | 659,256 | -203,866 | -23.6% | \$60,588 |

Note: Average wage for total employment excludes securities.
SOURCE: NYS DOL, insured employment series.

facturing to services, have reduced the extent of employer-provided health insurance, New York State witnessed a much steeper drop in coverage in the 1990s than did the U.S. as a whole. Private sector employer-provided coverage fell by 8.8 percentage points

from 66.1% in the late 1980s to 57.4% in the late 1990s, far outpacing the 3.6 percentage point drop at the national level. (Table 3.4)

This decline in employer provision of health care coverage helps explain much of the general rise in the percentage of the New York under-65 population without health insurance over the 1990s. The percentage of New Yorkers who are uninsured declined from its 1997 peak of 20%, to 17.0% in 2000. In contrast, in 1988, only 12.1% of New Yorkers were without health insurance. As with employer-provided health insurance, the 1990s saw the erosion in health insurance coverage in New York relative to the nation. (Chart 3.1)

New York used to have a higher proportion of its workers with health insurance and a lower percentage of its under-65 population without health insurance than the national average; the 1990s changed that, and now New York trails the nation in both measures.

New York workers have also been at a disadvantage relative to their counterparts nationally when it comes to private sector employer provision of pension coverage. While in both New York and nationally, fewer workers have employer-provided pension coverage today than 20 years ago,

TABLE 3.4

Change in Private Sector Employer-Provided Health Insurance and Pension Coverage, NYS and U.S., 1979-99

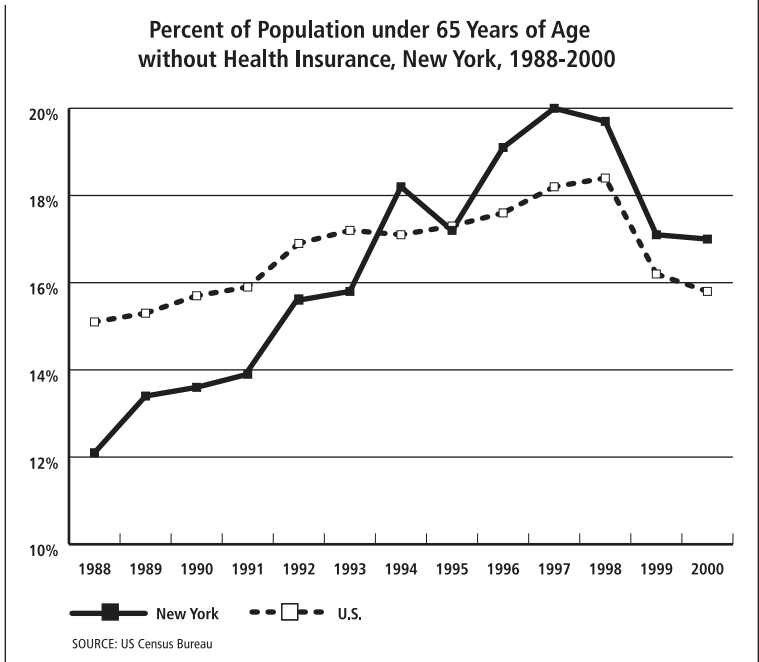
| | 1979/81 | 1987/89 | 1997/99 | Percentage Point Difference | | |
|----------------------------------|---------|---------|---------|-----------------------------|-------------|-------------|
| | | | | 79/81-87/89 | 87/89-97/99 | 79/81-97/99 |
| Health Insurance Coverage | | | | | | |
| New York | 71.5% | 66.1% | 57.4% | -5.4 | -8.8 | -14.1 |
| United States | 70.9% | 63.5% | 59.9% | -7.4 | -3.6 | -11.0 |
| Pension Coverage | | | | | | |
| New York | 53.5% | 46.7% | 46.8% | -6.9 | 0.1 | -6.7 |
| United States | 50.5% | 43.6% | 48.7% | -6.9 | 5.1 | -1.8 |

Note: Private sector, wage and salary workers, ages 18-64, who worked at least 20 hours per week and 26 weeks per year. Data are combined for three-year periods. SOURCE: CPS data analyzed by EPI.

during the 1990s at the national level there was a pronounced improvement. Nationally, private pension coverage rose from 43.6% in the late 1980s to 48.7% in the late 1990s, an improvement of 5.1 percentage points. In New York, in contrast, there was only a minuscule 0.1 percentage point gain, from 46.7% to 46.8%. (Table 3.4)

As with health insurance, New Yorkers went from being better off in terms of pension coverage than the national average a decade ago, to being worse off than the national average at the end of the decade.

CHART 3.1



Changes in employer-provided health and pension coverage by race/ethnic status and gender

Chart 3.2 shows that while non-Hispanic white individuals regardless of gender still enjoy significantly higher rates of health coverage than blacks or Hispanics do, coverage for all races declined during the 1990s. The coverage ratio for non-Hispanic whites in New York, however, remains above the national average, while the rates for New York’s Hispanics and blacks are below national averages. At the same time, the gap between non-Hispanic white and black health coverage decreased slightly during the decade — a gap that went from 10.2 percentage points to 8.5 percentage points. Health coverage among Hispanics fell more than for any other racial/ethnic group during the decade — 13.1 percentage points. Fewer than two in five (38.3%) Hispanics working in the private sector in New York now receive employer-provided health insurance, as compared to one in two in late 1980s.

The gender gap in employer-provided health insurance in New York narrowed considerably dur-

ing the 1990s, but only because coverage for men fell much faster than coverage for women. (Chart 3.3)

CHART 3.2

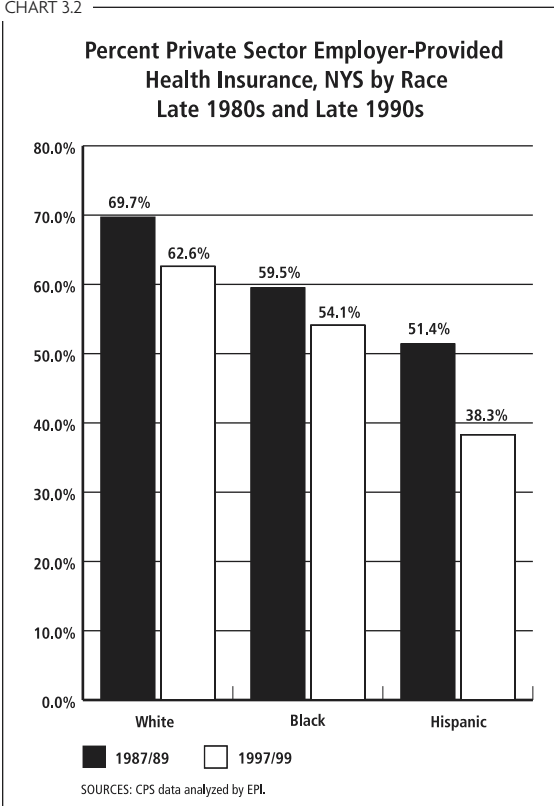


CHART 3.4

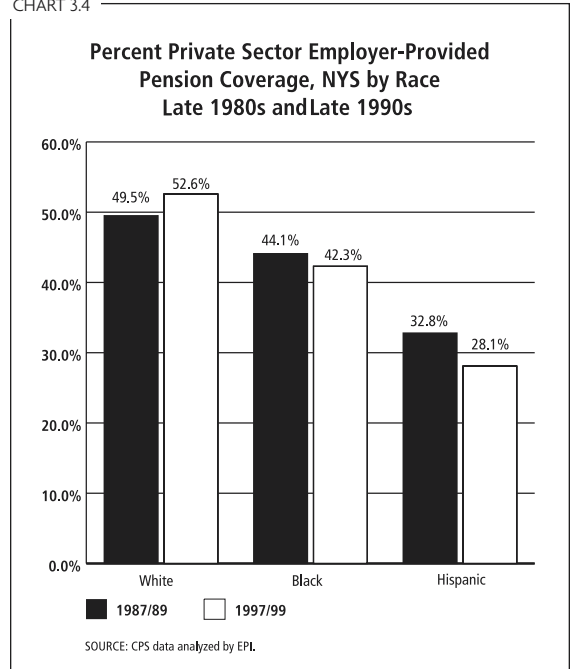
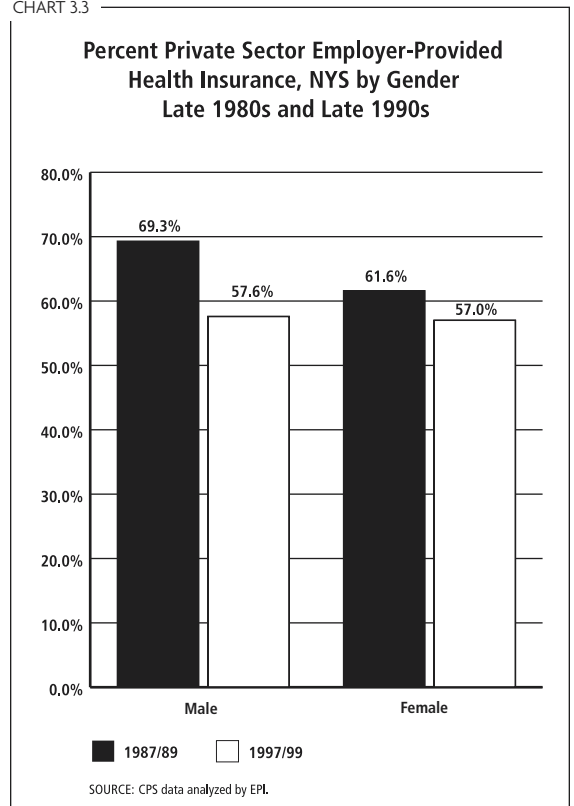


CHART 3.3



With pension coverage, as with health coverage, non-Hispanic whites fared best and Hispanics fared the worst. Hispanics experienced a steeper drop than blacks. For non-Hispanic whites, 52.6% had pension coverage, for blacks, 42.3%, and for Hispanics, 28.1%. (Chart 3.4)

As with health insurance, the gender gap in employer-provided pension coverage nearly disappeared by the end of the 1990s, owing to the fact that pension coverage for men fell in the 1990s, but rose for women. (Chart 3.5)

Continued erosion of workers' compensation benefits

The maximum weekly workers' compensation benefit for an injured worker in New York State who is completely unable to work is \$400. The maximum weekly benefit has not been changed since 1992 and, not surprisingly, as chart 3.6 shows, it has been declining steadily since then. The benefit is now just 49 percent of the state's average weekly wage. New York's maximum benefit is the lowest in the nation, when expressed in terms of each state's average weekly wage, placing New York a distant 51st below fiftieth-place Georgia, where the maximum benefit is 60 percent of the average weekly wage.

New York's maximum workers' compensation benefit is far below the benefit in adjacent states. (Chart 3.7) Out of the 50 states and the District of Columbia, 36 have a maximum workers' compensation benefit that is more than 90 percent of the average weekly wage. Twenty-one of the states have a maximum workers' compensation benefit that is higher than the state's average wage. New York is one of only seven states that do not link ("index") the maximum compensation benefit rate to the state average weekly wage. Even in absolute terms, New York's maximum benefit ranks

47th in the nation, edged out in the competition for last place by Mississippi, Arizona, Georgia and Louisiana.

CHART 3.5

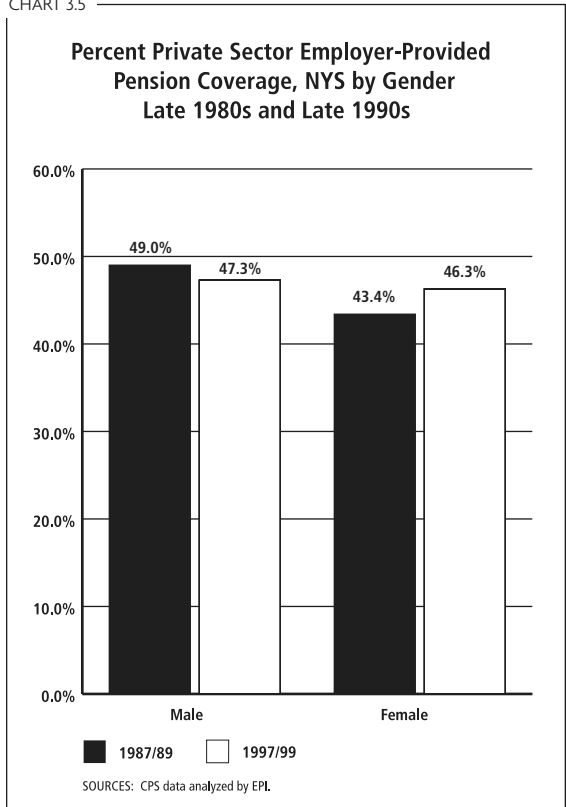
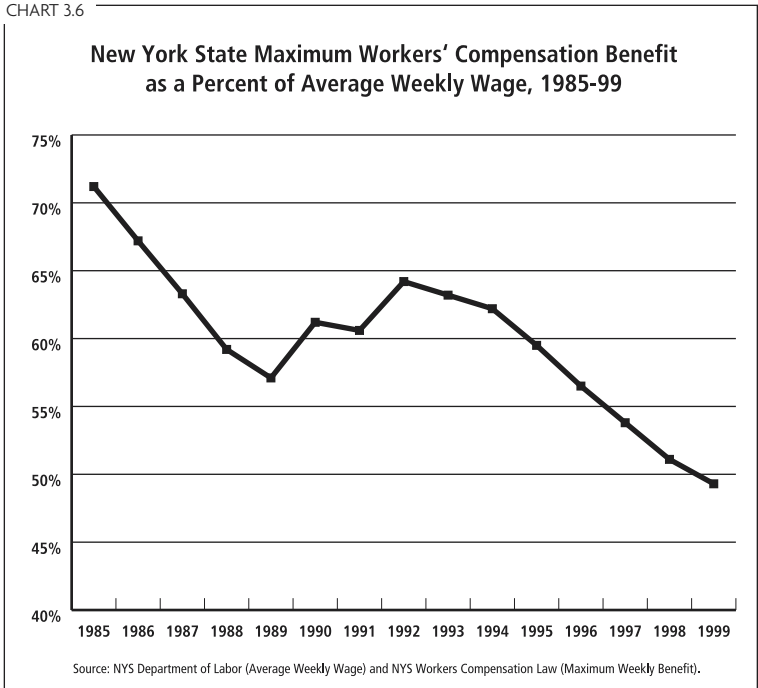


CHART 3.6



The changing labor market

Growth in contingent and temporary help jobs

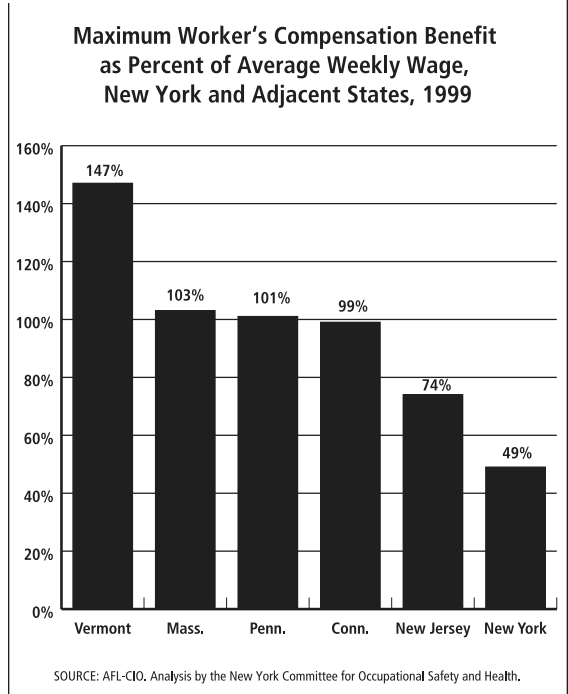
One of the developments contributing to the decline in employer-provided health and pension benefits is the rise in “contingent” work, a category that includes temporary employment (“temp” work), part-time and contract employment, and self-employment. These employment arrangements tend to lower the quality of jobs, principally in terms of wages and benefits, but also because they rarely provide any degree of job security and generally do not provide career ladders for entry-level workers.² Not only has the use of “temp” workers who are employees of temporary help supply firms been on the rise over the decade, but many companies have also increased their direct hiring of workers on a temporary, rather than a permanent, basis.

As noted earlier in this chapter, the personnel supply services industry added the second greatest number of jobs in New York from 1992 to 2000. Temporary employment agencies account for most of the employment in this industry. As Table 3.5 indicates, rapid growth in personnel supply services has occurred in many regions around the state. In Western New York, for example, temporary agency employment grew by almost 95% from 1992 to 2000, and led all other industries in job growth. Outside the downstate regions, the average annual pay in the temporary services industry falls under \$20,000, well below the average for all regions.

Substitution of nurses aides for registered nurses

Many factors, ranging from the cost of pharmaceuticals to the rise in the number of uninsured, have contributed to the pressure of rising health care costs. Hospitals and other health care institutions have responded to these cost pressures in various ways; one of the clearest in New York is the substitution of nurses aides (and orderlies) for registered nurses (RNs). In the late 1980s, there were only 5% more nurses aides in New York than RNs. However, over the last decade, the number of nurses aides increased by 43% while there was only a 9% increase in RNs. (Table 3.6) Now there are 38% more nurses aides and orderlies than RNs. Nurses

CHART 3.7



aides and orderlies get paid only 40% of what RNs earn (\$8.13/hour vs. \$20.42/hour).

Increase in government social and health service contracting-out

The private individual and family services industry grew by 28,841 employees from 1992 to 2000, in New York City, an increase of 35%. The private individual and family services industry provides services in a number of areas such as child welfare, homeless population and youth services. Many of these services are funded by government through federal categorical or block grants with matching funds provided by the state and city governments, or through direct state or city government expenditures.

The City of New York has increased its service contracting by 90% over the past decade to over \$5 billion, with roughly 60% of its service contract budget going to social and health services. This increase has occurred at a time when the city has reduced its direct employment in the human services area.³

The city has relied more and more on social service contractors (non-profit and for-profit) to deliver city-funded human services. Employees in

the private individual and family services industry had an average wage of \$20,626 in 2000, much less than city employees in the human services area. According to New York University Professor Walter Stafford, 70% of the employees of the city's Department of Social Services earned between \$25,000 and \$43,000 in 1997.⁴

Welfare reform

The most recent wave of reforms in the welfare system began in New York State in 1995 with New York City's Work Accountability and You program and expanded with the enactment of the Federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. The PRWORA transformed the federal government's safety net for needy families from an entitlement program (AFDC, Aid to Families with Dependent Children) to a state-administered block grant (TANF, or Temporary Assistance to Needy Families). Federal welfare reform allowed states to use a portion of block grant monies for programs not directly related to basic assistance, and states were encouraged to design work-focused, time-limited welfare programs to replace traditional cash assistance.

As a result of these changes and an expanding economy, public assistance rolls in New York State as well as in the nation have dropped by half, and rates of labor-force participation for single mothers have risen significantly.

Between January 1995 and September 2001, New York State's family assistance caseloads declined by 58% from 505,300 to 213,000, while in New York City, the number of family assistance cases fell from 351,000 to 152,300 (-57%). As Chart 3.8 indicates, declines in the public assistance case-

TABLE 3.5

| REGION | Total Employment | Absolute Change | Percent Change |
|------------------|------------------|-----------------|----------------|
| | 2000 | 1992-2000 | 1992-2000 |
| New York State | 176,137 | 80,801 | 84.8% |
| Capital Region | 9,369 | 1,176 | 14.4% |
| Central New York | 5,801 | 478 | 9.0% |
| Finger Lakes | 14,434 | 3,564 | 32.8% |
| Hudson Valley | 8,845 | 2,730 | 44.6% |
| Long Island | 17,023 | 6,021 | 54.7% |
| Mohawk Valley | 3,076 | 2,225 | 261.2% |
| New York City | 84,909 | 46,804 | 122.8% |
| North Country | 1,080 | 308 | 40.0% |
| Southern Tier | 6,354 | 1,888 | 42.3% |
| Western New York | 12,343 | 6,011 | 94.9% |

SOURCE: NYS DOL, insured employment.

load occurred during a strong upswing in employment growth statewide consistent with the strong inverse relationship between employment and caseloads experienced in previous economic cycles.

Although there are relatively few thorough studies analyzing the labor market impact of welfare reform, from the studies that have been done it appears that "welfare-leavers" who did find work entered a labor market characterized by low and declining wages, and that many families leaving the welfare rolls are experiencing hardship and remain in poverty. Nationally, studies of former welfare recipients have indicated that while 50% to 75% of adults worked at any point in time after leaving welfare,⁵ less than one-half of working welfare leavers were employed continuously during their first year off of assistance. Studies of working welfare-leavers have found most to be earning wages at \$7.00-\$8.00 per hour. On average only 23% of working welfare

TABLE 3.6

| | Employment | | | | Wages | | | |
|------------------------|------------|---------|-----------------|----------|---------|---------|-----------------|----------|
| | 1988/89 | 1999/00 | Absolute Change | % Change | 1988/89 | 1999/00 | Absolute Change | % Change |
| Registered Nurses | 107,843 | 117,431 | 9,589 | 8.9% | \$19.91 | \$20.42 | \$0.51 | 2.6% |
| Nurses Aides/Orderlies | 113,174 | 161,552 | 48,378 | 42.7% | \$9.23 | \$8.13 | -\$1.09 | -11.8% |

SOURCE: CPS data analyzed by FPI.

leavers were enrolled in employer-sponsored health insurance.

A study prepared by the Rockefeller Institute of Government with the New York State Office of Temporary and Disability Assistance and the New York State Department of Labor used administrative data to track New York families who left welfare in the first quarter of 1997.⁶ This study found that only 40% of these families had an adult employed at least one day in each quarter in the year after they left welfare. Outside of New York City, the median annual earnings of the families with an employed adult in all four quarters were \$12,611, far below the \$16,660 poverty line for a family of four in 1998. In New York City, the annual median earnings of families with an employed adult in all four quarters was \$17,431, an amount higher than the national poverty line but well below what a family needs to survive in one of the most expensive cities in the country.

Researchers working with the New York City Human Resources Administration conducted phone interviews in May 1998 with families who left public assistance in November 1997. Of these families, only 25% had incomes above the federal poverty guidelines and less than a third said they were better off financially after leaving public assistance.⁷

A recent Urban Institute study looked at twenty large metropolitan areas including New York City, focusing on less-educated single mothers as a proxy group for welfare leavers. It also looked at other categories of less-educated adults to consider the broader labor market effects of welfare reform.

The study found that the median hourly wage of less-educated single moth-

ers in New York City fell by 11.5% (from \$8.00 an hour in 1995/96 to \$7.08 in 1998/99)⁹

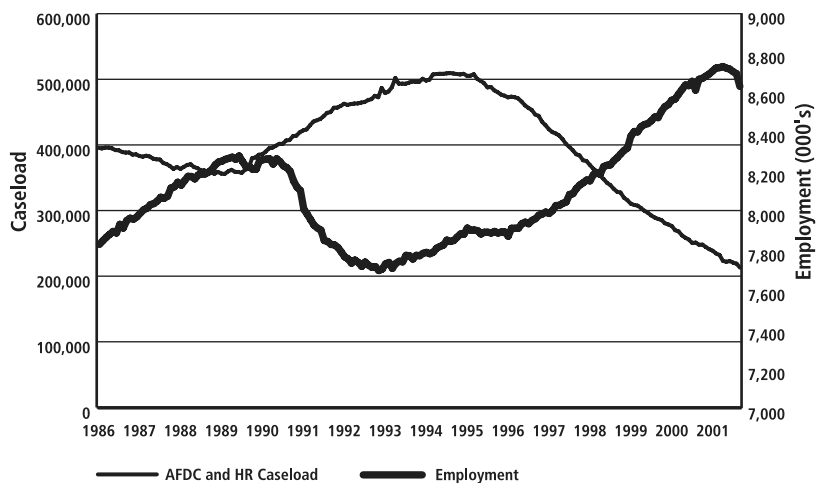
Thus, it appears that, in New York City, welfare reform served to depress the wages of vulnerable workers. In contrast, for the twenty large metro areas as a whole, median wages increased by 6.7%. The median wages of other less-educated members of the New York City labor force improved marginally, during that period, but far less than the improvements noted in other metro areas.

The ability of welfare leavers to maintain a decent standard of living is aggravated by the way New York has administered welfare reform. New York State, and particularly New York City, has adopted policies that block access to means-tested programs and discourage educational enhancement and transitional employment that would pay a decent wage and provide a real path to future employment. Despite the fact that their incomes would probably fall below Medicaid income eligibility guidelines, only 35% of New York State adult welfare leavers received Medicaid in the fourth quarter after leaving welfare.¹⁰

Additionally, just 26% of welfare leavers received food stamps¹¹ compared to 31% nation-

CHART 3.8

**Public Assistance Caseloads and Nonagricultural Employment
New York, January 1986-September 2001**



Note: Families receiving public assistance represent the sum of the total of AFDC/Family Assistance Federally Participating Cases and Home Relief Family/Safety Net Assistance Cases for the period in question.
SOURCES: Office of Temporary and Disability Assistance and NYS DOL.

wide.¹² The Federal Government has documented negligence by the New York City administration in signing up eligible city residents for food stamps.¹³ A survey administered by Community Voices Heard at New York City centers confirmed that a majority of recipients and applicants had not been told about the availability of emergency benefits, child-care assistance, Medicaid and food stamps.¹⁴ As over 42,000 New York City families reached their 5-year lifetime time limit for receipt of federal assistance in December 2001, a majority of recipients and applicants did not know how many more months of assistance they had left and were poorly informed of their right to Safety Net Assistance as guaranteed by the state constitution.

New York State and City have also neglected to promote education and training programs that could lead to better work opportunities. For example, between spring 1995 and spring 2001, enrollment of CUNY students on welfare declined from 27,000 to 4,500 as students were forced to choose between receiving the benefits they needed such as Medicaid and childcare and their own education.¹⁵

Finally, while implementing workfare, or requiring work for welfare recipients, the state and city have failed to create work opportunities that lead to permanent employment. In a survey of current and former welfare-to-work participants, a study by the Hunger Action Network of New York State found that only 14% of respondents reported that workfare or a work assignment led to a paid job.¹⁶

In New York City, the NYC Transitional Jobs Program is now law, requiring 7,500 public service and non-profit jobs to be created at a wage of \$7.50 an hour.¹⁷ A similar bill, to establish the Empire State Jobs Program, has been proposed at the state level.

The future of funding for welfare programs in New York State is uncertain as PRWORA is subject to Congressional reauthorization next year. There is no guarantee that with Congress facing mounting deficits it will maintain the current level of TANF block grants in this process. Because the federal block grant to New York has remained fixed while caseloads have declined dramatically and per person payments have not changed, the State has been able to accrue a sizable “TANF surplus,” with an accumulated value of \$6.7 billion over the last five years.¹⁹

Both New York State and New York City have become dependent on these funds, increasingly using them to pay for social service and related programs that were formerly funded with state and/or local revenues. At the state level, the TANF surplus has been used to fund child care (\$1.2 billion over the last 5 years), child welfare, employment and pregnancy prevention programs and child care and earned income tax credits (EITC). Should the reauthorization fail to maintain TANF funding at its present level or if the recession triggers an increase in TANF caseloads, the state and city will need to look elsewhere to fund these critical programs.