



100FPWA

Caught in the Gaps

How the pitfalls of cash assistance programs perpetuate economic insecurity for New Yorkers



Generously supported by The New York Community Trust and JPMorgan Chase & Co

About FPWA



FPWA is an anti-poverty policy and advocacy organization committed to advancing economic opportunity, justice, and upward mobility for New Yorkers with low incomes. Since 1922, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the systemic barriers that impede economic security and well-being, and strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

How We Got Here

Benefits Cliffs

Analysis: We learned that the primary issues are gaps created by **restrictive eligibility thresholds, administrative barriers, and low benefit levels.**

Financial Gaps: Using a “financial gaps” framework, we explored the **eligibility, coverage, and hardship gaps** in New York’s benefits programs.

After a comprehensive literature review, interviews with experts, and FOIL requests, we decided to focus on cash assistance.

As an organization committed to economic and racial equity, it is critical to highlight systemic inequities in cash assistance.

Cash Assistance in New York

In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (“Welfare Reform”) established the **TANF block grant**.

- Included **time limits on assistance, work requirements, and excluded many immigrants** from eligibility during their first 5 years in the U.S.

New York State established two cash assistance programs:

- **Family Assistance (FA)** is funded by TANF and provides cash assistance to families.
- **Safety Net Assistance (SNA)**, funded by the state and counties, serves both families with children and individuals without children.

TANF's Stated Goals

- (1) assist families so children could be cared for in their own homes or the homes of relatives
 - (2) reduce the “dependency” of parents by promoting job preparation, work, and marriage
 - (3) prevent pregnancies among unmarried individuals
 - (4) encourage the formation and maintenance of two-parent families
- The goals of TANF reflected paternalistic notions of who was—and was not—“deserving” of assistance, with a focus on ending “dependency” rather than ending poverty.
 - This history continues to shape not only the design of cash assistance but also broader attitudes about its recipients.

Key Findings

Financial Gaps in New York State's Cash Assistance Programs



Definition:

Eligibility Gaps occur when an individual or family's income is above eligibility for FA and SNA while still being too low to meet their basic needs.

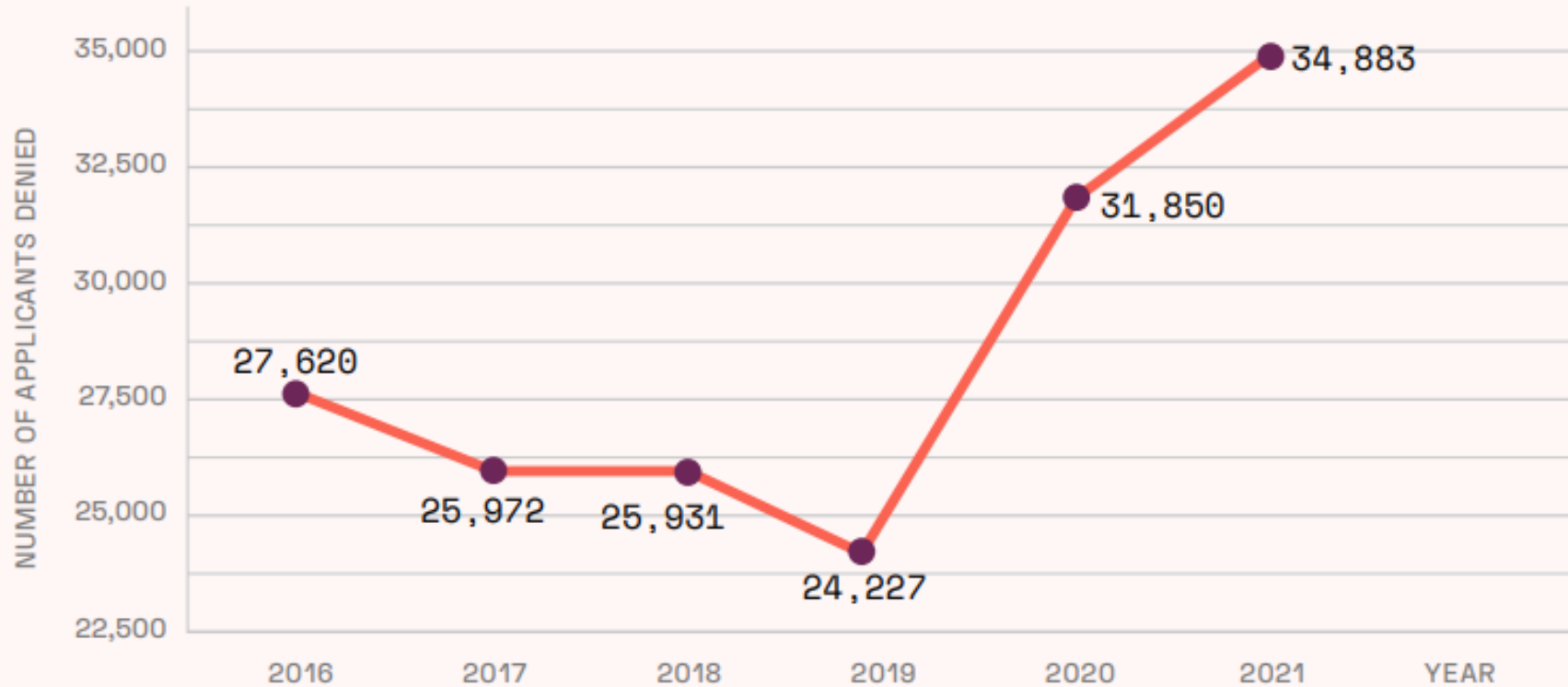
Finding #1

ELIGIBILITY GAP #1

Because the income limits for FA and SNA are so low, the programs reach only a small percentage of the New Yorkers who are experiencing poverty—and do not even reach all those with incomes below the artificially low Federal Poverty Level (FPL).

There are **approximately 500,000** New Yorkers receiving FA and SNA each year, but **more than 2.5 million** lived below the FPL in 2020. This is a glaring policy failure because the FPL is, to begin with, an extremely low threshold that undercounts the number of people experiencing poverty.

Number of FA & SNA Applicants Denied Due to Income Limits



Each year, thousands of applicants are denied specifically because of the program's unjustly low income limits.

Finding #2

ELIGIBILITY GAP #2

The extremely low asset limits for FA and SNA prevent individuals and families from qualifying and effectively make economic insecurity a condition of receiving assistance.

FA and SNA have asset limits that restrict applicants from having even modest savings. In New York State, between 2020 and 2021, over **4,000** applicants were denied assistance due to asset limits.

Definition:

Coverage gaps occur when an individual or family qualifies for FA or SNA but does not receive it because of administrative challenges or bureaucratic barriers.

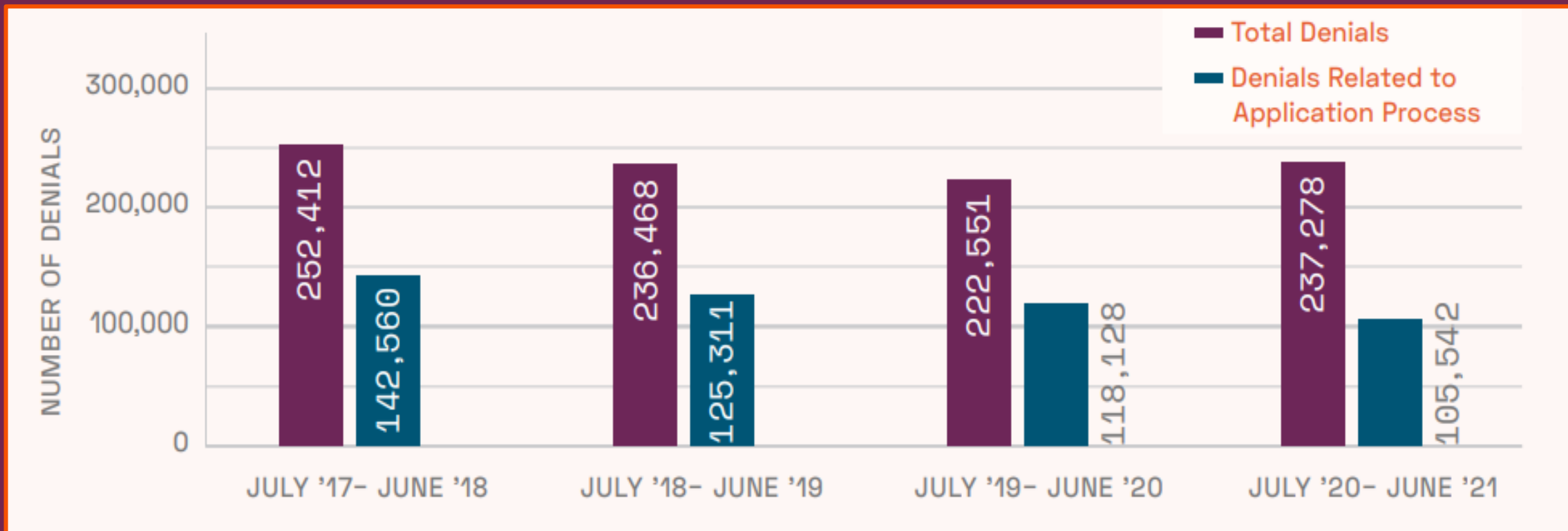
Finding #3

COVERAGE GAP #1

The onerous application and recertification processes prevent individuals and families from accessing cash assistance.

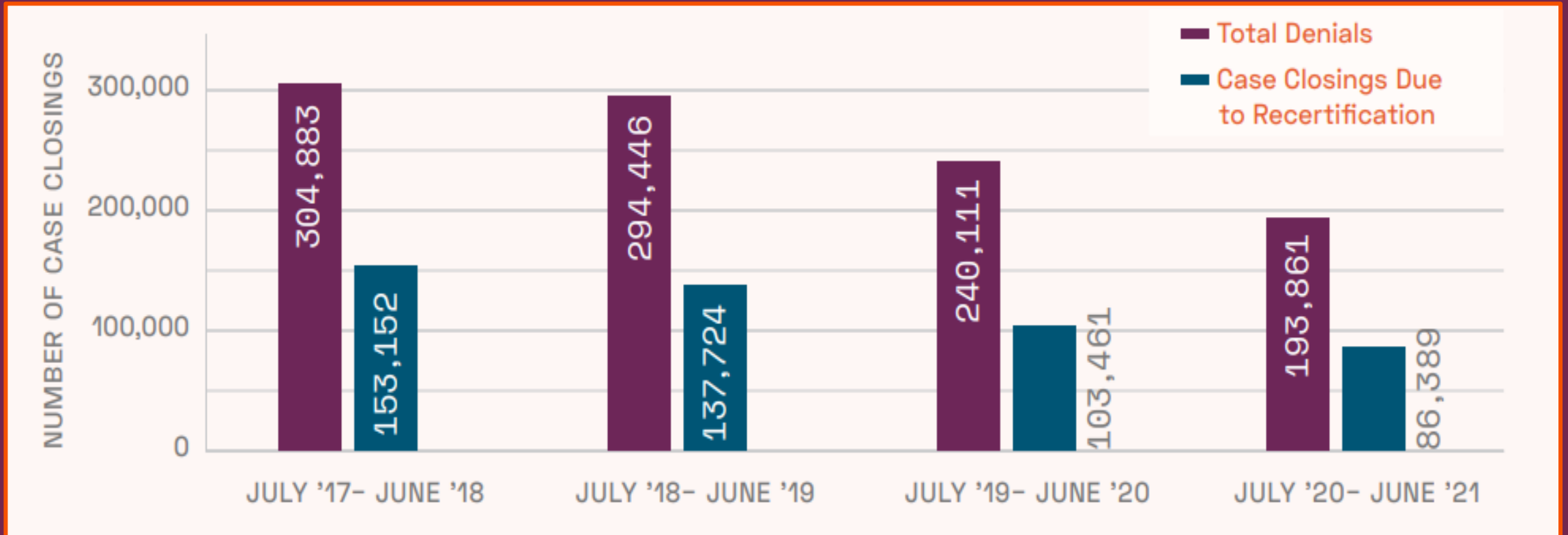
- Individuals are required to complete a lengthy application, provide extensive amounts of documentation, and attend an interview.
- These requirements are unnecessarily burdensome and time-consuming for individuals and families, **especially for those who are already facing the enormous burden of living in poverty.**

FA & SNA Denials Due to Issues Related to the Application Process



Since 2017, an annual average of over 122,000 applicants were denied due to issues related to the complex application process, such as if an applicant was unable to submit all the extensive paperwork required or unable to attend the mandatory interview.

FA & SNA Cases Closed Due to Issues Related to the Recertification Process



Since 2017, an annual average of approximately **120,000** recipients **lost benefits at recertification** due to issues pertaining to this process, such as if a recipient forgot to submit their recertification materials on time.

Finding #4

COVERAGE GAP #2

Work requirements prevent individuals and families from maintaining FA and SNA and lead to punitive measures such as sanctions, thus exacerbating and criminalizing poverty. Work requirements also fail to help households achieve economic security.

- From 2016-2021, nearly **118,000** people were sanctioned due to work requirements, over **4,000** in 2021 **during the pandemic**.
- Many recipients report having limited education/job experience, lacking appropriate childcare, etc.
- Research shows that people of color, especially Black recipients, suffer from **unequal enforcement of work requirements** and that families of color are more likely to be sanctioned than white families.

Average Hourly Wage for FA & SNA Recipients With Earned Income

	NEW YORK CITY	REST OF STATE	TOTAL NYS
JUNE 2019	\$15.11	\$11.97	\$14.41
JUNE 2020	\$15.83	\$12.74	\$15.35
JUNE 2021	\$16.35	\$13.01	\$15.95

Work requirements often push recipients into low-wage jobs and do not improve their long-term economic stability.

Finding #5

COVERAGE GAP #3

The program's high churn rate undermines financial stability for FA and SNA recipients.

“Churn” refers to the on-and-off-and-on enrollment pattern that characterizes many individuals’ experiences with benefits programs.

Percentage of FA & SNA Closed Cases Reopened Within 1 Year

	YEAR OF EXIT	TOTAL EXITS	PERCENT REOPENED WITHIN ONE YEAR
ADULT(S) WITH CHILDREN AT EXIT	2016	69,768	26%
	2017	67,074	27%
	2018	68,164	25%
	2019	59,838	26%
ADULT(S) WITHOUT CHILDREN AT EXIT	2016	91,191	24%
	2017	92,763	24%
	2018	95,227	24%
	2019	88,812	26%

Approximately **1 in 4** adults who exit FA/SNA will ultimately re-enter within one year.

Definition:

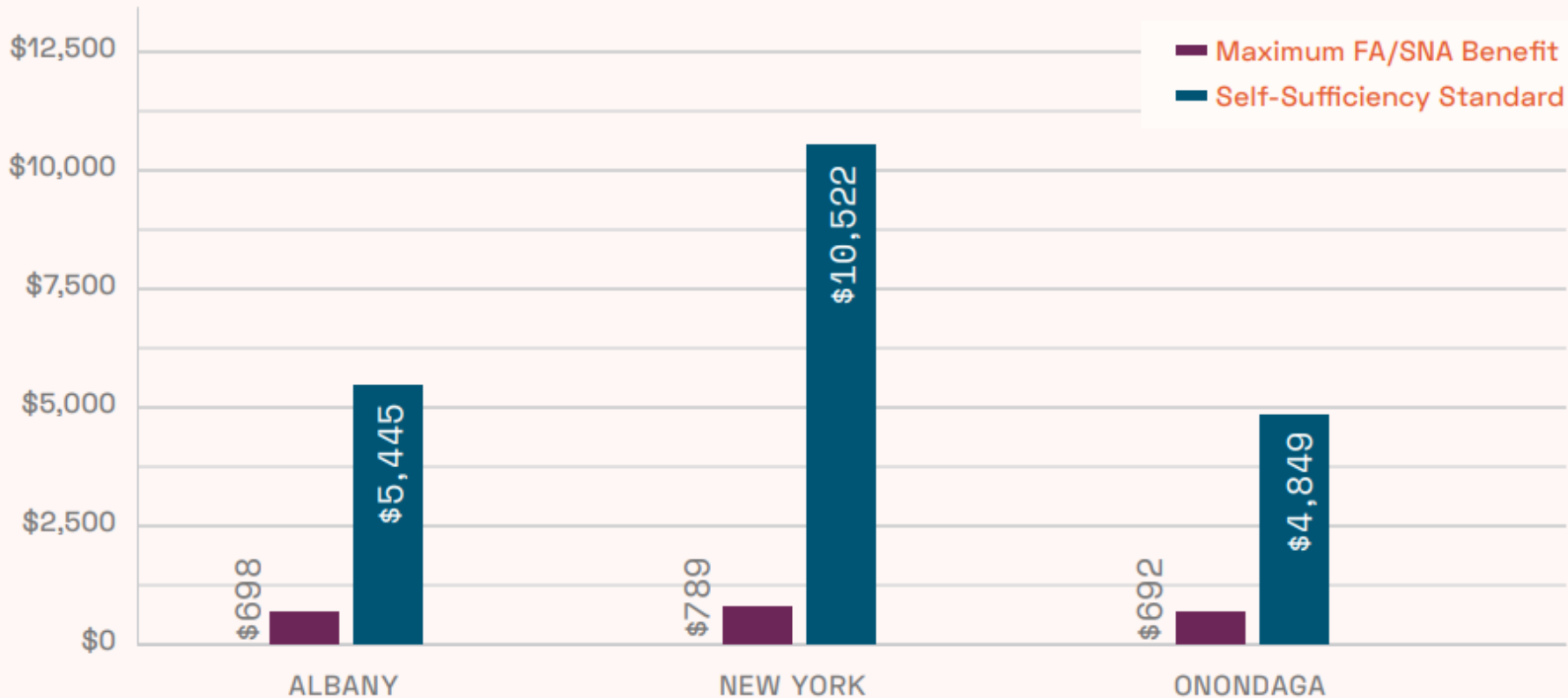
Hardship Gaps occur when an individual or family is receiving FA or SNA, but **their resources remain below the cost of living** even after taking into account the value of the benefit (along with other sources of income, such as earnings from work).

Finding #6

HARDSHIP GAP #1

The FA and SNA benefit levels are far below the Self-Sufficiency Standard. Thus, all individuals and families receiving cash assistance experience a hardship gap.

Comparing the Maximum Monthly FA/SNA Benefit to the Self-Sufficiency Standard (Family of 3, 2021)



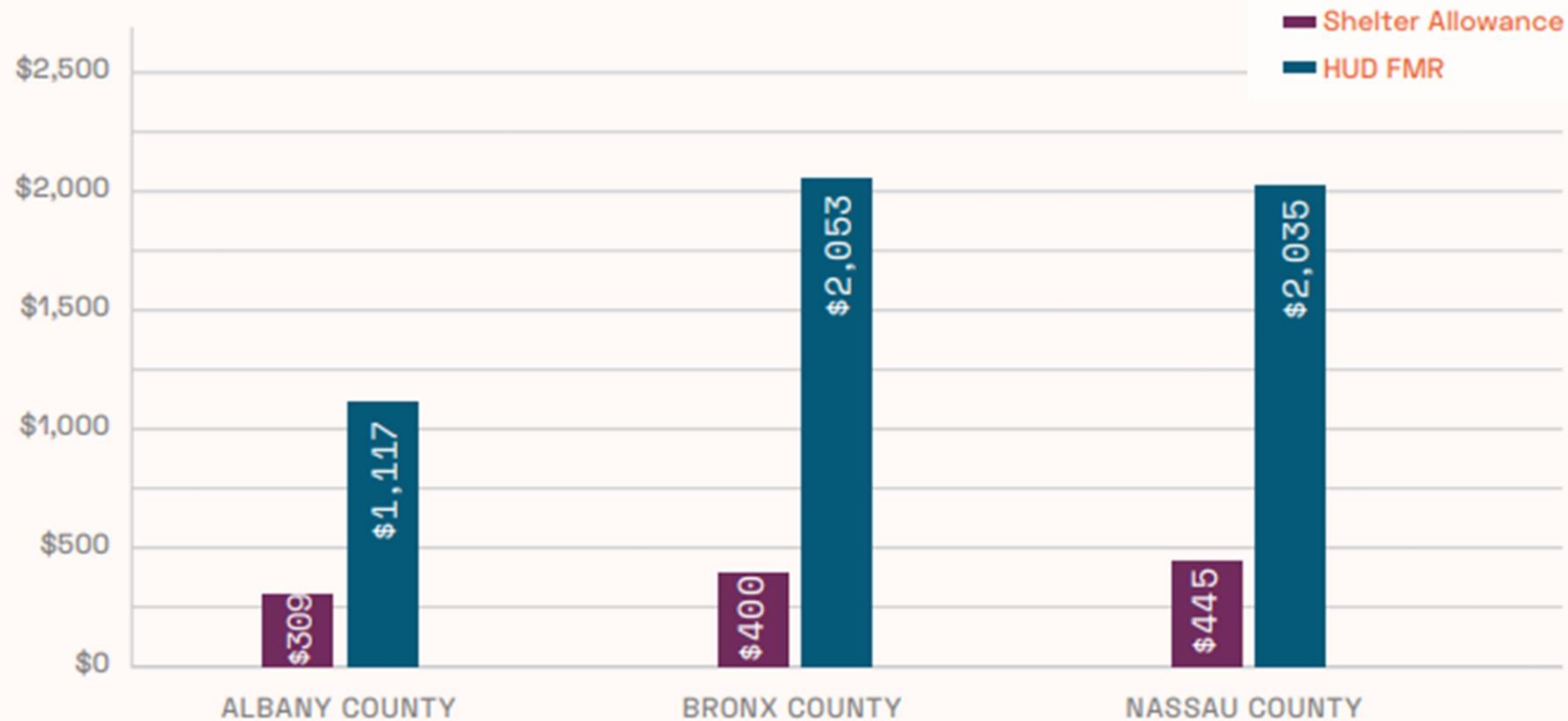
According to the **Self-Sufficiency Standard**, the maximum benefit covers **less than 8%** of the cost of basic needs for a family of 3 in New York County.

Finding #7

HARDSHIP GAP #2

The grant's allowance for housing is far lower than the cost of housing in all counties.

Comparing the Shelter Allowance to HUD Fair Market Rent (Family of 3, 2021)



In the Bronx, for example, the shelter allowance covers just **19%** of HUD's Fair Market Rent.

Finding #8

HARDSHIP GAP #3

Asset limits prevent economic security and mobility for FA and SNA recipients.

- While recipients have met the asset test to qualify, they are still subject to the rule while in the program. The limit for recipients was recently increased to \$10,000, but even at a higher threshold, recipients are still relegated to economic insecurity.
- Lower income groups face significant income volatility, and assets are critical for managing through these periods.

Recommendations to Address Financial Gaps New York State

1. Increase the benefit for all recipients

- Increase the various non-shelter components of the grant for inflation and the shelter allowance to HUD Fair Market Rent

2. Expand FA and SNA to more individuals and families

- Increase eligibility threshold and income “disregards”
- Tether eligibility to an accurate measure of poverty



3. Eliminate the asset limit for both applicants and recipients

- This would eliminate the high administrative cost of enforcing this rule and allow individuals to build economic security

4. Reform work requirements

- For FA: Expand the definition of work to include activities that will help families achieve their goals and improve well-being
- End SNA work requirement



5. Simplify the application and recertification processes and extend certification periods

- Reduce the amount of documentation required
- Engage recipients to gather feedback about the challenges with these processes and use this to inform policy

6. Invest more in basic assistance

- Research shows cash income improves financial security, physical/mental health, and outcomes in employment/education



7. Reduce churn

- Simplify the recertification process
- Study the causes of churn to better inform policies to mitigate it

8. Require the Office of Temporary and Disability Assistance to measure outcomes of FA and SNA

- Measure recipients' income, assets, employment, and educational outcomes
- Data should be disaggregated by race/gender to better address disparities



Recommendations to Address Financial Gaps New York City



1. Implement a trauma-informed care approach

- Focus on partnership and support rather than punitive program rules
- Provide holistic support to the entire household (i.e. address challenges in the areas of education, employment, housing, etc.)

2. Invest more resources to enhance accessibility and uptake

- Ensure that those who may be eligible are aware of the program and able to apply

Looking Beyond FA and SNA: A Call for Systemic Change



Recommendations

- Replace the Federal Poverty Level
- Raise wages
- Establish universal access to quality, affordable childcare
- Expand access to affordable housing
- Reinststate the expanded Child Tax Credit
- Establish universal access to quality, affordable health care
- Explore guaranteed income proposals and policies to end racial disparities



Next Steps

- FPWA is co-leading a state-wide coalition.
 - **Legislative Priorities:** Include grant increase bills mentioned in Recommendations section.
 - **Narrative Change:** Educate the public, key stakeholders, and elected officials on the importance of cash assistance, combat harmful stereotypes about recipients of cash assistance, and highlight the prominent gaps in the programs that need to be addressed.

Read the full report at:
fpwa.org/caughtinthegaps

If you have questions/comments, contact Julia Casey at jcasey@fpwa.org.



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