THE DECLINE IN WELFARE RECEIPT IN NEW YORK CITY:

PUSH VS. PULL

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INTRODUCTION

This paper evaluates the effects of welfare reform on the economic well-being of low-income households in New York City. To do so, it examines changes in both the social safety net and the earnings and income of vulnerable households. For households with low earning capacity, government assistance may provide the bulk of available resources or vital supplements to earnings. To investigate the extent to which the safety net is still in place in New York City, we use the New York City sample of the Current Population Survey (CPS) to compare program benefit receipt before and after the passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). We use the income and earnings data from the CPS to compare economic status.

Cities around the country benefited from the strong economic growth in the 1990s. For the nation as a whole, between 1998 and 1999 the number of central-city residents in poverty fell by 1.8 million and household income of central-city residents, although still substantially lower than in the rest of the country, grew faster than elsewhere [U.S. Census Bureau, 2000]. Job growth in New York City during the 1990s was the strongest in 50 years, and the two percent annual growth rate of jobs from 1997 to 1999 even surpassed the national rate at the end of the decade. [Office of the State Deputy Comptroller, 2002]. The expanding New York economy increased demand and possibly wages for low-skilled workers. Increases in the earned income tax credit (EITC) and the minimum wage also made work more attractive to low-skilled individuals in recent years, and New York State supplements the national EITC with its own refundable credit.[1]

It is difficult to disentangle the effects of national welfare reform from an expanding economy in a single city. Lacking longitudinal data, we cannot trace the

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flows between work and benefit programs in detail. We are able, however, to measure net changes in program receipt, employment, and income, and therefore to compare participation in transfer programs and economic status among the most vulnerable New York City households before and after the 1996 welfare reform act. By focusing on the most vulnerable groups—single mothers and those with low education—we capture the effects of not only more rapid movement off welfare, but also slower movement onto welfare among those who are most at risk of needing public assistance. Over time the effect of welfare reform on the rate of entry becomes increasingly important as a factor in determining welfare caseloads. Specific questions we address are: To what extent did earnings replace public assistance among the vulnerable population? Did those types of households who were likely to need public assistance do better, worse, or about the same? Were they able combine public benefits with earnings, and how much did their household income change?[2]

Our analysis compares outcomes before and after Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was passed in 1996, but the formal New York State plan for welfare reform did not take effect until 1999. Therefore, we are evaluating only the initial effects of welfare reform in New York City, which mainly operated through the change in fiscal incentives under the Temporary Assistance for Needy Families (TANF) block grant. As soon as PRWORA was passed, the city had a greater fiscal incentive to reduce its caseload. Because the federal block grant amount to a state was fixed, the city (and state) would have immediately begun to realize greater savings from a reduction in the caseload than under the prior federal matching grant [Chernick, 1998]. Our results primarily reflect the net effect on the receipt of public assistance of changes in city administrative policies in the 1990s—characterized as push factors—and the pull of economic growth.

There has been widespread concern, as well as some evidence, that welfare reform would make it particularly difficult for non-citizens to get public assistance and would have a disproportionate impact on their economic well-being. We find sharp differences between ethnic groups in New York City—particularly Hispanics as compared with blacks—in the change in rates of public assistance receipt and in earnings and income. However, contrary to expectation, the difference between ethnic groups is not related to citizenship status. Using both cross-tabulations and multivariate regression techniques to explore the roles of family structure and education in explaining these differences, we find that the drop in public assistance is concentrated most heavily among Puerto Ricans rather than non-citizens.

Income went up by 12.5 percent among New York's most vulnerable households. This gain, however, was not spread evenly across the population. Hispanics, who had lagged behind all other groups in terms of economic well-being, caught up to blacks in a relatively short period of time. In contrast to this encouraging result, we find that the economic situation of African Americans in the vulnerable group changed very little despite the strong economy of the late 1990s.

The plan of the paper is as follows. We begin by discussing the changes in welfare law and administrative policy in New York City and their potential effect on public assistance recipients. The next section describes the data source and then we address the packaging of programs and the extent to which the social safety net has

been preserved. We next consider differences among citizenship status and ethnic groups in changes in public assistance receipt. We also describe the changes in earnings and income among New Yorkers at risk of needing public assistance, including the value of in-kind benefits such as Food Stamps and Medicaid, and continue by probing further into the factors underlying the differential drop in welfare receipt for Hispanics compared with blacks in New York City. The paper concludes with a summary of our findings and a highlight of the most striking results.

LEGAL AND ADMINISTRATIVE CHANGES TO PROGRAMS

The major cash programs in the social safety net have been Aid to Families with Dependent Children (AFDC)—now Temporary Assistance for Needy Families (TANF), known in New York as Family Assistance—and Supplemental Security Income (SSI). General Assistance—previously known as Home Relief and now called Safety Net Assistance—has also been very important in New York City. We use the terms "public assistance" and "welfare" to include both AFDC/TANF and Home Relief/Safety Net Assistance, but not SSI. The major in-kind benefit programs are Food Stamps and Medicaid.

PRWORA ended the entitlement to welfare and placed a 5-year lifetime limit on welfare receipt. States were given considerable discretion in designing programs that substituted work for cash assistance. PRWORA also severed the automatic eligibility link between public assistance, Food Stamps, and Medicaid. In general, the intent of the law was not to reduce eligibility for, or participation in, Food Stamps and Medicaid; in fact, a concerted effort has been made to expand Medicaid participation. The exception to this statement is that the eligibility of non-citizens for the various programs was restricted. Restrictions on immigrants are especially important for New York because so many of its residents are recent immigrants.

The number of public assistance recipients in New York City—including both Family Assistance and Safety Net Assistance—dropped by 60 percent, from its peak in March 1995 of 1,160,593 to 467,121 in October 2001 [City of New York Human Resources Administration, 2001]. For much of the 1990s the city's administration engaged in vigorous efforts to reduce the public assistance rolls. New York City has also had one of the largest mandatory workfare programs in the country, with 32,771 cases engaged in the Work Experience Program (WEP) in June 2000.

The receipt of public assistance depends both on eligibility rules and on the way in which the intake process is administered. The city has tried to rename its welfare offices "job centers," with a change in goals from determining eligibility in a relatively straightforward way to actively discouraging applicants by "diverting" them into employment. Advocates for the poor have argued that applicants are frequently misinformed about their eligibility and are improperly sent away from the welfare office with only minimal help finding jobs [Sengupta, 2000]. Evidence that this type of diversion has been important comes from a sharp rise in the percentage of applicants who were rejected for public assistance, from 26 to 56 percent, and a 77 percent increase in the number of fair-hearing complaints by applicants who were denied access to public assistance between 1993 and 1998 [City of New York, various years].

In the vast majority of these hearings, the city's actions have been overturned and applicants have been declared eligible for public assistance.[3] Additional evidence of greater administrative diversion is drawn from the Social Indicators Survey of the Columbia University School of Social Work [Meyers et al., no date], which found that the decline in public assistance receipt was due mainly to a decrease in participation among those eligible rather than a decrease in eligibility.

In response to complaints by advocates, the City of New York has been investigated by the U.S. Department of Agriculture for illegally denying potentially eligible persons the opportunity to apply for Food Stamps, and a federal judge has ordered the city government to cease the conversion of welfare offices into job centers [Welfare Law Center, 2000]. In contrast, New York City has actively worked to enroll eligible persons in Medicaid, particularly low-income women during pregnancy and upon entry into a hospital to give birth.

Given the changes in the law and the increased administrative hurdles that the city has raised to getting public assistance and Food Stamps, our expectation was that New York City would show a reduction in the number of families getting the full package of programs—public assistance, Food Stamps, and Medicaid. Food Stamps rolls might drop in tandem with (or at an even greater rate than) the public assistance rolls. We expected Food Stamps to decline more in New York than nationally because many new immigrants, who are ineligible for Food Stamps until they become citizens, arrived in New York after 1996.

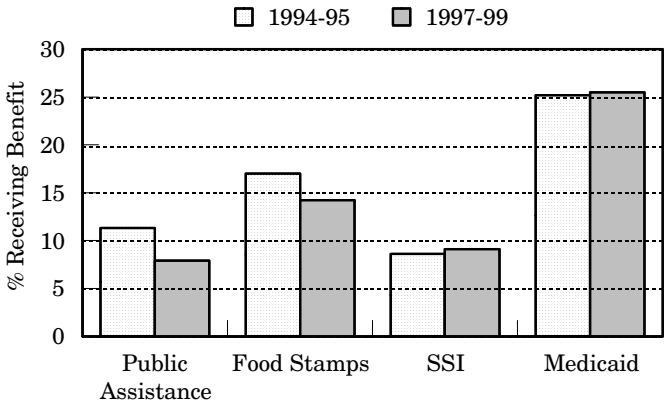
DATA

Our data source is the March Current Population Survey (CPS) for 1995-96 and 1998-2000 ("before" and "after" welfare reform). Because the March CPS reports income and program participation for the previous year, the "before" period is actually 1994-95 and the "after" period is 1997-99. To conform to most other studies of welfare receipt, our unit of observation is the household. To increase our sample sizes before and after welfare reform, we pooled the CPS samples for 1995-96 and 1998-2000, resulting in 3,702 households in 1995-96 and 4,672 households in 1998-2000.[4] A household is treated as participating in a particular program if anyone in the household receives benefits from that program.

It is well known that the CPS underreports welfare receipt compared with administrative records. In New York City, the ratio of CPS households to administrative cases ranged from 69 percent in the earlier period to 78 percent in the later period.[5] Whereas underreporting of public assistance receipt in the CPS was somewhat greater in New York City than nationally before welfare reform, in the later period there was less underreporting in New York than nationally.[6]

The CPS reports 76 percent of the number of Food Stamps households reported by the New York City Human Resources Administration in the earlier period and 83 percent in the later period.[7] Therefore, there is less underreporting of Food Stamps than of public assistance in both periods.

FIGURE 1
Public Benefit Receipt in New York City



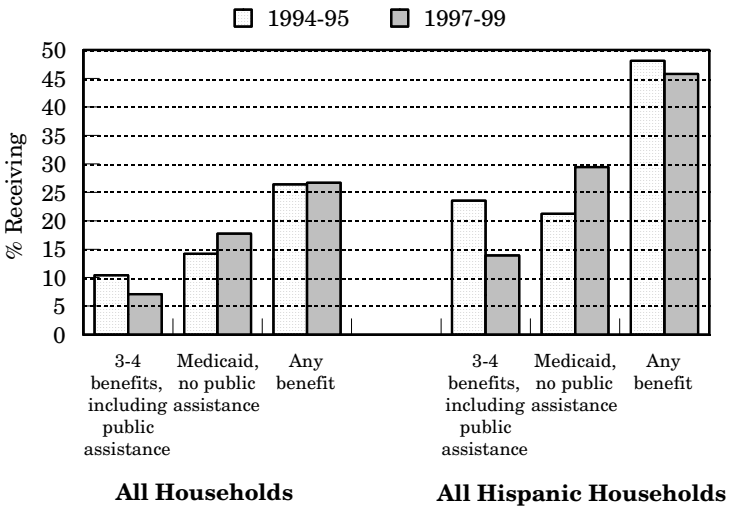
All Households

To examine program receipt, we consider both the overall population and that part of the population most at risk of needing public benefits. Reductions in public benefits receipt may result from people already on the rolls moving off at faster rates or from those in need of assistance moving onto the rolls at slower rates than before. Because our data do not allow us to follow individuals over time, the best way to capture these dual movements is to select that subset of the population most likely to need assistance—the "at-risk" group—and compare their receipt of public benefits before and after 1996. At-risk households are defined as those that, by virtue of education or family structure, are likely to have low earning capacity. We include all households whose heads are under age 65 and have less than a high-school education, plus all female-headed households with children under age 18.[8] As a proportion of total households, 26.3 percent were in the at-risk category in 1994-95 and 25.2 percent in 1997-99.[9]

CHANGES IN BENEFIT RECEIPT

Figure 1 shows the rate of benefit receipt among all households in New York City for each of the programs separately. Between 1994-95 and 1997-99 public assistance receipt dropped from 11.3 percent to 7.9 percent of households.[10] Food Stamps receipt also went down, from 17 percent to 14.2 percent. Medicaid receipt, however, remained virtually constant, changing from 25.2 to 25.5 percent; SSI receipt increased slightly over the period, from 8.6 percent to 9.1 percent. Among the population at risk of needing public assistance, rates of program receipt are of course much higher (at least double for public assistance, Food Stamps, and Medicaid). The pattern of changes in receipt across programs, however, is very similar to that seen for the overall population.

FIGURE 2
Receipt of Public Benefit Packages by NYC Households



The drop in public assistance and Food Stamps receipt raises the question, how much remained of the social safety net? Figure 2 shows multiple program receipt for all households and for those headed by Hispanics.[11] As discussed below, we consider Hispanics separately because they show significantly sharper drops in rates of public assistance receipt than other ethnic groups. The "any benefit" bars in Figure 2 represent households that participated in at least one of the four programs. They show that the proportion of all households that received some benefit stayed about the same over the period. Therefore, even with the strong economy and the administrative push to get people off public assistance, we do not find a large drop in the number of households receiving at least some benefit from the social safety net in the immediate aftermath of welfare reform.

In terms of the overall proportion of the population receiving some benefit, the slight increase in SSI partially offset the exit from public assistance. SSI recipients automatically get Medicaid as well. Further investigation revealed that the increase in SSI receipt in New York City was due almost entirely to an increase among elderly non-citizens. Therefore, the offsetting increase in safety net participation through SSI was among a very different population compared to those who had been on public assistance.

We find it noteworthy that the proportion of households receiving Medicaid but not SSI remained quite stable, and the proportion receiving Medicaid but not public assistance went up by the same amount as the proportion receiving public assistance went down.[12] The parallel increase in Medicaid without public assistance suggests that many of those who lost their public assistance benefits did in fact retain their Medicaid benefits or at least were able to regain Medicaid eligibility within the year.[13] The difference in participation trends between Medicaid and public assistance is consistent with the change in fiscal incentives under the TANF block grant. Whereas

under the block grant the city realizes at least 50 cents in saving for a dollar of reduced outlays for public assistance, for Medicaid the saving is at most 25 cents per dollar of spending reduction.[14]

CITIZENSHIP AND ETHNIC PATTERNS OF DECLINE IN PUBLIC ASSISTANCE

Flows onto and off of public assistance are influenced by the characteristics of individual households as well as by economic conditions and changes in administrative rules and procedures. For example, growth in low-skill, low-wage jobs in the New York economy could mean that lack of education became less of a barrier to employment than earlier in the decade. This could lead to a bigger drop in public assistance receipt for those with less education than for other single mothers. More stringent administrative procedures could impose a higher hurdle for those who are not fluent in English. According to an influential Urban Institute study, welfare reform may have had a "chilling effect" on the receipt of cash assistance by non-citizens, even those whose actual eligibility had not changed [Fix and Passel, 1999].[15]

To investigate the "chilling effect" on eligible non-citizens, we compare citizens with non-citizens who entered the U.S. before 1996. (Those arriving after the passage of PRWORA were barred from all Federal means-tested benefits for at least 5 years.) To investigate differences due to language barriers and other demographic characteristics, we classify households by ethnicity. The population is divided into three groups—black non-Hispanics, Hispanics, and all others (including non-Hispanic whites, Asians, and Native Americans).[16] The Hispanic population is further subdivided by citizenship status and Puerto Rican or other origin.

Among all households in New York City, those headed by non-citizens were more likely to receive public assistance both before and after 1996, as shown in Table 1. This is because non-citizens, being less educated, are more likely to need assistance. The recipiency rate for non-citizens declined somewhat more than that of citizens, but this difference is not statistically significant. Within the at-risk category, however, non-citizen-headed households are much less likely than citizens to receive public assistance, and their rate of receipt dropped *less*—by 6.4 percentage points, compared with a drop of 10.4 points for at-risk households headed by citizens. Therefore, there is no evidence of a "chilling effect" of welfare reform on immigrants in New York City, once we control for the characteristics that put families at risk.

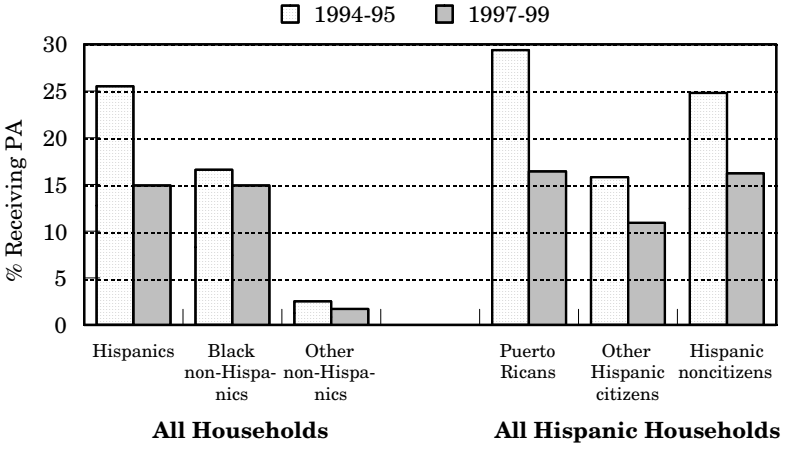
The puzzle presented by these data is why welfare receipt dropped *more* for at-risk households headed by citizens than non-citizens. To help explain this unexpected finding, we examined the differences among ethnic groups. Figure 3 shows the change in the proportion of all households receiving public assistance (AFDC/TANF and Home Relief/Safety Net Assistance) between 1994-95 and 1997-99, by ethnicity. What stands out is the large drop in the rate of receipt among Hispanics (10.6 percentage points) as compared with blacks (only 1.7 percentage points). This sharp drop helps to explain why the proportion of Hispanic households getting no benefits increased slightly (2.3 percentage points). (This is shown by the decrease in the percentage getting any benefit in the bars at the far right of Figure 2.) In 1994-

TABLE 1
Receipt of Public Assistance by Households in NYC
(AFDC/TANF or Home Relief/Safety Net Assistance)

	Percent Receiving Public Assistance and Sample Size			
	All Households		At-risk Households[a]	
	1994-95	1997-99	1994-95	1997-99
Total				
Percent	11.3	7.9	34.5	25.8
Sample size	3702	4672	1095	1320
Citizens				
Percent	10.5	7.5	38.1	27.7
Sample size	2790	3564	688	881
Noncitizens (entered US pre-1996)				
Percent	13.7	9.8	28.0	21.6
Sample size	912	1014	407	419

a. Head is a non-elderly high school dropout or a female with children under 18.

FIGURE 3
Receipt of Public Public Assistance by NYC Households



95, the rate of public assistance receipt was 9 percentage points higher among Hispanic households than among blacks, yet just four years later the rates were nearly the same. The difference between the rates of decline for Hispanics and blacks is easily significant at the one percent level. The percentage point decline among whites and Asians was also small. Because the white and Asian population is large, however, the decline still represents a substantial number of persons. In percentage terms the drop was 42 percent among Hispanics, 32 percent among non-Hispanic whites and Asians, but only 10 percent among blacks.

We next ask whether the drop in welfare receipt affected all Hispanics similarly. In the right half of Figure 3 we show the decreases for Puerto Ricans (whether born in the mainland United States or in Puerto Rico), other Hispanic citizens, and other Hispanic non-citizens. The figure shows that the decline was substantial among all groups of Hispanics, but that the biggest drop (13 points or 44 percent) occurred among Puerto Ricans. This helps explain the greater decline for citizens than non-citizens in New York City overall, because Puerto Ricans are U.S. citizens by birth.

EARNINGS AND INCOME OF VULNERABLE NEW YORKERS

In the previous section we found a particularly sharp drop in public assistance among Hispanics. Next we look at the broader question of how New Yorkers with low household earning capacity fared after welfare reform. How did the mix of income sources shift between public assistance and earnings, and how did the levels of earnings and income change? Among those who remain on public assistance, an improved job climate and increased sanctions for not working might be expected to increase the proportion of those who combine earnings with cash assistance.[17] Given the differential decline in public assistance for blacks, Hispanics, and whites, did the changes in household earnings and income also differ for these groups?

Combining Public Assistance and Earnings

Figure 4 shows the mix of income sources of at-risk households, for blacks and Hispanics separately.[18] Whites and others are not shown because the sample size is small and because the patterns are very close to those for Hispanics. Overall, the increase in the proportion of the at-risk population that received both public assistance and earnings was small, only 1.5 percentage points (not shown). As shown in the chart, there was a substantially bigger drop among Hispanics than blacks in the proportion getting only public assistance: 14.2 percentage points versus 8.1 percentage points. What stands out is the difference in where those leaving the "public assistance only" category went. Among blacks, most apparently wound up getting both public assistance and earnings. The increase in the percentage getting both public assistance and earnings was two thirds of the decrease in public assistance only. In contrast, for Hispanics the proportion getting income from both earnings and public assistance did not change, while the increase in the proportion with earnings only was equal to 85 percent of the decline in those getting only public assistance. The percentage of the at-risk population with income from neither earnings nor public assistance increased by 1.7 points among blacks and 2.2 points among Hispanics.[19]

These results show that in the first years after welfare reform, Hispanics were more likely than blacks to leave public assistance entirely, while blacks were more likely to combine public assistance and earnings. This suggests that for many Hispanics, earnings increased enough to end eligibility for public assistance; whereas for blacks, earnings increases were more modest and therefore a higher proportion retained eligibility for public assistance.

FIGURE 4
Welfare and Earnings Receipt by At-Risk Households

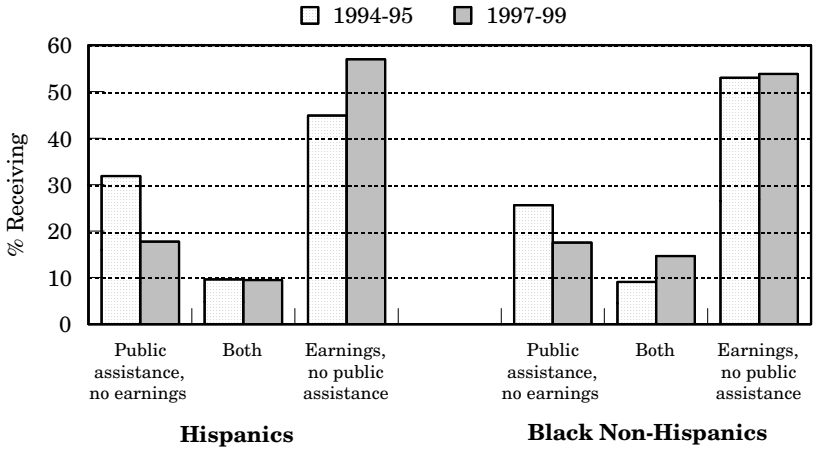
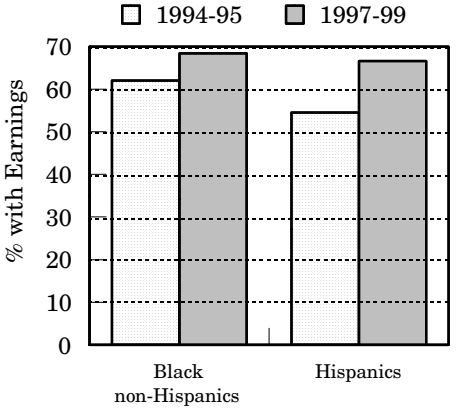


FIGURE 5
Earnings by At-Risk Households in NYC



Household Earnings and Income

How did economic well-being change between 1994-95 and 1997-99 for New York City households with low earning capacity? We examine changes in earnings and income for both those with positive earnings and the entire at-risk group, again dividing the sample into Hispanics, blacks, and whites and Asians.

As shown in Figure 5, the proportion of at-risk households with earnings went up by 12.1 percentage points among Hispanics, as opposed to 6.4 percentage points among African Americans. The proportion among whites and Asians (not shown) virtually did not change. For those who did have earnings, what was the pattern of change? Among at-risk black households, average real annual earnings decreased

by $2,909, while among Hispanics average earnings went up by $3,313.[20] Earnings among whites declined $1,178. (All figures are adjusted to 1999 dollars, using the New York City values of the Consumer Price Index.) None of these changes is statistically significant, but the difference in the change between blacks and Hispanics is consistent with the greater decline in public assistance receipt among Hispanics than among blacks discussed above. The earnings pattern is also consistent with the much greater tendency among blacks than among Hispanics to combine public assistance and earnings, suggesting that for many black households earnings were too low to pull them off public assistance.

Among all at-risk households in the population, including those with zero earnings, average real household earnings increased a statistically significant 13 percent. Of the separate groups, only Hispanics had a statistically significant increase in earnings. Average real earnings increased by $5,207 (38 percent) for Hispanics, but fell by $151 for blacks.[21] Hispanics with low earning capacity began the period with household earnings $4,200 lower than blacks, but by the end of the decade their earnings were approximately equal to those of blacks. The convergence in public assistance receipt of Hispanics and blacks is paralleled by a convergence in earnings.

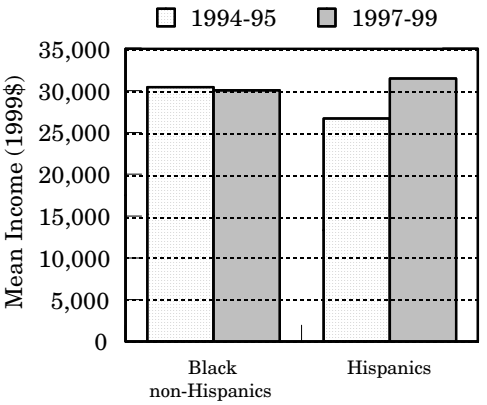
Cash income among at-risk households has a pattern of change almost identical to household earnings, rising a statistically significant 27 percent among Hispanics and falling slightly among blacks. A more complete measure of income that includes in-kind benefits, which we call "comprehensive" income, is shown in Figure 6. It includes the money value of the following in-kind transfers: Food Stamps, housing assistance, energy assistance, school lunches, the earned income tax credit (EITC), and Medicaid. Among the at-risk population overall, the change in comprehensive income is about $200 less than the change in money income, indicating that the value of in-kind benefits changed very little (-2.6 percent). The lack of change reflects an increase in frequency and average amount of the EITC, offset by a decline in Food Stamps receipt.[22] As was the case for earnings and money income, comprehensive income was basically unchanged for blacks, but increased a statistically significant 18 percent for Hispanics.

EXPLAINING THE DIFFERENTIAL DROP IN WELFARE RECEIPT

What explains the relatively large drop in rates of public assistance receipt among Hispanics compared with blacks? There are several possibilities, all of which may be operating at the same time:

1. The greater decline could be due to underlying differences in the composition of the at-risk group among ethnic groups. Suppose for example that a booming economy makes it easier for high school dropouts to leave welfare, while having less effect on single mothers. This could help to explain the greater drop in welfare receipt among Hispanics if Hispanics were more likely to be on welfare as a result of low education, and blacks as a result of single parenthood.
2. The greater decline could also be associated with differential changes in the characteristics of households that put them at risk of needing welfare. For example,

FIGURE 6
Comprehensive Income Including Value of In-kind Benefits of At-Risk Households in NYC



if the proportion of female-headed families declined more in one group than another, rates of welfare receipt might be expected to decline more rapidly in that group. Bear in mind, however, that such differential changes in characteristics could reflect either changes in the existing population or differential patterns of in and out migration. Unfortunately, the successive cross-sectional data used in this analysis do not permit us to distinguish between these two sources of change in population composition.

3. Faster decline among Hispanics could also be due to increased administrative barriers, making it relatively more difficult for them to navigate the welfare bureaucracy.

Changes in Population Composition and Within-Group Welfare Receipt

Table 2 provides a first clue regarding changes in population composition. It shows that among Hispanic households, the proportion at risk went down—from 55 percent in 1994-95 to 48 percent in 1997-99—while among blacks the percent at risk actually increased from 36 to 38 percent. To pursue this further, we decompose the decrease in welfare receipt into components due to changes in the percentage of households in the various risk categories and to changes in the participation rates within each category. The underlying changes for this decomposition are shown in Table 2—changes in the proportion of households that are in each risk category—and Table 3—changes in participation rates. The decomposition itself is shown in Table 4. Table 4 also summarizes the contribution of change in population composition on the one hand, and change in participation rates on the other, to the decline in welfare receipt.

The middle panel of Table 4 shows the effect on welfare receipt of changes in the percentages in each risk group, if the rate of receipt for each risk group had remained at the 1994-95 level. For blacks welfare receipt would have increased slightly

TABLE 2
Proportion "At Risk" of Total Households in NYC, by Reason

	Percent headed by:							
	Single Mothers				Other			
	High School Graduates		High School Dropouts		High School Dropouts		Total At Risk[a]	
	1994-95	1997-99	1994-95	1997-99	1994-95	1997-99	1994-95	1997-99
Black Non-Hispanics	18.4	18.4	7.6	8.0	10.5	12.1	36.5	38.5
Hispanics	12.2	11.9	14.7	12.3	28.2	23.7	55.1	47.9
Puerto Ricans	13.4	12.9	14.2	10.8	27.7	23.7	55.3	47.4
Other Hispanics	11.1	11.2	15.2	13.4	28.6	23.7	54.9	48.3
White and Asian Non-Hispanics	3.2	2.7	0.7	1.1	4.9	5.3	8.8	9.2

a. Head is a non-elderly high school dropout or a female with children under 18.

TABLE 3
Receipt of Public Assistance by Households in NYC within Detailed Risk Category

	Percent Receiving Public Assistance and Sample Size of Households Headed by							
	Black Non-Hispanics		Puerto Ricans		Other Hispanics		White and Asian Non-Hispanics	
	94-95	97-99	94-95	97-99	94-95	97-99	94-95	97-99
Single Mothers—HS Graduates								
Percent	37.2	29.7	51.2	28.9	56.7	33.5	14.8	10.2
Sample size	127	158	83	91	77	106	54	59
Single Mothers—HS Dropouts								
Percent	54.8	57.6	81.0	60.2	69.1	45.4	47.4	39.8
Sample size	55	68	85	78	101	124	12	23
Other HS Dropouts								
Percent	15.8	18.8	28.8	18.0	10.4	9.1	10.3	4.4
Sample size	79	107	156	161	183	231	83	114
All At Risk[a]								
Percent	34.7	32.1	47.6	30.6	36.0	24.8	14.8	10.5
Sample size	261	333	324	330	361	461	149	196
Not At Risk								
Percent	6.2	4.2	6.9	3.6	4.7	3.5	1.4	0.8
Sample size	466	566	269	356	301	485	1571	1945
All Households								
Percent	16.6	14.9	29.4	16.4	21.9	13.8	2.5	1.7
Sample size	727	899	593	686	662	946	1720	2141

a. Non-elderly high school dropout or female with children under 18.

due to greater incidence of dropping out of high school, among both single mothers and others. In contrast, among both Puerto Ricans and other Hispanics the changes in composition do contribute to the decline in welfare receipt. Within the two Hispanic groups, by far the biggest contribution comes from a decline in the proportion

TABLE 4
Decomposition of Change in Rates of Public Assistance Receipt by Households in NYC

	Black Non-Hispanics	Puerto Ricans	Other Hispanics
Actual change in percent on public assistance (PA) (percentage points)	−1.7	−13.0	−8.1
Component due to change in percent in risk group, if percent receiving PA within risk group had remained constant at 1994-95 level (percentage points)			
Single mother HS graduates	0.0	−0.3	0.1
Single mother HS dropouts	0.2	−2.7	−1.3
Other non-elderly HS dropouts	0.2	−1.1	−0.5
Not at risk	−0.1	0.5	0.3
TOTAL	0.3	−3.6	−1.4
Total as percentage of actual change in percent on PA (%)	−19.4	27.8	17.3
Component due to change in percent of group receiving PA, if percent in group had remained constant at 1994-95 level (percentage points)			
Single mother HS graduates	−1.4	−3.0	−2.6
Single mother HS dropouts	0.2	−3.0	−3.6
Other non-elderly HS dropouts	0.3	−3.0	−0.4
Not at risk	−1.3	−1.5	−0.5
TOTAL	−2.1	−10.4	−7.1
Total as percentage of actual change in percent on PA (%)	123.2	79.8	87.6

Percentages do not add to 100 percent because the interaction term (the sum of the products of the changes) is omitted.

who are single mothers with low education levels. Because of their very high rates of welfare receipt, this source of decline in welfare receipt is well over twice as large as that for other risk groups. Comparing Puerto Ricans with other Hispanics within rows, we see that the decline in welfare receipt due to shifts in composition was over twice as large for Puerto Ricans for each risk group. In summary, compositional changes were most important for Puerto Ricans, contributing more than a quarter of the large (13 percentage point) drop in receipt, and next most important for other Hispanics; whereas they actually would have led to a slight increase in welfare receipt among blacks.

The bottom panel of Table 4 shows the extent to which the decline in welfare participation rates is due to a decline in participation within each of the risk groups, holding constant the composition of the population. Among blacks, a decline in participation occurred only among single mother high school graduates and those not at risk; whereas participation actually *increased* among high school dropouts, both those who were single mothers and those who were not. Interestingly, the two percentage-point decline among the not-at-risk group contributes about as much as the 7.5-point decline among single mother high school graduates, because the not-at-risk group is over three times as large.

Among Puerto Ricans and other Hispanics, in contrast, the rate of decline in welfare receipt was very substantial among single mothers regardless of education level—more than 20 percentage points (see Table 3). The contribution of a declining rate of welfare receipt is substantial and exactly equal across all three subgroups of the at-risk Puerto Rican population, whereas among other Hispanics the decline is concentrated among single mothers. The role of decreased participation is especially large among other Hispanic single mothers who lack a high school diploma, for whom it contributes a full 3.6 percentage points, or almost half of the overall decline in participation.

The convergence between Puerto Ricans and blacks is notable. Prior to welfare reform, the rate of receipt among Puerto Rican single mothers was extraordinarily high, particularly if they were high school dropouts. Nearly all in this group (81 percent) received public assistance. By the later period, their 60 percent rate of public assistance receipt was only 2.6 points higher than the rate for black single mothers who did not finish high school.

Putting the subgroups together, the "Total" rows of Table 4 indicate that among Hispanics at least 80 percent of the decline in welfare receipt between 1994-95 and 1997-99 was due to a drop in participation within each risk category; whereas no more than one quarter of the drop was due to a shift out of the at-risk categories. For blacks on the other hand, the shift into the at-risk category limited the decline in benefit receipt. The small decline in participation that we do observe for blacks comes equally from declines among single mothers who finished high school and the not-at-risk group. In sum, for blacks the composition of the population shifted toward the most vulnerable subgroup, and among this subgroup the rate of welfare receipt actually increased. In contrast, for Hispanics the population composition shifted away from the most vulnerable, while at the same time the rate of welfare receipt declined sharply among all segments of the population.

We also estimated linear probability models of public assistance and earnings receipt and a linear regression model of changes in the level of earnings. These multivariate analyses allow us to determine whether the greater decline in rates of receipt of public assistance among Hispanics, and their greater rates of increase in earnings and income, remain statistically significant when we control for citizenship and other demographic factors. The analysis (presented in the appendix) shows that the greater decline in public assistance receipt for both Puerto Ricans and non-citizen Hispanics does remain statistically significant. However, once we control for family structure, age, and education, being Puerto Rican or other Hispanic has no additional influence on the change in the likelihood of having earnings. Blacks significantly lagged whites (and Asians) in terms of changes in the level of earnings, while Hispanics did not differ significantly from whites and Asians.

Changes in Household Structure. In this section we explore the differential shifts in the proportions of households at risk in more detail. Movement out of the group of at-risk household heads could result either from getting a high-school diploma or from a change in living arrangements—marriage or doubling up. In the latter case, a single mother or high-school dropout would now be living with a friend

TABLE 5
Presence of Children, Marital Status, and Household Headship of Females Aged 15-64 in NYC

	Percent of Females Aged 15-64						Percent of Single Mothers Who Are NOT Heads of Household	
	No Children under 18		Married Mothers		Single Mothers			
	1994-95	1997-99	1994-95	1997-99	1994-95	1997-99	1994-95	1997-99
Black Non-Hispanics	62.6	62.2	13.4	12.8	24.1	25.0	14.0	16.2
Puerto Ricans	57.4	57.3	15.7	18.7	26.9	24.1	10.6	17.1
Other Hispanics	54.5	55.1	24.0	23.7	21.5	21.2	12.5	19.8
White and Asian Non-Hispanics	71.1	71.0	24.4	24.4	4.5	4.6	9.6	15.6

or relative, but would no longer be counted as a head of household. In this subsection we examine changes in family structure; educational attainment is examined in the next subsection.

Table 5 shows the marital status and presence of children for all women aged 15 to 64 and the household headship of single mothers, by ethnicity. The fraction of women who had children under 18 remained virtually unchanged. Focusing on those with children, we find that for blacks, the percent who were single increased slightly. However, among Puerto Rican women with children, the proportion who were married went up by almost 7 percentage points, from 36.8 to 43.6 percent.[23] There was essentially no change for other Hispanics or whites and Asians.

For evidence of doubling up, we look at the percentage of single mothers who were not household heads in each period. An increase in this percentage is evidence of their moving in with someone without getting married. The results are shown in the last two columns of Table 5. For blacks, this percentage increased by about 2 points. For Hispanics, the evidence of doubling up is stronger; the increase is 6.5 percentage points for Puerto Ricans and more than 7 percentage points for other Hispanics. Hispanic single mothers had been less likely to double up than blacks before welfare reform but were more likely to do so in the later period. Among Puerto Ricans, therefore, both marriage and doubling up by single mothers reduced the size of the group at risk. For other Hispanics, doubling up but not marriage was a factor. For blacks, the incidence of marriage did not increase and doubling up increased less than among Hispanics.

These changes in household structure may be a consequence of welfare reform, but a puzzle remains as to why the response was so concentrated among Hispanics. Here again we remind the reader that these changes in household structure could reflect either marriage and doubling up among the existing population, or migration patterns—such as single mothers moving out of New York City and other types of households moving in.

Changes in Educational Attainment. In addition to changes in marital status and living arrangements, changes in educational attainment may also change a

group's need for public assistance. The share of black household heads who were high school dropouts increased by two percentage points, according to Table 2. In contrast, among Puerto Ricans and other Hispanics the proportion without a high school diploma fell by about 7 percentage points. Moreover, the average years of schooling of black high school dropouts actually fell slightly, while they increased for Hispanic single mothers (not shown). This suggests that Hispanic single mothers may have moved off of public assistance in part because increased schooling made them more competitive in the job market than in the earlier period, whereas the reverse occurred for black dropouts. Although the movements were not large, their directions are consistent with the sharply differential rates of decline of public assistance receipt between Hispanics and blacks. The increase in education levels among Hispanics reinforced the changes in family structure in making households less vulnerable to needing welfare. For blacks the decrease in educational levels also reinforced the changes in family structure, but in the opposite direction of making households more vulnerable.

Evidence for "Push" and "Pull" in Reducing Welfare Receipt

If an expanding job market provides jobs first to those with more education, we can roughly identify the "pull" factor in reducing public assistance receipt with a greater rate of decline in receipt among those with more education. In contrast, a larger reduction in the rate of receipt among those most at risk—single mothers with low education levels—is more likely to reflect the "push" of more stringent administrative procedures. By this criterion, there is some evidence of a "pull" factor for blacks—a 7.5 percentage point drop in welfare receipt among single mothers with at least a high school diploma and 3 point rises among single mothers and others without one—but no evidence that increased administrative stringency was pushing blacks off public assistance. To the extent that such a "push" factor was at work, it appears to have been offset by an expansion of the most vulnerable segment of the population—single mother dropouts—and by a deterioration in the average education level within that segment.

In contrast to the situation for blacks, there are strong indications that both "push" and "pull" factors were at work for Hispanics. This is reflected in sharp drops in welfare receipt for all groups of Puerto Ricans, and equally sharp reductions among other Hispanic single mothers. In part these drops were due to increases among Hispanics in the underlying characteristics that pull families off welfare—education, extended-family households, and (for Puerto Ricans) marriage. The multivariate analysis reported in the appendix, however, indicates that the "push" effects of greater administrative stringency in determining eligibility for public assistance had a particularly strong effect on Hispanics, because their decreases in public assistance receipt exceed what can be explained by the changing effects of family structure and education. The "push" factor may have been stronger among Hispanics than blacks because of language barriers. The significantly greater reductions among Hispanic non-citizens than non-Hispanics could be related to the perceived anti-immigrant features of welfare reform. Why Puerto Ricans moved off the public assis-

TABLE 6
Directions of Change in Education, Earnings, and Public Assistance Receipt, by Ethnicity and Risk Category, 1994-95 to 1997-99

	Direction of Change in		
	Educational Attainment	Earnings Receipt	Public Assistance Receipt
Black Non-Hispanics			
Single Mothers			
HS Graduates	+	+	−
HS Dropouts	−	+	+
Other Dropouts	−	−	+
Puerto Ricans			
Single Mothers			
HS Graduates	+	+	−
HS Dropouts	+	+	−
Other Dropouts	−	+	−
Other Hispanics			
Single Mothers			
HS Graduates	+	+	−
HS Dropouts	+	+	−
Other Dropouts	+	+	−

Table 3 and authors' tabulations of March CPS data.

tance rolls so rapidly even after taking account of changes in their demographic characteristics, remains a puzzle.

Table 6 summarizes in a simple format our results that provide clues to the roles of "push" and "pull" factors in moving people off welfare. The table shows the direction of change in educational attainment, earnings receipt, and public assistance receipt for the various types of at-risk households. The prediction from the "pull" model of employment and welfare receipt is that more education would increase the probability of having earnings, which in turn would reduce the probability of getting public assistance. In the table, we would thus expect a sign pattern of (+,+,−)—that is, more education, more earning, less public assistance—or else (−,−,+), if "pull" factors were dominant. We find that in 7 of the 9 cases this pattern occurs. For Puerto Ricans, the single mothers fit this pattern, but the other dropouts don't. Their (−,+,−) pattern—less education, more earning, less welfare—fits a "push" model better. For black single mother dropouts, the proportion with earnings went up even as education went down and welfare went up. The increase in welfare is consistent with a (reverse) "pull" model, but the increase in earnings is not. Instead, it seems to reflect the "push" of sanctions and other incentives to increase earnings among those receiving TANF. Therefore, while the overall direction of change is basically consistent with a "pull" model of earnings and public assistance receipt, these exceptions suggest that the administrative push to reduce welfare and increase earnings was also important.

SUMMARY AND CONCLUSIONS

The 1996 welfare reform law marked a major change in national policy toward public assistance. Over the time period covered by our research, the City of New York was also engaged in a vigorous effort to reduce the welfare rolls. To evaluate the initial effects of the new law and the change in city policies, we use the Current Population Survey to compare receipt of public benefit programs, earnings, and income among households with low earning capacity in New York City in 1994-95 and 1997-99.

Between 1994-95 and 1997-99, the CPS shows a drop in the proportion of New York City households getting public assistance, from 11.3 percent to 7.9 percent. Food Stamps receipt went down by almost 3 percentage points, from 17 percent to 14.2 percent, while the rate of Medicaid receipt remained virtually constant. The proportion getting at least one benefit (Medicaid, Food Stamps, public assistance, or SSI) stayed about the same (about 26 percent) over the period. This result reflects the fiscal incentive to maintain Medicaid enrollment (each dollar spent by New York City brings in three dollars of state and federal money) and the slight increase in SSI receipt.

When we compare non-citizens with citizens, we find no significant difference in the rate of decline in welfare receipt. The pattern of change in public assistance receipt among ethnic groups, however, did differ sharply with substantially greater declines for Hispanics than others, but little change for blacks. Among the Hispanic population, the greatest rate of decline was among Puerto Ricans. When we control for other factors that might affect the rate of public assistance receipt, the greater rate of decline remains statistically significant only for Puerto Ricans and Hispanic non-citizens. The greater rate of decline for non-citizen Hispanics is consistent with a possible "chilling effect" of welfare reform on non-citizens, but the very large decline for Puerto Ricans does not fit this pattern.

Overall, we find only a small increase in the proportion of the at-risk population that combined earned income and public assistance. This result is due to the fact that so many people from the at-risk group left the public assistance rolls entirely. This increase probably resulted from both an economic pull (an improving job climate) and an administrative push (more emphasis on work requirements and greater sanctions for not working). Only among blacks was there a significant increase in the proportion of households that had income from both sources within a single year. As a result, blacks were more likely than Hispanics to combine both sources of income in the later period.

The proportion of at-risk households with earnings rose from 62 percent to 70.1 percent, but went up more for Hispanics (by 12.1 percentage points) than for blacks (6.4 percentage points). Among the entire at-risk group, including those with zero earnings, there was a statistically significant increase of 13 percent in both average real household earnings and income. This was due exclusively to large increases for Hispanics, of 38 percent in earnings and 27 percent in income. Real earnings and income for blacks and other non-Hispanics in the at-risk group did not increase significantly. These patterns are not significantly altered by including the money

value of in-kind benefits in the measure of income. The convergence in earnings of at-risk Hispanics and blacks is remarkable: in the earlier period Hispanics' earnings and income were almost 20 percent less than those of blacks, but by the later period Hispanics' earnings and income were slightly higher.

Underlying these differences in patterns of public assistance receipt, earnings, and income are divergent patterns of change in family structure and educational attainment. Hispanics married or doubled up at faster rates than blacks. Their education levels also rose faster than that of blacks. The differences between Hispanics and blacks may be characterized as "gap-closing," in that Hispanics' rates of public assistance receipt and earnings levels converged on those of blacks. This convergence mirrors the narrowing of gaps in education levels and the shifts in family structure. A "pull" model of changes in public assistance receipt would predict that in an expanding labor market, better-educated people are more employable and therefore are more likely to move off welfare. For the various types of at-risk households, in general the patterns of change in education, earnings receipt, and public assistance follow such a model; but there is also substantial evidence of administrative "push," particularly for Puerto Ricans.

A final note of caution is to remind the reader that our study does not follow the same people over time. Hence, the patterns of change that we have found may reflect both changes in the characteristics of people who lived in New York City throughout the period and differences in migration patterns into and out of New York City. Further research on migration patterns would therefore be quite useful.

In conclusion, a period of strong growth in the local economy, combined with more stringent public assistance policies, led to decreased welfare receipt and more work. However, the gains from the changes in policy and economic opportunity were distributed unevenly among the most vulnerable segments of the population. The good news is that Hispanics, who had lagged behind all other groups in terms of indicators of economic well-being, caught up to blacks in a relatively short period of time. The discouraging news is that the economic situation of blacks and their dependence on public assistance, as well as those characteristics of education and family structure that make families vulnerable, changed so little.

Our results highlight the importance of growth in the local economy in improving the economic status of our most vulnerable citizens. Since 2000 New York City has lost almost 200,000 jobs and has entered a period of genuine fiscal crisis. The findings suggest that this slowdown is cause for great concern. Though welfare rolls declined significantly, the very modest improvements in well-being among the vulnerable, even with a very vigorous local economy, underscore the importance of preserving and enhancing the social safety net in the current period of economic slowdown.

APPENDIX
MULTIVARIATE ANALYSES

PUBLIC ASSISTANCE RECEIPT

To summarize the ethnic differences in decline of public assistance receipt and to determine whether the greater decline in receipt rates among Hispanics remains statistically significant when we control for other factors that affect the probability of welfare receipt, we estimated a set of linear probability models of public assistance receipt. The sample includes all households, both at-risk and not. These models include either citizenship status or ethnicity and the change in the probability of receipt from 1994-95 to 1997-99 for each group, plus demographic controls whose effect is allowed to vary over time. The demographic controls are dummy variables for female headship, presence of children under age 18, whether the household head is under age 65, and whether he or she lacks a high school diploma.[24]

Model 1 divides households by citizenship. The change from 1994-95 to 1997-99 for citizens, and the change for non-citizens relative to citizens, are summarized in the top panel of Table A-1. The t-statistic in row 2 provides a statistical test of whether the drop in public assistance receipt is significantly greater among non-citizens than among citizens. The results show that the rate of decline in public assistance receipt among non-citizens did not differ significantly from that among citizens. This result holds regardless of whether controls are included. Hence, citizenship status per se does not explain the differential drop in the rate of public assistance among ethnic groups.

The change from 1994-95 to 1997-99 for white and Asian non-Hispanics, and the changes for blacks and Hispanics relative to whites and Asians, are summarized in Model 2 of Table A-1. This model corresponds to the division of households into whites (and Asians), blacks, and Hispanics and the further subdivision of Hispanics into Puerto Ricans, other Hispanic citizens, and Hispanic non-citizens, as in Figure 3. The results indicate that the greater decline in receipt among Hispanics remains statistically significant when the controls are included. Without any controls, the decline is 9.7 percentage points greater for Hispanics than for whites (column 1). Including the full set of controls and allowing their effects to vary over time reduces this difference to 6.4 percentage points (column 2).

Among Hispanics, Puerto Ricans show the greatest drops in welfare receipt, regardless of specification. The differential rate of decline for Puerto Ricans is reduced from 12.2 to 8.6 percentage points by the full set of controls in column 2. For other Hispanic citizens, the decline between 1994-95 and 1997-99 is not significantly greater than for whites and Asians. For non-citizen Hispanics, however, the decline is significantly greater than for whites and Asians in both specifications.

The regression shows a much smaller change in the rate of welfare receipt among blacks. There is no significant difference between blacks and whites (and Asians), regardless of specification. Among whites and Asians, the decline is statistically significant until the controls are included, when it becomes insignificant. Thus, the decline in welfare receipt for whites and Asians can be completely explained by the

TABLE A-1
Linear Probability Models of Public Assistance Receipt by Citizenship, Ethnicity, and Period
(Difference in difference from white and Asian non-Hispanics or citizens)

	(1)	(2)
Model 1 (non-citizens who entered U.S. before 1996 vs all citizens; N = 8280)		
Change from 1994-95 to 1997-99		
Citizens	−0.031	0.019
t-statistic	4.07	1.62
Change from 1994-95 to 1997-99, relative to citizens		
Non-citizens	−0.008	0.008
t-statistic	0.51	0.49
Model 2 (by ethnicity; N = 8374)		
Change from 1994-95 to 1997-99		
White and Asian Non-Hispanics	−0.009	0.014
t-statistic	1.76	1.23
Change from 1994-95 to 1997-99, relative to white and Asian Non-Hispanics		
Black Non-Hispanics	−0.009	0.009
t-statistic	0.44	0.52
Hispanics[a]	−0.097	−0.064
t-statistic	5.96	3.93
Puerto Ricans	−0.122	−0.086
t-statistic	4.97	3.74
Other Hispanic citizens	−0.040	−0.028
t-statistic	1.27	0.96
Hispanic non-citizens	−0.078	−0.044
t-statistic	2.90	1.66
Controls		
Female head, children under 18	No	Yes
Dropout, nonelderly	No	Yes
Interactions of controls and year	No	Yes

a. Results for Hispanics are from a separate regression that also included white, Asian, and black non-Hispanics, for whom the estimates were within 0.001 of those shown. Adding non-citizen to the controls in that regression changed the results by 0.002 or less. See Chernick and Reimers [2002] for complete results.

fact that for single mothers and those with low education (of any ethnic group) there was a drop in the likelihood of getting public assistance in the "after" period.

EARNINGS

As shown above, greater increases in earnings and income for Hispanics than blacks roughly parallel their much greater decline in welfare receipt. To determine whether the ethnic differences in earnings receipt are statistically significant when

TABLE A-2
Linear Probability Models of Earnings Receipt by Ethnicity, Citizenship, and Period
(Difference in difference from white and Asian non-Hispanics)

	(1)	(2)
Change from 1994-95 to 1997-99		
White and Asian Non-Hispanics	0.031	−0.009
t-statistic	2.10	0.37
Change from 1994-95 to 1997-99, relative to white and Asian Non-Hispanics		
Black Non-Hispanics	−0.015	−0.029
t-statistic	0.53	1.23
Hispanics[a]	0.050	0.022
t-statistic	2.13	1.06
Puerto Ricans	0.025	0.016
t-statistic	0.77	0.56
Other Hispanic citizens	0.065	−0.004
t-statistic	1.50	0.10
Hispanic non-citizens	0.056	0.031
t-statistic	1.70	1.04
Controls		
Female head, children under 18	No	Yes
Dropout, nonelderly	No	Yes
Interactions of controls and year	No	Yes
Number of Observations = 8374		

a. Results for Hispanics are from a separate regression that also included white and Asian and black non-Hispanics, for whom the estimates were within 0.002 of those shown. Adding non-citizen to the controls in that regression changed the results by 0.003 or less. See Chernick and Reimers [2002] for complete results.

other factors are controlled for, we estimate a linear probability model of whether a household had earnings. The sample includes both at-risk and not at-risk households. The results in Table A-2 show that the probability of having earnings increased by 3.1 percentage points for white and Asian households (row 1, column 1). However, the time-varying effect of family structure, age and education completely explains the increase in the rate of earnings receipt by white and Asian households.

The change in rates of earnings receipt does not significantly differ between black and white and Asian households. In contrast, Hispanics' rate of earnings receipt increased by 5 percentage points more than that of whites and Asians, but the difference becomes insignificant when we include the controls in the model. This means that being Hispanic had no additional influence on the change in the likelihood of having earnings once we control for family structure, age and education. It is noteworthy that among all households, the change in Puerto Ricans' rate of earnings receipt was not significantly greater than the change for whites and Asians, even

TABLE A-3
OLS Regression Models of Unconditional Real Earnings (1999 $), by Ethnicity, Citizenship, and Period
(Difference in difference from white and Asian non-Hispanics)

	(1)	(2)
Change from 1994-95 to 1997-99		
White and Asian Non-Hispanics	7946	9487
t-statistic	4.02	4.38
Change from 1994-95 to 1997-99, relative to white and Asian Non-Hispanics		
Black Non-Hispanics	−7588	−5744
t-statistic	2.98	2.36
Hispanics[a]	−572	161
t-statistic	0.24	0.06
Puerto Ricans	−2504	−572
t-statistic	0.85	0.20
Other Hispanic citizens	55	−2045
t-statistic	0.02	0.60
Hispanic non-citizens	−475	1037
t-statistic	0.17	0.35
Controls		
Female head, children under 18	No	Yes
Dropout, nonelderly	No	Yes
Interactions of controls and year	No	Yes
Number of Observations = 8374		

a. Results for Hispanics are from a separate regression that also included white and Asian, and black non-Hispanics, for whom the estimates were within 1.5 percent of those shown. Adding non-citizen to the controls in that regression changed the t-statistics by 0.18 or less. See Chernick and Reimers [2002] for complete results.

though among households that were at risk, the increase for Puerto Ricans was substantially greater. This suggests that a greater change for Puerto Ricans among those at risk was offset by a smaller change among those not at risk.

Table A-3 looks at the change in household earnings amounts by ethnic group, adjusted for inflation. As in the other regressions, the sample includes all households, both at-risk and not, and specific controls are included for being in the at-risk population. The first row of Table A-3 shows that average household earnings for whites and other non-Hispanics increased significantly by almost $8,000 (in 1999 dollars) between 1994-95 and 1997-99. This increase grows to over $9,300 when we control for the effect of female headship, age and education.

Though still positive, the increase in earnings was significantly less for blacks than for whites and Asians regardless of specification. The increase in earnings among blacks is $3,553 when we control for the effect of female headship, age and education.[25] The fact that blacks lag whites overall suggests that blacks lagged among

those not at risk. This follows from our finding that neither blacks' nor whites' earnings changed significantly among at-risk households.

The change in average earnings for Hispanic households was not significantly different from that for whites and Asians. This lack of difference holds for all Hispanic subgroups and regardless of whether controls are included. This finding is in sharp contrast to the results among at-risk households, where we found a statistically significant increase of $5,200 for Hispanics but no significant change for either whites and Asians or blacks. Therefore, the larger increase in earnings for Hispanics than whites among at-risk households appears to have been offset by a smaller increase in earnings for Hispanics than whites among those that were not at risk. As a result, when we put the two groups together, the pattern for Hispanics is similar to the pattern for whites and Asians.

NOTES

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1. The New York State credit was expanded after 1997, so that it now equals 22 percent of the federal EITC.
2. For a national analysis along these lines, see Primus et al [1999].
3. From fiscal year 1994 through fiscal year 1997, the percentage of fair-hearing rulings in the client 's favor ranged from 85 percent to 91 percent. In fiscal year 1998 the measure was changed, making it impossible to compare with the earlier period. The last statement is based on a communication with Glenn Pasanen, Associate Director of the City Project, on December 13, 2000.
4. The New York City sample of the March CPS consists of 2,123 households in 1995, 1,579 in 1996, 1,586 in 1998, 1,568 in 1999, and 1,518 in 2000. Due to the sample rotation pattern in the CPS, there is approximately a 50 percent overlap in our sample for two adjacent years; consequently, the standard errors of our estimates are biased downward. Because we are dealing with the low-income population, we ignore the topcoding of income data in the CPS. We use the March CPS household weights throughout, with Passel's corrected weights and race codes for 1995 [Passel, 1996].
5. HRA counts were prepared for us by the Office of Policy and Program Analysis, Human Resources Administration. The data source is City of New York Human Resources Administration [various years].
6. For more discussion of the underreporting of welfare receipt in the CPS, see Chernick and Reimers [2002, 6-8].
7. The CPS shows an average of 423,000 Food Stamps households from 1997 to 1999, while the HRA number for the comparable period is 508,196 [City of New York Human Resources Administration, various years].
8. A more targeted group at risk for AFDC/TANF would include only households with children that are headed by a woman who lacks a high school diploma. However, this would exclude the population at

risk for Safety Net Assistance. Moreover, sample sizes for this restricted group are too small for fruitful analysis.

9. See Chernick and Reimers [2002, Table 8].
10. Source tables for the figures are available upon request.
11. For details regarding receipt of various benefit packages, see Chernick and Reimers [2002].
12. According to official estimates, between 1996 and 2000 Medicaid receipt declined by 180,000 persons [City of New York Independent Budget Office, 2003]. Newspaper reports have suggested a considerable amount of churning in the Medicaid rolls, with a number of people who have lost public assistance also losing their Medicaid benefits, and then being reinstated [Bernstein, 2001]. This increase in churning could help to explain the difference between the official estimates, which are point-in-time numbers, and our CPS estimates, which reflect the number of households ever on Medicaid during the year.
13. Some additional portion of the Medicaid caseload in the later period represents new participants in Medicaid who had not received public assistance.
14. The Medicaid matching rate for New York State is 50 percent, so the federal government pays for half of all Medicaid outlays. The state has a county-run system, with the counties (including NYC) responsible for half of the non-federal share for children and adults. Thus NYC pays 25 percent of the total cost. For long-term care, the county share is only 10 percent.
15. Borjas [2000] found that the excess decline in non-citizens' receipt of benefits (including both cash and in-kind benefits) was almost entirely a California phenomenon, with declines for non-citizens and citizens being similar in the rest of the nation overall.
16. Throughout this paper, for the sake of brevity we use "whites" to refer to non-Hispanic whites and "blacks" to refer to non-Hispanic blacks. The group "whites and Asians" also includes Pacific Islanders, American Indians, Aleuts, and Eskimos.
17. Along with a number of other states, New York has raised the earnings disregard and lowered the benefit reduction rate for TANF recipients with earnings [New York State Office of Temporary and Disability Assistance, 2000; Giannarelli and Wiseman, 2000]. Eventually, these changes should lead to an increase in the proportion of public assistance cases that also have earnings. However, the changes in the disregard and the benefit reduction rate did not take effect until November 1999. Hence, they should have very little impact on the changes in the likelihood of combining cash assistance and earnings between 1994-95 and 1997-99.
18. The March CPS asks whether anyone in a household got public assistance or earnings in any month during the previous year, but it does not ask whether the two were received at the same time. Those reporting both public assistance and earnings may have received them at different times during the year.
19. Income for these households could come from other sources, such as disability and survivor benefits from Social Security, SSI, workers' compensation, or private insurance; child support; and private transfers.
20. For tables showing these and other results of our analysis of earnings and income, see Chernick and Reimers [2002], Tables 15, 16, and 19.
21. If the "after" period includes just 1997 and 1998, the drop in real earnings of blacks was $798. The smaller decline when 1999 is added indicates that blacks' earnings increased after 1998.
22. It should be borne in mind that in the CPS, receipt of the EITC is simulated on the basis of eligibility rather than being based on a specific question about receipt. For the other programs, there is an actual question about participation. Money values of the EITC, housing subsidies, and school lunch subsidies are imputed, but money values of Food Stamps and energy assistance are asked directly. Given these features of the CPS data, our conclusions about the pattern of changes in in-kind income must remain somewhat tenuous.
23. This change can be calculated from Table 5 by comparing the share of married mothers in the total of all mothers, before and after 1996. For example, for Puerto Ricans in 1994-95 this share is [15.7/(15.7 + 26.9)] = 0.368.
24. The specification of the model whose results are shown in Model 2, column 2 of Table A-1 is Prob($PA\ receipt$) = constant + $\beta_1(Yr9799)$ + $\beta_2(Black)$ + $\beta_3(Black \times Yr9799)$ + $\beta_4(PuertoRican)$ + $\beta_5(PuertoRican \times Yr9799)$ + $\beta_6(otherHispcitizen)$ + $\beta_7(otherHispcitizen \times Yr9799)$ + $\beta_8(Hispnoncitizen)$ + $\beta_9(Hispnoncitizen \times Yr9799)$ + $\beta_{10}(singlemom)$ + $\beta_{11}(singlemom \times Yr9799)$ + $\beta_{12}(dropoutLT65)$ + $\beta_{13}(dropoutLT65 \times Yr9799)$ + error. The specification in column 1 includes only the terms identifying

ethnicity and year. Model 1 of Table A-1 includes *noncitizen* and *noncitizen*×*Yr9799* in place of all the terms in Model 2 that identify ethnicity.

25. The increase for blacks is computed by adding the coefficient for blacks to that for whites.

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