New York City’s Turnaround on Poverty

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In America’s biggest cities, more and more Americans are now living in poverty. From 2000 to 2013, the poverty rate in America’s 20 largest cities grew by 36 percent, to an average of 22.7 percent. Nationally, the poverty rate has risen too, from 11.3 percent in 2000 to 14.8 percent in 2014.

But there’s one stand-out exception to this phenomenon: New York City.

Over the last decade, New York City’s poverty rate has defied national trends by declining. While New York once suffered one of the highest poverty rates among the country’s large cities, today it boasts one of the lowest, with a smaller share in poverty than in Los Angeles, Chicago, Phoenix and Houston, among others.

Solid evidence can trump the liberal-versus-conservative stalemate when the welfare of the country’s most vulnerable people is at stake.This impressive result is the fruit of an innovative, “data-driven” war on poverty, declared by former Mayor Michael Bloomberg at the start of his second term in 2005. Today, low-wage workers are getting extra cash in their pockets at tax time to help support their kids. New programs are helping more workers earn their associates’ degrees to boost their wages. Better access to financial education and financial services is helping families manage their budgets and even to save. New York City also became the first local government to implement an alternative to the federal poverty measure, which prompted the U.S. Census Bureau to follow suit with a new supplemental poverty measure for the nation.

The story of New York’s success to date is one of repeated experimentation, a willingness to take risks and the occasional failure. As two staffers who worked on the front lines of Bloomberg’s initiative, we learned an important story about urban poverty and how to fight it. We’ve also gathered evidence supporting an exciting set of antipoverty programs that work, and can provide lessons to state and federal partners. Most significantly, New York’s experience confirms that solid evidence can trump the liberal-versus-conservative stalemate when the welfare of the country’s most vulnerable people is at stake.

A supporter of the work-focused welfare policies contained in the historic welfare reform legislation signed by President Bill Clinton in 1996, Bloomberg had spent his first term expanding health insurance and other work supports to accompany the strong work requirements enacted as part of welfare reform. While the city’s poverty rate had declined since the beginning of the reforms, further declines had become much harder to achieve. To Bloomberg, expanding the safety net for low-wage workers wasn’t enough anymore; he wanted to start fresh with experimental initiatives that would change the dynamics and yield solid evidence on what works.

As Bloomberg once told a national audience in defense of his approach, “Every other antipoverty program that has been tried has failed to get the national poverty rate below 11 percent. So what are your options? Do nothing or dress up the same old failed ideas? We have other options, but only if we are not afraid of thinking outside the box, even if that means breaking old taboos.”

The first step in New York City’s strategy was to create a “laboratory” for experimentation. In 2006, Bloomberg launched a new citywide apparatus to fight poverty—the Center for Economic Opportunity (CEO). Over the next several years, CEO would roll out more than 30 new initiatives, each to be tested, each with an evaluation strategy, and each taking a risk.

Some of these efforts would prove controversial, such as Family Rewards, a program that provided cash payments to the poor if they took such positive actions as sending children to school. Other efforts – such as a program called “Paycheck Plus” – was aimed at tackling a growing conundrum: falling work rates for low-skilled men. As Bloomberg once noted, “Fathers are missing from our strategy to drive down the poverty rate.”

Another key element of the city’s strategy on poverty was a commitment to evidence and data. Many of the ideas proposed by Bloomberg and implemented by the CEO would take time to reach fruition; and some would succeed, while some would not. But at every step of the way, we made a commitment to measure the results and to learn from both our failures and successes

For example, the effects of the Family Rewards program were, in fact, “more modest than had been hoped,” according to a 2013 report by MDRC, a nonprofit research organization studying the initiative. But rather than being discouraged, Bloomberg wore this failure as a badge of courage and used his muscle to scale back or terminate what didn’t work.

On the other hand, low-income participants in “Paycheck Plus” are punching the time clock in New York City with some extra cash in their pockets because of bonus payments created by the program – with so far promising results. But like all CEO initiatives, the program is funded through a closely monitored “innovation account,” and control of program resources will not be handed over to the implementing agency until results demonstrate success.

Of course, the CEO was not the only reason for the decline in poverty in New York. Through a strong economic development strategy, welfare reform that put more people to work, school reform that put more resources in the classroom, and public health improvements, New York City was being lifted on many fronts. But as we often see when local economies improve, those in greatest need can get passed by. CEO focused sharply on those who needed more carefully tailored opportunities to join the rising tide.

The net result of New York City’s experiments is a catalogue of replicable, scalable programs that could prove promising in any city. Today, as senior fellows at Results for America, a national organization committed to using evidence-based solutions on behalf of young people, their families, and communities, a major part of our mission is to encourage other areas of the country to follow New York’s lead.

It took a city with the breadth and scope of New York to raise the bar on fighting poverty. But the success of this battle shows that other cities can take on this challenge – and win.

How an “Infrastructure for Innovation” Can Defeat Poverty

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When Mayor Michael Bloomberg declared a war on poverty in New York City in 2005, he had two clear instructions: First, he wanted a focus on helping people achieve economic success, not escape poverty through bigger transfer payments. New York City’s safety net was already strong and wide – what was needed were better strategies to break the cycle of poverty. Second, he wanted to be clear about what worked and what didn’t. Open to non-traditional approaches, his main demands were to have evidence on the results, support what works, and end what didn’t.

The result was a 4 percent drop in New York City’s poverty rate by the time the Bloomberg Administration ended – at a time when the poverty rate in most other major cities and across the nation was rising.

To carry out his vision, Bloomberg tapped Geoffrey Canada, founding director of the Harlem Children’s Zone, and Dick Parsons, then CEO of Time Warner, to head up the city’s poverty fighting shop, the Commission for Economic Opportunity. Canada and Parsons became the guiding force behind Bloomberg’s request for a data-driven war on poverty that would consider the city’s many different populations.

“When Mike Bloomberg asked me to co-chair the Commission, I just said ‘Wow, what an audacious goal—to make a real dent in poverty in New York City.’ How could I not say yes?” recalls Canada.

What eventually emerged was a four-part plan of attack: (1) to define the scope of poverty in New York City; (2) to identify the types of solutions that might make a difference; (3) to establish the inter-agency infrastructure and partnerships needed to carry out new programs; and (4) to develop a rigorous system of evaluation and data collection so that we knew what worked and why.

In its first phase – identifying the breadth of poverty in the city – the Commission’s early work explored the distinct contours of poverty in each of the city’s five boroughs by collecting data from across disparate sources and generating a complete picture of who needed help and where. Newer immigrant communities, for example, defined the concentration of poverty in northern Queens, while the South Bronx and Central Brooklyn reflected generational cycles of poverty, overwhelmingly Latino and African American, respectively. Different needs, different strategies.

“We needed to stand by the data,” explains Canada. That meant gathering the facts to know which direction to take, and setting a track to know if goals were being met. “This seems straightforward and common sense,” he says, “but pragmatism was still rare in human service delivery.”

Difficult early decisions were hammered out in long meetings to reach consensus on three distinct, sometimes overlapping populations with high degrees of poverty: working poor adults; young adults aged 16 to 24; and children 5 years old and younger. Together, these groups represented nearly 700,000 New Yorkers.

The Commission delivered its report, “Increasing Opportunity and Reducing Poverty in New York City,” to Mayor Bloomberg in September 2006 with a strong mandate for urgent action. Based on its analysis of the data, the Commission proposed eight different program areas, each tailored to a specific group of New Yorkers who needed help. For the city’s working poor adults, for example, the Commission proposed asset-building and savings strategies to promote self-sufficiency and economic success, as well as workforce development programs that would help low-wage workers climb the wage and income ladder.

The city’s high-risk youth, on the other hand, demanded a different kind of strategy aimed at connecting young people to pathways for education and careers. These proposals included internship programs and model programs for youth involved in the juvenile justice system. Children 5 and younger required a different strategy still, including new programs for nutrition assistance and nurse-family partnerships.

Many of the initiatives the Commission proposed would require an unprecedented level of innovation and cooperation between and among city agencies, as well as with third-party stakeholders, nonprofits, the state and federal government and the philanthropic community.

Accordingly, the agency created to execute the Commission's plan – the Center for Economic Opportunity (CEO) – involved a novel municipal structure: run out of City Hall but reaching well beyond the traditional welfare agencies. As its executive director, the mayor appointed Veronica White, who had both the public and private sector experience necessary to take on the task.

One of the most important things White undertook early on was to create an "Innovation Laboratory," which played a crucial role in some of the more innovative experiments we wanted to try. Few initiatives came solely from this Lab at the Center. Rather, the process invited ideas from public and private partners. We helped refine their design, supported implementation with technical assistance, and ultimately conducted evaluations to judge their effectiveness.

We also created a specially structured Innovation Fund, to help raise the resources necessary to launch these new programs. We knew that it would take too long for some CEO initiatives to earn enough political support to access public funding without cumbersome deals and caveats. The Innovation Fund, however, which was established in the city budget, proved very appealing in bringing in large foundations to the effort, starting with the mayor's own philanthropic support. Others philanthropic partners eventually included The Rockefeller Foundation, the Open Society Foundations, and The Starr Foundation, as well as The New York Community Trust and the Robin Hood Foundation.

Finally, to offer these philanthropic partners the kind of public-private relationship that would create a real-world learning environment capable of scaling up programs that proved effective, CEO joined with the Mayor's Fund to Advance New York City, a non-profit entity that professionalized the city's ability to act as a strong partner to the philanthropic investors.

Approximately $100 million in annual contributions were secured to pilot new solutions to poverty. Roughly half of this was public funding and half was private. In essence, CEO provided a runway of solid ideas to a wide group of investing and knowledgeable partners.

Ultimately, CEO worked with city agencies to develop programs to fulfill each of the Commission's recommendations. The initiatives ran the gamut from proven strategies that worked elsewhere but were untried in New York City (like conditional cash transfers) to totally untested concepts such as financially empowering the poor.

The final piece of CEO's infrastructure was its capacity for data collection and evaluation.

MDRC President Gordon Berlin, who worked with us extensively as an evaluator and intellectual resource, described how CEO was unique in the annals of state and local government. "CEO was evidence driven – it drew the best research about the underlying causes of poverty and the effectiveness of existing solutions in charting a course. But it also understood it had to be innovative where others had failed. The ultimate goal was producing successful outcomes that could be sustained."

Building evaluation into each new program proved to be one of the more difficult—and most central—tasks. The CEO team developed a range of evaluation approaches, from simple outcome tracking of performance-based contracts, up through the most rigorous random assignment. Programs were assessed by our internal team and by independent evaluators. Besides the expense and the time involved, there was—in CEO executive director Veronica White's words—"the necessity of constant evangelization of the importance of evaluation." Gordon noted, "CEO acted on evidence: programs that worked were expanded; programs that did not were cancelled. City agencies were active partners in deciding what to test and they were expected to take on programs that worked as ongoing sustainable initiatives."

Ultimately, it was this rigorous adherence to evidence and data that would prove crucial to New York City's success.

How Failures Helped Lead to Success in New York's War on Poverty

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One year into creating a citywide apparatus to fight poverty, New York City Mayor Michael Bloomberg launched an experiment that, while popular in Mexico and Brazil, met with cynicism in America's largest city. The program—Family Rewards—provided cash payments to the poor if they took such positive actions as sending children to school. Not everybody liked the idea. New York's two major tabloids published opinion columns critical of the give-away nature of the program.

"You might say, why should we pay people for doing what they are supposed to do?" Bloomberg asked a crowd at the National Press Club in Washington, DC in August 2007. "I think it is a fair question."

Unfortunately, Family Rewards did not, in fact, become the success that was hoped for. But Bloomberg's willingness to try something bold – and potentially even controversial – was central to New York City's eventual success in driving down its poverty rate at a time when poverty rates nationally were rising. Even today, New York City's poverty rate is among the lowest in the nation's 20 largest metro areas.

As President Franklin D. Roosevelt famously said when he launched the great experiments of the New Deal, "Do something. If it works, do more of it. If it doesn't, do something else." This was the same animating philosophy of our work in New York.

This spirit of innovation is evident from the sheer number of programs launched during the Bloomberg Administration's campaign against poverty. Over 8 years, the city's Center for Economic Opportunity (CEO) launched more than 60 new initiatives, some of which have already become a national model for success or are showing enormous promise for their scalability and replicability across the country.

New York City Mayor Michael Bloomberg launched a controversial program to pay poor residents for positive behavior. While this program wasn't as successful as hoped, but the willingness to experiment proved effective.

One of these successes was the Office of Financial Empowerment (OFE), the first initiative launched by CEO. OFE's goal was to educate, empower and protect low-income New Yorkers so they can build assets and make the most of their financial resources. The idea grew out of a Brookings Institute study that pointed to the poverty-alleviating effect that even a small amount of asset development could produce for the working poor and that explored strategies private institutions could employ to help.

No one imagined at the time that cities might play a role – the government did not often get involved in the personal level of helping households manage their money and instead left the poor to navigate these challenge, and fend off abuses, like pay-day lending, on their own. But we asked: Why not?

After a few years, we could begin to see what worked and what did not. We had evidence. The CEO monitoring and evaluation team and City agencies actively tracked progress. We also worked with several external evaluation firms, including MDRC, Westat, Metis Associates, and Harvard's Education Innovation Laboratory.

We were heartened by some early findings. The Office of Financial Empowerment quickly built a national reputation and led to a Coalition of Financial Empowerment in cities across the country. The first study of results in New York City showed a cumulative $22.5 million debt reduction and $3 million in savings for the 22,000 clients served.

Another strategy, which focused on "making work pay" by expanding income supplements for the working poor through outreach, and enrollment for public health insurance, the earned income tax credit, food stamp benefits, and child care assistance, greatly increased resources in low-income households. These government-provided supports made the total return for work significantly higher than what wages alone provided. As part of this initiative, every welfare office prominently displayed a poster showing how this package of work supports could almost double the annual value of a minimum wage job.

A third success, also launched in CEO's first year and now proving to be one of our most successful efforts, is "CUNY ASAP," a program aimed at supporting low-income young New Yorkers enrolled in community college. For low-income young adults, community college is the primary path to degree attainment – yet a scandalous 83% of students nationally who enroll in community college never get a degree.

With the partnership of CUNY Chancellor Matt Goldstein, who stepped forward to put his legacy on the line, CUNY ASAP brought to the table a very structured new approach to helping students succeed. Rather than go-it-alone, students would be educated in tightly knit cohorts, provided stronger counseling plus peer engagement, and modest stipends for books, transportation and tuition not covered by financial aid. Starting with six campuses and 1,200 students, Goldstein promised to increase the associates' degree achievement in three years from 20% to 50%.

The initial results exceeded the target with an astounding 53% graduation rate of the very first cohort. A later random control evaluation by MDRC, a national research and evaluation firm, showed graduation rates 84% higher than the traditional community college approach.

One of the students who benefited from this new approach was Loukman Lamany, a recent immigrant from Togo who considered Bronx Community College but had been unable to afford the costs. He worked various jobs until 2009. "I was searching for a better life," he recalls, "when I received a call from an ASAP outreach coordinator at Bronx Community College who informed me that I may be eligible to apply for the program and invited me to join an information session. I learned about the benefits and responsibilities of being an ASAP student and decided to join."

As a CUNY ASAP participant, Loukman matriculated without the financial burden of college and with the support of monthly Metrocards and free textbooks. **"**Dedicated advisement was by far the most useful aspect of ASAP," he says. "My advisor was instrumental in helping me understand how college works, guiding me in matters from academics to family, and pointing me in the direction of other campus resources when necessary."

He graduated from Bronx Community College in two years with an associate degree in Business Administration and went on to earn a bachelor's in Management – Entrepreneurship with a focus on Small Business Management from Baruch College in 2014. Loukman is now a business development analyst at the National Community Reinvestment Coalition (NCRC).

CUNY ASAP is now available system wide at 24 campuses and will be available to every one of the 17,000 full time entering students this year. President Barack Obama has cited the program as a best practice approach, and other systems across the country have begun following this model.

Yet another CEO initiative – which has taken far longer to reach the demonstration project-testing phase, but, if successful, could have a much broader impact – is an experimental expansion of the Earned Income Tax Credit (EITC). Started 40 years ago to offset payroll taxes, the EITC has become one of the nation's most successful antipoverty policies. Yet noncustodial parents and single individuals receive an EITC of one-tenth the full value, hardly enough to fatten a paycheck. While the EITC was a powerful tool for helping women and dependent children, it was far less beneficial to fathers of noncustodial children. As Bloomberg said at the National Press Club in August 2007, "Fathers are missing from our strategy to drive down the poverty rate."

We began by advocating an expansion of the federal EITC for single workers and noncustodial fathers, with the goal of attracting more men into full-time employment and providing them with enough earnings to be a meaningful presence in their children's lives. The end result would be a reduction of poverty in both parents' households.

But when our proposal went nowhere, we conceded that the best path to overcoming resistance was to prove it worked at a smaller scale and use the evidence to advance it further.

Long a proponent of expanding the refundable tax credit, Gordon Berlin at the nonprofit MDRC worked with us to revise the program proposal. Today, "Paycheck Plus," a pilot program to simulate an expanded EITC for low-income single workers without dependent children, is being implemented and evaluated in two cities. The pilot test in New York City began in late 2013 and in Atlanta, Georgia, in October 2015.

"Trying out large-scale initiatives before they become national policy can also help policymakers identify unanticipated consequences," Gordon says. MDRC is tracking the progress of Paychecks Plus. If it proves effective, there will finally be concrete evidence that the EITC should be further reformed and expanded on the federal level.

As with each of CEO's successes, the beneficiaries won't be just the residents of New York City but – potentially – low-income Americans throughout the country.

How to Lead a New National War on Poverty

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When New York City launched its war on poverty in 2006, Mayor Michael Bloomberg began a city-wide campaign the likes of which no other city, state or the federal government had seen in decades. Through its flagship agency – the Center for Economic Opportunity (CEO) – the city launched more than 60 initiatives aimed at reducing poverty, some tried-and-true strategies and others bold experiments.

Ten years later, the results of this grand experiment – a poverty rate that is the lowest among the biggest cities in America – could yield a vast number of useful lessons for a new national war on poverty, informed by New York City's experience.

The most important lesson, however, is the value of data and an evidence-based approach to social innovation. Perhaps the greatest accomplishment of New York City's effort around poverty was the ability to document what worked and what didn't and to offer other local governments a blueprint to follow. But there is also a critical role that the federal government can play to encourage and support the kind of innovation that led to New York City's success.

For example, the incoming Administration should consider the financial benefits of developing a nationwide antipoverty evidence base. In this age of big data and limited resources, local governments must be given the tools to document the programs started on a small scale. We can't afford to lose the valuable information that can be gleaned from each new social services approach. And because every government dollar has to be spent wisely, we can't continue putting good money after bad.

It's time to understand the power of collecting data, and how to use that information to make future decisions about helping people toward self-sufficiency.

The first step is to learn how to produce uniform data that can be shared. The federal government can play a big role in supporting cities to generate, share and use the right data. To start, they could make federal datasets accessible, creating easy linkages for localities to pull down and match with local data. Federal agencies can also add value to their technical assistance support by beefing up intermediary organizations to provide data sharing and support assistance.

Cities *are* incubators of innovation, but much of it goes undocumented. CEO was unique because we captured and shared the lessons. Cities need to be supported in developing good research approaches, especially those that can be completed at a low cost by cash-strapped mayor's offices.

Federal officials could also provide the definitive guidance on how to interpret confidentiality limitations so that localities can stop hiring lawyers to re-answer the questions in the way nervous lawyers typically do: with a no.

The federal government can help to capture knowledge by encouraging local evaluation methods that foster solid documentation of what works. The use of waivers to test and evaluate new approaches needs to be fully exploited, and agencies should allow blended funding to get better results.

Also, why not create an open-ended call for innovative approaches each year in the social services field, and marry that with strong evaluation? The federal government should encourage experimentation by challenging localities to run with their most innovative ideas.

As the base of new approaches grows, the federal government can facilitate the spread of best practices by building incentives, rewards and requirements to use evidence-based approaches into grant programs. It can also make these tools easier to access at no cost by requiring federal agencies to post on their websites free, evidence-based tools and implementation protocols, as was done by the Department of Health and Human Services.

In a new war on poverty, evidence and innovation will be what matter most. Because localities do not realize how many resources and potential partners are out there to urge on solid research on social services, the federal government can lead the charge by strengthening its own technical assistance partners—improving its research clearinghouses and intermediary technical assistance grants, and fostering more government/university partnerships.

New York City has considerable private resources, and now Mayor Bill de Blasio, to continue the CEO's work. But other localities with far fewer resources will require a way to network with other innovative cities and states, and the support of the federal government.

Some of this is already beginning to happen at the federal level, with the creation of the federal Social Innovation Fund and the newly created White House Office of Social Innovation and Civic Participation. In 2010, CEO secured $5.7 million over three years from the Social Innovation Fund to replicate and build broader evidence for its programs. This multi-year, multi-million dollar grant has enabled CEO to expand five of our most promising programs locally and establish them in seven other cities across the nation.

In less than ten years, CEO has shown that when a political leader makes fighting poverty a priority and builds an organization based on evidence, real progress can be made that will blaze the way for more effective action. New York City has created a model that can be used across many municipal landscapes, and there is far more that could be done by the next President to encourage and support this evidence-based approach to winning today's war on poverty.