


# 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.