

# Family Rewards: A Conditional Cash Transfer (CCT) Pilot Program in NYC

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*“Fighting Poverty with Cash Incentives: Can It Work?”*

June 2011

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# Program Design

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# International CCT programs

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- **Goals of CCT programs:**
  1. Reduce current poverty by transferring cash
  2. Reduce longer-term and 2<sup>nd</sup> generation poverty by tying transfers to human capital development
- **Pioneered by Mexico** and now operating in about 30 lower and middle-income countries
- **Some evidence of effectiveness in improving children's health and school enrollment/attendance**

# Family Rewards

- **Testing an adaptation of the CCT concept in NYC**
  - First comprehensive CCT in a developed country
  - Layered on top of existing safety net
  - Privately funded
- **3-year intervention**
  - September 2007 to August 2010
- **5-year evaluation**
  - Random assignment design
  - Implementation, impact, and benefit-cost analyses
- **Results so far cover first 1-2 years**  
*(including “start-up”)*

# Family Rewards partners

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## **NYC Center for Economic Opportunity (CEO)**

- Sponsoring Family Rewards demonstration; led design team
- Leading Mayor Bloomberg's anti-poverty agenda

## **MDRC**

- Helped design intervention; conducting the evaluation

## **Seedco**

- Helped design intervention
- Manages overall delivery of the program

## **6 NPOs (Neighborhood Partner Organizations)**

- Community organizations; serve as "face" of the program in the targeted communities

# Selecting families

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- **Eligibility criteria**
  - Live within 6 high-poverty community districts
  - Incomes  $\leq$  130% of Federal Poverty Level  
*(e.g., \$22,321 for a family of 3 in 2007)*
  - Child in grade 4 or 7 or 9, but whole family eligible
- **Recruited by the neighborhood organizations (NPOs)**
  - From school lists (free school lunch program)
- **Participants**
  - 2,400 families and 5,750 children in program
  - Similar numbers in control group

# The offer: Rewards in 3 domains

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## 1. Children's education

- High attendance (95%)
- Performance on standardized tests
- Parents discuss test results with school
- High school credits and graduation
- Parent-teacher conferences; PSATs; library cards

## 2. Family preventive health care

- Maintaining health insurance
- Preventive medical and dental check-ups

## 3. Parents' work and training

- Sustained full-time work
- Completion of education/training while employed

# Payment structure

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- **Range of payment amounts**

For example:

- \$25/month for elementary school attendance
- \$200 for annual check-up
- \$350 for proficiency on middle school annual exams
- \$600 for passing certain high school standardized subject-area tests (Regents exams)

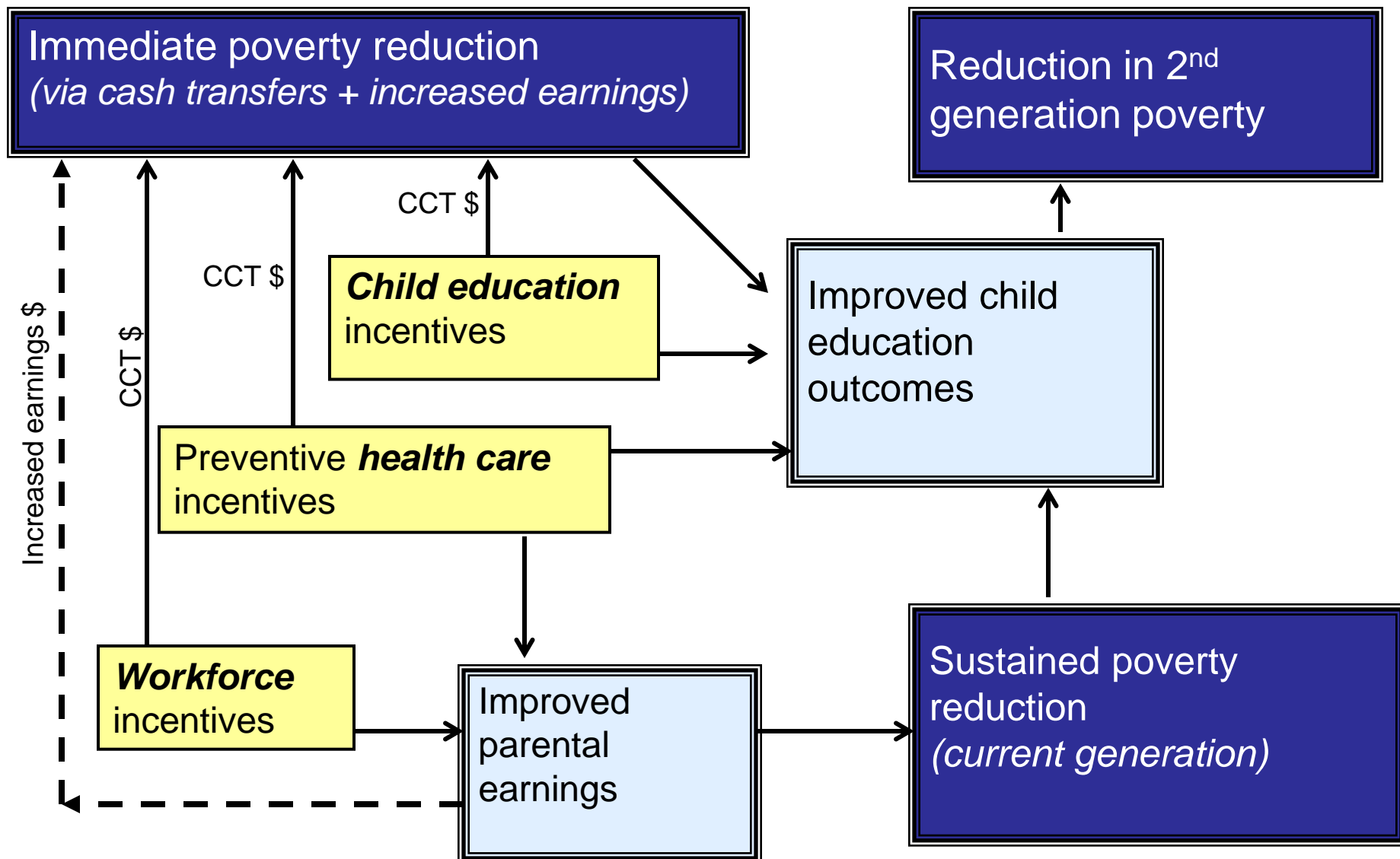
- **Most payments go to parents**

- **Some education payments go directly to high school students**

- **Payments made every 2 months—electronically, into bank accounts**



# Theoretical Framework



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# Program Delivery

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# Seedco's role: Overall implementation

- Centralized marketing
  - Claims verification and processing
  - Initiates payments
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- Helpline to address payment issues
  - Guidance / oversight for NPOs



# Role of the 6 neighborhood organizations (NPOs)

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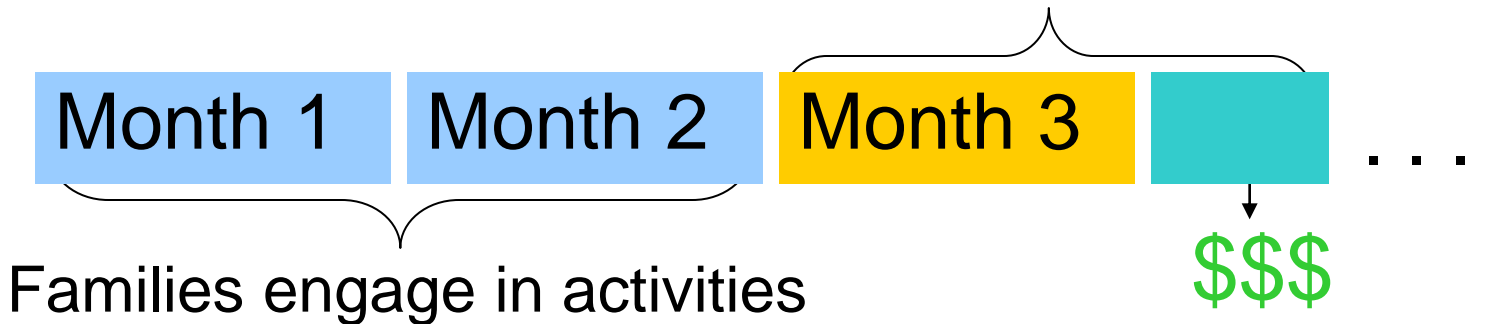
- Contact point for the program in community
- Recruited/enrolled sample
- Orientation workshops
- Topical workshops related to incentives
- Social events
- Information on services available in community
- **NO DIRECT SERVICES OR CASE MANAGEMENT**

# Payment & verification

2-month cycle:

## Verification by Seedco

- Administrative data
- Coupons and documentation submitted by families



## Deposited to:

- Own bank account\*
- Opportunity NYC Safe Acct.\*
- Stored-value card

\* \$50 extra incentive for using bank account

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# **Families' Understanding and Perceptions of the Program**

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Using data from in-depth interviews with families and from a special module in 18-month parent survey

# Parents' views of the program

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- See purpose as:
  - way to help kids do better in school and stay healthy
  - rewarding low-income parents for being good parents
- Embrace it because it provides resources and support to help them more consistently do the things they already believe in doing
- Some see it as offering them extra leverage with reluctant children

# Families' understanding of incentives

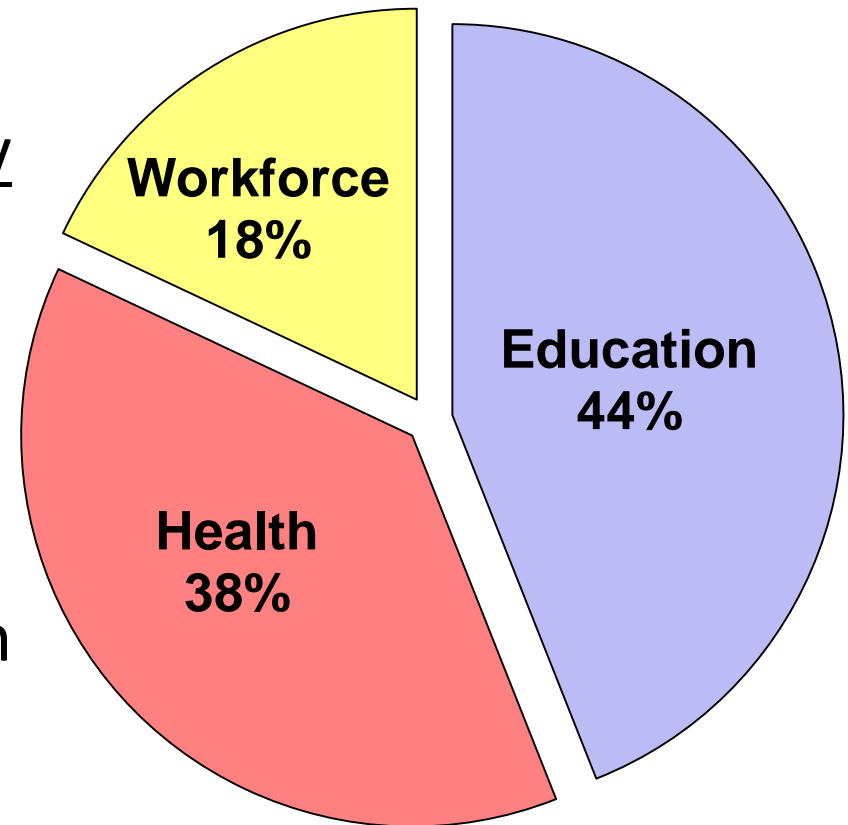
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- Parents' understood general offer, but confused about specifics
- Younger kids' understanding varied with what parents told them about the program:
  - No information
  - Some information/parent adds own incentives
  - Total transparency about program incentives
- HS kids—target of direct marketing on school incentives, so knew more, but still had learning curve
- Continuous marketing to parents and HS kids is essential



# Rewards paid in first 2 years

- Virtually all families earned some rewards
- 65% received rewards in every activity period
- Over \$3,000/year per family (\$6,000 over 2 years)
- Most for education and health
- Almost 88% earned rewards requiring coupon submission



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# Program Impacts

Using data from administrative records and  
an 18-month survey of parents

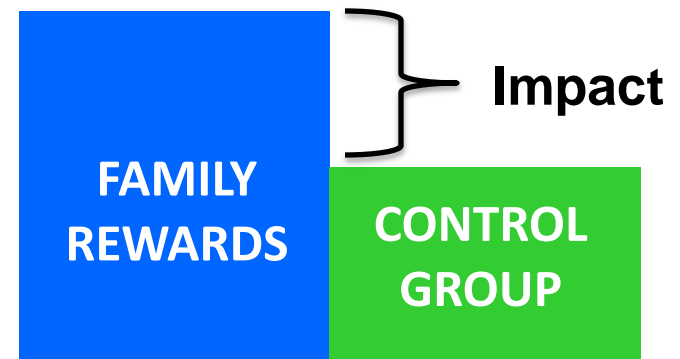
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# Interpreting the graphs

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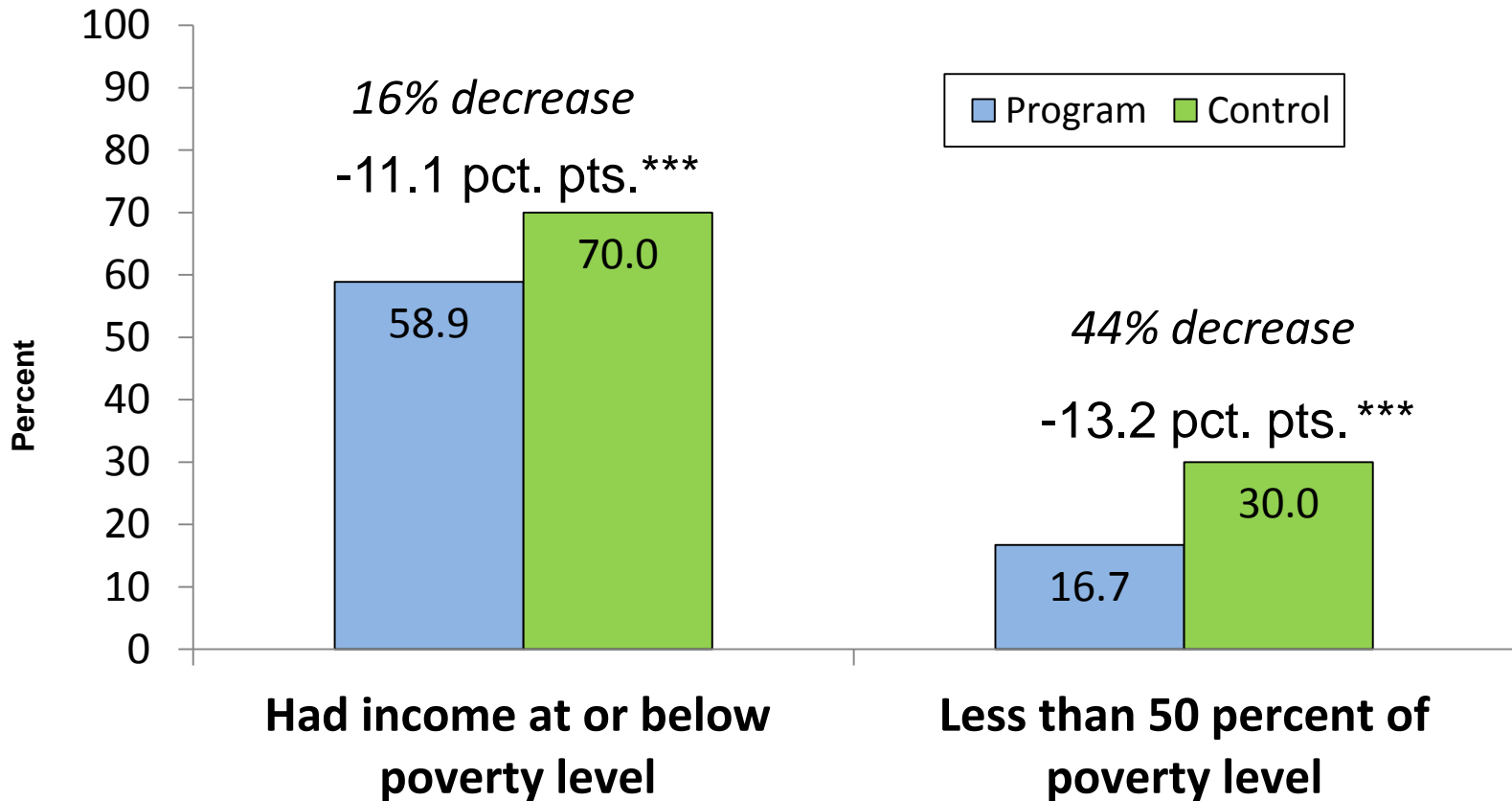
- **Blue bar** = Outcomes (i.e., behaviors/achievements) of **FAMILY REWARDS** group
- **Green bar** = Outcomes of **CONTROL GROUP**
  - Shows what Family Rewards participants would have achieved without program
- **DIFFERENCE** = the program effect (or “impact”)
  - \* = *statistical significance*

*Remember: EARLY findings only!*



# Effects on poverty

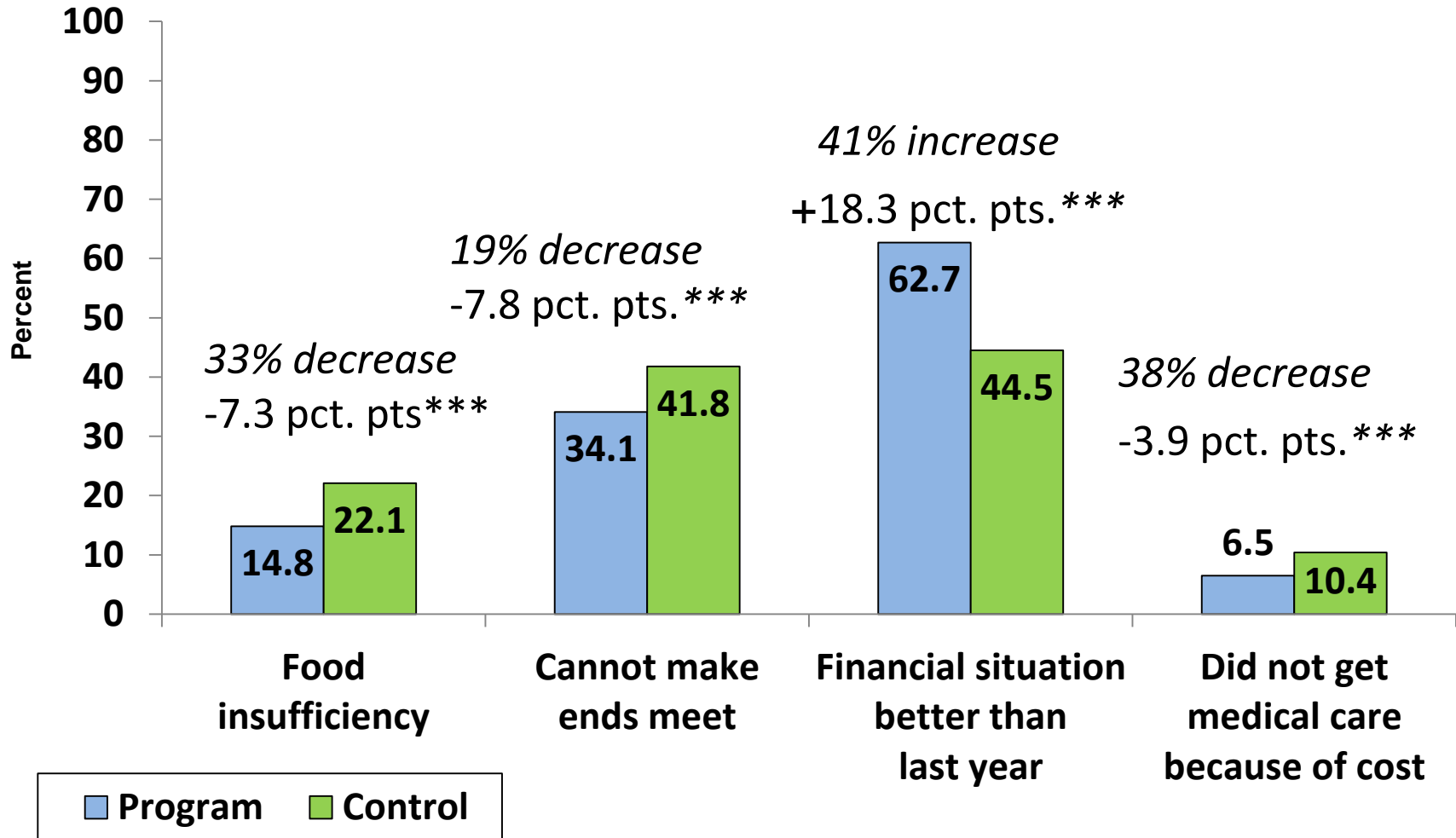
(18-month follow-up)



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Effects on family economic hardships

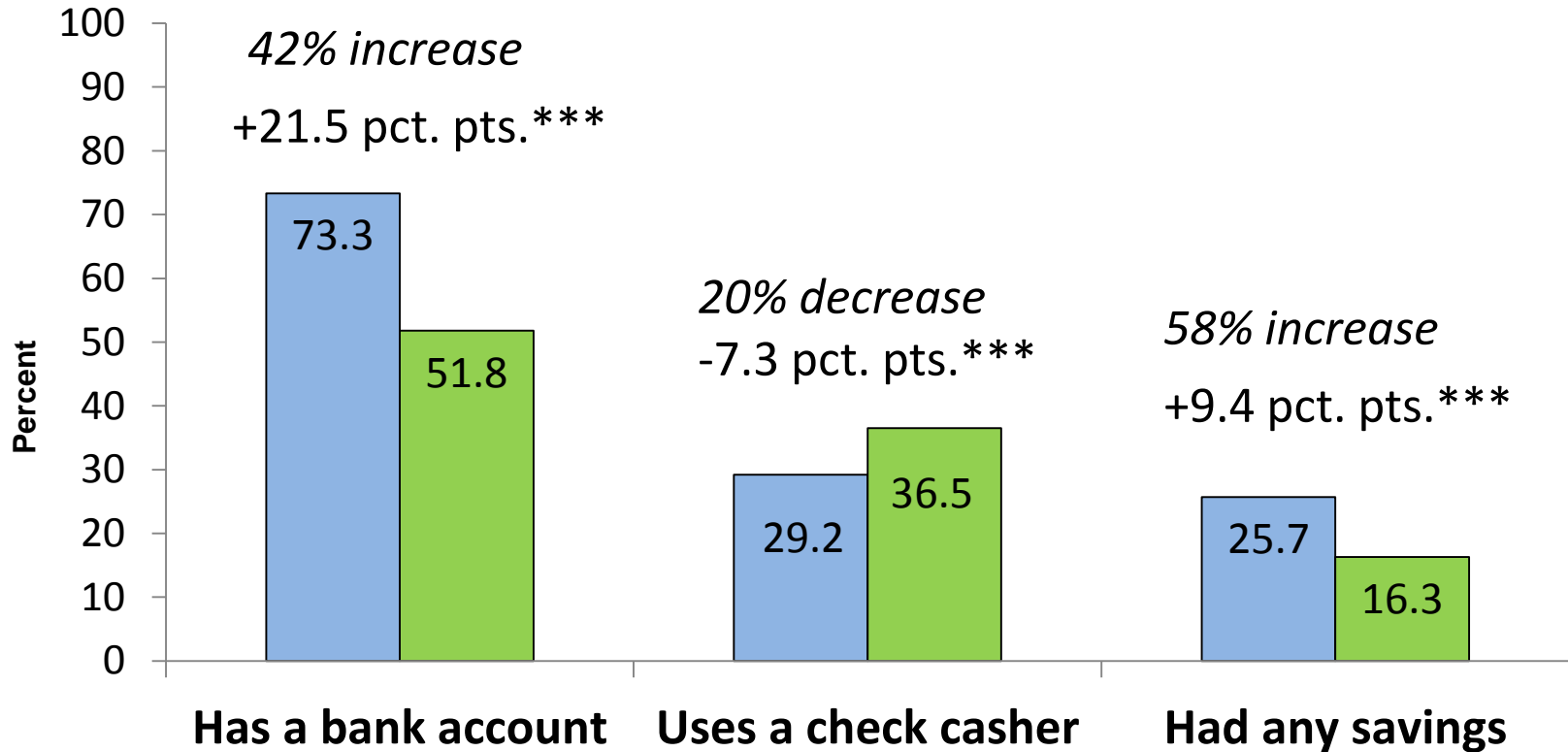
(18-month follow-up)



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Effects on banking and savings

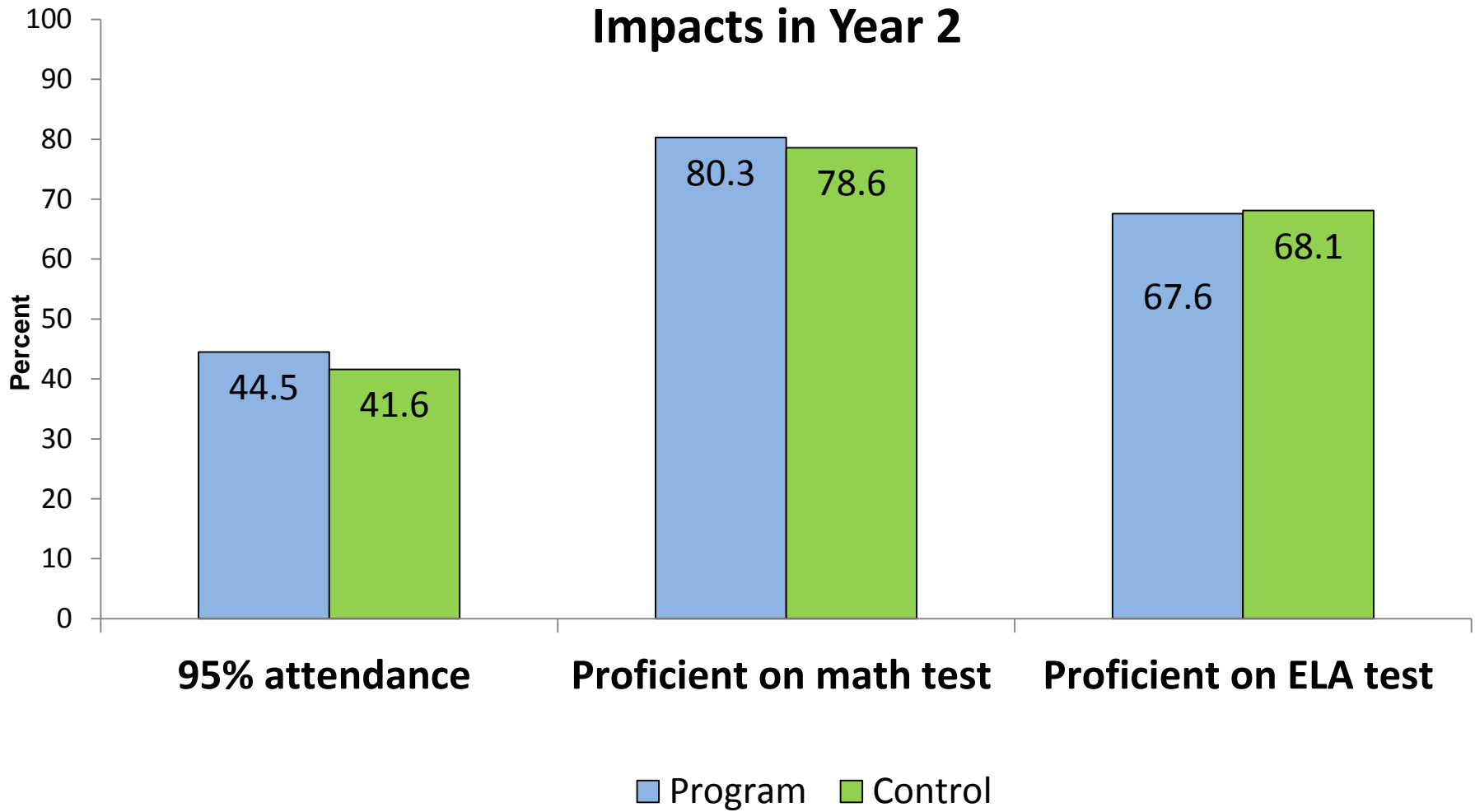
(18-month follow-up)



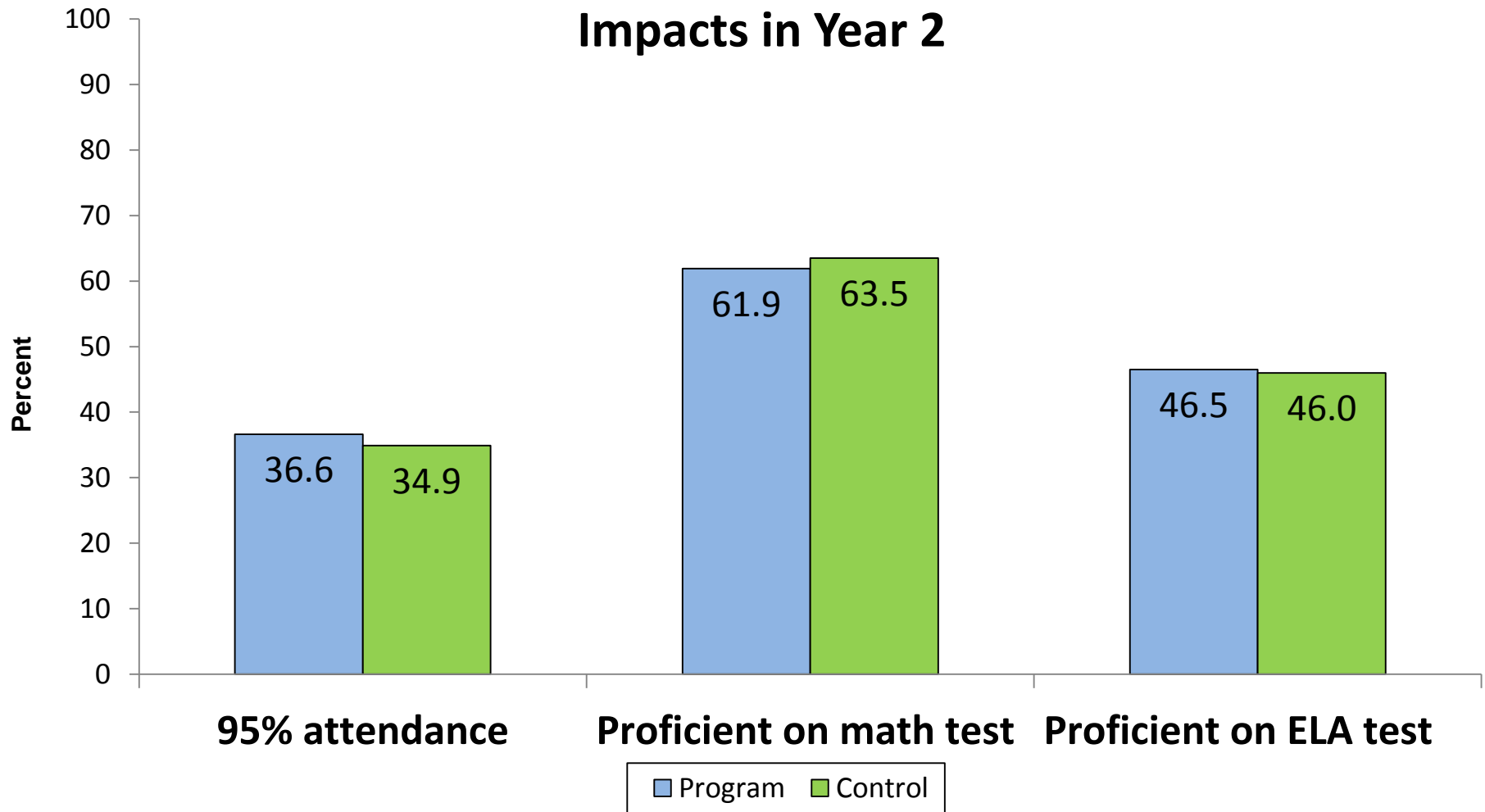
■ Program ■ Control

Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Education effects for 4<sup>th</sup>-grade cohort



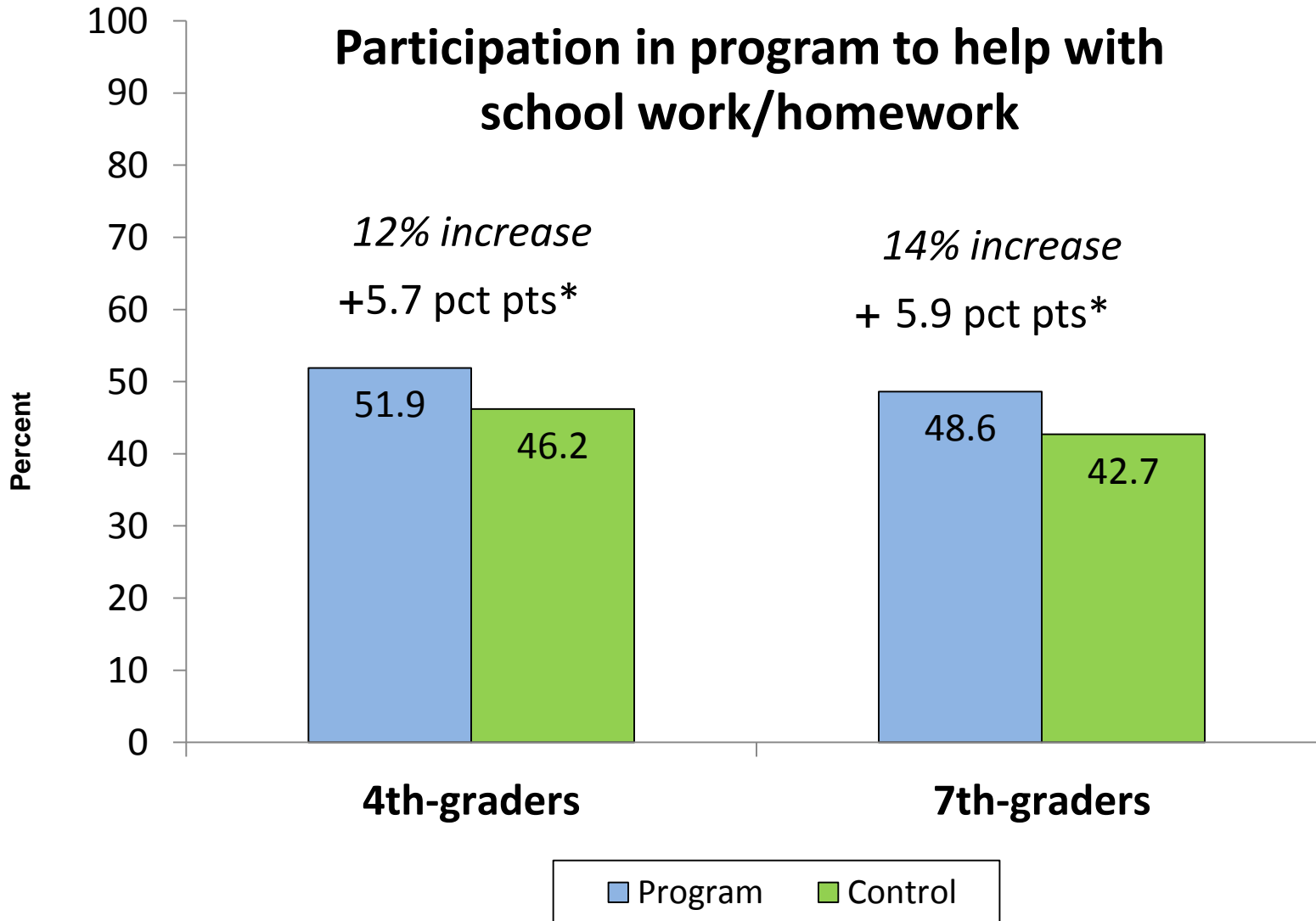
# Educational effects for 7<sup>th</sup>-grade cohort





# Effects on younger children's activities

(18-month follow-up)



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

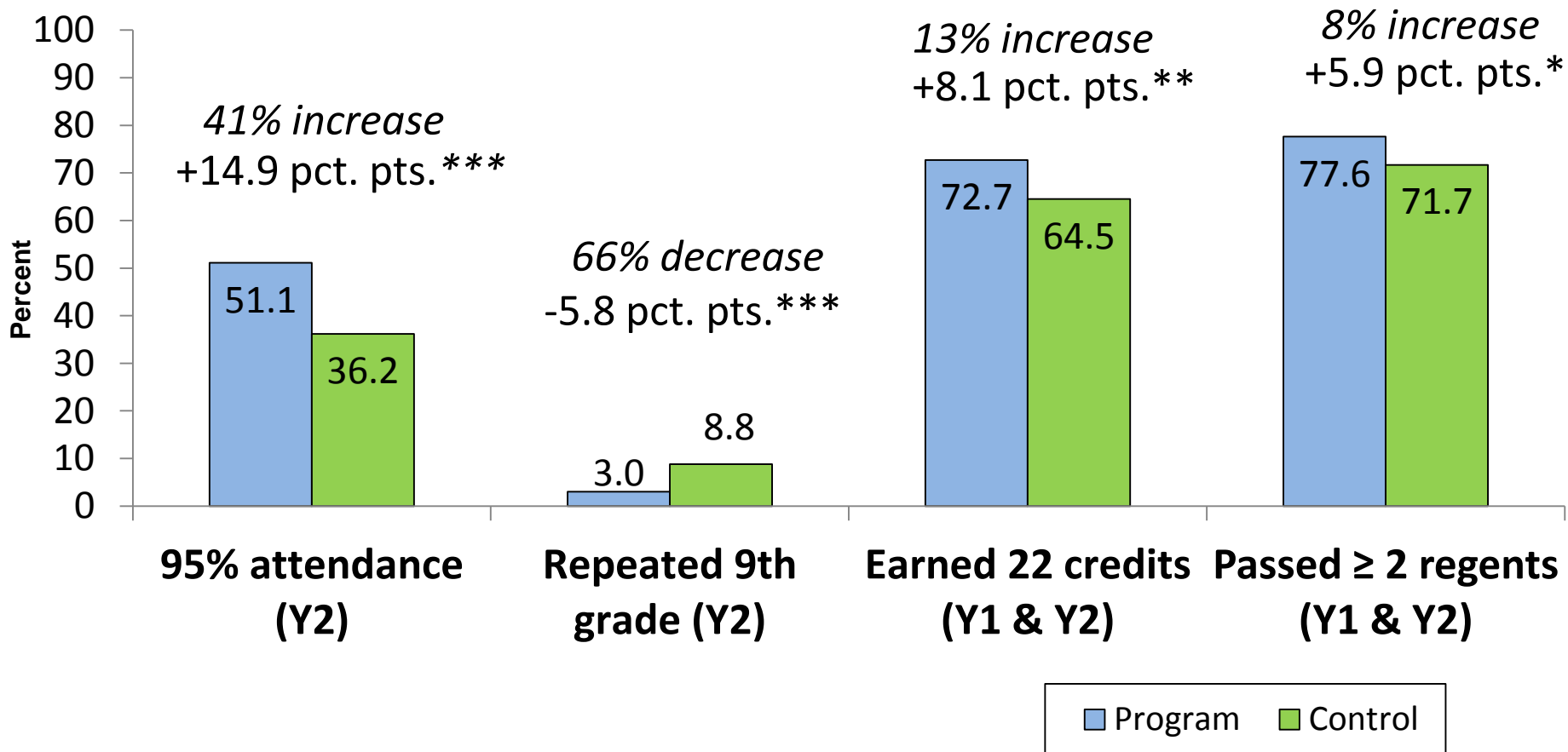
# Analyzing the 9<sup>th</sup> Grade Sample

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- Little effect on schooling overall, but...
- Subgroup analysis reveals differential response to the program
- Split entering 9<sup>th</sup> grade sample into 2 subgroups according to performance on 8<sup>th</sup>-grade standardized test (*before starting Family Rewards*):
  - “**Proficient**” subgroup (more prepared for HS)
  - “**Not proficient**” subgroup (less prepared for HS)

# Education effects for 9<sup>th</sup> grade subgroups

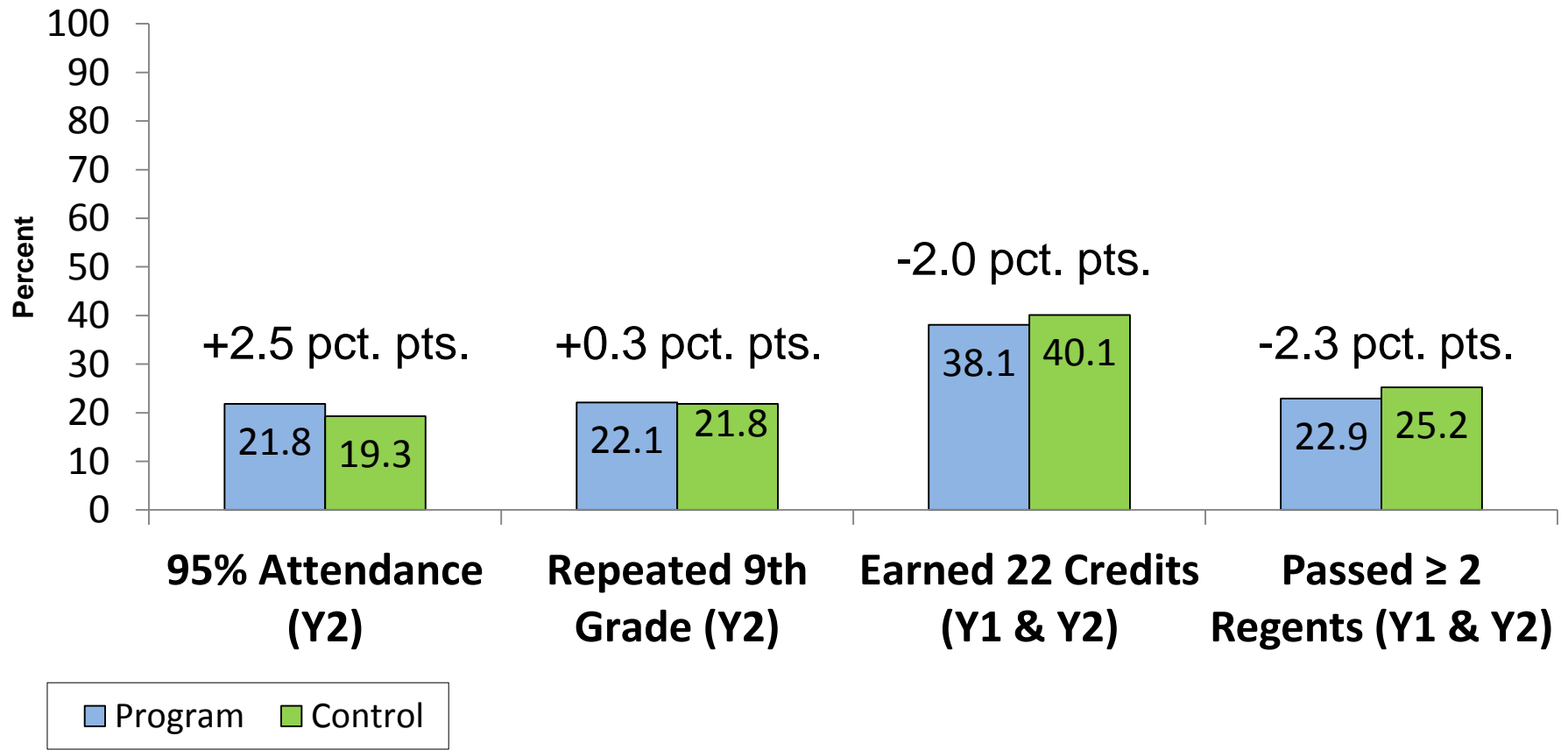
**Subgroup: PROFICIENT on 8<sup>th</sup> grade tests**



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Education effects for 9<sup>th</sup> grade subgroups

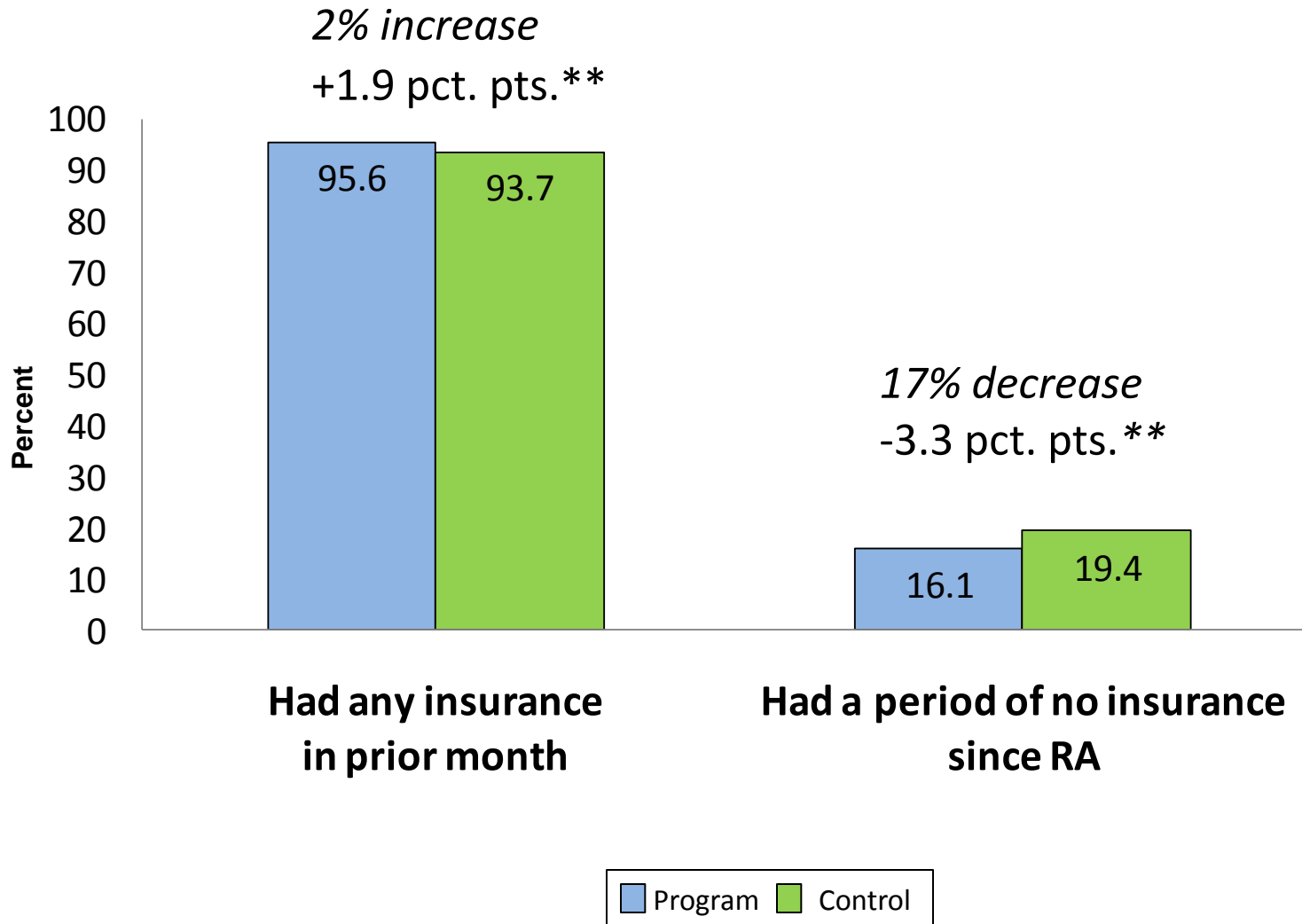
**Subgroup: NOT PROFICIENT on 8<sup>th</sup> grade tests**



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

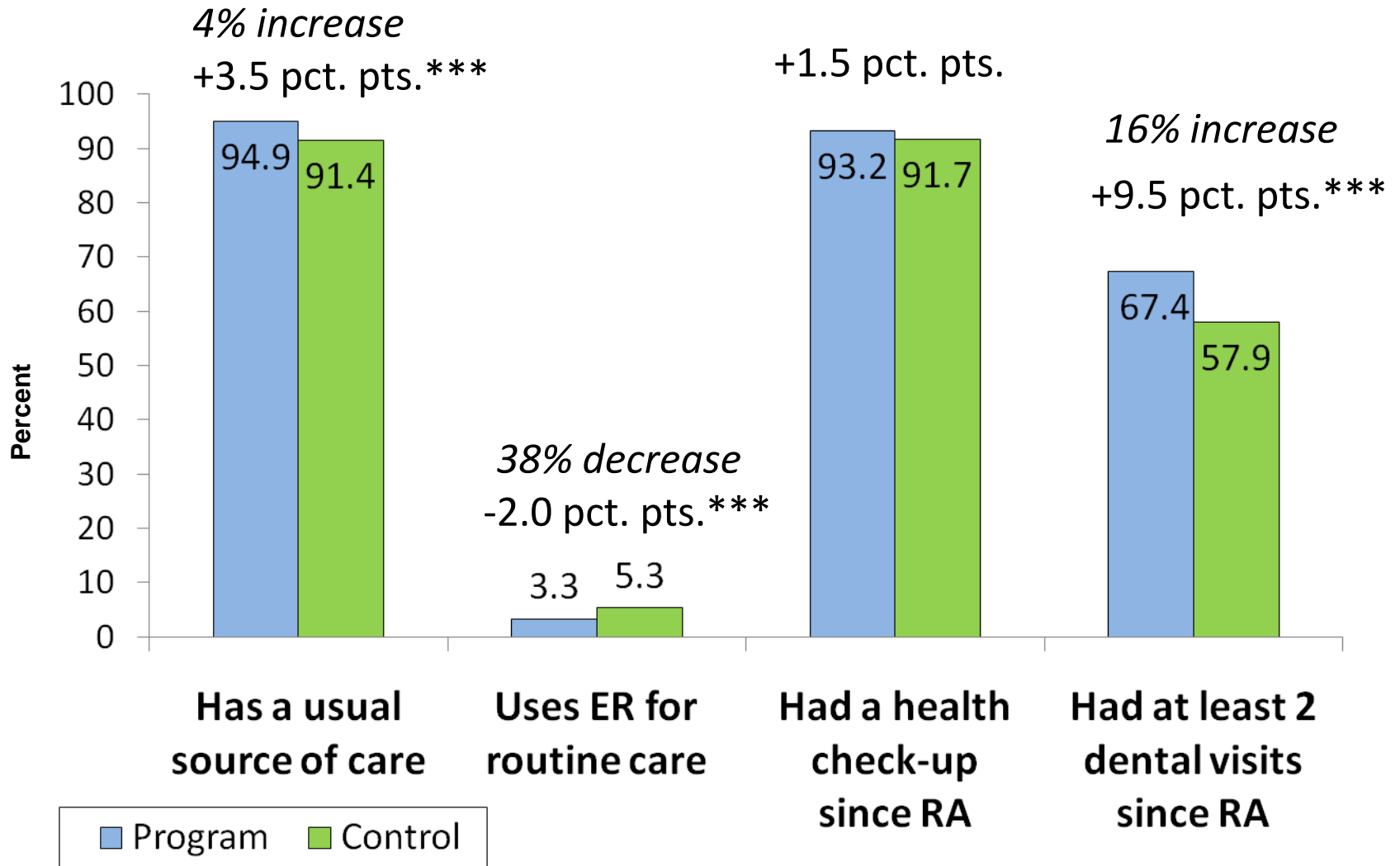
# Effects on Health Coverage (Parents)

(18-month follow-up)



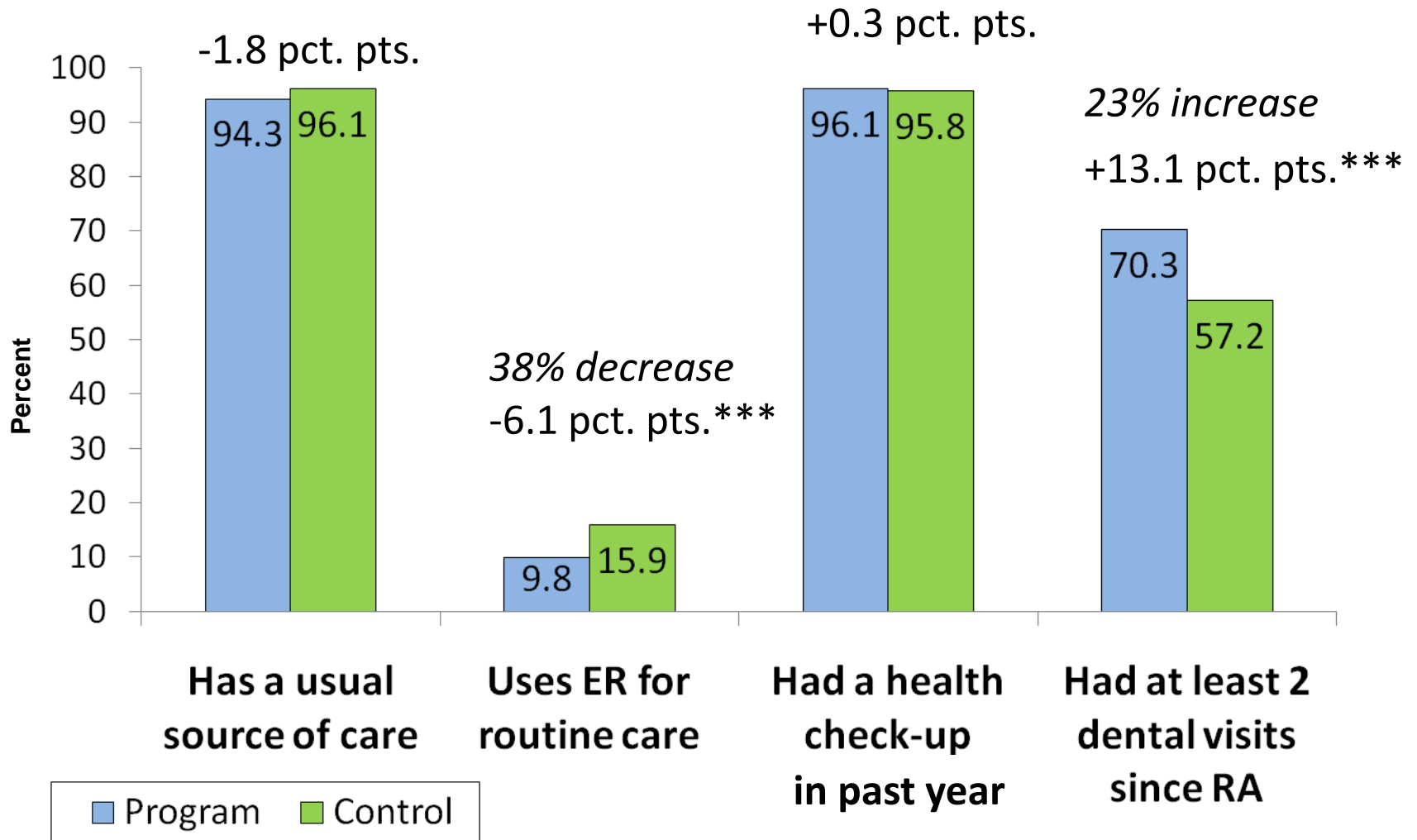
Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Effects on PARENTS' use of Health Services *(18-month follow-up)*



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Effects on HS STUDENTS' use of Health Services *(18-month follow-up)*



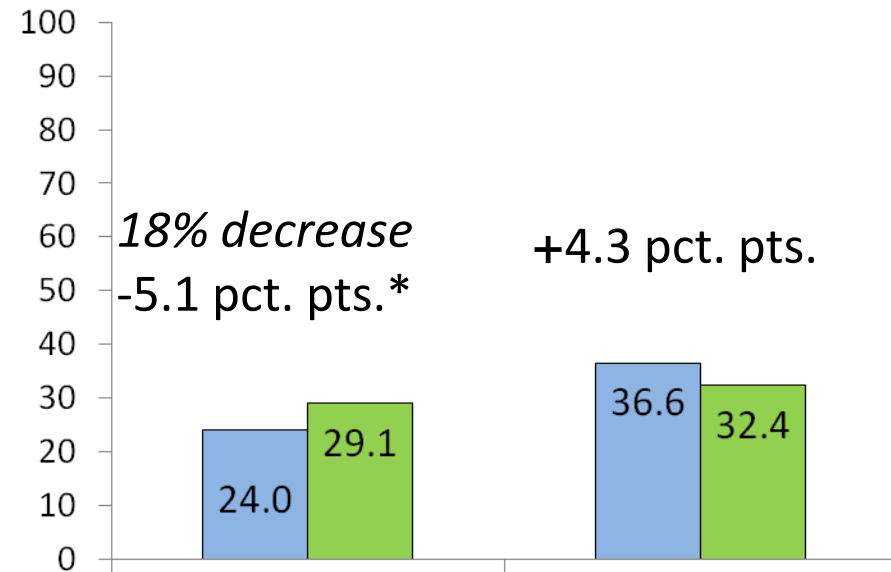
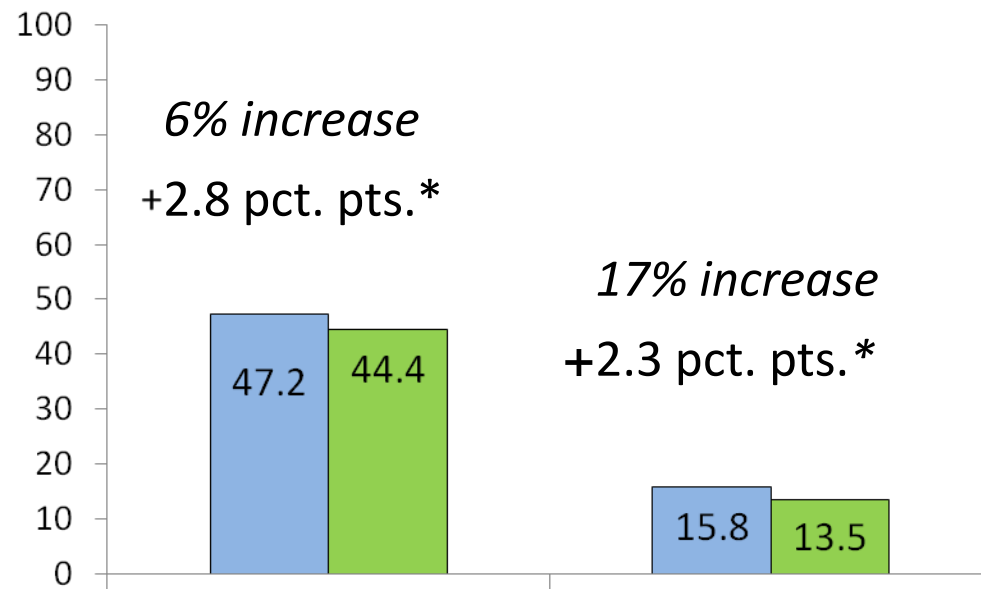
Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Effects on Health Outcomes

(18-month follow-up)

## Parents

## High school students

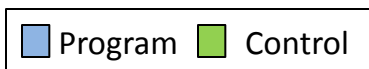


Being treated for medical condition

Health is "excellent"

Has any health condition

Health is "excellent"

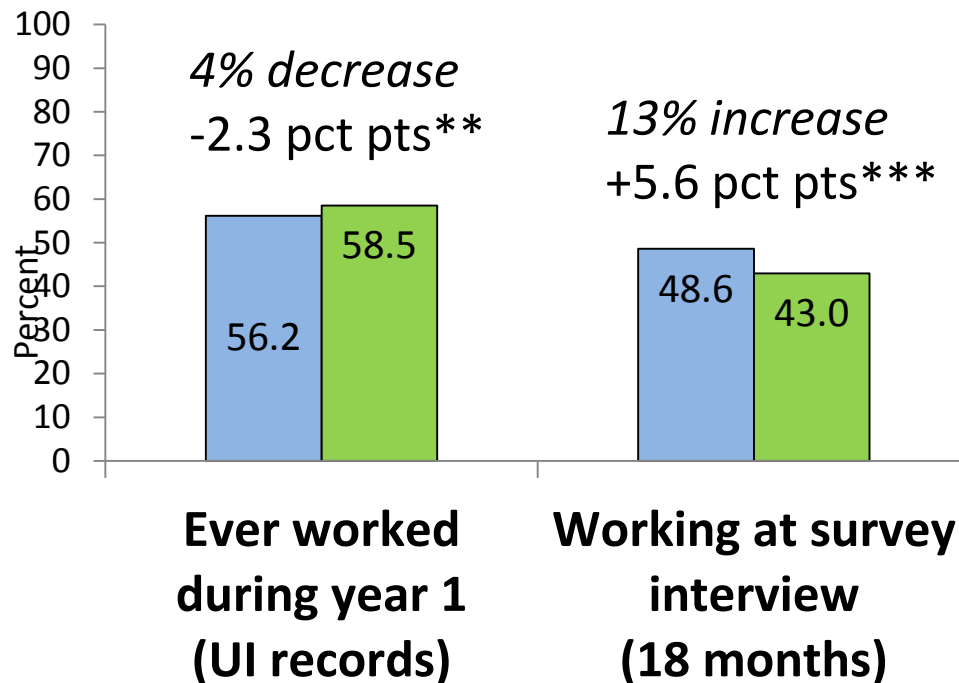


Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.



# Effects on employment and earnings

## Employment rates



## UI Earnings

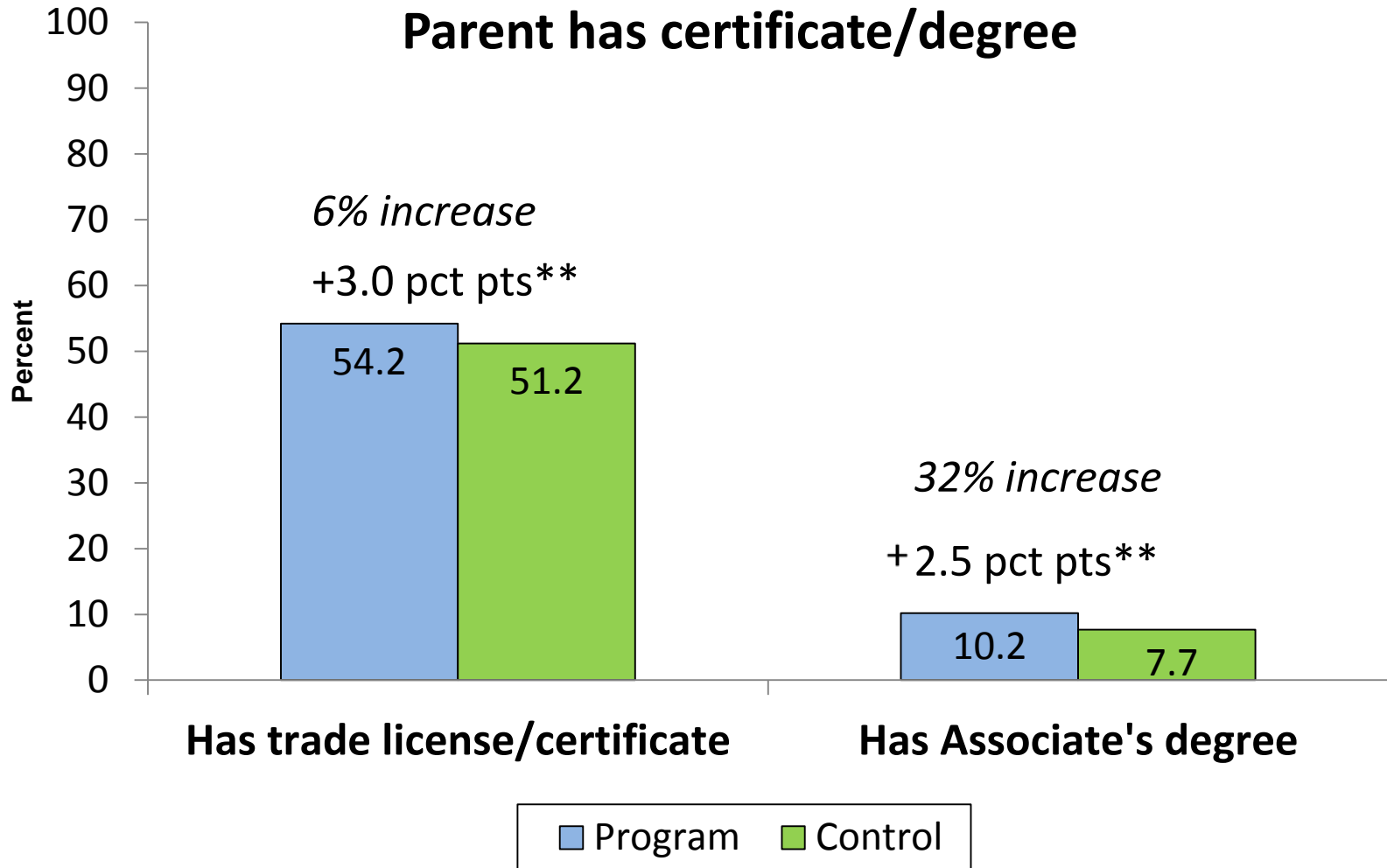


Program Control

Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Effects on training completion

(18-month follow-up)



Statistical significance levels: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

# Summary

- Success in achieving short-term goal: reducing current poverty and hardship (with little reduction in work effort)
- Improvement in asset-building and banking behaviors
- Early positive effects on a wide range of human capital outcomes, suggesting a broad response to incentives
- First international evidence of CCT effects on school achievement
- Longer-term results will show whether these effects grow enough to be cost-effective
- Some incentives did not work; don't replicate in current form
- Too soon to draw final conclusion
- Evaluation will continue through 2014

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# **The Next Generation: CCT Model to be Tested as Part of Social Innovation Fund (SIF)**

- **New York City**
- **Memphis**

# Key Features

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- **Target groups:**
  - TANF and SNAP (food stamps)
  - Families with 9<sup>th</sup> and 10<sup>th</sup> graders
  - Siblings in grades 8, 11, and 12 also eligible for education incentives
- **Incentives:** Same 3 domains (education, health, workforce), but shorter, simpler set; available for 3 years
  - High attendance; grades; standardized tests
  - Preventive health care and preventive dental care (*all members*)
  - Sustained employment
  - Parents passing GED test)

# Key Features (con't)

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- **More family guidance**
  - Family Action Plans
  - Periodic progress reviews
  - Strategic outreach to families not progressing
  - Social network support
- **Resource fund**
  - To help families afford extra services for reaching goals

***For more information about MDRC...***

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