



## **Testing a Conditional Cash Transfer (CCT) Program in New York City**

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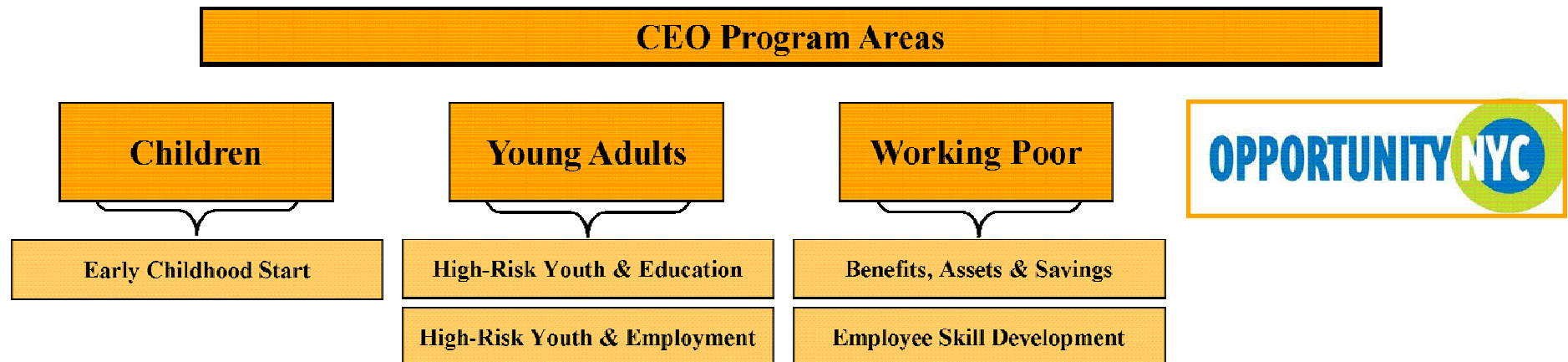
### **Work Bank Seminar**

September 17, 2007

**Veronica White (CEO),  
Andrea Phillips (Seedco)  
James Riccio (MDRC)**

## The CEO is responsible for

- Management of \$150 Million Annual Innovation Fund
- Implementation of *Opportunity NYC* and other programs
- Evaluation of all CEO programs
- Research alternate poverty measures



# Opportunity NYC: 3 Pilots



## **Families** *(Full CCT)*

Cash transfers tied to efforts to improve:

- (1) children's educational achievement
- (2) family members' preventive health care
- (3) parents' workforce outcomes

## **Adults**

Cash transfers tied to adults' workforce outcomes, for population with housing subsidies

## **Children**

Cash rewards for students performing well on achievement tests throughout the school year.

# *Family Rewards Vision*



## **Goals**

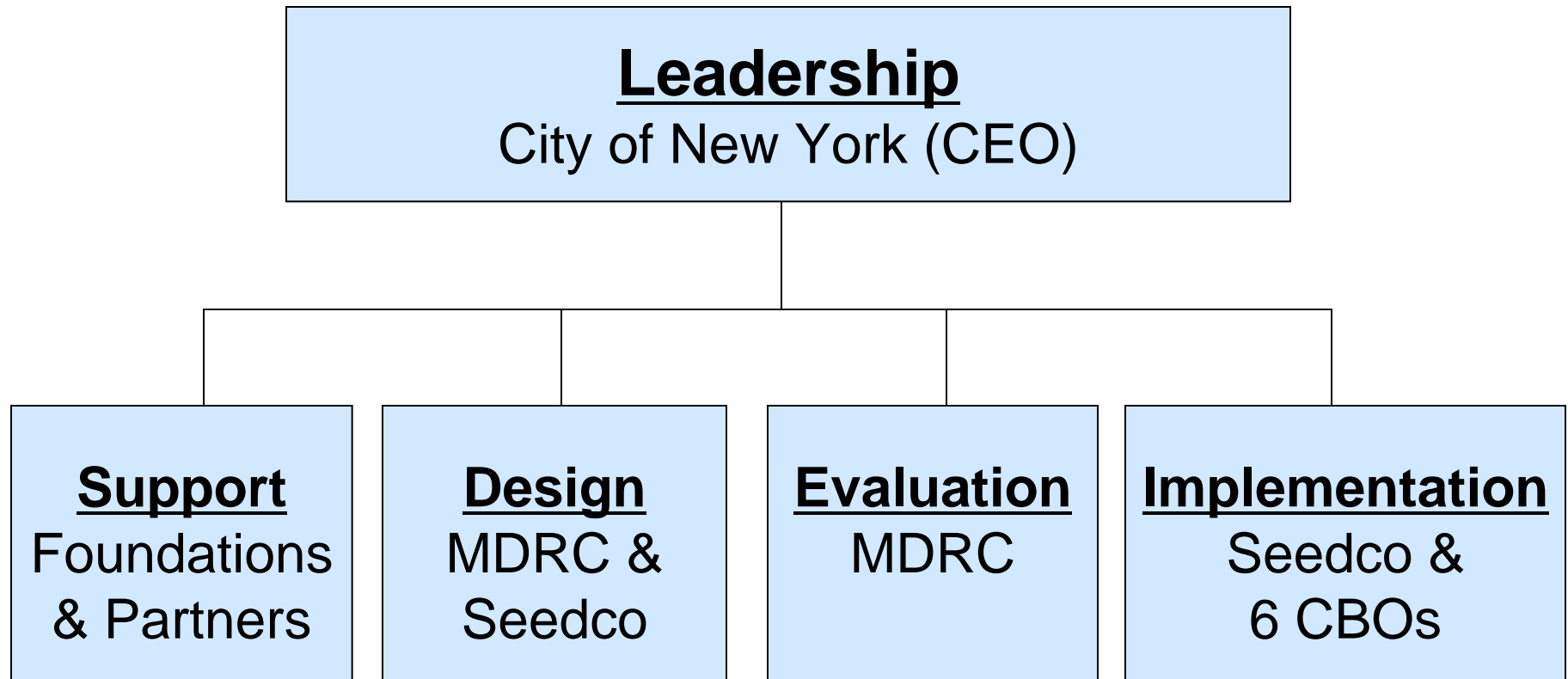
- Cash for poor families to reduce immediate hardship
- Reduce longer-term, and 2<sup>nd</sup> generation poverty by promoting human capital development

## **Inspired by international experience and builds on “mutual obligation” in other US policies**

- Mexico: Progres/Oportunidades
- TANF, EITC, UI, food stamps → income support conditioned on work efforts in various ways

## **Layered on extensive existing safety net**

# Family Rewards Partners



# Target Communities

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## 6 high-poverty communities in New York City

- 2 in **Brooklyn**: East New York and Brownsville
- 2 in **Bronx**: Mount Hope, Univ. Heights, Fordham, East Tremont, West Tremont, West Farms
- 2 in **Manhattan**: Central and East Harlem

**Slots for 2,550 families in program**

# Target Families

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## Family and income criteria

- Live in the designated community districts
- Income  $\leq$  130% of federal poverty line
- Child in Grade 4 or Grade 7 or Grade 9

**Recruiting from education department lists of potentially eligible families**

# Setting Payments

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## Payment per year: Approx. \$4,000-\$6,000

- Varies with family size
- Varies based on number of conditions met

## Broad mix of activities and accomplishments

- Reward amount varies (somewhat) with difficulty of meeting the conditionality
- For school performance, sought to balance motivational appeal with sensitivity about pressure on kids

**Available for 2-3 years**

# Children's Education-1

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## Elementary and Middle School

*Payments made to parents*

### Rewards for achievement:

- Improvement or sustained high performance on standardized tests (*starting in grade 4*)

*English – \$300/\$350    Math – \$300/\$350*

### Rewards for efforts:

- High attendance (95%) – *\$25/month*
- Parent-teacher conferences – *\$25, 2x/yr*
- Review of low-stake interim test results – *\$25/test, 4x/yr*
- Discussing annual test results with school – *\$50/yr*
- Library card – *\$50, 1x/program*

# Children's Education-2

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## High School

*Payments split between parents and students*

### Rewards for achievement:

- Passing Regents Tests – **\$600/test**
- Credit accumulation (11 per year) – **\$600/year**
- Graduation – **\$400**

### Rewards for efforts:

- High attendance (95%) – **\$50/month**
- Parent-teacher conferences – **\$25, 2x/yr**
- Library card – **\$50, 1x/program**
- Taking PSAT – **\$50/test (2 max)**



## Payment Conditions

# Workforce Behaviors

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## Sustaining full-time employment

- Working at least 30 hours per week
- For 6 out of every 8 weeks—75% of time
- ***\$150/month***

## Completing approved training or education courses while holding a job

- Occupational skills training
- Community college
- GED, ESL
- Must be working at least 10 hours per week
- ***\$ varies with duration; \$3,000 program maximum***

# Program Delivery

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- ▶ Non-profit intermediary (Seedco) responsible for overall implementation
- ▶ 6 Neighborhood Partner Organizations (NPOs) = contact point in community

## **NPO role:**

- Reaching out to and recruiting target population
- Enrolling eligible families
- Providing Orientation Workshops for eligible families
- Providing ongoing information, education, and customer support to families in Program Group

# Financial Payment and Services

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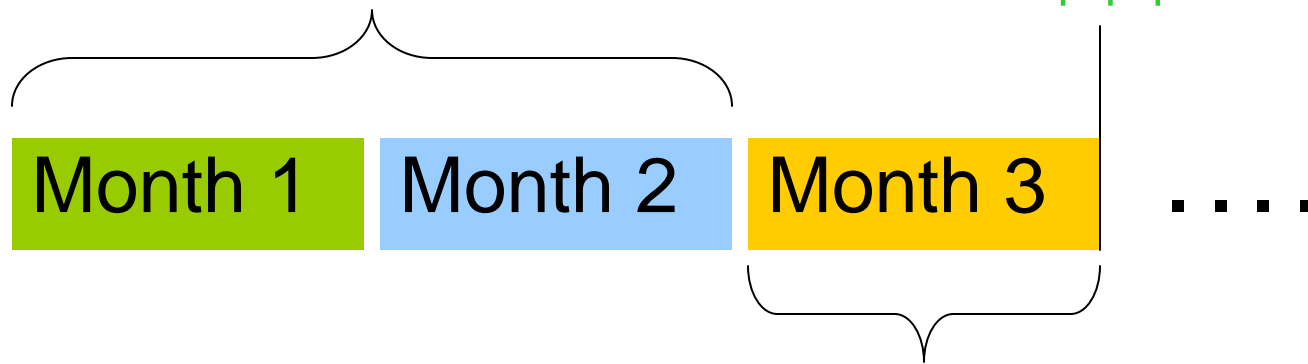


- Link to existing bank accounts
- New bank accounts opened with banks and credit unions
- Stored-value cards
- Financial education

# Payment & Verification Process



Families engage in activities



## Verification by Seedco

- Administrative Data
- Coupons and Documentation  
Submitted by Families

# Information, Education, & Customer Support

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## Monthly workshops & social marketing (NPOs)

### Referral resources & encouragement

- Resource guide and periodic mailings
- Website guide
- Individual sessions with NPO staff

### Customer support & troubleshooting

- In-person – NPO staff
- Via phone – Family Rewards hotline
- Via internet – Family Rewards Web site

# Evaluation

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## Random Assignment

- Eligible students/families selected from school lists
- Randomly assign 5,100 families total (*50% controls*)

## Comprehensive research agenda

- **Implementation study**—*family responses; op lessons*
- **Impact study**—*poverty, education, health, work, welfare, quality of life outcomes (vs. control group)*
- **Benefit-cost study**—*from family and gov't perspectives*

## Follow-up period: 5 years

- During program (2-3 years): **mid-2007** thru **mid-2010**
- Post program (2 years+): **mid-2010** thru **mid-2012**

# Data Sources

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## Administrative records

- School records—*attendance, test scores, grades*
- UI wage records—*employment, earnings*
- Welfare, food stamps
- Medicaid

## Participant surveys: 3 waves, broad scope

- 1-year, 2-years, 5-years

## In-depth qualitative data

- Interviews, observations, and focus groups
- Participants, providers, other stakeholders

# Sample Allocation

*(Not including siblings)*



- Permits longitudinal analysis across key transition stages

School Cohort	Target Kids	Program Sample Size	Total Sample Size <i>(incl. controls)</i>
<b>Elementary</b>	<b>Start as 4<sup>th</sup> graders</b>	<b>850</b>	<b>1,700</b>
	<i>Continue as 5<sup>th</sup> graders</i>	850	1,700
	<i>Continue as 6<sup>th</sup> graders</i>	850	1,700
<b>Junior high</b>	<b>Start as 7<sup>th</sup> graders</b>	<b>850</b>	<b>1,700</b>
	<i>Continue as 8<sup>th</sup> graders</i>	850	1,700
	<i>Continue as 9<sup>th</sup> graders</i>	850	1,700
<b>High school</b>	<b>Start as 9<sup>th</sup> graders</b>	<b>850</b>	<b>1,700</b>
	<i>Continue as 10<sup>th</sup> graders</i>	850	1,700
	<i>Continue as 11<sup>th</sup> graders</i>	850	1,700

# Controversies encountered

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- “Blaming poor people for their poverty; ignoring structural factors”
- “Assuming poor parents don’t care about their kids; insulting”
- “Paying people for what they should be doing anyway”
- “Undermining norms”

# Some responses

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- *Family Rewards* tackles only part of poverty problem; other NYC initiatives address other factors
- If shaping future policy is goal, not politically realistic to offer EXTRA cash transfers with no conditions (i.e, with no “mutual obligation”)
- Lack of resources, low expectations, or other barriers (personal or institutional) impede or discourage many poor families from taking full advantage of existing opportunities. Incentives may encourage and facilitate extra efforts.

*Continued...*

# Responses (con't)

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- Normative environments in work and education fields already include a wide array of extrinsic (often monetary) incentives (e.g., merit-based scholarships and prizes, bonuses, tax credits).
- *Family Rewards* incentives are tightly targeted, specific, and time-limited, so program seems unlikely to weaken other norms for parenting and educational achievement.
- Need to try bold new strategies because educational achievement levels for targeted kids is very low and poverty is entrenched.
- Research will tell us whether the strategy works—for which types of outcomes, and for whom.

# **Supplementary Slides**



# Demonstration Details

		Family- Focused Program	Adult- Focused Program	Child- Focused Program
<b>Management</b>	<b>Design</b>	CEO, MDRC, & Seedco	CEO, MDRC, Seedco, HPD, & NYCHA	DOE and Dr. Roland Fryer
	<b>Implementation</b>	MDRC and Seedco	MDRC and Seedco	DOE and Dr. Roland Fryer
	<b>Evaluation</b>	MDRC	MDRC	Dr. Roland Fryer
	<b>Fundraising</b>	CEO	CEO & HPD	CEO & DOE
<b>Demonstration Attributes</b>	<b>Who</b>	5,100 families with 4th, 7th, or 9th graders (2,550 in control group)	4,100 Adult Section 8 Voucher Holders (1,700 in control group)	Up to 18,000 4th and 7th graders (9,000 in control group)
	<b>What</b>	A comprehensive, two-generation strategy to reduce current and long-term poverty by tying incentives to family efforts.	A strategy using subsidized housing as a platform to reduce current and long-term poverty by tying incentives to adults' work outcomes.	A strategy to reduce second-generation poverty by closing the achievement gap through incentives for student effort and performance.
	<b>When</b>	Program: June 2007 – Aug. 2009/10 Evaluation: Through 2012/13	Program: June 2007 – Aug. 2009/10 Evaluation: Through 2012/13	Program & Evaluation: June 2007 – Aug. 2009
	<b>Where</b>	6 High-Poverty Community Districts in Brooklyn, the Bronx, and Manhattan	City-wide recruitment	80 Empowerment Schools throughout NYC. 40 schools for each grade (20 program and 20 control)
	<b>Why</b>	To determine if a comprehensive CCT breaks the cycle of poverty by improving education, health and workforce outcomes.	To determine if either the FSS program or workforce CCT increase earnings and reduce poverty, and if combining the two increases effectiveness.	To determine if small, repeated incentive payments for test performance help to reduce the existing achievement gap.
	<b>How Much</b>	On average, families may earn up to \$4,000 – \$6,000 per year	Participants may earn up to \$3,000 per year	4th and 7th graders may earn up to \$250 and \$500 per year, respectively

EDUCATION INCENTIVES		
Activity	Grade Level	Amount
<b>Attendance (95%)</b>	<ul style="list-style-type: none"> <li>• Elementary/Middle School</li> <li>• High School</li> </ul>	<ul style="list-style-type: none"> <li>• \$25 per month</li> <li>• \$50 per month (<i>50% paid to student</i>)</li> </ul>
<b>Parent-Teacher Conferences</b>	All Grades	\$25 per conference
<b>Library Card</b>	All Grades	\$50 ( <i>100% paid to high school students</i> )
<b>Test Scores</b>	<ul style="list-style-type: none"> <li>• Elementary</li> <li>• Middle School</li> <li>• High School</li> </ul>	<ul style="list-style-type: none"> <li>• \$300/standardized test (proficiency or improvement)</li> <li>• \$350/standardized test (proficiency or improvement)</li> <li>• \$600/Regents exam (passing grade) (<i>100% paid to student</i>)</li> </ul>
<b>Discussing Annual Tests</b>	Elementary/Middle School	\$25 for discussing each tests with teacher or principal
<b>Review of Low-Stake Tests</b>	Elementary/Middle School	\$25 for parents to download, print, and review results
<b>PSAT</b>	High School	\$50 for taking the PSAT ( <i>100% paid to student</i> )
<b>Credit Accumulation</b>	High School	\$600 for accumulating 11 high school credits per year ( <i>50% paid to student</i> )
<b>Graduation</b>	High School	\$400 bonus ( <i>50% paid to student</i> )

HEALTH INCENTIVES	
Activity	Amount
<b>Maintaining Health Insurance</b>	<p>\$20/month maintaining subsidized insurance for each parent, and \$20/month for maintaining it for all of the children</p> <p>\$50/month for co-paying private/employer insurance for each parent, and \$50/month for maintaining it for all of the children</p>
<b>Preventive Health Care (Screenings)</b>	<p>\$200/family member for an annual age-appropriate medical check-up</p> <p>\$100/family member for a doctor-recommended follow-up visit during a specified timeframe</p> <p>\$150 for Early Intervention evaluation if indicated and \$50 for completion of the individualized service plans, when recommended by pediatrician</p>
<b>Preventive Dental Care</b>	\$100/family member (2x/year for ages 6+ and 1x/year for ages 1-5)

WORKFORCE INCENTIVES	
Activity	Amount
<b>Sustained Full-Time Employment</b>	\$150 monthly for working full-time (average of 30hrs/week for 3 or more weeks in a 4-week period)
<b>Education and Training While Employed</b>	<p>Adult working at least 10 hours/week can receive incentive payments for approved courses, based on course length:</p> <ul style="list-style-type: none"> <li>• 35-70 hours = \$200 per course</li> <li>• 71-140 hours = \$400 per course</li> <li>• Each increment of 140 hours = \$600, up to program maximum of \$3,000</li> </ul>

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<b>EDUCATION INCENTIVES</b>		
	<b>4<sup>th</sup> Grade</b>	<b>7<sup>th</sup> Grade</b>
<b>Effort</b>	\$5 for completing each interim test (10 per year)	\$10 for completing each interim test (10 per year)
<b>Performance</b>	Scaled incentive for performance on each interim test. Higher performance equals higher pay, up to \$20 for a perfect score	Scaled incentive for performance on each interim test. Higher performance equals higher pay, up to \$40 for a perfect score
<b>Possible Total</b>	\$250 per year	\$500 per year