



Testing Conditional Cash Transfer (CCT) Programs in New York City

Family Rewards Demonstration

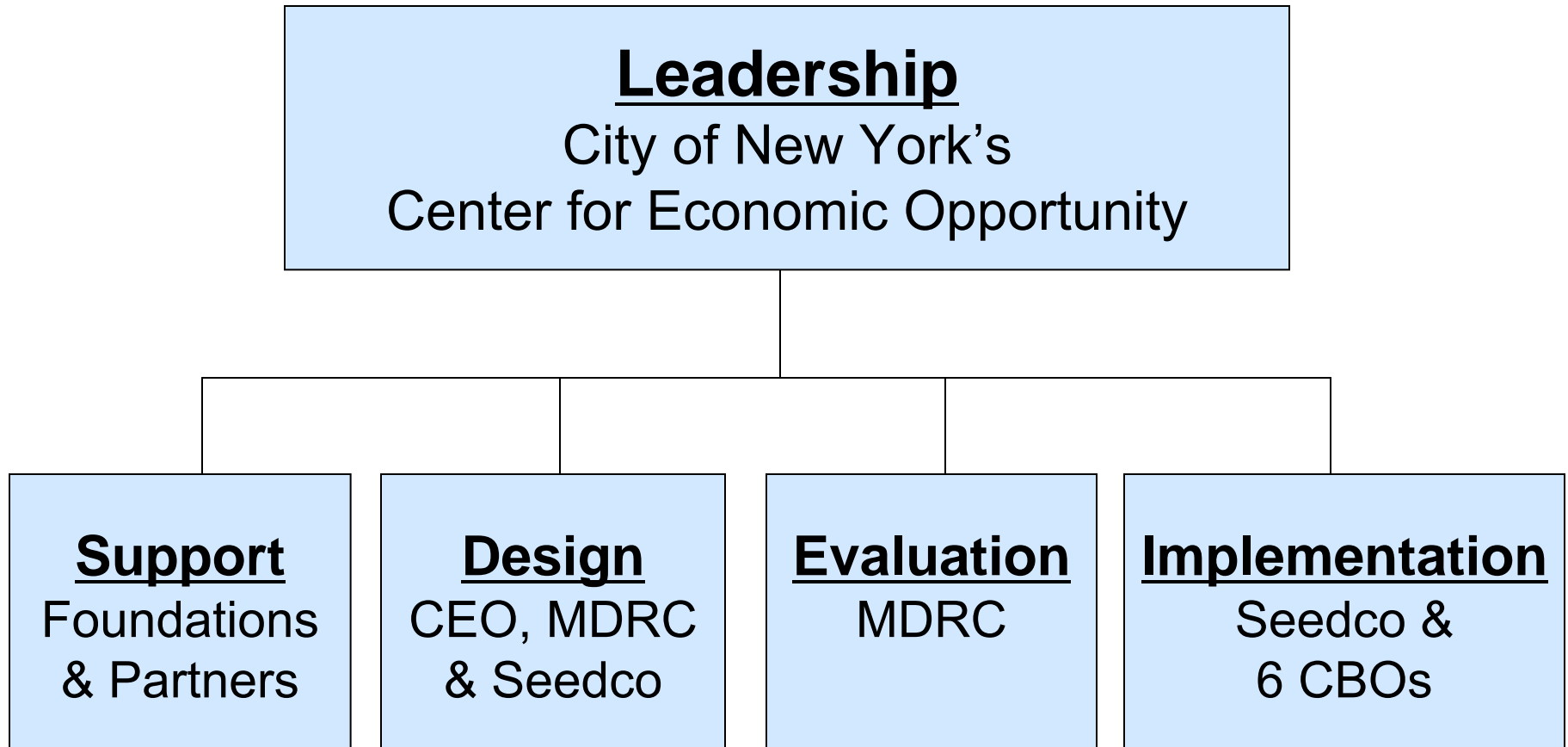
NYC Center for Economic Opportunity (CEO)
MDRC
Seedco

Woodrow Wilson International Center for Scholars
Conditional Cash Transfers in the Health Sector
25 September 2008

Family Rewards CCT



- **Goals**
 - Immediate poverty reduction
 - Reduce longer-term and 2nd generation poverty via human capital development
- **Inspired by successful international experience**
 - Mexico (Progres/Oportunidades) and other countries
 - Children’s health ↑, school enrollment ↑, drop-out ↓
- **Builds on concept of “mutual obligation”**
 - e.g., TANF, EITC
- **Layered on existing safety net in NYC** (*not replacement*)
- **Growing international movement**



A privately-funded pilot

- **Eligible if:**

- Lived in 1 of 6 high-poverty NYC communities
- Had incomes \leq 130% of federal poverty line
(Indicator = enrolled in free school lunch program)
- Had child in Grade 4 or Grade 7 or Grade 9
(but whole family eligible)

- **Recruitment and enrollment process**

- Families recruited from school lists by NPOs
- Volunteer, then random assignment

- **Size of program group**

- 2,400 families *(Similar numbers in CONTROL group)*
- 5,750 children

How payments were set



- **Reward a mix of “inputs” & “outcomes” believed associated with longer-term economic progress**
 - More \$ for more difficulty activities/goals
 - For tests → sensitivity about pressure on kids
 - With more activities → more opportunities to earn, but more complex program
- **Total payment should be substantial**
 - Up to \$4,000-\$6,000 for many (~1/4 to 1/3 of income)
 - Actual total \$ depends on family size & conditions met
 - Available for 2-3 years

Elementary & middle school

- **Rewards for effort**

- High attendance (95%) ▶ \$25 / month
- Parent-teacher conferences ▶ \$25, 2x /yr
- Discuss annual test results with school ▶ \$50 / yr
- Library card ▶ \$50, 1x only

- **Rewards for achievement**

- Improved or sustained high performance on annual standardized tests
 - ▶ English: \$300 / \$350
 - ▶ Math: \$300 / \$350

- **All payments go to parents**

Education Incentives: High school

• Rewards for effort

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

• Rewards for achievement

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

• Payments split between parents & kids

Health Incentives:

Preventive health practices

- **Maintaining health insurance**

- For each parent ▶ \$20 / month
- For all children ▶ \$20 / month

- **Preventive health care visits**

- Annual non-emergency check-ups ▶ \$200 / visit, 1x / yr
- Follow-up upon recommendation ▶ \$100 / visit, 1x / yr
- Early developmental screening & follow-up, where appropriate ▶ \$150 / \$50

- **Preventive dental care**

- Ages 1-5 ▶ \$100 / visit 1x / yr
- Ages 6+ ▶ \$100 / visit 2x / yr

Workforce incentives:

Employment retention and advancement

- **Sustain full-time work**

▶ \$150 / month

- Working at least 30 hours / week
- For 6 out of every 8 weeks (75% of time)

- **Complete approved training or ed. courses while holding a job**

▶ \$ varies with duration
(\$3,000 program max)

- Occupational skills training
- Community college
- GED, ESL

Must be working at least 10 hours per week

Program delivery

- **Non-profit intermediary (Seedco) is responsible for overall implementation**
 - Marketing strategies and direct mail
 - Processes claims and authorizes payments
 - Customer support
 - Oversees 6 Neighborhood Partner Organizations (NPOs)

- **NPOs = the contact points in each community**
 - Recruited and enrolled eligible families
 - Face-to-face support (*when requested by participants*)
 - Informational workshops (*e.g., helping your children in school, work and training, financial education, health, sessions for HS students*)

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*

Demonstration timetable



- **Sample recruitment:**
July 2007 through January 2008
- **Participants began earning rewards:**
September 2007
- **Offer of incentives will last 2-3 years,** depending on funding *(until early 2010 or 2011)*

Year 1 accomplishments

(Start-up)

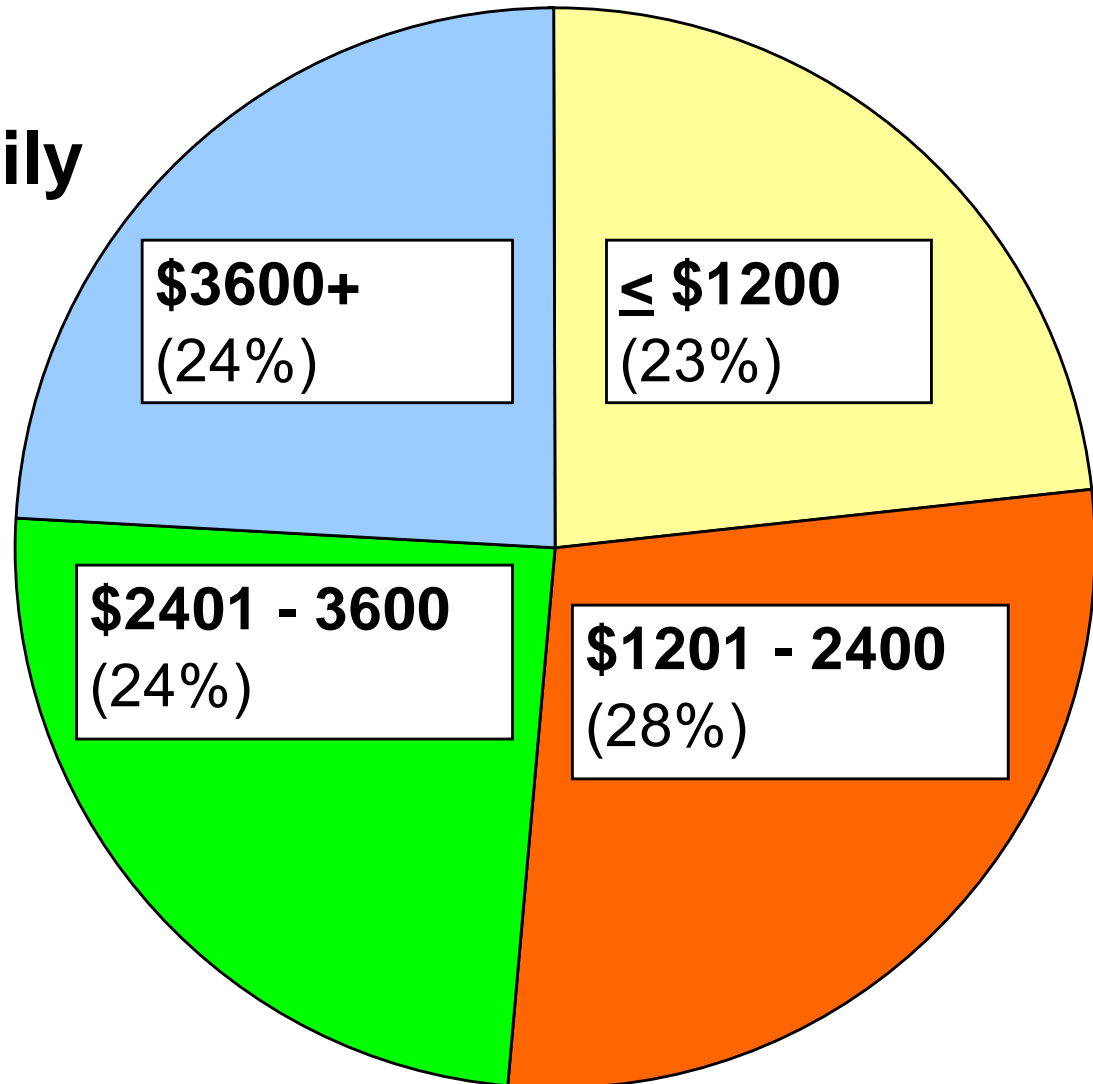


- **Showed feasibility of urban CCT program in US**
 - Established claims processing and verification system
 - Implemented electronic payment system
 - Got unbanked participants banked with “safe” accounts
 - Implemented marketing and customer support
- **Nearly all families earned some rewards**
 - 98% earned rewards at least once
 - 90% paid at least once *(some auto verified earnings not claimed)*
 - 61% paid every activity period

Poverty reduction:

Substantial \$ paid for activities through June 2008

**Average =
\$2,617 per family**

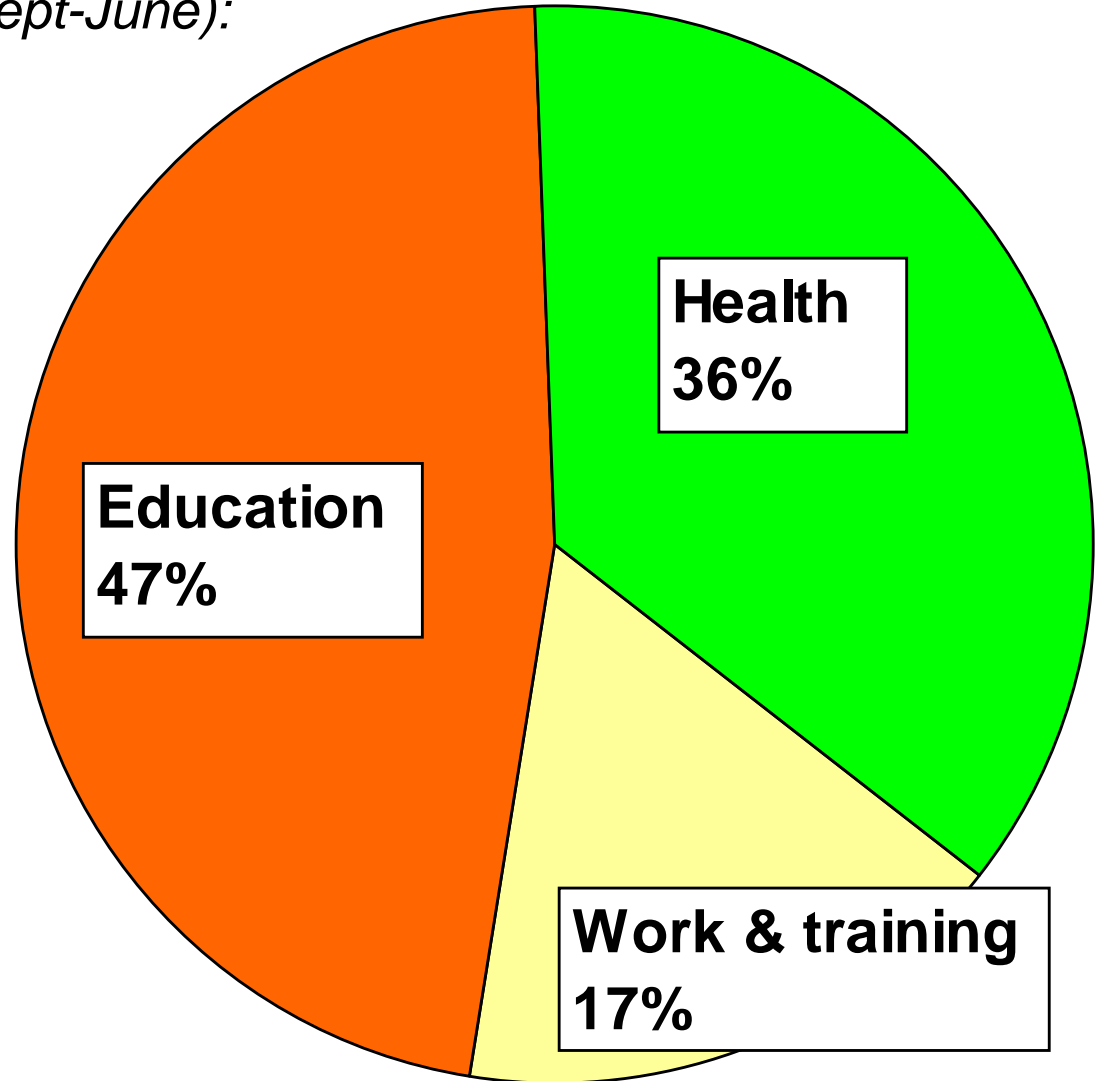


Incentives \$ earned, by domain

(% of total \$ earned for activities through June 2008)

Total \$ earned (Sept-June):

\$5,596,041



Comprehensive evaluation

- **Implementation study**
 - Family responses, operating lessons
- **Impact study**
 - Poverty, education, health, work, welfare, quality-of-life effects, etc.
- **Cost-benefit study**
 - Family and government perspectives
- **Follow-up Period: 5 years**
 - During program (2-3 years)
 - Post-program (2 years +)

- **Research Evidence → Scaled-up Policy?**
 - If evaluation evidence is positive, CEO will advocate for adoption as policy
 - Would need federal funding, not just NYC support
 - Additional evidence from other cities would make a more convincing case (several are interested)