

Social Innovation Fund to Nationally Replicate Successful Economic Opportunity Programs

Program Design Paper for Family Rewards A Conditional Cash Transfer Program in Memphis, TN and New York, NY

The Mayor's Fund to Advance New York City ("The Mayor's Fund" or MF) and the NYC Center for Economic Opportunity (CEO) were awarded a Social Innovation Fund (SIF) grant by the Corporation for National and Community Service in July 2010. This grant provides a unique funding opportunity to develop and replicate innovative anti-poverty programs in selected cities across the country. We are seeking qualified non-profit organizations or state or local government agencies in partner cities to become CEO SIF providers (also referred to as sub-grantees) and operate particular program models that will be evaluated over five years. Requests for Proposals (RFPs) will be released in late September and October by The Mayor's Fund and CEO to support the replication of five innovative programs in the following geographic areas: Kansas City, MO; Memphis, TN; New York, NY; Newark, NJ; Northeast Ohio; San Antonio, TX; Savannah, GA; Tulsa, OK. One or more of the program models will be offered in each partner city; not all cities will operate each program. Visit www.nyc.gov/ceo for more information.

This design paper describes **Family Rewards**, a conditional cash transfer program.

Conditional cash transfer (CCT) programs are increasingly popular antipoverty strategies in lower- and middle-income countries, but their potential is only beginning to be explored in the U.S. and other developed countries. They aim to break the cycle of intergenerational poverty by providing cash assistance to reduce immediate poverty and hardship and by conditioning the transfers on the families' investments in human capital development, particularly the health and education of children, to promote longer-term and next-generation poverty reduction.

Under a grant provided by the federal Social Innovation Fund, and with matching national and local private resources, New York City and Memphis, Tennessee, will test a new CCT program that builds on the early experiences of **Opportunity NYC – Family Rewards**, the first comprehensive CCT program in a developed country. The original Family Rewards program was launched in New York City in September 2007 as a special research demonstration project. The operational phase of project lasted for three years, ending in August 2010. A long-term evaluation of its effectiveness is underway. Initial findings from that evaluation show a number of positive impacts across a range of education, health, and workforce measures, and some success in reducing current poverty and material hardship, suggesting that the model, with some strengthening, has the potential to be an important poverty-fighting tool in the U.S.¹

¹ Opportunity NYC – Family Rewards is being evaluated with a random assignment research design. The evaluation of the program's effects will cover a period of five years after the time of random assignment,

The Center for Economic Opportunity (CEO), the Mayor’s Fund, and MDRC,² with local partners, will adapt and further test the most successful features of Family Rewards in a “second-generation” CCT pilot project in New York City and Memphis. While each city will operate a common program model, implementation strategies will vary to reflect differences in local conditions, including the characteristics of the low-income population, the local social service environment, and the local income support and benefit and systems.

Family Rewards Replication Design

As part of the SIF initiative, the Family Rewards replication will target low-income families and offer cash incentives for about eight pre-specified activities and outcomes in three key domains:³

Children’s education, with incentives tied to superior attendance in school, grades, and sustained high achievement or improved performance on standardized tests;

Family preventive health care, with incentives for regular medical and dental checkups for each family member; and

Parental employment and education, with incentives for parents to sustain full-time work and pass the GED test.

In Opportunity NYC – Family Rewards, which offered 22 rewards, families earned bimonthly cash rewards ranging from \$25 to about \$600 each for attaining goals such as those described above. Total payment amounts to families depended on the number and ages of individuals in the family, as well as on the goals achieved during any given payment period. In the first two years, participating families earned an average of \$3,000 in rewards each year. The incentives schedule for the replication effort gives priority to those incentives that the early evidence suggests are more likely to make a difference, and for which procedures for submitting and verifying rewards can be accomplished efficiently.

The replication effort will provide direct assistance to families on what they can do to try to improve children’s educational achievement, families’ preventive health care efforts, and parents’ employment outcomes.⁴ This will involve developing a personal “*Family Action Plan*” (FAP) for each family to help guide their efforts within the program; personalized

including two years after the offer of rewards ended. For early results, see Riccio, J., Dechausay, N., Greenberg, D., Miller, C., Rucks, Z., and Verma, N. (2010). *Toward reduced poverty across generations: Early findings from New York City’s conditional cash transfer program*. New York, NY: MDRC. The full report can be accessed online at: <http://www.mdrc.org/publications/549/overview.html>. Hard copies are available from MDRC upon request.

² CEO, in the New York City Mayor’s office, develops innovative strategies to reduce poverty and works with other city agencies and private organizations to implement and evaluate them. MDRC is a nonprofit, nonpartisan social policy research organization that specializes in building strong evidence on what works to improve the lives of low-income families.

³ The final schedule of incentives is under review and may be modified during the design and development stage of the program.

⁴ This is a departure from the original Opportunity NYC model, which was conceived of as an “incentives-only” intervention and thus offered little in the way of proactive staff assistance to families. The families could approach staff for help completing coupons or for referrals to other programs or services that could help them meet the conditions that earned rewards, , but staff did not develop individualized plans with families, review their individual progress, or make special efforts to reach and provide tailored assistance to families that were struggling most.

reviews twice a year of family's progress toward their goals within each domain; and referrals to other service agencies that can offer assistance, when needed. Program staff will follow up more frequently with families who are not progressing in achieving the goals rewarded by the program. The FAP will thus serve as a vehicle for providing extra guidance to families that might boost the effects of the incentives. A small "resource fund" may also be made available to families to help them invest upfront in services and materials that might help them achieve the goals the program incentives are promoting.

The educational incentives will focus on high school students. The early evaluation findings on Opportunity NYC – Family Rewards showed that the program produced strong positive impacts across a range of critical educational outcomes for 9th-grade students who met academic proficiency standards in eighth grade. These students performed better in high school than they would have in the absence of the program. With the modifications proposed for the replication effort, it is anticipated that the program's positive effects can be amplified and also extended to those ninth- and tenth graders who entered the program less well-prepared for high school and for whom the program did not show effects in the early evaluation results. Thus, the replication will target 9th and 10th graders, but it will also provide incentives to 8th, 11th, and 12th graders who are siblings to the main target group so that the evaluation can assess whether the revised program is also beneficial for a broader group of high school students, and for 8th graders who are making the transition into high school.

Target Populations and Samples

The new CCT programs will target low-income families that are receiving TANF payments and longer-term recipients of food stamps (now the Supplemental Nutrition Assistance Program, or SNAP).⁵

The CCT payments will supplement and not replace (or affect) TANF, SNAP, and other benefit payments and the Earned Income Tax Credit. CCT payments will continue for three years, even if the parent has left public assistance during that time.

Families will be identified for the new CCT program through outreach efforts aimed at qualifying families on the TANF or SNAP rolls. Outreach efforts could also be coordinated with TANF and SNAP eligibility and re-certification procedures. In addition, the CCT program staff would coordinate the messages and guidance they offer to families in ways that would support and reinforce the employment and self-sufficiency goals of the TANF welfare-to-work program and the SNAP Employment and Training Program, encouraging CCT participants who are in those programs, or eligible for them, to take full advantage of the assistance offered by those programs.

New York City will operate a CCT program for 1,000 families, while Memphis will operate a program for 800 families. In each city, twice as many families will be recruited for the study, with half assigned at random to the CCT program, and half assigned to a control group that is not eligible for the CCT program. The process of enrolling all (or nearly all) families into the study will be completed before the period during which reward payments can be earned begins

⁵ The National School Lunch Program, which provides children from households that meet Federal Income Guidelines with free or reduced-price meals, might also be considered a potential source for identifying eligible families.

so that the entire program group moves through the program as a single cohort. All families will stay enrolled in the program for three years, unless they move out of the city.

Program Delivery Considerations

The CCT program requires two kinds of organizational capacity: (1) the capacity to implement technical systems for verifying and paying claims in a timely and accurate way, and (2) the capacity to provide direct customer service, which includes recruitment, orientation, and ongoing support to participants. These functions were core features of the original model and continue to remain important in the replication effort. To ensure efficient delivery of payments and program services, a single community-based organization or a single collaboration of community organizations, will be selected in each city. The Notice of Funding Opportunity and FAQ, available on the CEO website, discuss the partnership or collaboration options for applicants to demonstrate both types of capacities if a single community organization is not able to perform all functions.

Within each city, the organization(s) selected to operate Family Rewards will:

- Launch outreach and enrollment strategies in the first four months of the program;
- Recruit and enroll eligible families into the research sample (explaining random assignment as well);
- Provide detailed orientations for the program group, explaining the program's incentives offer, the coupon book (which contains forms that participants will use to verify that they have met specific conditions to claim their rewards), and the procedures for making claims;
- Provide direct and proactive guidance to families, including preparation of and monitoring against the Family Action Plans and special outreach to families struggling to make progress in meeting the conditions that earn rewards;
- Provide ongoing customer service to participants who request help in making claims, need additional guidance on program rules and procedures, or request assistance in finding services that can help them meet the program conditions (e.g., information on where to get homework help for their children, how to find a doctor, or where to get help finding jobs);
- Offer optional workshops to provide information and support for completing incentivized activities;
- Provide ongoing support and assistance through a telephone helpline and Web site designed for those purposes; and
- Verify that families have earned rewards by using a combination of automated data from some government agencies (e.g., the education department) and special "coupon book" forms submitted directly by participants.
- Transfer payments electronically – monthly or bi-monthly – into bank accounts that participants newly open or into their existing accounts that they attach to the program, or, if they prefer, onto stored value cards (which are similar to

debit cards but are not assigned to an individual account holder, such as prepaid telephone cards).

The community organizations selected to operate Family Rewards will be given copies of key materials produced for Opportunity NYC – Family Rewards, including forms, marketing materials, and guidelines for the computer databases, which can be adapted for the replication.

Launching the Projects and Evaluation

CEO, the Mayor's Fund, and MDRC will work with local partners to adapt the new CCT program to fit their local circumstances while incorporating common core principles and features of the original model. It is expected that programs will begin enrolling participants by the summer of 2011. Following enrollment, the program will be available to eligible families for three years.

Each city's CCT program will be evaluated using a random assignment research design. Randomized control trials provide the most credible basis for assessing a program's effectiveness. As part of the evaluation effort, selected community organizations will be expected to recruit study participants, conduct random assignment (using procedures developed by MDRC), collect baseline demographic information on participants, and process and maintain data on coupon submissions and payments processed. The replication will be implemented in high-poverty communities, with the exception of those community districts in New York City where Opportunity NYC – Family Rewards took place (Manhattan CD 10, Manhattan CD 11, Bronx CD 5, Bronx CD 6, Brooklyn CD 5, and Brooklyn CD 16).

MDRC will use program data to understand patterns of participation and reward receipt. It will also collect administrative records (such as Unemployment Insurance wage records and TANF, SNAP, and Department of Education data) and survey data to determine the program's effects on a wide variety of outcomes, including income, poverty rates, and material hardship; children's educational achievement; families health care behaviors and health outcomes; and parent's employment, earnings, training, and occupational skills development. As previously noted, the analysis will cover a five-year period, providing evidence on the program's implementation and effects while the incentives are available to families (years 1 through 3), as well as any effects after the incentives offer ends (years 4 through 5).