



Best Practice: Conditional Cash Transfer Program

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CITY: NEW YORK CITY

POLICY AREA: SOCIAL SERVICES

BEST PRACTICE

Opportunity NYC, New York City's innovative conditional cash transfer program, provides monetary incentives to households living in poverty when they complete activities aimed at increasing human capital development and breaking the cycle of poverty. Opportunity NYC is one of more than 30 innovative anti-poverty programs launched under the New York City Center for Economic Opportunity.

ISSUE

Opportunity NYC is the nation's first conditional cash transfer (CCT) program. Under the City's Center for Economic Opportunity, this program seeks to test whether cash rewards, offered to families upon completion of various activities related to education, health, and workforce development, can alleviate poverty in the short-term and improve family outcomes in the long-term.

GOALS AND OBJECTIVES

Opportunity NYC offers cash rewards to 2,400 families in six community districts for activities over a three year period. Families are offered these cash payments, ranging from \$25-\$600, as a reward for achieving one of twenty activities in the education, health, or workforce and training domains. Families in the program receive a coupon book each year, and submit verification every two weeks. The goal of the program is to enable human capital development.

CCT programs have been used in more than 20 countries worldwide, but Opportunity NYC is the first test in the United States. The City's Center for Economic Opportunity (CEO) aims to determine whether CCT programs can work in the United States and innovates on the traditional CCT model, adding incentives for academic performance, employment, and training. An additional 2,400 families have been engaged as a control group, and will strengthen the research findings.

IMPLEMENTATION

This privately-funded initiative was designed in and launched in July 2007. Families were eligible for rewards beginning September 2007. All families are in poverty, and all families include at least one child in either grades 4, 7, or 9 (at enrollment). To enroll families, deliver payments (\$12.8 million as of June 2009), and offer customer service, CEO partnered with Seedco and six non-profit partner organizations. CEO also partnered with MDRC to assist in the design of the program and to conduct a five year evaluation.

Opportunity NYC has captured the attention of US cities and the federal government, and policymakers are eagerly awaiting the release of evaluation findings. The international CCT community is also watching New York's conditional cash transfer program very closely. Over the past few years, Opportunity NYC has engaged in many substantive conversations and learning exchanges with international development organizations, including the World Bank, and with our colleagues in other countries, including Mexico, Brazil, Colombia, the United Kingdom, and Nigeria, among others.

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COST

Program costs are approximately \$10 million per year for incentive payments and operations. The program is scheduled to run for three years. Initially, there were costs to design the program and to enroll, and then randomly assign, families to the program and control research groups (2,400 each). There are also costs for the ongoing evaluation, which will last for five years. The full cost of the evaluation is \$10.8 million. This program is privately-funded.

RESULTS AND EVALUATION

A preliminary report on the first year of Opportunity NYC's operation and outcomes is scheduled to be released in early 2010. In addition, two other reports will be prepared in the coming years and should shed light on the long term impacts of the program. The evaluation will utilize education, health, and workforce data from administrative records, as well as information gathered through three large surveys.

The evaluation will include three types of analysis: an impact analysis, and implementation and process analysis, and a benefit-cost analysis. The impact analysis will examine the program's effects on a wide range of outcomes, including children's school performance; family health care practices and health outcomes; parents' employment and training outcomes; and family income, benefit receipt, poverty, material hardship, and quality of life.

A preliminary research memo was released in September 2009. This memo highlighted preliminary research on program participants' earnings and some early evaluation outcomes for education. The memo describes the some early impacts for high school students, including an increase in high rates of attendance (a 12% gain over the control group) and passing and taking at least one rigorous State tests (9% gain over the control group).

The education impacts in this memo are among the first educational achievement effects of any CCT program. Even Mexico's *Oportunidades* program, which has strong evaluations, shows no effects on achievement. These impacts have generated a great deal of interest from international CCT programs, as well as interest from U.S. cities who are now closely watching the program.

TIMELINE

The design phase of the program began in the autumn of 2006. Recruitment for the program began in July 2007 and finished in January 2008. Families are eligible to receive incentives for activities from September 2007-August 2010. A five-year evaluation will be conducted, and the final report is expected in 2013.

LEGISLATION

At this time, no laws or regulations have been enacted as a result of this program. However, the Opportunity NYC experience will likely inform existing policies and programs, both in the United States and internationally.

LESSONS LEARNED

At the close of Year 1 in August 2008, the Opportunity NYC team assessed performance and identified areas for improvement. Although a lot of progress had been made in developing the verification and payment procedures, it was felt that more needed to be done to make sure families understand the incentives on offer. Furthermore, although Opportunity NYC does not include case management, the Opportunity NYC team determined that it was important to find new ways to encourage participants to pursue a range of activities and to identify resources (e.g. tutoring, job search programs) that would enable them meet the conditions that earn rewards.

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During Year 2, the program emphasized improvements to customer service and marketing, to make the program easier to understand and to engage participants in the activities. In addition, the program sought to encourage families to earn incentives more consistently, focus on the more challenging activities, and solidify families' achievements, turning actions into habits. Year 3 of the program commenced in September 2009.

TRANSFERABILITY

The federal government and cities across the country, in addition to conditional cash transfer programs worldwide, are watching the Opportunity NYC program closely to better understand the impact of incentives on work, training, and educational achievement, and to determine the potential power of CCT strategies in the United States. International CCT programs are also eager to learn from Opportunity NYC, and the program has engaged in several learning networks to share lessons learned. In fact, Opportunity NYC recently presented at a meeting of the new Inter-American Social Protection Network under the Organization of American States.

It is important to note that for Year 3, the program model has been altered and improved to prepare for possible replication. This is important because by focusing on the incentives with the greatest potential for impact and continuing to make operational adjustments, Opportunity NYC can ease future replication efforts by focusing on what works.

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