Opportunity NYC | Family Rewards

Reducing Economic Hardship

For far too many, where one starts in life determines where he or she will end up. CEO's Family Rewards Conditional Cash Transfer (CCT) program works to break this intergenerational cycle of poverty by offering low-income families cash rewards based on their participation in human capital-building activities, like making preventive doctor visits or graduating from high school. This two-pronged approach — providing immediate cash incentives while working to break intergenerational poverty through human capital development — is inspired by successful CCT programs in developing countries that have shown positive effects on reducing families' economic hardship. Family Rewards is the first comprehensive CCT in a developed country.
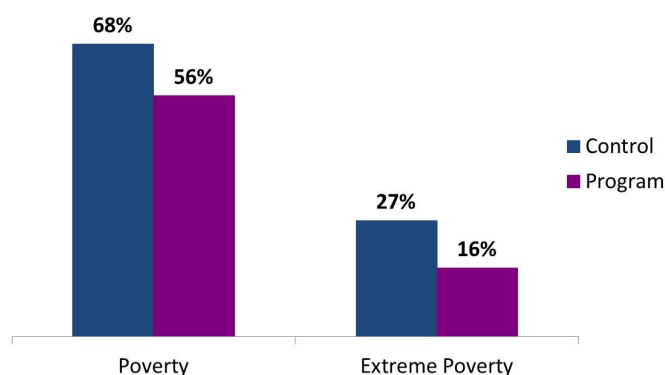
MDRC's impact evaluation of Family Rewards shows that the program had a positive impact on reducing poverty (see chart 1) and material hardship. The program also increased families' savings and made them less likely to rely on family members or friends for cash loans.

Family Rewards Outcomes:

22% increase in family monthly income.
18% decrease in families living in poverty and 41% reduction in extreme poverty
26% reduction in families with food hardship
38% increase in families with a bank account.

Chart 1: Lifting Families Out of Poverty

Family Rewards reduced the number of families who had incomes at or below the poverty and extreme poverty.

What is Opportunity NYC-Family Rewards?

Opportunity NYC-Family Rewards ("Family Rewards") ran from 2007 to 2010, but the evaluation of the program's long-term effects is ongoing. The NYC Center for Economic Opportunity (CEO), within the Office of the Mayor, sponsored this privately-funded initiative. MDRC, a social policy research firm, and Seedco, a workforce and economic development organization, partnered with CEO to design, implement, and evaluate this program. The program was available to 2,400 families over the three years. Families could earn up to 22 different types of awards, ranging in value from $20 to $600 each. Awards fell into three categories: education-focused, health-focused, and workforce-focused. Over the three years, families earned $8,700 on average. In year three, after preliminary results were released, some awards were discontinued to simplify the program and lower costs. Based on early findings from the original demonstration, CEO launched a test of a "new and improved" model (dubbed Family Rewards 2.0), which is currently underway in the Bronx and Memphis, Tennessee.

Promoting Education and Health

Effects on education achievement, employment, and health were more mixed. Family Rewards had no effect on the overall outcomes of elementary and middle school children and little effect on high school students. However, the program did substantially increase graduation rates for students who entered high school as proficient readers (see chart 2).

Health outcomes were generally minimal as well. Many participants already had access to health insurance and were practicing preventive health care. However, the program did produce a large increase in families' use of dental care services. The likelihood of seeing a dentist twice a year for regular check-ups increased by 12 percentage points among adults and by 19 percentage points among high school students.

A Continuing Experiment

So far, the original Family Rewards program has produced a mix of positive and neutral effects on families. The next report, slated for 2015, will present program effects five to six years after random assignment. However, the evidence of some promising interim findings underscores the value of continuing to experiment with CCTs.
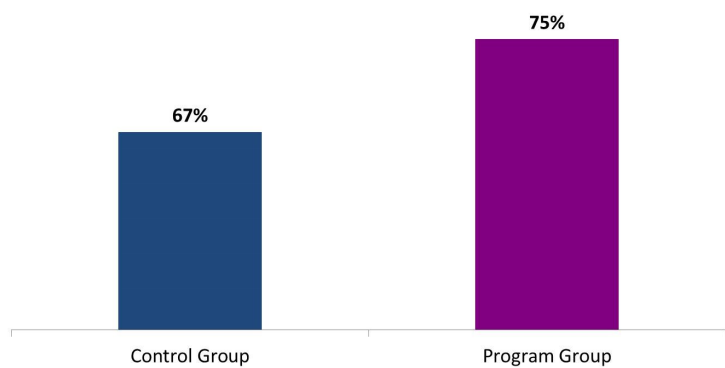
Family Rewards 2.0

CEO and Mayor's Fund are working with Children's Aid Society and MDRC to test a second-generation and potentially stronger Family Rewards program in New York City and Memphis, informed by emerging lessons from the original demonstration. In 2010, the Corporation for National and Community Service (CNCS) awarded CEO and the Mayor's Fund to Advance NYC a Social Innovation Fund (SIF) grant. With these funds and matching private resources, the Mayor's Fund and CEO are partnering with seven other cities to replicate five of CEO's most promising anti-poverty programs, including Family Rewards.

In 2011, partners launched Family Rewards 2.0 in New York City and Memphis, targeting very low-income families with children in the ninth or tenth grade. This new version offers fewer rewards than the original, but it disburses payments more frequently. It also rewards high school students' report card grades in addition to their attendance and test scores, thus providing a more immediate and broader-based educational incentive. In addition, the program now offers a family guidance component to help families with additional assistance they might need in order to earn the rewards. MDRC will release an interim report on this new version of Family Rewards in the fall of 2014. A report on the program's impacts will be released in late 2015.

Chart 2: Improving High School Graduation Rates

Family Rewards participants who entered high school as proficient readers graduated at higher rates compared to the control group.

Control Group	Program Group
67%	75%

Opportunity NYC | Family Rewards Partners

Intermediaries: NYC Center for Economic Opportunity, and MDRC
Providers: Neighborhood Partner Organization
Opportunity NYC - Family Rewards Funders: Bloomberg Philanthropies, The Rockefeller Foundation, The Starr Foundation, the Open Society Institute, the Robin Hood Foundation, the Tiger Foundation, The Annie E. Casey Foundation, American International Group, the John D. and Catherine T. MacArthur Foundation, and New York Community Trust

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Opportunity NYC | Family Rewards Research

Learn more about previous Opportunity NYC-Family Rewards Research:

Conditional Cash Transfers in New York City: The Continuing Story of the Opportunity NYC-Family Rewards Demonstration [http://www.mdrc.org/publication/conditional-cash-transfers-new-york-city]

Learning Together: How Families Responded to Education Incentives in New York City's Conditional Cash Transfer Program [http://www.mdrc.org/publication/learning-together]

Toward Reduced Poverty Across Generations: Early Findings from New York City's Conditional Cash Transfer Program [http://www.mdrc.org/publication/toward-reduced-poverty-across-generations]

Affecting Policy

Promising findings from the first-generation of family rewards and sustained interest at the federal and local levels suggests the merits of continuing to experiment with CCTs in the U.S. The first-generation Family Rewards demonstrates that a CCT in the U.S. can reduce low-income families' material hardship, food insecurity, and inability to make ends meet each month. Positive effects on preventive dental care and graduation rates for proficient high school students also show promise. However, questions remain about the potential of a CCT approach to produce larger effects on a wider range of outcomes for a broader group of families. Findings from Family Rewards 2.0 will help to address those questions.

CEO and MDRC have reviewed the Family Rewards strategies and findings to date with local and federal policymakers as well as agency staff from the U.S. Departments of Education and Health and Human Services. All have expressed interest in the CCT concept and future findings of the ongoing evaluations. At the community level, some cities and organizations have expressed interest in testing CCTs that take on different focuses, such as focusing on foster youth or early childhood.