

**Opportunity NYC: Work Rewards**

*Opportunity NYC: Work Rewards* is a publicly and privately-funded initiative targeted to adults in subsidized housing that tests the impact of monetary incentives tied to workforce activities, and an enriched Family Self Sufficiency Program. *Work Rewards* is one of CEO’s three conditional cash transfer experiments.

<i>Agency</i>	<i>Start Date</i>	<i>Number Served per year<sup>1</sup></i>	<i>CEO Budget</i>	<i>Total Budget</i>
CEO/ HPD/NYCHA	November 2007	2,400	\$12,755,000 (private funds) \$3,400,000 (CEO funds)	\$16,155,000

***Problem Statement***

Section 8, the Federal housing voucher program, bases rent payments and continued program eligibility on income, thereby creating a disincentive to increase earnings. The Federal Family Self-Sufficiency (FSS) program, established by the U.S. Department of Housing and Urban Development (HUD) in 1990, aims to increase work participation and earnings among residents of public and subsidized housing by providing them with a savings escrow account that matches any increased rental payments and is receivable after five years. However, only a small proportion of eligible households participate in the FSS program.<sup>2</sup>

***Research and Evidence***

*Opportunity NYC: Work Rewards* tests two different strategies: 1) the impact of an enriched FSS model; 2) immediate monetary incentives for workforce and training activities on Section 8 voucher holders.

New York City’s Housing Preservation and Development (HPD) FSS program is one of the largest FSS programs in the country and has been recognized as a “best practice” by HUD.<sup>3</sup> The program offers case management and support services through a contract with LaGuardia Community College’s Division of Adult and Continuing Education. The program has increased FSS program participation and earnings rates among some participants -- however, overall program participation rates have remained low. The goal is to increase FSS participant involvement through access to case management services close to home.

With funding from the Center for Economic Opportunity, HPD is expanding its promising FSS model by contracting with community based organizations (CBOs) in Upper Manhattan, the South Bronx, and Central Brooklyn to make the FSS case management services more accessible to participants throughout the city.

The CEO initiative also offers a workforce-focused conditional cash transfer (CCT) to a randomly selected subset of HPD’s and NYCHA’s voucher holders.<sup>4</sup> The CCT is a more immediate incentive to promote work and training. Participants are eligible to receive cash bonuses for sustained full-time employment<sup>5</sup> and for completing education and training courses while employed.

Empirical evidence gathered from the extensive evaluations of CCT programs around the world suggests that incentive-based strategies are an effective approach to reducing poverty and building human capital.<sup>6</sup> The immediate rewards nature of a CCT provides the ability to decrease poverty in the short term through its function as an income supplement, as well as provide sustained and recurring inducement to take full advantage of existing institutions and programs that can help participants succeed.

### ***Program Description***

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In New York City, both the Department of Housing Preservation and Development (HPD) and the New York City Housing Authority (NYCHA) grant Section 8 vouchers. *Opportunity NYC: Work Rewards* experiments with several program models. It will serve a total of 2,400 households (with an additional 1,700 households serving as control groups).

*Opportunity NYC: Work Rewards* measures the impact of two distinct HPD program models:

- Group 1 (700 participants): Enriched FSS program only.
- Group 2 (700 participants): Enriched FSS program and CCT component.
- Group 3 (700 participants): Serves as a control group and will not be enrolled in FSS or offered the CCT, but will be invited to re-apply for the enriched FSS program after 1 year.

The NYCHA program targets voucher holders who are not participating in FSS and offers them employment or training incentive payments. Families participating in the NYCHA program include:

- Group 1 (1,000 participants): Eligible for CCT incentives.
- Group 2 (1,000 participants): Serves as control group and will not be offered the CCT incentives.

Participants in the CCT component may earn up to \$3,000 in a year depending on the number of activities that are completed successfully. Sustaining full-time employment can lead a participant to earn \$150 per month, or up to \$1,800 per year. Additional incentives are offered for approved education and training courses.

Selected community based organizations (CBOs) will recruit Section 8 voucher holders for *Opportunity NYC: Work Rewards*. These CBOs will also provide ongoing support to program participants receiving the workforce-focused CCT. In addition, HPD Section 8 Voucher Holders will receive FSS case-management services from CBOs located throughout the City.

*Opportunity NYC: Work Rewards* is the first random assignment evaluation of the FSS program in the nation.<sup>7</sup> As such, it has the potential to provide a rich set of data to assess the effectiveness of FSS. All three interventions (enriched FSS, enriched FSS and CCT, and CCT alone) will be evaluated by MDRC, a nonprofit, nonpartisan, education and social policy research organization to determine their effectiveness.

### ***Target Population***

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*Opportunity NYC: Work Rewards* serves 2,400 low-income Section 8 voucher holders.

## ***Expected Outcomes***

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### **Short-Term:**

- Increase participants' workforce outcomes
- Alleviate household poverty through the income supplement provided by the CCT
- Improve households' human capital

### **Long-Term:**

- Participants achieve greater self-sufficiency
- Reduce intergenerational poverty

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<sup>1</sup> This number refers to the actual number of participants that will receive services over the course of the program, rather than each year. *Opportunity NYC: Work Rewards* is subject to a controlled experiment design, some portion of enrollees will not receive services. See section on Program Description for more details.

<sup>2</sup> Among the reasons cited for the low take up rate is that most FSS programs do not help families attain self-sufficiency, poor information and anxiety about maintaining voucher eligibility, and the five-year term before households can access the money. For further discussion, see Cramer, Reid. "Family Self-Sufficiency Program: An Asset-Building Opportunity." New America Foundation. Washington, D.C. 2004.

<sup>3</sup> See "Working with Community Colleges to Link WtW/FSS Families to Employment Opportunities in New York, NY," at [http://www.hud.gov/offices/pih/programs/hcv/wtw/ppp/learning/newyork\\_ny.cfm](http://www.hud.gov/offices/pih/programs/hcv/wtw/ppp/learning/newyork_ny.cfm)

<sup>4</sup> Eligible participants must also have a household income that is within 130% of the federal poverty line (approximately \$22,000 per year for a family of three).

<sup>5</sup> In order to receive this bonus, the participant must be employed for at least 30 hours per week for 6 out of every 8 weeks (that is, about 75 percent of the weeks in each two-month accounting period).

<sup>6</sup> To date, Mexico's CCT program, known today as *Oportunidades*, has been the most comprehensive and most rigorously evaluated. For the most recent and comprehensive review of urban, rural and national results of the *Oportunidades* program, see: Cruz, Carlos, Rodolfo de la Torre, and Cesar Velazquez. *Informe compilatorio. Evaluación externa de impacto de Programa Oportunidades 2001-2006*. Cuernavaca, México: Instituto Nacional de Salud Pública, 2006.

<sup>7</sup> There have been other significant evaluations of the FSS program; however, none have employed a random assignment design. See [www.fsspartnerships.org](http://www.fsspartnerships.org) for more information.