Executive Summary

Effects of a Modified Conditional Cash Transfer Program in Two American Cities

Findings from Family Rewards 2.0

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September 2016
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BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

Social Innovation Fund
Family Rewards 2.0 is one of five evidence-based programs that were implemented as part of the Social Innovation Fund (SIF) grant to the Mayor’s Fund to Advance New York City and the New York City Center for Economic Opportunity. This report is based upon work supported by the SIF, which unites public and private resources to evaluate and grow innovative community-based solutions with evidence of results. The SIF is a program of the Corporation for National and Community Service, a federal agency that engages more than 5 million Americans in service through its AmeriCorps, Senior Corps, SIF, and Volunteer Generation Fund programs, and leads the U.S. President’s national call to service initiative, United We Serve.

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Overview

Family Rewards was an innovative approach to poverty reduction in the United States that was modeled on the conditional cash transfer (CCT) programs common in lower- and middle-income countries. The program offered cash assistance to poor families, contingent on their meeting certain criteria related to family health care, children’s education, and parents’ work, in the hope of reducing long-term poverty. The first version of Family Rewards was evaluated in New York City starting in 2007 and had positive effects on some outcomes. The lessons learned from that study led to the next iteration and test of the model (“Family Rewards 2.0”), the subject of this report.

Family Rewards 2.0 was launched in July 2011 in the Bronx, New York, and Memphis, Tennessee. While still offering rewards in the areas of children’s education, family health, and parents’ work, Family Rewards 2.0 offered fewer rewards in each domain, offered the education rewards only to high school students, made the rewards more timely by paying them each month, and included personalized family guidance. The addition of guidance from staff members, who actively helped families develop strategies to earn rewards, represented the biggest change to the original model.

MDRC evaluated the program through a randomized controlled trial involving about 1,200 families in each city, half of whom could participate in the program and half of whom could not. This report presents findings on the program’s effects through four years.

Key Findings

Family Rewards transferred over $6,200, on average, to each participating family during the period in which it operated, or just over $2,000 per program year. Through Year 4, it had produced some positive effects on some outcomes, but left many other outcomes unchanged.

- After some start-up challenges, the program was generally implemented well in both cities by Year 2. The guidance component became more intensive over time, although the amount of interaction between staff and participants was still less than envisioned, especially in Memphis.
- Family Rewards 2.0 increased income and reduced poverty during the program period, and led to improvements in parents’ reports of life satisfaction and happiness.
- The program’s primary effect in the health care area was an increase in preventive dental visits, although there is some evidence that it also improved adults’ self-reported health status, particularly for those in poorer health at study entry.
- The program led to a reduction in employment covered by the unemployment insurance system, driven largely by reductions in work in Memphis.
- The program did not affect students’ school progress through Year 4, either for the full sample of students or for the subgroup of academically proficient students.

The findings show that Family Rewards 2.0, while replicating many of the results from the first model, did not prove to be more effective. Together, however, both studies provide important lessons about the operation and effects of a comprehensive CCT strategy in the United States.
Preface

Conditional cash transfer (CCT) programs are an innovative approach to poverty reduction. They offer cash assistance to poor families, reducing current poverty, but condition this assistance on families’ efforts to get preventive health care and further their children’s education, with the hope of reducing longer-term poverty. They are fairly common in low- and middle-income countries but had never been tested in the United States until several years ago, when New York City launched Opportunity NYC–Family Rewards (referred to in this report as “Family Rewards 1.0”), a three-year demonstration sponsored by the New York City Center for Economic Opportunity (CEO). MDRC helped design the initiative based on several existing international programs and conducted the implementation and impact evaluations. Low-income families in several high-poverty neighborhoods in New York City were offered cash incentives (“rewards”) for completing activities related to children’s education, family preventive health care, and adults’ work or training. The program had few effects on most behavioral outcomes overall, but did reduce hardship, increase receipt of dental care, and improve the educational outcomes of more academically prepared high school students. Early lessons from the implementation of that first demonstration, with its large number of incentives, together with patterns in its early impact findings suggested to CEO and MDRC that the model should be revised and tried again, this time with the support of the federal Social Innovation Fund.

The new version of Family Rewards (“Family Rewards 2.0”) reduced the number of rewards the program offered, targeted the education rewards only to high school students, and paid the rewards more frequently. Most important, it provided more proactive guidance to help families earn rewards, something that the first demonstration suggested many families needed. Family Rewards 2.0 was tested again in New York City (the Bronx) as well as in Memphis, Tennessee, providing an opportunity to study the concept in a local context very different from New York City.

The findings show that Family Rewards 2.0 replicated some of the effects found in Family Rewards 1.0, but fell short in other ways. It increased income and reduced poverty, for example, but had few effects on students’ progress in school, even for more academically prepared students. Although these results are disappointing, the findings do raise important policy questions. Both iterations of Family Rewards did succeed in reducing poverty and economic hardship, in part because many families received rewards without changing their behavior — most families already used preventive medical care, for example, and many students either had high attendance or earned rewards for other education milestones. But the program did not increase those rates substantially. In some cases, the attendance and health insurance rates among control group families were also high, often leaving less room to make a difference. In other cases, the incentives were not enough to change the trajectories of students
with low attendance and performance. Further complicating interpretation, these tests of conditional cash transfers operated on top of the existing safety net, not as an alternative to it, as is the case for CCT programs in Mexico and other Latin American countries. Last, in the United States, income transfer programs are conditioned on work. When unemployment rates soared during the Great Recession, demonstrating the limits of an existing policy that conditions benefits on work, a strategy that conditioned benefit receipt on a broader array of behaviors had appeal.

Although the findings now available from both versions of Family Rewards provide important lessons about the use of incentives and CCTs in the United States to combat both short- and long-term intergenerational poverty, questions remain about the possible effects of a conditional cash transfer program if it were not structured as an add-on to the existing American system — specifically, whether it would lead to larger behavioral changes while still providing an adequate safety net for the most vulnerable families.

Gordon L. Berlin
President, MDRC
This report reflects the contributions and support of many people. We are especially appreciative of the families participating in the Family Rewards 2.0 evaluation, both in the control and program groups. They have generously allowed us to learn from their experiences.

We also recognize the organizations and individuals who implemented the program model. Seedco staff, led by Saroya Friedman-Gonzalez and Andrew Stettner, created the original systems and materials for the demonstration. The Children’s Aid Society (CAS) management team, composed of Dr. William Weisberg, Dan Lehman, Jane Golden, and Cathleen Clements, seamlessly took over management of the program after the first year without any disruption to program services. The program manager, Ilana Zimmerman, demonstrated tremendous dedication to excellence in directing the program’s staff and updating procedures to make the program as simple and attractive to families as possible. She received critical support from New York City and Memphis program associates Patricia Hirschler and Tonya Melton (replacing Danielle Schonbaum), as well as Brian LaForgia, Lance Petersen, and Veronica Cuellar, who led the database design and worked in the central office in Manhattan, New York, on payment processing. In Memphis, Meredith Hennessey assisted CAS and MDRC as a consultant on issues such as cultivating local partnerships and obtaining administrative data.

Program staff members at each of the neighborhood partner organizations (NPOs) played an essential role first in recruiting the sample, and then in providing families with ongoing guidance, with support from the leaders of their organizations. We want to express our appreciation to each of these teams. At CAS in the Bronx, we thank Sandra Romero, Yazmin Kelly, Yselly Olivo, and Jessica Schachter. At BronxWorks, we thank John Weed, Julie Spitzer, Marie Edwards, Nicauly Andujar, Marlenne Rojas, Marilyn Pena, and Faustino De La Rosa. At Porter-Leath in Memphis, we thank Gwendolyn Price, Michella Crisp, Darrell Davis, Teresa Cathey, Veronica Thorns, Sean Lee, and Karen Harrell. At Urban Strategies Memphis HOPE, we thank Vicki Jerideau, Susan Glassman, James Franklin, Coasy Hale, Astrid Illunga, Rex Harrington, Malarie Yates, Kawanna Poe, and Debra Lamber. Temporary outreach staff members were hired at each NPO to help recruit the sample, and we appreciate their perseverance and skill as well.

We owe special thanks to our colleagues at the New York City Center for Economic Opportunity (CEO), who have nurtured each of the Social Innovation Fund (SIF) projects through management oversight, fundraising, report review, SIF Learning Network events, and general participation in technical assistance and program development. In particular, we thank Sinead Keegan, Emily Apple, and Kate Dempsey. We also acknowledge our former colleagues
at CEO, Veronica White, Kristin Morse, Allegra Blackburn-Dwyer, and Emily Firgens, who were instrumental in launching the demonstration.

As each SIF project is ultimately a city initiative that requires the support of key members of local government, we thank former Mayor Bloomberg and former Deputy Mayor Linda Gibbs in New York City, and former Mayor Wharton in Memphis. Their support opened doors for Family Rewards to accomplish its programmatic and evaluation-related goals. We received assistance in New York City from the Department of Education and the Human Resources Administration. In Memphis, we recognize Robert Lipscomb from the Memphis Housing Authority.

We appreciate the continued support of the funders of the Family Rewards 2.0 evaluation. These funders include the Corporation for National and Community Service, Bloomberg Philanthropies, Open Society Foundations, The Rockefeller Foundation, Benificus Foundation, the City of Memphis, The Kresge Foundation, New York Community Trust, W. K. Kellogg Foundation, and the Women’s Foundation of Greater Memphis.

Finally, we want to thank our colleagues at MDRC. First, we thank James Riccio, MDRC’s project director for Family Rewards, for guidance throughout the project. We also thank other MDRC reviewers — Gordon Berlin, William Corrin, Erin Jacobs Valentine, Stephen Nunez, Alice Tufel, Victoria Deitch, and Richard Hendra — for their helpful feedback during reviews. We also thank David Greenberg at the University of Maryland for helpful suggestions on the benefit-cost analysis. We thank Jared Smith for expertly managing the data for the evaluation. He was supported by Natasha Piatniskaia, Sara LaPlante, Anne Warren, Mercy Emelike, Shafat Alam, and Anastasia Korolkova. We thank Jennifer Uribe, Rob Mesika, and Xavier Alemany for report coordination. Christopher Boland edited the report, and Stephanie Cowell, Carolyn Thomas, and Ann Kottner prepared it for publication.

The Authors
Executive Summary

Family Rewards was an innovative approach to poverty reduction in the United States that was modeled on the conditional cash transfer (CCT) programs common in lower- and middle-income countries. The program offered cash assistance to low-income families, provided that they met certain conditions related to family health care, children’s education, and parents’ work.

The first version of Family Rewards, called Opportunity NYC–Family Rewards (“Family Rewards 1.0”), was evaluated in New York City beginning in 2007 using a randomized controlled trial, in which families were randomly assigned to a program group that was offered the program or a control group that was not. While the program did not lead to effects on most major outcomes, it did lead to sizable reductions in poverty while the cash assistance was being offered and increased graduation rates for a group of ninth-graders who were more academically prepared at study entry. Early lessons and insights from that evaluation suggested that such an intervention might be made more effective if the model were modified in certain ways. The lessons learned from that evaluation led to the next iteration and test of the model — “Family Rewards 2.0.”

Family Rewards 2.0, the subject of this report, was launched in July 2011 in the Bronx, New York, and Memphis, Tennessee. While still offering rewards in the areas of children’s education, family health, and parents’ work, Family Rewards 2.0 refined the original model in several ways: it offered fewer rewards in each domain, paid those rewards more frequently, offered the education rewards only to high school students, and offered proactive and personalized guidance to help families earn rewards. The addition of guidance from staff members, who actively helped families develop strategies to earn rewards, represented the biggest change from the original model.

This report examines whether those changes led to bigger impacts and whether the program had similar effects in a context different from New York City. The findings show that the new program achieved many of the same effects as the original model, but fell short in other, important ways. Family Rewards 2.0 met its short-term goals of increasing income and reducing poverty, although the effects were smaller, given that less money was transferred overall.

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2Riccio et al. (2010); Riccio et al. (2013).
(The shorter list of rewards meant that families had fewer ways of earning cash transfers.) The program also increased dental visits and adults’ self-reported health status, particularly for those in poorer health at study entry. Similar to the earlier program, the new model led to reductions in work and earnings for some participants. However, the new program did not affect students’ school progress through Year 4, neither for the full sample of students nor for a more academically prepared subgroup. Overall, the findings indicate that Family Rewards 2.0 did not lead to bigger or more widespread effects. In addition, the failure to replicate the positive effects on school progress for more academically prepared students suggests that the model’s effects on education were not very robust.

The Social Innovation Fund of the Corporation for National and Community Service and private foundations funded the Family Rewards 2.0 demonstration, and The Mayor’s Fund to Advance New York City, the New York City Center for Economic Opportunity, and MDRC managed it. The Children’s Aid Society operated the program in partnership with two community-based organizations in each city (the local chapter of Children’s Aid Society and BronxWorks in the Bronx, and Memphis HOPE and Porter-Leath in Memphis). MDRC conducted the evaluation.

The Program Model: 1.0 to 2.0

Similar to its predecessor, Family Rewards 2.0 is based on the assumption that for a variety of reasons families may underinvest in their own development even though such investments can have long-term benefits. Financial incentives can help change their calculations, encouraging them to make extra investments of time and energy in certain educational, health care, and work-related efforts. Furthermore, the extra resources can help make it more feasible for low-income people to undertake such efforts in the short term, functioning not only as incentives for action but also as enabling resources.

The original Family Rewards model offered families 22 cash rewards, covering activities and outcomes in three domains. In the education domain, rewards were offered for parents’ attendance at parent-teacher conferences and for children’s attendance in school, satisfactory performance or better on standardized tests, completion of adequate credits per year, passing of exams required to graduate, and graduation. In the health domain, rewards were offered for maintaining health coverage and for preventive medical and dental checkups for each family member. In the work domain, parents were offered rewards for sustaining full-time work and for pursuing education or training while working. Families received payments for rewards earned every two months. Families were not offered services or counseling, since the goal was to test a pure incentives model.

During the three years that Family Rewards 1.0 operated, the average participating family earned nearly $9,000 in rewards, or roughly $3,000 in each year, leading to large reductions
in poverty and reductions in a number of material hardships. The program did not affect school outcomes for elementary or middle school students, but did improve outcomes for the ninth-graders in the study who were performing at a proficient level or better academically when they entered, as measured on their prior year’s standardized tests, with sizable effects (for initially reading-proficient ninth-graders) on grade promotion and on graduation. In the health area, early, positive effects on visits to the doctor and health status faded, although there were continued impacts on health coverage and, especially, dental visits. Finally, the program led to a small increase in survey-reported employment, but to reductions for some participants in employment reported by the unemployment insurance (UI) system.

Family Rewards 2.0 included rewards for the following milestones (Table ES.1):

- **Education:** Students were rewarded for high attendance, good grades, satisfactory performance or better on state core exams, and taking college entrance exams.

- **Health:** Families received payments for obtaining medical and dental check-ups for each family member.

- **Work and training:** Parents received payments for full-time work and for earning General Educational Development (GED) certificates.

The program made several important modifications to the original Family Rewards model. In an effort to make the program easier to understand and focus families’ attention on a limited number of outcomes, the program offered 8 rewards across the three domains, instead of 22 rewards. While all children in a family were eligible to earn health rewards, the education rewards were only offered to high school students, given that the original program had no effects for younger students. The new program made the rewards more timely, and thus more salient to families, in two ways: first, by paying families monthly for rewards earned, rather than every two months; and second, by rewarding students for passing grades. The rewards for grades were also structured in an attempt to engage less academically proficient students, with rewards offered for A, B, and C grades. All education rewards earned were also paid directly to the students’ accounts, whereas in the first model parents received some portion of education rewards.

Most notably, however, the new model offered proactive and personalized guidance to help families earn rewards. In the original program, staff members were purposely restricted from engaging in “case management,” so that the experiment would test the effects of the incentives offer alone. They were permitted to provide advice and referrals to participants when asked for assistance with services, but they did not carry individual caseloads, nor were they allowed to make proactive efforts to engage individual families in conversations about strategies
Table ES.1
Family Rewards 2.0 Schedule of Rewards

<table>
<thead>
<tr>
<th>Domain</th>
<th>Bronx</th>
<th>Memphis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education incentives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(high school students only)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attends 95% of scheduled school days</td>
<td>$40 per month</td>
<td>$40 per month</td>
</tr>
<tr>
<td>Takes an SAT or ACT exam (once during program)</td>
<td>$50</td>
<td>$50; must score 19 or more on the ACT if administered by Memphis City Schools(^a)</td>
</tr>
<tr>
<td>Receives grades on an official report card(^b)</td>
<td>$30 per A (90-100); $20 per B (80-89); $10 per C (75-79)</td>
<td>$30 per A (93-100); $20 per B (85-92); $10 per C (75-84)</td>
</tr>
<tr>
<td>Passes up to 5 Regents exams(^c) or 7 End-of-Course exams(^d)</td>
<td>$500 per Regents exam for a score of 75 or above; $400 per exam for a score of 65-74</td>
<td>$200 per End-of-Course exam for a score of proficient or advanced (increased to $300 in Year 3)</td>
</tr>
<tr>
<td><strong>Health incentives (parents and children 19 years and younger)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual medical checkup</td>
<td>$100 per family member</td>
<td>$100 per family member</td>
</tr>
<tr>
<td>Preventive dental care every 6 months (once per year for children 1-5 years)</td>
<td>$100 per family member</td>
<td>$100 per family member</td>
</tr>
<tr>
<td><strong>Work incentives (parents only)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustains full-time employment</td>
<td>$150 per month</td>
<td>$150 per month</td>
</tr>
<tr>
<td>Earns a GED certificate</td>
<td>$400</td>
<td>$400</td>
</tr>
</tbody>
</table>

SOURCE: Children’s Aid Society’s Family Rewards program materials.

NOTES: GED = General Educational Development.

\(^a\)The ACT is scored out of 36. Memphis City Schools officials requested that the minimum score for the reward be set at 19 for students taking the test for free in class because this score is considered an indication that students are ready for college-level work.

\(^b\)In Year 1, the amount of each reward for grades was prorated based on the number of official report cards issued by a student's school. To simplify verification in Year 2, students were paid the listed amounts for their grades regardless of the number of official report cards they received, up to a maximum of $600 per program year.

(continued)
Table ES.1 (continued)

High school students (grades 9-12) in the Bronx were eligible to earn rewards for the following Regents exams: English, one of any math exams (including Math A, Math B, Integrated Algebra, Geometry, and Algebra 2/Trigonometry), U.S. History and Government, Global History and Geography, and one of any science exams (including Living Environment, Chemistry, Physics, and Earth Science).

High school students (grades 9-12) in Memphis were eligible to earn rewards for the following End-of-Course exams: Algebra 1, Algebra 2, Biology, English 1, English 2, English 3, and U.S. History.

to earn rewards. Findings from the first evaluation suggested that many families needed — and wanted — more help to reach the relevant milestones. Consequently, under the new model, staff members at the community-based partner organizations were instructed to develop a “Family Earning Plan” with every family and meet with them at least twice per year to discuss their progress toward earning the rewards. Staff members were also directed to make more aggressive and frequent efforts to engage families who, according to program tracking data, were not earning many rewards. Each staff member carried a caseload of about 100 families.

Children’s Aid Society managed the operations of Family Rewards 2.0 and provided technical assistance and oversight to the four Neighborhood Partner Organizations (NPOs) selected to implement the program. The NPOs were charged with implementing core components of the program. They recruited and enrolled families into the research sample, oriented families to the program, and provided continuing guidance to help families earn rewards.

The Study Sample

Family Rewards 2.0 was evaluated using a randomized controlled trial. In each city, about 1,200 families were recruited for the study. Half were randomly assigned to a program group, offered Family Rewards, and half were assigned to a control group, not offered the program. The program targeted families with at least one child entering ninth grade or tenth grade. Once enrolled in Family Rewards 2.0, however, all of the family’s school-age children became eligible for the health-related rewards. The program also targeted recipients of benefits from Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP, or “food stamps”), in order to get resources to the neediest families and to explore how a CCT approach might interact with and complement these safety net programs.

Recruitment began in August 2011 in the Bronx and in September 2011 in Memphis, when the NPOs received lists of potentially eligible participants provided by the human services agencies and departments of education in each city. The pace of recruitment varied between the cities due to delays in receiving some lists and difficulties in reaching some potential participants. Enrollment was originally expected to conclude by October 2011, but in practice the majority of families in the study enrolled after that point. Rewards were intended to be offered
for three years, starting in September 2011. However, because many families entered the study after September 2011, the program period was extended beyond three years, to December 2014, in order to provide these late-entering families with at least three years of rewards. The evaluation tracked families for up to four years to determine the effects of the program on poverty, children’s education, family health, and parents’ work.

The majority of families who enrolled in the study in both cities were single-parent families, with a higher percentage in Memphis (91 percent) than in the Bronx (77 percent). A large fraction of the sample in the Bronx was Hispanic (74 percent), while nearly all participating families in Memphis were African American (98 percent). Adults in the Bronx had somewhat lower education levels when they enrolled than adults in Memphis. For example, nearly half of the adults in the Bronx did not have a high school diploma or equivalency certificate when they enrolled in the study, compared with only 31 percent of adults in Memphis. In contrast, adults in the Bronx were more likely to be working when they entered the study (57 percent) than their counterparts in Memphis (44 percent).

Findings

- After some start-up challenges, the program was generally implemented well in both cities by Year 2. The guidance component became more intensive over time, although the amount of interaction between staff and participants was still less than envisioned, especially in Memphis.

The biggest innovation in the design of Family Rewards 2.0 was the addition of the family guidance component, and that component evolved considerably during the first two years of the program. Designated staff, or advisors, focused mainly on building relationships in the first year. One-on-one sessions at this time were largely transactional or customer service-oriented. Recognizing that advisors needed more training to go beyond customer service and encourage behavioral change, the NPOs introduced a form of counseling called motivational interviewing at the start of Year 2. Motivational interviewing is a widely used, client-centered directive approach to counseling in which a counselor uses a set of techniques to help participants identify their goals, explore any ambivalence they may have about making changes in their lives, and resolve that ambivalence.

It took months of training for advisors to achieve a minimum level of competence in motivational interviewing, but the nature and content of family guidance sessions did change significantly from Year 1 to the end of Year 2. Participants talked more about their goals, and took the lead in creating plans for overcoming barriers to earning rewards. In addition, the advisors began conducting targeted outreach to participants with a pattern of earning the fewest rewards, a group that proved to be challenging to serve.
This change improved the quality of guidance sessions midway through the program, but these sessions did not occur in either city as often as envisioned in the model, especially in Memphis. Only one-quarter of adult participants met with their advisors more than once in Memphis, and most sessions were conducted over the phone. The families’ transportation challenges in Memphis greatly impeded the ability of staff to deliver this program component effectively.

- Nearly all families earned rewards from the program, with average earnings of just over $2,000 per full program year, or $6,240 for all program years combined.

Over 98 percent of families in the program group earned at least some rewards during the program period, and about 95 percent earned rewards in a full program year. During a full program year, the average family earned over $2,000 ($2,300 in Year 2, for example, and $2,000 in Year 3). Overall, families earned just about $6,200 in rewards over the full program period.

Families earned the most, on average, from the education rewards. Over 97 percent of families earned at least one education reward and the average amount earned was just under $3,000 over the full program period. Most families also earned at least one health reward over the period (at about 90 percent), and those that did earn health rewards earned on average just under $2,000 over the full period. Finally, the work rewards contributed the least to the total rewards earned because fewer parents earned them. Only about 57 percent of parents earned a work or training reward over the full period, and nearly all of these rewards were for work rather than training.

- Family Rewards 2.0 increased income and reduced poverty during the program period and led to improvements in parents’ reports of life satisfaction and happiness.

Counting the value of the reward payments, Family Rewards 2.0 increased self-reported average household income for the program group by $138 in the month before the 24-month survey. (See Table ES.2.) This extra income reduced the proportion of families living at or below the federal poverty level by 5 percentage points, compared with the control group rate of 78 percent. The program also reduced the proportion of families who were living in severe poverty (that is, families with incomes less than 50 percent of the federal poverty level) by 7 percentage points (not shown). All of the poverty reductions from the program are attributable

3Unless otherwise noted, the impacts cited in this Executive Summary are statistically significant, with less than a 10 percent likelihood that they arose by chance.
Table ES.2

Summary of Family Rewards 2.0 Impacts

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Program Group</th>
<th>Control Group</th>
<th>Difference (Impact)</th>
<th>P-Value</th>
<th>Effect Size</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income and poverty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average total household income in month prior to interview (including Family Rewards payments)$a$ ($)</td>
<td>1,636</td>
<td>1,498</td>
<td>138 ***</td>
<td>0.004</td>
<td></td>
</tr>
<tr>
<td>Household income at or below the federal poverty level (including rewards)$ab$ (%)</td>
<td>73.5</td>
<td>78.3</td>
<td>-4.8 **</td>
<td>0.012</td>
<td></td>
</tr>
<tr>
<td>Any savings (%)</td>
<td>20.5</td>
<td>12.0</td>
<td>8.5 ***</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td><strong>Children's education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduated on time (%)</td>
<td>63.4</td>
<td>63.1</td>
<td>0.3</td>
<td>0.855</td>
<td></td>
</tr>
<tr>
<td>Attendance rate is 95% or higher, Year 3$^c$ (%)</td>
<td>28.9</td>
<td>29.1</td>
<td>-0.2</td>
<td>0.910</td>
<td></td>
</tr>
<tr>
<td>Number of credits earned, Years 1 to 3$^d$</td>
<td>30.1</td>
<td>29.9</td>
<td>0.2</td>
<td>0.651</td>
<td></td>
</tr>
<tr>
<td>State core exams passed, Years 1 to 3$^{ef}$</td>
<td>2.7</td>
<td>2.7</td>
<td>0.0</td>
<td>0.716</td>
<td></td>
</tr>
<tr>
<td><strong>Family health</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parent had a health checkup (%)</td>
<td>88.4</td>
<td>87.6</td>
<td>0.8</td>
<td>0.569</td>
<td></td>
</tr>
<tr>
<td>Parent had 2 or more dental checkups (%)</td>
<td>36.1</td>
<td>22.5</td>
<td>13.6 ***</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Parent's self-rated health (1 = poor; 5 = excellent)</td>
<td>3.2</td>
<td>3.0</td>
<td>0.1 ***</td>
<td>0.002</td>
<td>0.126</td>
</tr>
<tr>
<td>Child had health checkup or got shots (%)</td>
<td>94.9</td>
<td>94.4</td>
<td>0.5</td>
<td>0.614</td>
<td></td>
</tr>
<tr>
<td>Child had 2 or more dental checkups (%)</td>
<td>62.4</td>
<td>46.4</td>
<td>16.0 ***</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td><strong>Parent's work and training</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has any degree, license, or certificate (%)</td>
<td>78.5</td>
<td>77.8</td>
<td>0.7</td>
<td>0.651</td>
<td></td>
</tr>
<tr>
<td>Has any trade license or training certification (%)</td>
<td>46.6</td>
<td>42.7</td>
<td>3.9 *</td>
<td>0.073</td>
<td></td>
</tr>
<tr>
<td>Average quarterly employment, Years 1 to 3$^g$ (%)</td>
<td>49.6</td>
<td>52.2</td>
<td>-2.6 **</td>
<td>0.018</td>
<td></td>
</tr>
<tr>
<td>Total earnings, Years 1 to 3$^g$ ($)</td>
<td>27,684</td>
<td>29,718</td>
<td>-2,034 **</td>
<td>0.019</td>
<td></td>
</tr>
</tbody>
</table>

Sample size (total = 2,016) | 1,025          | 991           |

(continued)
Table ES.2 (continued)

SOURCE: MDRC calculations using data from the Family Rewards 24-month survey, Children's Aid Society's Family Rewards program data, New York City Department of Education and Shelby County Schools administrative records, New York State unemployment insurance (UI) wage records, and Tennessee Department of Labor and Workforce Development UI wage records.

NOTES: Sample sizes may vary because of missing values.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Standard errors were adjusted to account for multiple observations per family. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

The effect size is the difference between program and control group outcomes expressed as a proportion of the standard deviation of the outcomes for both groups combined.

Note that all outcomes in the table include zero values for students who were no longer enrolled. Dollar averages include zero values for sample members who were not employed.

Years 1, 2, and 3 cover the 2011-2012, 2012-2013, and 2013-2014 school years, respectively.

Monthly household income amounts equal to or greater than $10,000 were excluded from this calculation. About 4.9 percent of the sample was excluded from the income measures because respondents did not know or refused to provide the information. An additional 0.2 percent of the sample was excluded because the income provided was over $10,000.

Annual household income was calculated by multiplying the respondent's income in the month prior to the survey interview by 12. For program group members, it includes Family Rewards payments earned during program Years 2 and 3. The federal poverty level was calculated based on annual income (monthly income multiplied by 12) and the household size at the time of the survey. The poverty threshold was measured according to the 2013 or 2014 Poverty Guidelines, depending on when a respondent was interviewed.

Attendance was calculated as a percentage of total days present divided by total days enrolled according to district records. Records provided for students in New York City include enrollment for the regular school year. Records for students in Memphis include enrollment during the regular school year, alternative education programs, and summer school.

Students in New York City earn 1 credit per course per semester completed. Students in Memphis earn 0.5 credits per course per semester. Credits for students in Memphis were multiplied by two to create a standard scale for comparison. To be considered on time to graduate, students in New York City must earn an average of 11 credits per school year and students in Memphis must earn an average of 5.5 credits per school year.


The End-of-Course exam measures in this table include the following exams: English 1, English, 2, English 3, Biology, Algebra 1, Algebra 2, and U.S. History.

This outcome only includes employment and earnings in jobs covered by the New York State and Tennessee UI programs. It does not include employment outside of either state, or in jobs not covered by the UI system (for example, "off-the-books" jobs and federal government jobs).
to the cash transfers that families received, rather than to increased earnings from work. As discussed later, the program did not lead to an increase in earnings, and it reduced earnings for some families.

Although the program did increase income and reduce poverty, the effects were fairly modest in size, and a fair proportion of the cash transfers were for education rewards, and thus deposited in the teenagers’ accounts. As a result, the program did not notably reduce levels of material hardship affecting the whole family, such as inability to pay rent or utilities or food insecurity. Nonetheless, the extra income families received did lead to improvements in parents’ sense of financial security. Parents in the program group, for example, were more likely than those in the control group to report that their financial situation was better than it was in the previous year and that they could generally afford to buy necessities. Similarly, the program led to modest improvements on several measures of psychosocial well-being. For example, parents in the program group scored higher than those in the control group on the State of Hope scale, which captures respondents’ beliefs in their ability to initiate and sustain action.

Finally, Family Rewards 2.0 increased families’ connection to the banking system and their savings. At the time of the survey, only about 45 percent of parents in the control group reported having a savings or checking account, compared with 66 percent of parents in the program group, an increase of 21 percentage points (not shown). Very few parents in the control group (12 percent) reported having any savings at the time of the survey. The program increased that rate to 21 percent for the program group.

- **The program’s primary effect in the health area was to increase preventive dental visits, although there is some evidence that it also improved adults’ self-reported health status, particularly for those in poorer health at study entry.**

Most adults and children in the control group had visited a doctor recently for a routine checkup, and the program had no effect on this outcome. In contrast, the majority of both parents and children in the control group had not visited a dentist for the recommended two dental checkups per year, and the program increased this number substantially. Among children in the control group, for example, only 46 percent of them visited a dentist twice during the year, compared with 62 percent of those in the program group, an increase of 16 percentage points. The importance of oral health has been well documented.

The program led to a small, positive effect on adults’ self-reported health status, which was primarily driven by a sizable effect for those who were in poorer health at study entry. It is difficult to know what to make of this effect, given that there were no measured effects on any of the other outcomes that might have led to it, such as increased use of preventive care,
increased healthful behaviors, and so on. However, Family Rewards 1.0 led to a similar pattern of effects on health status for adults in poorer health.

- The program led to a reduction in employment covered by the UI system, driven largely by reductions in work in Memphis.

The research team collected and analyzed data on employment from the 24-month survey and from UI records, which include all employment covered by the UI system. While UI records include data from most employment in the United States, the UI system does not cover some jobs, such as self-employment, federal government employment, and domestic work. The UI system also misses informal (casual or irregular) jobs that are never reported to state agencies.

The findings show that Family Rewards 2.0 led to reductions in work according to data from UI records and had no effect on work reported in the survey. Whereas the reductions in UI-covered work occurred largely in Memphis, in the Bronx the program led to a reduction in work reported in the survey. The reason for the difference is unclear.

Other incentives programs that have focused solely on work have found that increasing the reward to work can lead to increased employment. However, the work incentives here were part of a larger program of rewards. It is likely that the income families received from the education and health rewards allowed some parents to reduce work or delay entry into the workforce through what is often called an “income effect.” These negative effects on work were somewhat larger for parents not working at study entry, and thus more marginally connected to work.

- The program did not affect students’ school progress through Year 4, for either the full sample of students or the subgroup of academically proficient students.

The impact analysis examined a range of education outcomes, including attendance, grade progression, credits earned, and college entrance exams taken. The program did not have effects on these outcomes for the full sample of entering ninth- and tenth-graders. For example,

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63.1 percent of entering ninth- and tenth-graders in the control group had graduated on time (that is, within four years of entering ninth grade). The corresponding rate for students in the program group was 63.4 percent. When the analysis was focused only on entering ninth-graders, the program led to small increases in attendance and credits earned, although it had no effects on other outcomes, such as enrollment or graduation.

The research team also examined impacts for the subgroup of students who scored at the proficient level or higher on their eighth-grade English language arts exams, since Family Rewards 1.0 had its main effects for this group. Family Rewards 2.0 did not affect education outcomes for this subgroup. Finally, subgroup analyses suggested that the program led to a small increase in graduation rates among students in less disadvantaged families, which included families in which a parent was working at study entry or that had income above 50 percent of the poverty line at study entry.

Conclusion

Overall, the results show that the changes to the model, particularly the more intensive guidance, as it was implemented here, did not make the rewards more effective. Family Rewards 2.0 did lead to effects in certain domains that were similar to Family Rewards 1.0’s effects, and these findings add to the evidence about how a CCT would work in the United States. However, the hope was that the new model would have had larger and more widespread effects. In particular, the goal was to improve school progress for all students and to help parents move into work in order to take advantage of the work rewards.

There are several possible reasons for the different effects found for Family Rewards 2.0, compared with those found for Family Rewards 1.0, since the former was not an exact replication of the latter. For example, the modified program targeted families receiving TANF or SNAP benefits, and it was tested in Memphis. There are also two differences between the models to consider. First, Family Rewards 2.0 transferred less money to families than did the first program, and there is abundant research suggesting that more income benefits low-income children. Perhaps the positive effects found for proficient students in the first program resulted from a combination of the rewards acting as incentives and the rewards providing their families with more money. Second, Family Rewards 1.0 offered more rewards that families could earn regularly, such as school attendance rewards for younger children and rewards for maintaining health insurance. While those rewards did not lead to behavioral change in those areas, they may have provided a more reliable source of income, which may have contributed to the positive effects found for more proficient students.
Earlier MDRC Publications on Family Rewards

New York City’s First Conditional Cash Transfer Program: What Worked, What Didn’t
2016. James Riccio and Cynthia Miller

Implementing a Conditional Cash Transfer Program in Two American Cities
Early Lessons from Family Rewards 2.0
2014. Nadine Dechausay, Cynthia Miller, Victoria Quiroz-Becerra

Conditional Cash Transfers in New York City
The Continuing Story of the Opportunity NYC–Family Rewards Demonstration

Using Incentives to Change How Teenagers Spend Their Time: The Effects of New York City’s Conditional Cash Transfer Program
2012. Pamela Morris, J. Lawrence Aber, Sharon Wolf, Juliette Berg

Learning Together: How Families Responded to Education Incentives in New York City’s Conditional Cash Transfer Program
2011. David Greenberg, Nadine Dechausay, Carolyn Fraker

Toward Reduced Poverty Across Generations: Early Findings from New York City’s Conditional Cash Transfer Program
2010. James Riccio, Nadine Dechausay, David Greenberg, Cynthia Miller, Zawadi Rucks, Nandita Verma

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NOTE: A complete publications list is available from MDRC and on its website (www.mdrc.org), from which copies of reports can also be downloaded.
About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC’s staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program’s effects occur. In addition, it tries to place each project’s findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC’s findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC’s projects are organized into five areas:

- Promoting Family Well-Being and Children’s Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation’s largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.