



Family Rewards: A CCT Pilot Program in NYC

Presentation to the
Welfare Research and Evaluation Conference
Agency for Families and Children
June 4, 2010



Program Design

International CCT programs

- **Pioneered by Mexico** and now operating in over 24 lower and middle-income countries
- **Goals of CCT programs:**
 1. Immediate poverty reduction by transferring cash
 2. Reduce longer-term and 2nd generation poverty by tying transfers to human capital development
- **Some evidence of effectiveness in improving children's health and school enrollment/attendance.**

International CCT Programs



Latin America & the Caribbean

- Argentina Jefes de Hogar
- Brazil Bolsa Familia
- Chile Solidiario
- Colombia Familias en Accion
- Dominican Republic Solidaridad
- El Salvador Red Solidaria
- Guatemala Mi Familia Progresiva
- Honduras PRAF
- Jamaica PATH
- Mexico Oportunidades
- Nicaragua RPS
- Panama Red Solidaria
- Peru Juntos

Other Countries

- Bangladesh
- Burkina Faso
- Cambodia
- Ethiopia
- Indonesia
- Lesotho
- New York City
- Pakistan
- South Africa
- Turkey
- West Bank & Gaza

Family Rewards

- **Testing an adaptation of the CCT concept in NYC**
 - First comprehensive CCT in a developed country
 - Privately funded
- **3-year intervention**
 - September 2007 to August 2010
- **5-year evaluation**
 - Random assignment design
 - Implementation, impact, and benefit-cost analyses
- **Results so far cover first 1-2 years**
(including “start-up”)

Family Rewards partners

NYC Center for Economic Opportunity (CEO)

- Leading Bloomberg's anti-poverty agenda
- Sponsoring Family Rewards demonstration

MDRC

- Helped design intervention; conducting the evaluation

Seedco

- Helped design intervention
- Manages overall delivery of the program

6 NPOs (Neighborhood Partner Organizations)

- Community organizations; serve as "face" of the program in the targeted communities

Design Process

- Drew on the conceptual framework of international CCTs
- Consulted with local and national poverty experts
- Consulted with NYC agencies
- Consulted with World Bank
- Learning exchange with Mexico
 - Program officials & researchers
 - NYC conference
 - Visit to Mexico



Selecting families

- **Eligibility criteria**
 - Live within 6 high-poverty community districts
 - Incomes \leq 130% of Federal Poverty Level
(e.g., \$22,321 for a family of 3 in 2007)
 - Child in grade 4 or 7 or 9, but whole family eligible
- **Recruited by NPOs**
 - From school lists (free school lunch program)
- **Participants**
 - 2,400 families and 5,750 children in program
 - Similar numbers in control group

The offer: Rewards in 3 domains

1. Children's education

- High attendance (95%)
- Performance on standardized tests
- Parents discuss test results with school
- High school credits and graduation
- Parent-teacher conferences; PSATs; library cards

2. Family preventive health care

- Maintaining health insurance
- Preventive medical and dental check-ups

3. Parents' work and training

- Sustained full-time work
- Completion of education/training while employed

Payment structure

- **Range of payment amounts**

For example:

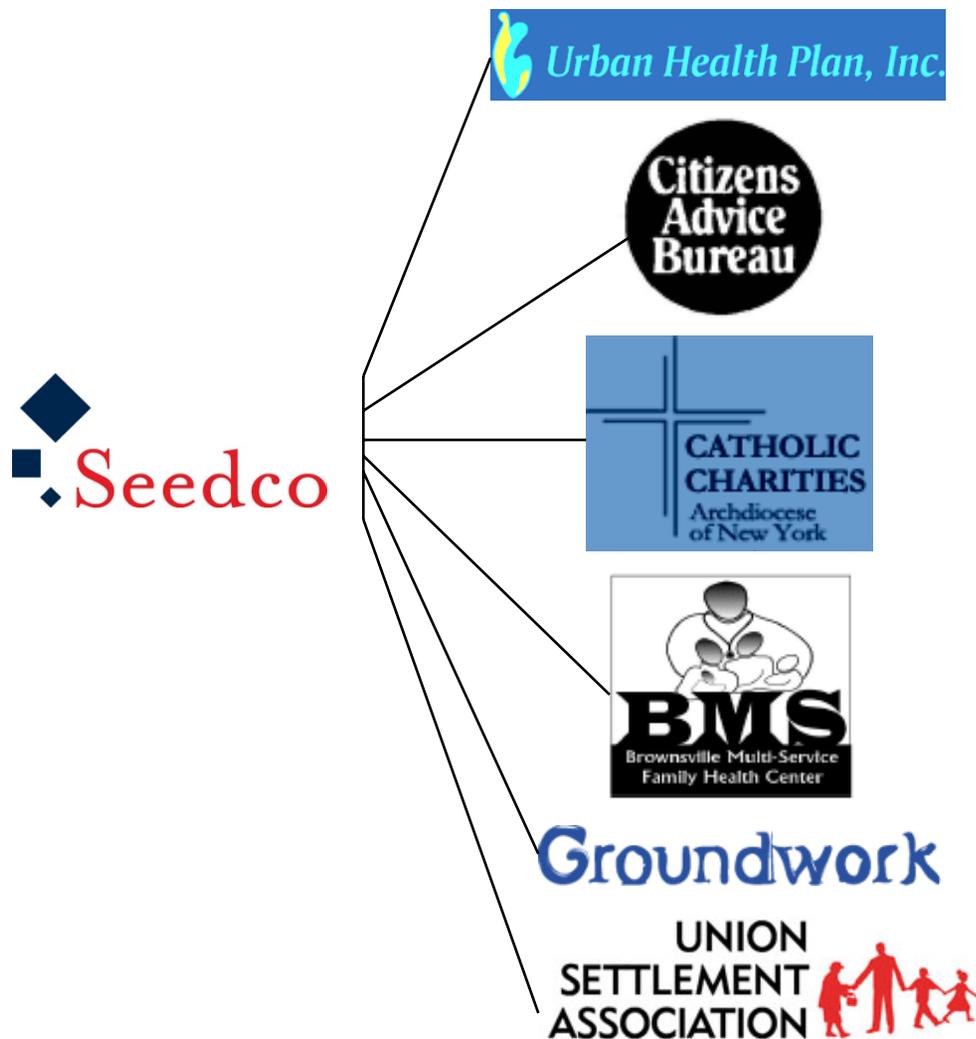
- \$25/month for elementary school attendance
- \$200 for annual check-up
- \$350 for proficiency on middle school annual exams
- \$600 for passing certain high school standardized subject-area tests (Regents exams)

- **Most payments go to parents**

- **Some education payments go directly to high school students**

Program Implementation

Delivery Network



- Brooklyn (Families)
 - Brownsville (371)
 - Groundwork (462)
- Bronx
 - BronxWorks (379)
 - Urban Health Plan (428)
- Manhattan
 - Catholic Charities (276)
 - Union Settlement (473)

Implementation strategy (1)

NPO Roles

- Family Outreach & Enrollment
 - Mailings
 - Calls
 - Lottery messaging

- **Participant Orientations**
 - Coupon Book distribution
 - Inform families of offer
 - Payment account set-up



Implementation strategy (2)

- **Responsive one-on-one assistance**
 - Help with coupon submission and payment clarification
 - Referrals to other services
- **Ongoing information & education; social marketing**
 - Resource guides
 - Workshops, fairs, events
 - Targeted marketing campaigns



Implementation strategy (3)

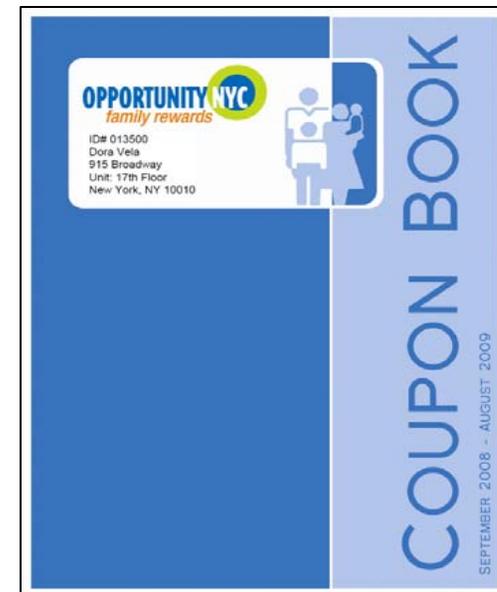
Seedco Roles

- **CBO Network Management**
 - Technical assistance and training
 - Performance and contract management

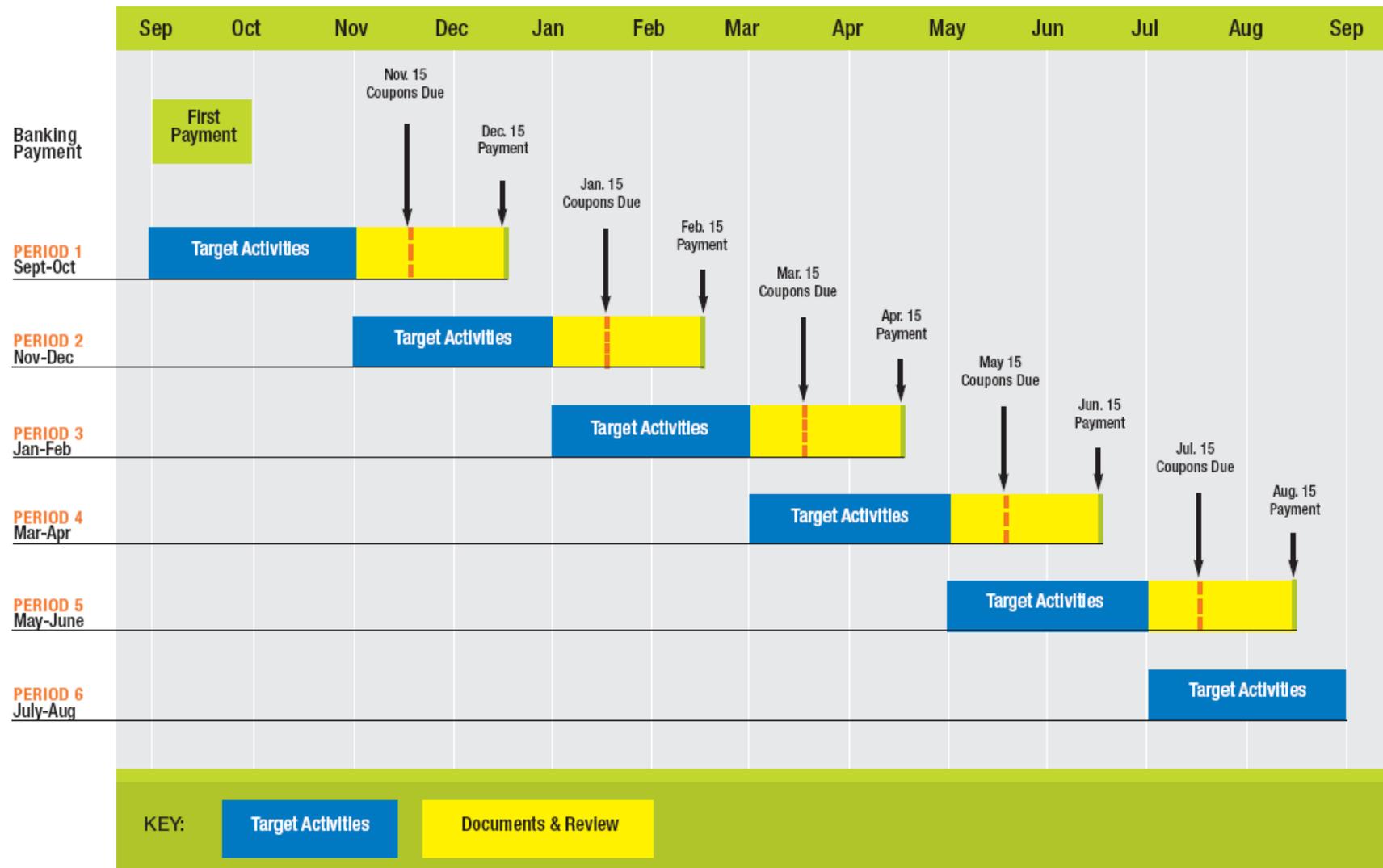
- **Activity Verification & Payment Delivery**
 - coupon and documentation review
 - 3rd party data analysis

- **Centralized Marketing**

- **Helpline (Customer Service)**



Payment cycle



Payment process

- Rewards deposited directly to bank accounts or stored value card (no checks or cash)
- Encourages ONYC participants to engage in mainstream banking system
- ONYC Accounts
 - 11 partner banks offer accounts to participants
 - No fees
 - No minimum balance
 - Overdraft protected, etc.
- Over \$17 million earned, 97% successfully transferred to participants
- Participants change accounts often and have struggled to maintain non-ONYC accounts

Reward receipt in first 2 years

Family earned at least one:

Automatically verified reward	99%
Coupon book reward	88%

Family earned at least one:

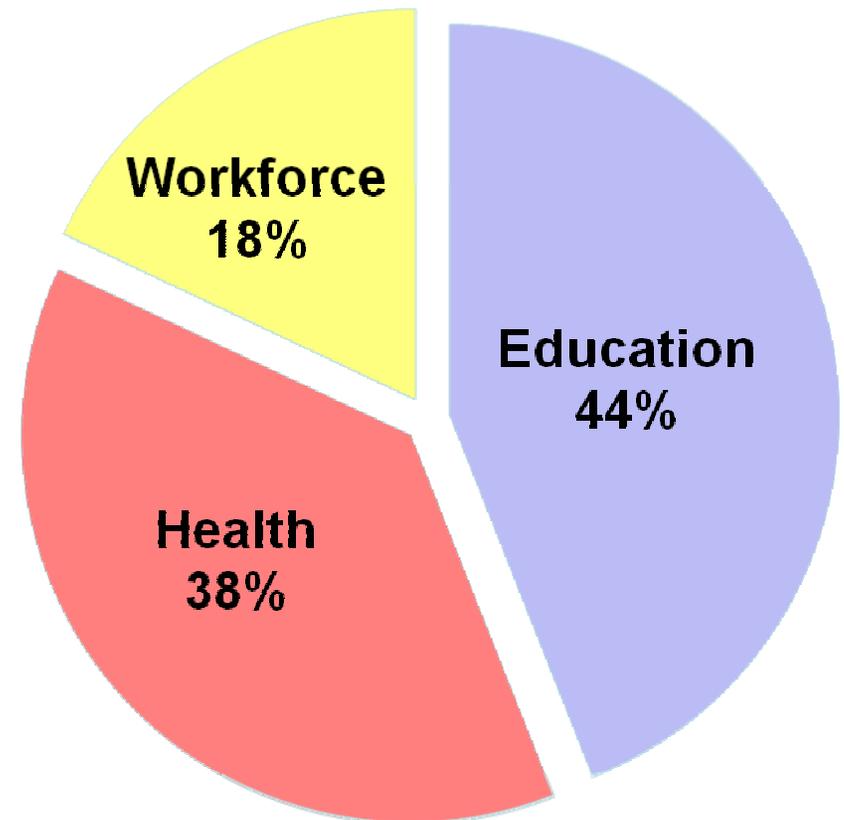
Education reward	98%
Health care reward	98%
Workforce reward	48%

Family earned rewards in every activity period

65%

Rewards paid in first 2 years

- Over \$3,000/year per family (\$6,000 over 2 years)
- Most for education and health
- Nearly all families earned some rewards
- Almost 88% earned rewards requiring coupon submission



Early operational lessons

- Showed operational feasibility of urban CCT program in US
- Biggest challenge: helping families understand complex array of incentives and verification requirements
- Possible improvements:
 - Simplification of program and verification rules
 - More structured guidance on how to achieve outcomes that are rewarded
 - Additional direct marketing to HS students
- Still, many families substantially engaged, earning relatively high rewards
- Financial education is a natural complement to incentives

Families' Understanding and Perceptions

Understanding the incentives (1)



- What families understood about the program and how they incorporated it into their everyday lives affected levels of participation and possibly impact.
- Questions explored through this research:
 - What did participants see as the program's purpose?
 - How well did they understand the incentives in the 3 domains?
 - How were children educated about the program?
 - What kinds of families earned more rewards?
 - How did families spend the money?
- Data:
 - In-depth interviews with families
 - Special module in 18-month parent survey

Understanding the incentives (2)

- Parents understood purpose of program in terms that mirrored messages they heard during recruitment and orientation:
 - as a way to help kids do better in school and stay healthy
 - as rewarding low-income parents for being good parents
- Parents embraced the program because it offered resources and support to help them more consistently do the things they already believed in doing
- Some parents saw the program as offering them extra leverage with reluctant children

Understanding the incentives (3)



- Educating families on incentives was ongoing challenge. Most parents described using the coupon book and memory to recall rewards.
- Parents understood general offer, but were confused about specifics...

Knew that the program rewarded the following:

Children's "good attendance" in school	93%
Children's attending 95 percent of school days	27%
HS child getting "enough credits" each year	77%
HS child completing 11 course credits/year	15%

- Understanding grew over time.

Understanding the incentives (4)



- Kids' understanding of program was variable; relates to parents' ways of communicating about the program:
 - No information
 - Occasional information/parent adds own incentives
 - Total transparency about Family Rewards incentives
- The nature of communication, and kids' access to cash from program, affected the extent payments served as incentives for kids' school achievement.
- Communication and cooperation between parents and kids around health activities was generally very good.
- Continuous marketing to parents and high school kids is essential

Variation in amount of rewards earned

- Most families earned between \$1,000 - \$5,000 per year (average \$3,000) from Family Rewards
- Families that earned more money:
 - Had more children, esp. more high school students
 - Were somewhat less disadvantaged at enrollment
 - Accessed more program assistance
- No major differences across community districts, despite different populations and service contexts

How families spent rewards

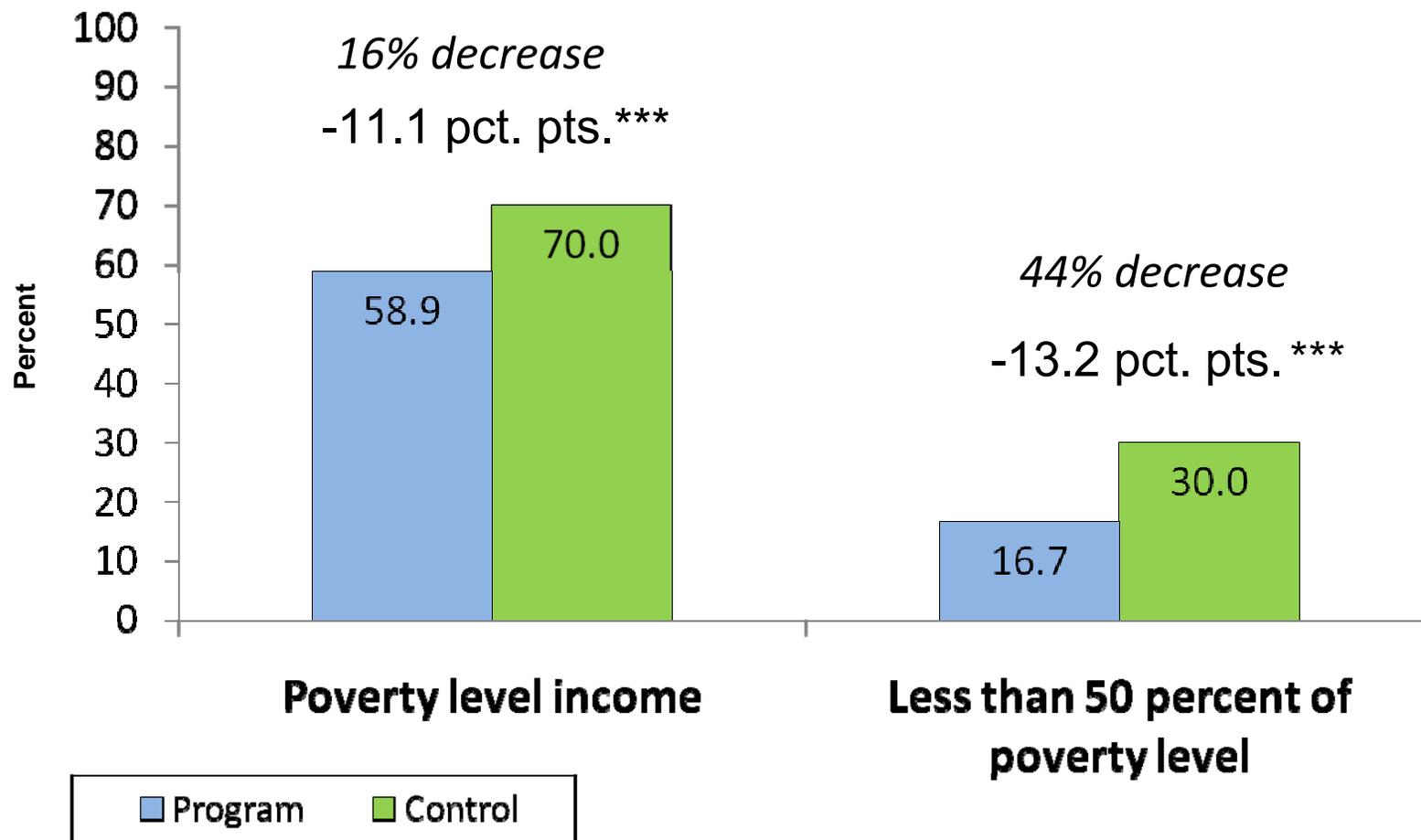
- Proportion of families that used Family Rewards payments for...

Regular household expenses	70%
“Extras” (e.g. eating out, clothing)	72
Savings	46
Extracurricular activities and tutoring	35
Debt repayment	32

Program Impacts

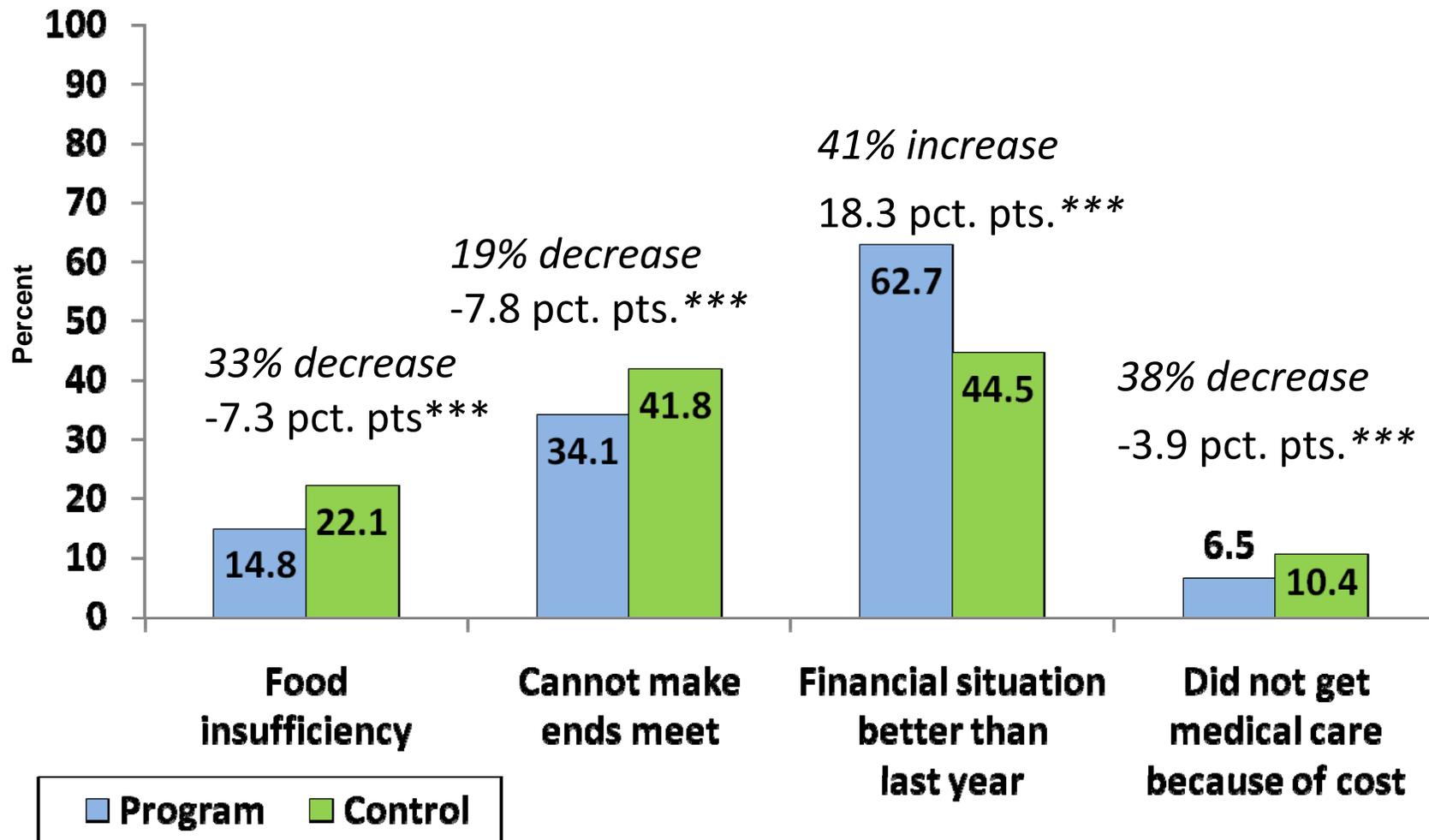
Using data from administrative records and
an 18-month survey of parents

Effects on poverty



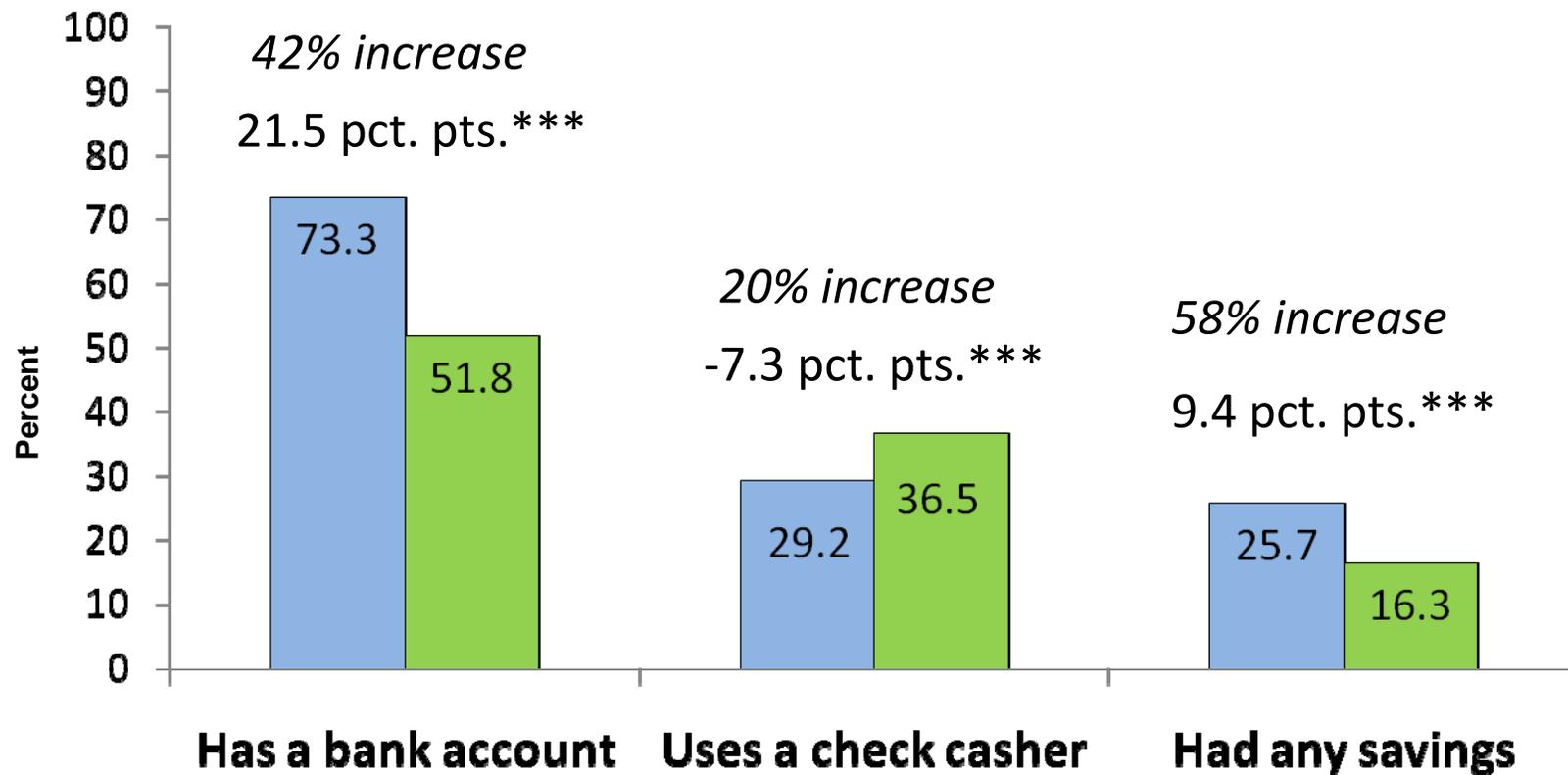
Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on family economic hardships



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

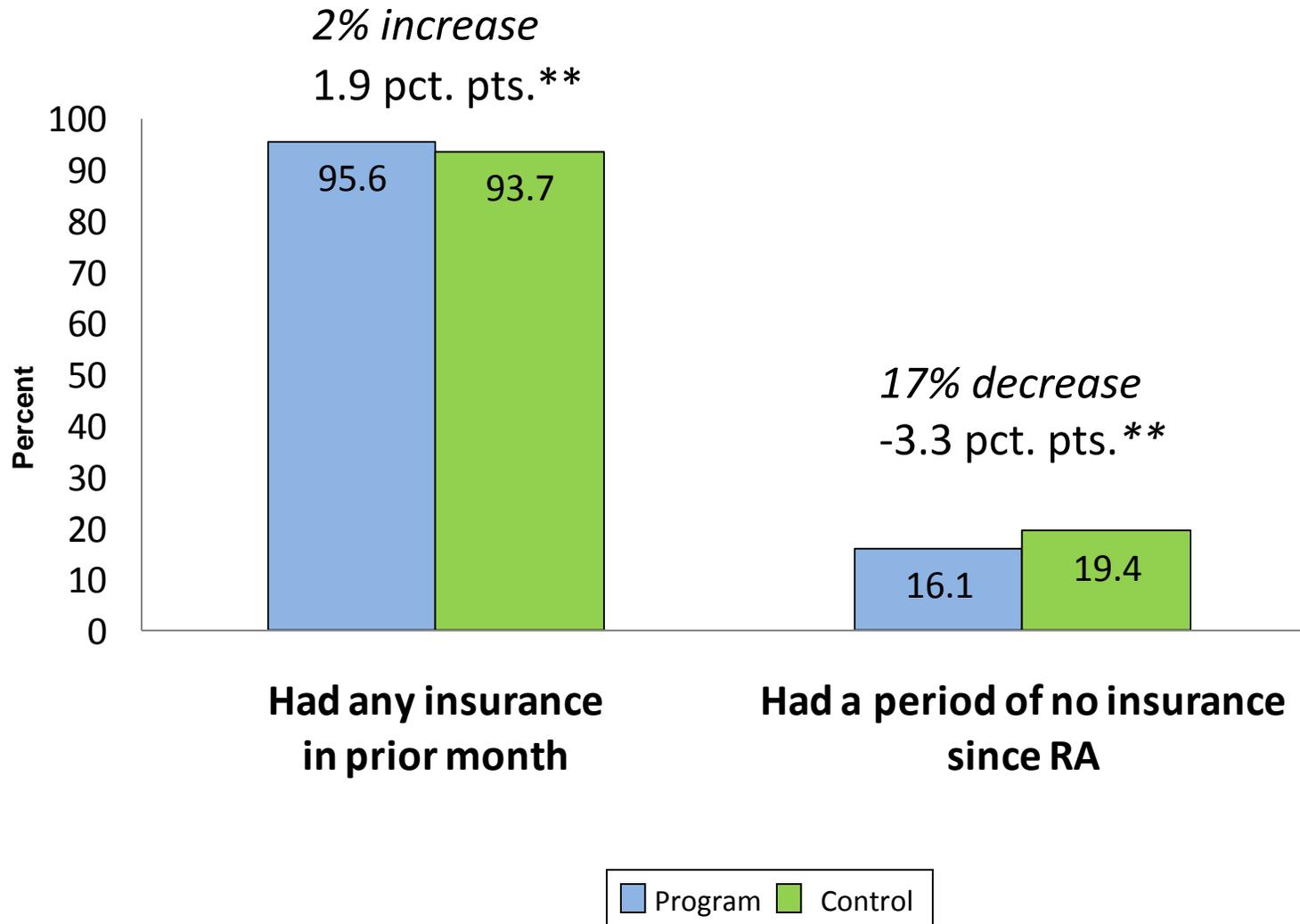
Effects on banking and savings



Program
 Control

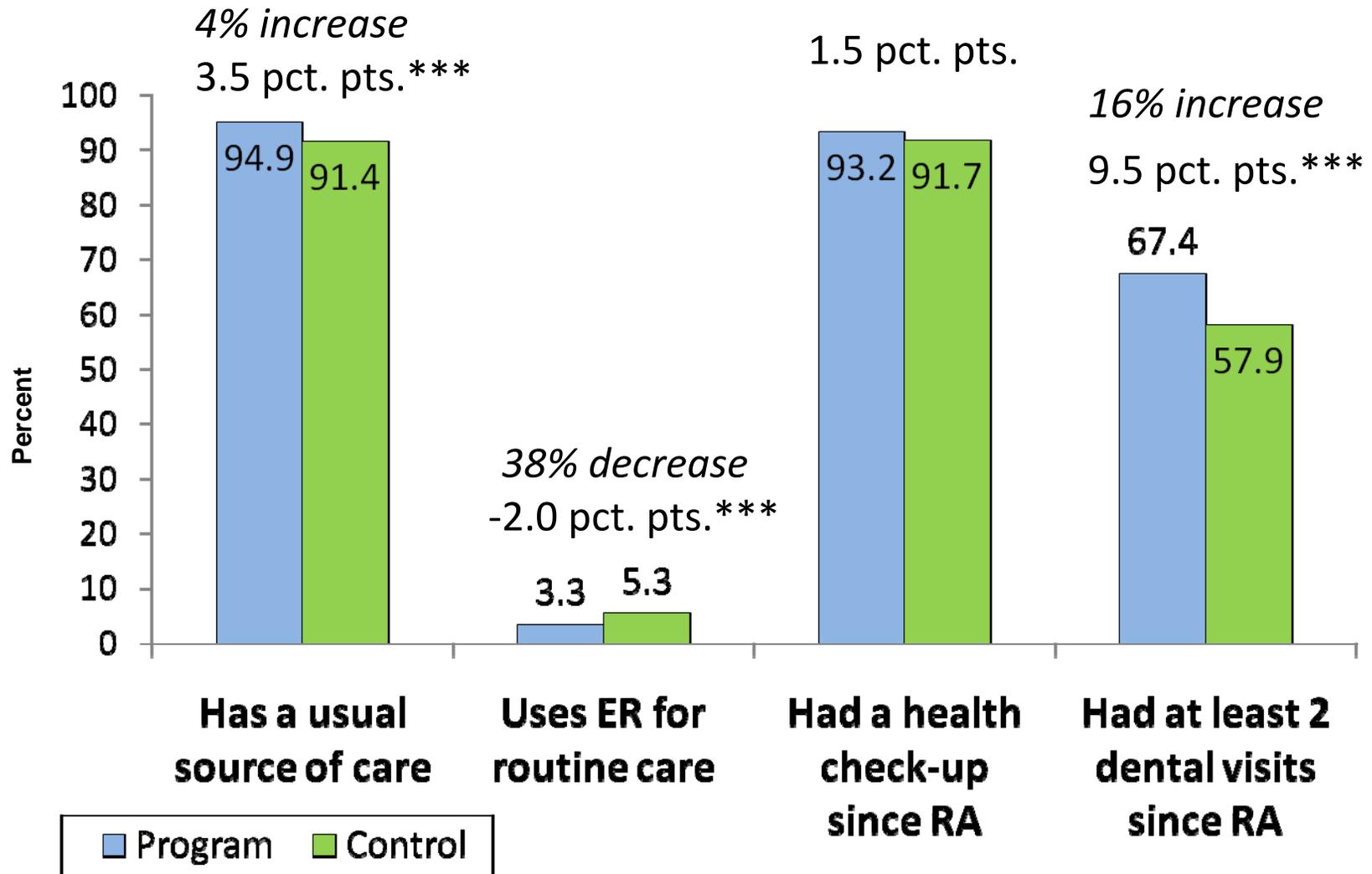
Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on health coverage (Parents)



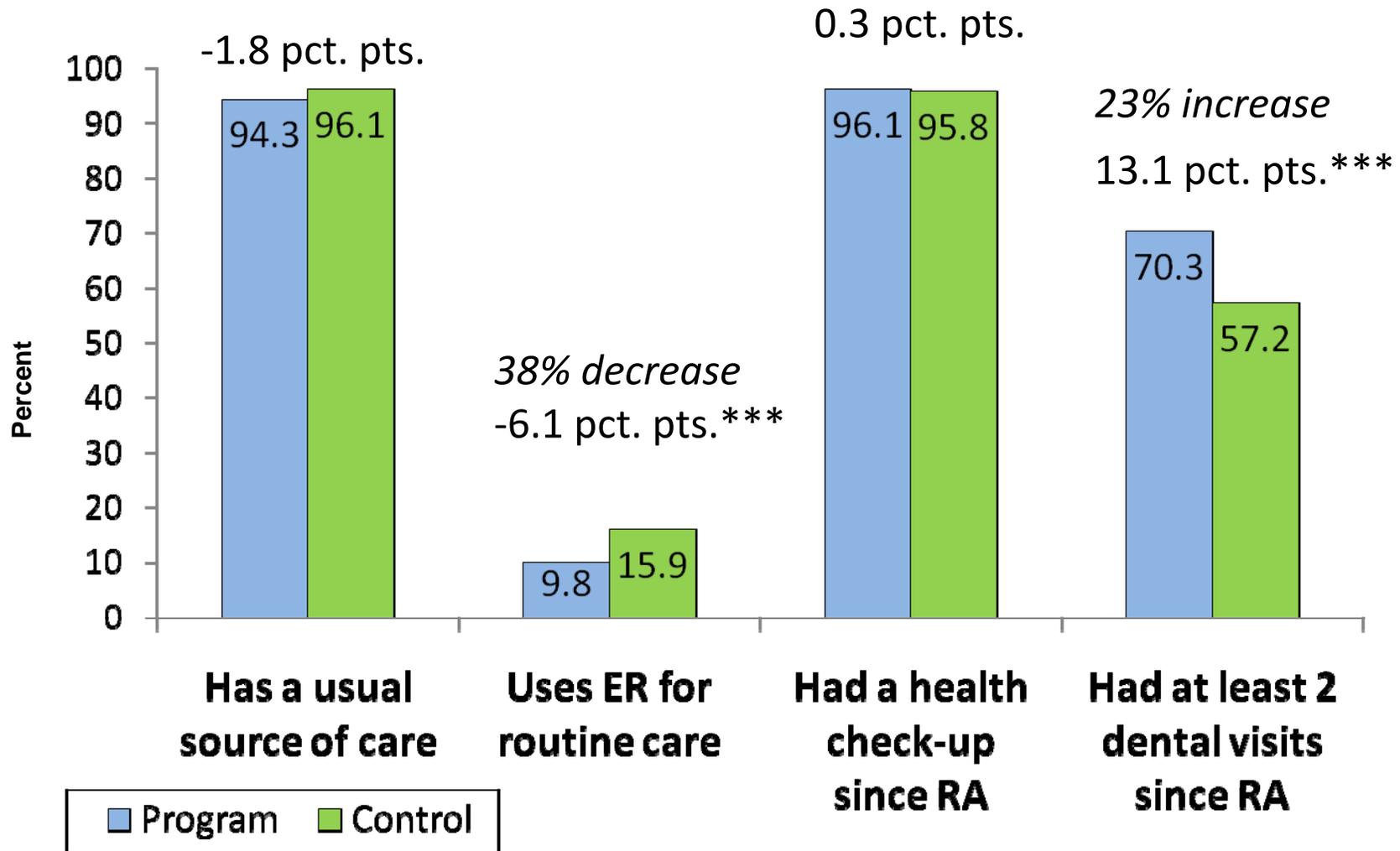
Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on use of health services (Parents)



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on use of health services (High school students)

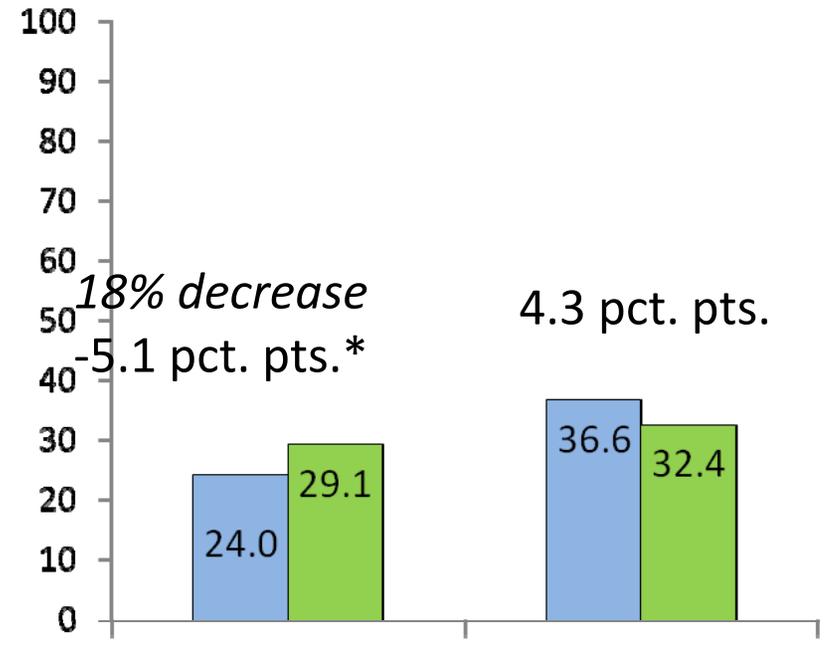
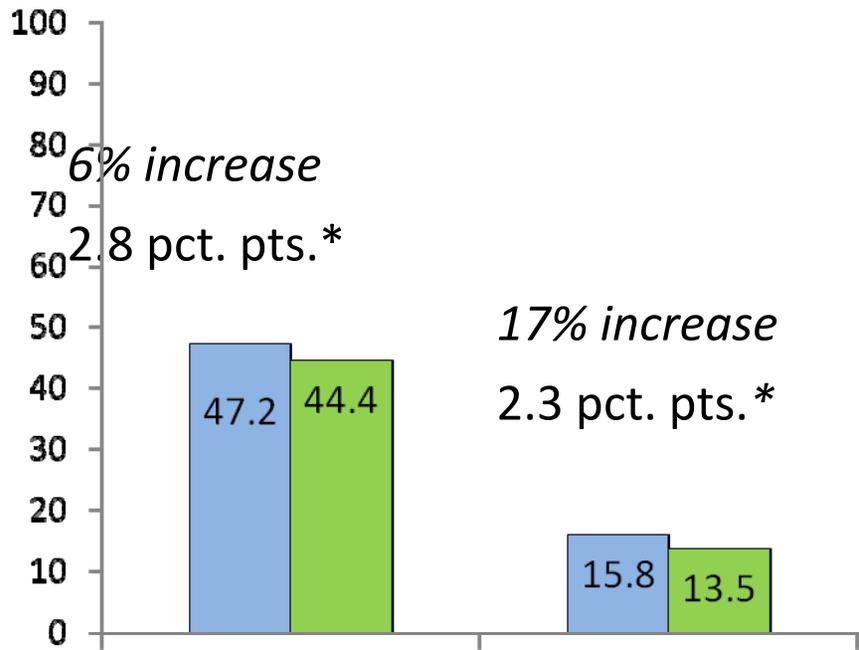


Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on health outcomes

Parents

High school students



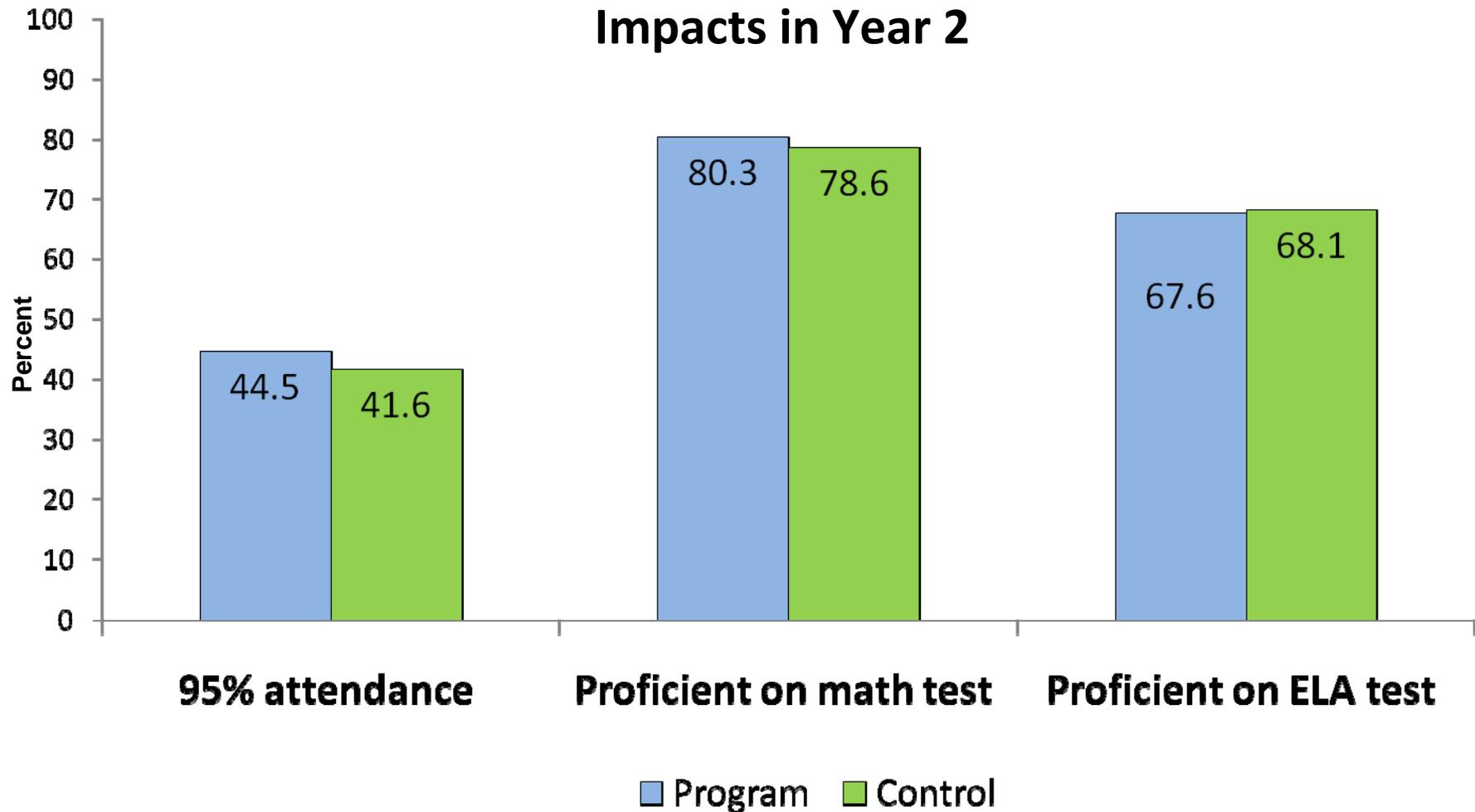
Being treated for self-reported health is excellent

Has any health self-reported health is excellent



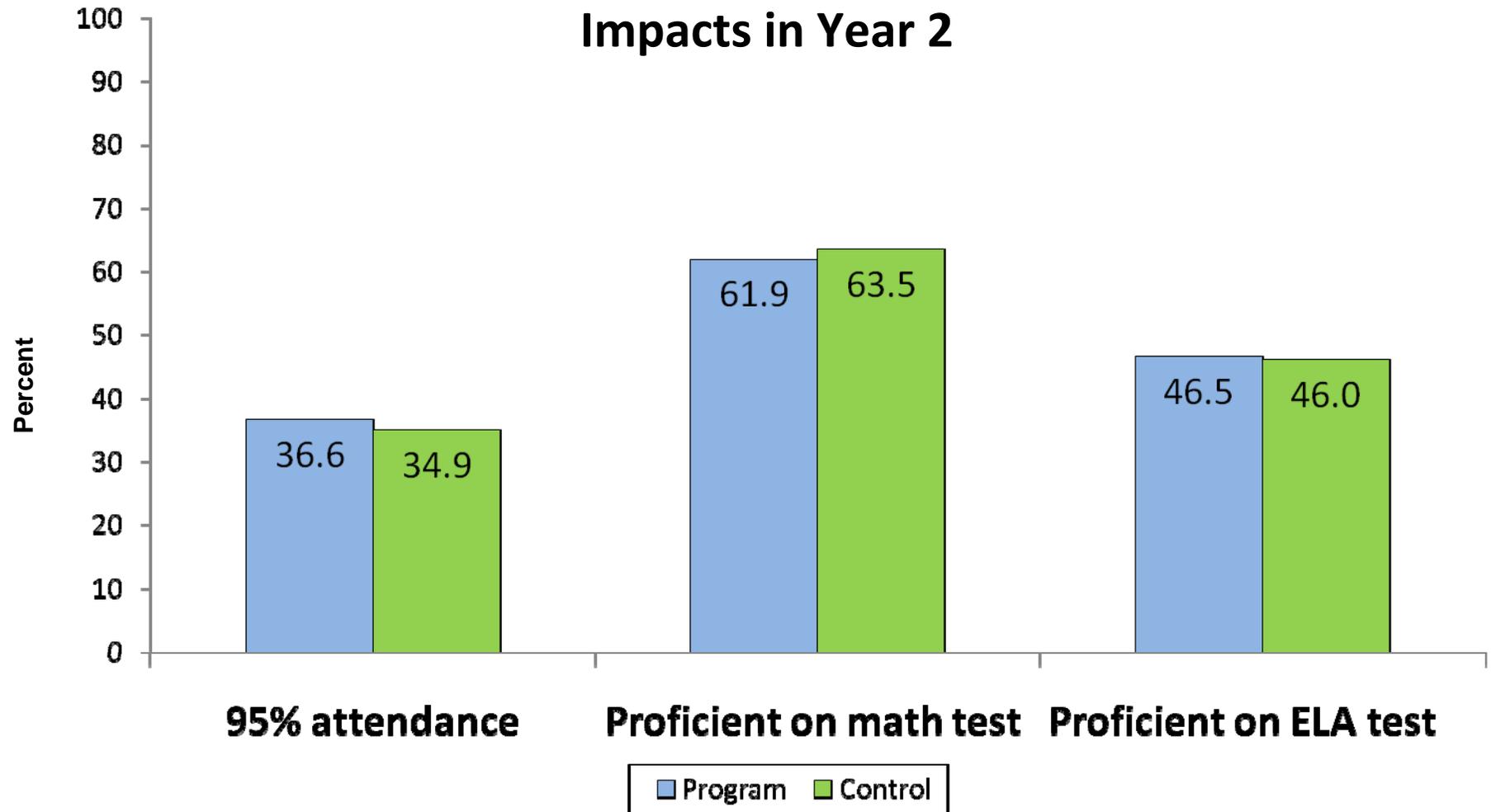
Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Education effects for 4th-grade cohort



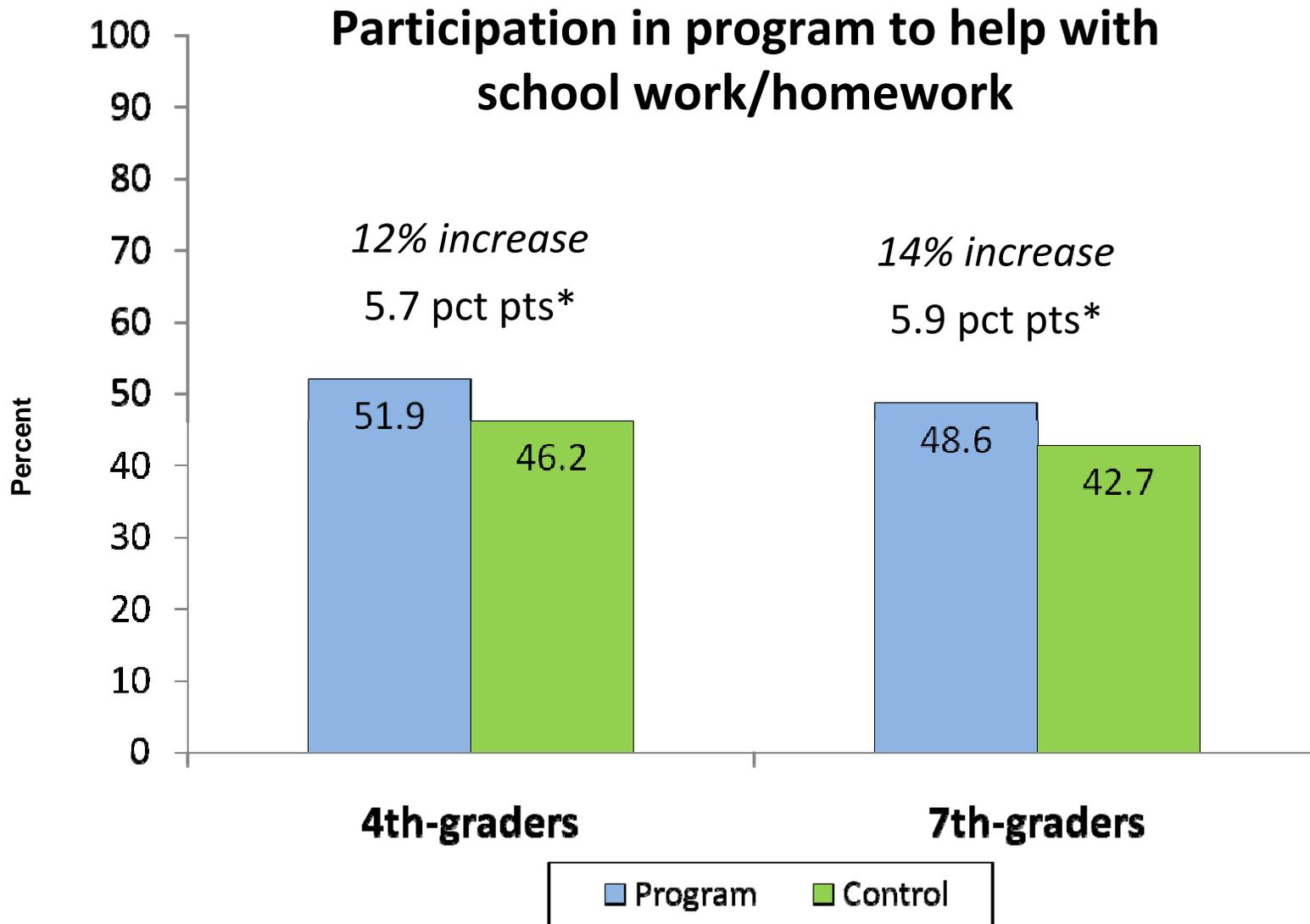
Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Educational effects for 7th-grade cohort



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

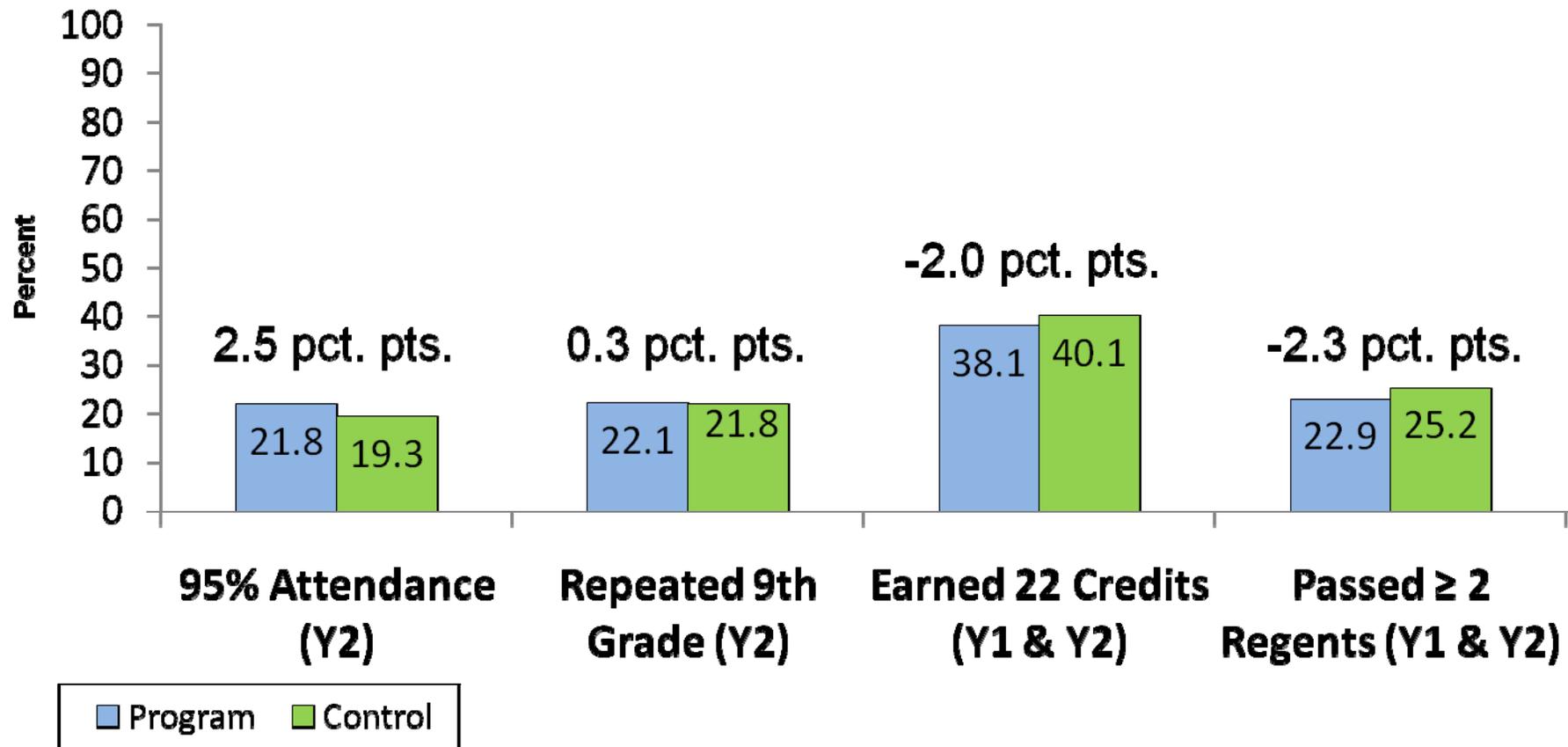
Effects on younger children's activities



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Education effects for 9th grade subgroups

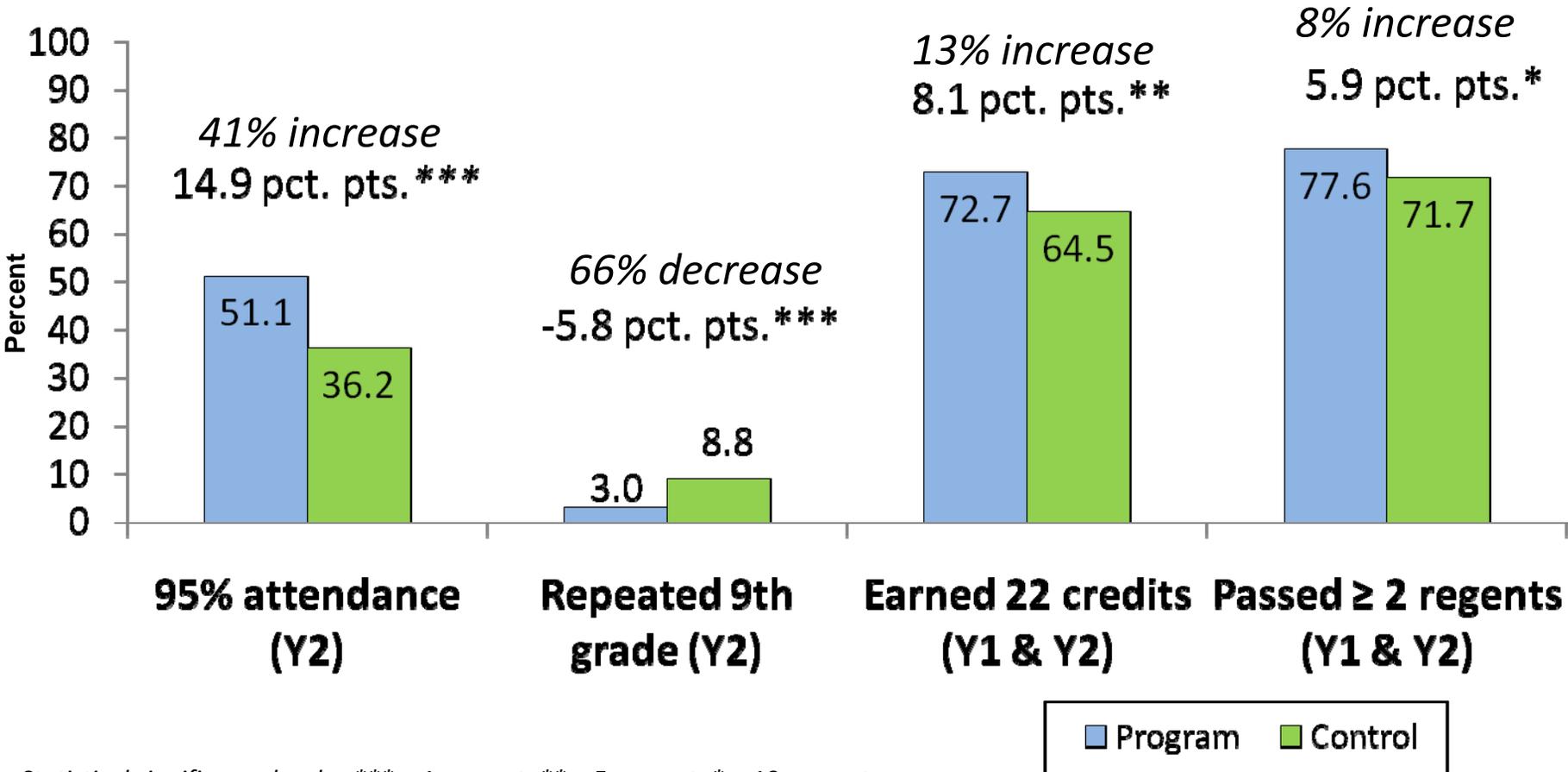
Subgroup: NOT PROFICIENT on 8th grade tests



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Education effects for 9th grade subgroups

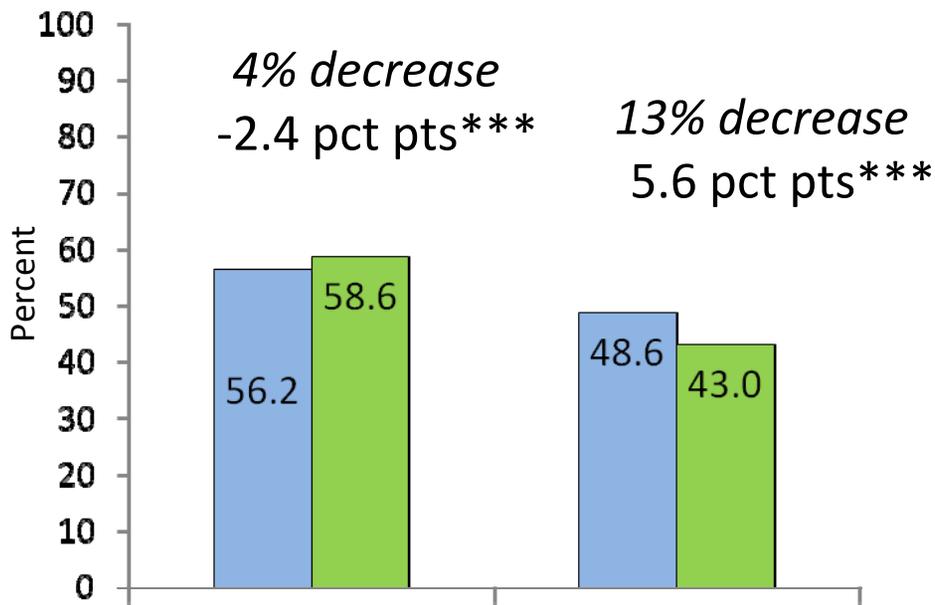
Subgroup: PROFICIENT on 8th grade tests



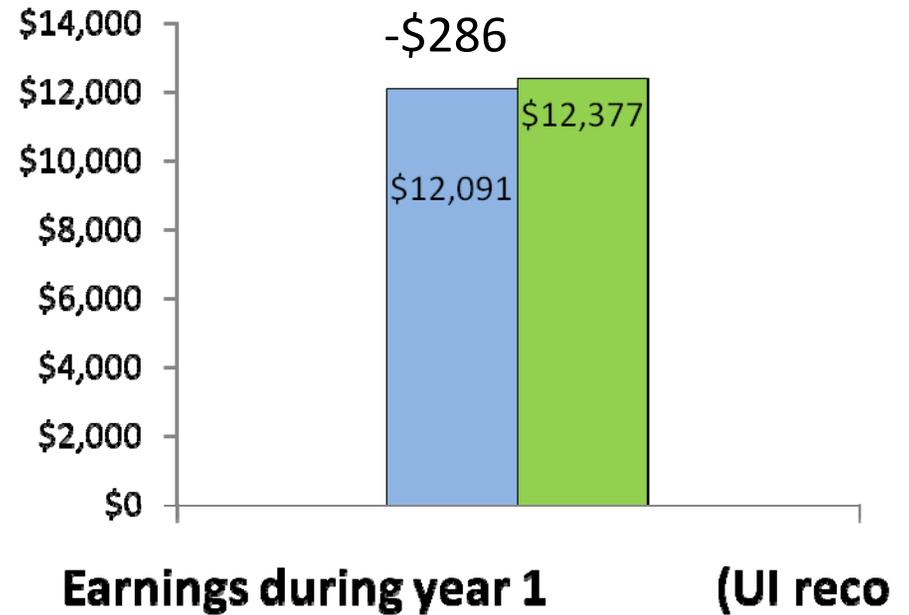
Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on employment and earnings

Employment rates



UI Earnings

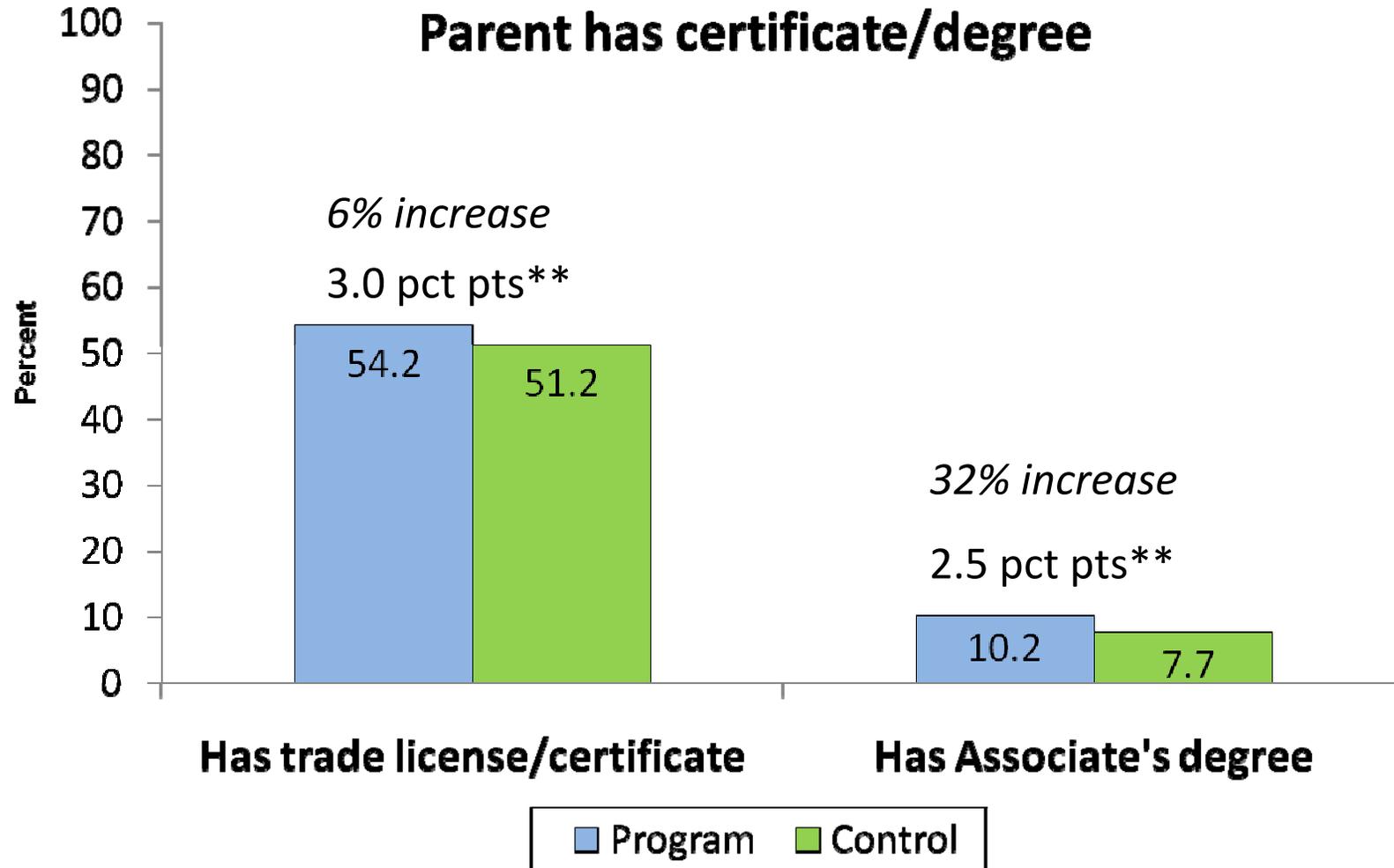


ed during year 1 Working (all records) interview



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Effects on training completion



Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.

Conclusion

- Success in achieving short-term goal: reducing current poverty and hardship (with little reduction in work effort), plus some asset-building and improved banking behaviors
- Evidence of early positive effects on a wide range of human capital outcomes, suggesting a broad response to incentives
- First international evidence of CCT effects on school achievement
- Longer-term results will show whether these effects grow enough to be cost-effective
- Some incentives did not work; don't replicate in current form. Integrate with more assistance with services?
- Too soon to draw final conclusion
- Evaluation will continue through 2014