Executive Summary

Implementing A Conditional Cash Transfer Program In Two American Cities

Early Lessons from Family Rewards 2.0

Nadine Dechausay
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TO IMPROVE SOCIAL POLICY

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Family Rewards 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 Center for Economic Opportunity. The SIF is a federal program administered by the Corporation for National and Community Service. It catalyzes a unique public-private funding model in which each federal dollar must be matched by private and local contributions. Matching funds for Family Rewards have been provided by 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.

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Overview

In 2007, New York City launched the first test of a conditional cash transfer program in the United States. Called Family Rewards, the program sought to break the intergenerational cycle of poverty by offering cash assistance to poor families to reduce immediate hardship, but conditioned this assistance on families' efforts to improve their health, further their children's education, and increase parents' work and earnings, in the hope of reducing poverty over the long term. The program had positive effects on some outcomes, but left others unchanged. Building on the lessons learned from that evaluation led to the next iteration and test of the model — called 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 has fewer rewards in each domain, offers the education rewards only to high school students, makes the rewards more timely by paying them each month, and includes family guidance. The addition of guidance, or having staff members actively help families develop strategies to earn rewards, represents the biggest change to the original model.

MDRC is evaluating the program through a randomized controlled trial involving approximately 1,200 families in each city, half of whom can receive the cash rewards if they meet the required conditions, and half of whom have been assigned to a control group that cannot receive the rewards. This report presents early findings on the program's implementation and families' receipt of rewards during the first two years.

Key Findings

After some recruitment and start-up challenges in Year 1, the program was operating generally as envisioned in both cities by Year 2. The findings indicate that:

- Nearly all families earned at least some rewards, and the average family who earned rewards earned $2,160 during Year 2.
- The family guidance component evolved substantially over time, moving from less intensive interactions focused on paperwork in Year 1 to more intensive interactions designed to help families take steps to earn rewards in Year 2.
- Families in Family Rewards 2.0 seem to have understood the rewards more completely than families did in 1.0, and they were more likely to earn the rewards that were offered.
- The revised model, and most probably the more intensive family guidance component, succeeded in engaging the types of families who were less engaged in Family Rewards 1.0.
- However, offering fewer rewards meant that the total amount of cash transferred to families was less in Family Rewards 2.0 than in Family Rewards 1.0.

The final assessment of whether the new program is more effective than the original model will come in a later report, with the impact analysis. But the findings to date on the first two years of implementation are encouraging and suggest that Family Rewards 2.0 was a step in the right direction in the effort to assess whether the conditional cash transfer model can work in the United States.

Preface

Conditional cash transfer programs offer cash assistance to poor families, but condition this assistance on families' efforts to improve their health and further their children's education. They are fairly common in low- and middle-income countries, but until seven years ago they had never been tested in the United States. That is when MDRC began to test Opportunity NYC: Family Rewards (which this report refers to as Family Rewards 1.0), a three-year demonstration sponsored by the New York City Center for Economic Opportunity. MDRC helped design the initiative based on several existing international programs, notably Mexico's *Oportunidades*, and conducted the impact and implementation evaluations. Low-income families were offered cash incentives ("rewards") for completing activities related to children's education, family preventive health care, and adult work or training. The program had moderate effects, but did reduce hardship, increase access to dental care, and improve the educational outcomes of more academically prepared high school students.

The findings from that first demonstration were encouraging enough to convince several stakeholders that it should be revised and tried again, this time with the help of the Social Innovation Fund. This is an example of the kind of work MDRC is committed to: developing programs of research related to particular social problems or intervention ideas that build progressively on existing evidence.

This new version of Family Rewards reduces the number of rewards and eliminates education rewards for elementary and middle school students. It extends the program to Memphis, providing an opportunity to test the concept in a local context very different from New York, restricts eligibility to families receiving food stamps or cash assistance, and adds a family guidance component. Family Rewards 2.0 thus shifted from a test of a large set of incentives with little support to one of a smaller set of incentives combined with active family guidance. Testing this version of the program solely with families receiving either cash or food assistance also starts to simulate what a conditional cash transfer program could look like if it were embedded in the social services system of the United States.

This report shows that the program was implemented well and participation rates were high. At the same time, it is clear that the program underwent numerous changes, most notably in the area of family guidance, where motivational interviewing was incorporated in the second year. This raises the question of whether the attempted improvements to the program occurred early enough to have a positive effect. The next report will assess the program's effects, describing Family Rewards 2.0's impacts on education, health, poverty, and employment.

Gordon L. Berlin
President

Acknowledgments

This report reflects the generous contributions and support of many people. We are especially appreciative of the families participating in the Family Rewards evaluation, both in the control and treatment groups. They have generously allowed us to learn from their experiences. A subset of parents and high school students from the treatment group participated in focus groups and interviews with MDRC researchers. Their honesty and thoughtfulness bring rich detail and deeper insight to this analysis.

We also recognize the organizations and individuals who implemented the program model. The 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 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, Tonya Melton, and Danielle Schonbaum, as well as Brian LaForgia, Lance Petersen, and Veronica Cuellar, who led the database design and worked in the back office on payment processing. In Memphis, Meredith Hennessey has assisted CAS and MDRC as a consultant on issues like 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 the Children's Aid Society 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, Adrianne Hosein, 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 in their portfolio through management oversight, fundraising, report review, SIF Learning Net-work events, and general participation in technical assistance and program development. In particular, we thank Sinead Keegan and Kristin Morse. We also acknowledge our former colleagues at CEO, Veronica White and Allegra Blackburn-Dwyer, 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 Gibbs in New York City, and Mayor Wharton in Memphis. Their support opened doors for Family Rewards to accomplish its programmatic and evaluation-related goals. In New York City we received assistance on program design from Eve Cagan at the Department of Health and Mental Hygiene; on data and operations issues from Michele Ahern, Angela Sheehan Rachidi, and Kinsey Dinan at the Human Resources Administration; and on banking relationships from Tamara Lindsay and Monica Copeland at the Office of Financial Empowerment in the Department of Consumer Affairs. Staff members in the New York City Department of Education and Memphis City Schools helped prepare and supply administrative records and other data used in recruitment and analysis. In Memphis, we also recognize Robert Lipscomb from the Memphis Housing Authority.

We appreciate the continued support of the funders of the Family Rewards evaluation. These 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 many excellent suggestions and remarkably detailed notes on drafts of this report. We also thank other MDRC reviewers — Gordon Berlin, Nandita Verma, William Corrin, Alice Tufel, Tim Rudd, and Dan Bloom — for their helpful feedback during reviews. We recognize Rhiannon Miller and Jared Smith for expertly handling a very challenging data set on incentive payments and Advisor interactions with participants. They were supported by Natasha Piatniskaia, Shafat Alam, and Anastasia Korolkova. We thank Rebecca Trupin for being a stalwart report coordinator, and for contributing to the data analysis and exhibit production. Jennifer Uribe was a key member of the research team during the development of this report, assisting on many fronts including data analysis and writing. We also acknowledge the contributions of former members of the research team: Beatriz Gil, Anastasia Korolkova, and Hortencia Rodriguez. Nikki Ortolani and Crystal Ganges-Reid provided general support. Joshua Malbin edited the report and Stephanie Cowell prepared it for publication.

The Authors

Executive Summary

In 2007, New York City launched the first test of a conditional cash transfer program in the United States. Called Opportunity NYC–Family Rewards, or Family Rewards for short, the program sought to break the intergenerational cycle of poverty by offering cash assistance to poor families to reduce immediate hardship, but conditioned this assistance on parents' efforts to complete activities related to their children's education, their family's health care, and their work, in the hope of reducing poverty over the longer term. Conditional cash transfer programs have become widely used in low- and medium-income countries and have generally been successful at reducing poverty and increasing schooling and health care use.[1]

The evaluation of Family Rewards showed that the program reduced poverty in the short term and led to some improvements in children's education, health care use, and parents' work. While the program's effects in each domain were either limited to subgroups or modest in size, Family Rewards led to enough positive changes to suggest that it could be made more effective if modified somewhat or aimed at certain types of families.[2] The lessons learned from that evaluation led to the next iteration and test of the model — called 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 is a refinement of the original model in several ways, offering fewer rewards in each domain, restricting the education rewards to high school students, and offering guidance to help families earn rewards. The addition of guidance, or having staff members actively help families develop strategies to earn rewards, represents the biggest change to the original model. Funded by the Social Innovation Fund of the Corporation for National and Community Service and private organizations, the demonstration is managed by The Mayor's Fund to Advance New York City, New York City's Center for Economic Opportunity, and MDRC. The Children's Aid Society (CAS) is operating the program in partnership with two community-based organizations in each city. MDRC is conducting the evaluation.

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[1]Fiszbein, Ariel, and Norbert Schady, *Conditional Cash Transfers: Reducing Present and Future Poverty* (Washington, DC: The World Bank, 2009).

[2]Riccio, James, Nadine Dechausay, David Greenberg, Cynthia Miller, Zawadi Rucks, and Nandita Verma, *Toward Reduced Poverty Across Generations: Early Findings from New York City's Conditional Cash Transfer Program* (New York: MDRC, 2010); Riccio, James, Nadine Dechausay, Cynthia Miller, Stephen Nuñez, Nandita Verma, and Edith Yang, *Conditional Cash Transfers in New York City: The Continuing Story of the Opportunity NYC-Family Rewards Demonstration* (New York: MDRC, 2013).

This report presents early findings on the implementation of the new design of Family Rewards and on families' receipt of rewards in the second year. It begins to address the question of whether the refined and simplified model was an improvement over the original program by assessing how it operated, how families understood and engaged with it, and how family guidance can fit within a traditional conditional cash transfer model. A later report, examining program impacts, will assess whether the new model ultimately led to bigger effects on education, health, and work. Finally, the report also compares the implementation of the program in the two cities. The Bronx and Memphis represent two very different contexts; it is important to assess whether a program of this type can be put in place under different circumstances, and if so how.

The findings indicate that, after some recruitment and start-up challenges in Year 1, the program was operating generally as envisioned in both cities by the middle of Year 2. The family guidance component evolved considerably over time, starting out as fairly modest and transactional during Year 1 and becoming more intensive during Year 2. Families earned on average more than $2,000 in rewards in Year 2. There were no big differences in implementation between the two cities, although differences in local context led to some modifications in how the program was delivered. Finally, the changes to the Family Rewards 1.0 model seem to have led to increased understanding and earning among families. A later report will assess whether they ultimately led to larger impacts.

The Program Model

Like its predecessor (and other conditional cash transfer programs), 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, by helping them pay for educational materials or tutoring for children, for example, or transportation to a free dental clinic, or clothes for a job interview. In this sense, the conditional rewards may function not only as incentives to 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, performance 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 the program operated, the average participating family earned nearly $9,000 in rewards, or roughly $3,000 in each year, leading to large reductions in poverty. 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, with sizable effects 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 modest increases in employment throughout the follow-up period.

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

- **Education:** Students are rewarded for high attendance, good grades, performance on state core exams, and taking college entrance exams.
- **Health:** Families receive payments for obtaining medical and dental check-ups for each family member.
- **Work and training:** Parents receive payments for full-time work and for earning General Educational Development (GED) certificates.

The program makes 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 offers 8 rewards across the three domains, instead of 22 rewards. While all children in a family are eligible to earn health rewards, the education rewards are only offered to high school students, given that the original program had no effects for younger students. The new program attempts to make 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 grades earned. The rewards for grades have also been structured in an attempt to engage less academically proficient students, with rewards offered for A, B, and C grades.

Most notably, however, the new model offers guidance to help families earn rewards. The addition of this component is the biggest innovation to the Family Rewards 2.0 model. The original model asked staff members to provide advice and referrals to participants when asked for assistance with services, but did not require them to reach out actively to families to engage them in conversations about strategies to earn rewards. Findings from the first evaluation suggested that many families needed more help to reach the relevant milestones. Under the new model, staff members at the community-based partner organizations develop a *Family Earning*

SIF Family Rewards

Table ES.1

Family Rewards 2.0: Schedule of Rewards

Domain	Bronx	Memphis
Education incentives *High school students only*		
Attends 95% of scheduled school days	$40 per month	$40 per month
Takes an SAT or ACT exam (once during program)	$50	$50; must score 19 or more on the ACT if administered by Memphis City Schools[a]
Receives grades on an official report card[b]	$30 per A (90-100); $20 per B (80-89); $10 per C (75-79)	$30 per A (93-100); $20 per B (85-92); $10 per C (75-84)
Passes up to 5 Regents exams[c] or 7 End of Course exams[d]	$500 per Regents exam for a score of 75 or above; $400 per exam for a score of 65-74	$200 per End of Course exam for a score of proficient or advanced *(increased to $300 in Year 2)*
Health incentives *Parents and children 19 and younger*		
Annual medical checkup	$100 per family member	$100 per family member
Preventive dental care every 6 months (once per year for children 1-5 years old)	$100 per family member per visit	$100 per family member per visit
Workforce incentives *Parents only*		
Sustains full-time employment	$150 per month	$150 per month
Earns a GED certificate	$400	$400

(continued)

Table ES.1 (continued)

SOURCE: CAS'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 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.

[c]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).

[d]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.

Plan with every family and meet with them twice per year to discuss their progress toward earning the rewards. Staff members are also directed to conduct more aggressive outreach to families who are not earning rewards.

CAS is managing the operations of Family Rewards 2.0, providing technical assistance and oversight to four neighborhood partner organizations (NPOs), two in each city, selected to implement the program. The NPOs are charged with implementing core components of the program. They recruited and enrolled families into the research sample, oriented families to the program, and provide continuing guidance to help families earn rewards. These groups serve as the face of the program in the communities served. Families receive payments for meeting reward milestones, in most cases by submitting "coupons" to CAS to verify that the milestones were met, in some cases with supporting documents. Two of the rewards, for attendance and for passing state core exams, are automatically verified using school records, requiring no action on the part of the family to earn the payment.

The Study Sample and the Recruitment Process

Family Rewards 2.0 is being 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, eligible for Family Rewards, and half were assigned to a control group, not eligible for the program. Rewards are offered for three years, and the evaluation will track families for several years to determine the effects of the program on poverty, children's education, family health, and parents' work.

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 children under age 20 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 (food stamps), in order to get resources to the neediest families and to explore how conditional cash transfer concepts might be integrated into these safety-net programs.

Recruitment began in August 2011 in New York and 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, and many enrolled as late as January or February 2012. For this reason, this report focuses on reward receipt during the second program year, when all families were eligible to earn a full year of rewards.

The majority of families who enrolled in the study in both cities were single-parent families, with a higher percentage in Memphis (90 percent) than in New York (77 percent). A large fraction of the sample in New York is of Hispanic origin (74 percent), while nearly all participating families in Memphis are African American (98 percent). Adults in New York had somewhat lower education levels when they enrolled than adults in Memphis. For example, nearly half of the New York adults did not have either a GED certificate or high school diploma when they enrolled in the study, compared with only 31 percent of adults in Memphis. In contrast, adults in the New York sample were more likely to be working when they entered the study (57 percent) than their counterparts in Memphis (44 percent).

Implementation and Reward Receipt

While this version of a conditional cash transfer model built on the previous version, it was still challenging to implement, given its varied components and the fact that it was being put in place in a new city. The report documents that after some challenges at the start, many of which are typical of new programs, by the middle of Year 2 the program was fully functioning as planned. Recruitment delays led to some challenges in Year 1, and the family guidance component required additional monitoring and training to become more intensive by Year 2.

- **Parents and teenagers had a good understanding of the rewards and the verification procedures, although they did experience a fair number of coupon rejections during the first two years.**

Because the program is intended to shape everyday decisions that participants make in relation to education, health, and work, it is critical that they remember and understand all of the rewards offered, how to earn them, and how to claim them. Families learned about the rewards in the initial program orientation sessions, at which they received coupon books for earning rewards, and were reminded about them through mailings and through Earnings Statements that detailed rewards earned for the month. While data from the 24-month survey will provide a more complete picture of how families understood the program, focus groups with a subset of families in the study suggest that they understood the program well and could identify the available rewards and the steps needed to claim them.

Despite a fairly high level of program knowledge, many families experienced at least one rejection of a submitted coupon. About 70 percent of families in New York experienced at least one rejection, as did 92 percent of families in Memphis. The most common rejections were of coupons claiming rewards for full-time work and for report card grades, as students attempted to claim rewards for classes or grades that were not eligible. Although the criterion for earning the work reward was straightforward — working 120 hours per month — participants often had difficulty with the verification procedures. The most common reasons for rejections of this coupon were: too few hours, missing pay stubs, or pay stubs that did not align with the program schedule. Nonetheless, the rejections do not appear to have affected families' level of engagement with the program, and participants do not seem to have become discouraged or frustrated after learning that a coupon had been rejected.

- **Nearly all families earned at least some rewards, and the average family who earned rewards earned $2,160 during Year 2.**

As mentioned above, this report focuses on rewards earned in Year 2, since that is the first full year in which all families were enrolled and were eligible to earn rewards. As shown in Table ES.2, most families (96 percent) earned at least some rewards in Year 2, and those who earned at least some rewards earned on average $2,160 over the year ($2,281 in New York and $2,043 in Memphis). Overall reward earnings came largely from the education and health areas: 93 percent of families earned at least one education reward, 79 percent earned at least one health reward, and 44 percent earned at least one work reward.

There was some variation among families in the amount received, and families who earned more rewards differed in several ways from families who earned less. Families receiving the most money included parents who, at the time they entered the study, were more educated, more likely to be working full time, and more likely to be married than parents in other families.

- **The family guidance component evolved substantially over time, moving from less intensive interactions focused on paperwork in Year 1 to more**

SIF Family Rewards

Table ES.2

Summary of Rewards Earned by Families in Year 2

Outcome	Bronx	Memphis	Total
Family earned at least 1 reward (%)	94.8	97.9	96.3
Education reward	89.8	96.4	93.1
Attendance	82.7	94.6	88.6
State core exam	68.9	56.6	62.8
SAT/ACT	9.1	3.3	6.2
Report card	78.0	82.4	80.2
Health reward	79.1	78.5	78.8
Annual physical	72.3	68.5	70.4
Biannual dental	70.0	71.5	70.7
Workforce reward	45.5	41.9	43.7
Full-time employment	45.4	41.3	43.3
GED certificate	0.5	1.1	0.8
Among families who earned at least 1 reward			
Average reward amount earned[a] ($)	*2,281*	*2,043*	*2,160*
Percentage of earnings from student rewards[b]	*58.1*	*56.1*	*57.1*
Average reward amount earned, by domain ($)			
Education	*1,287*	*1,014*	*1,146*
Health	*617*	*706*	*661*
Workforce	*1,140*	*1,117*	*1,129*
Family picked up coupon book (%)	95.5	94.5	95.0
Sample size	617	613	1,230

SOURCE: MDRC calculations using CAS's Family Rewards program data.

NOTES: Sample sizes may vary because of missing values.
Year 2 covers reward activities that occurred between September 2012 and August 2013.
Italics indicate outcomes calculated for a subset of the full sample.
[a]The lowest and highest amounts earned in Year 2 were $38 and $7,250 for the Bronx sample, $40 and $6,680 for the Memphis sample, and $38 and $7,250 for the full sample.
[b]Percentage of earnings from student rewards is calculated using education rewards earned by high school students among families who earned rewards and had students who earned education rewards in Year 2.

intensive interactions designed to help families take steps to earn rewards in Year 2.

The biggest innovation in the design of Family Rewards 2.0 was the addition of the family guidance component. The program designers believed that families would benefit from a regular source of support within the program, but aimed to structure that support in a way that fit within a conditional cash transfer model. The designers created a "triage" model of guidance in which all participants receive some guidance, but those who are having the most trouble earning rewards receive targeted, more intensive support. The model was also designed so that it could be implemented by a team of paraprofessionals.

In Year 1, the guidance interaction was focused on building relationships and providing customer service. The staff tried to build trusting, familiar relationships with parents and students, and to ensure that participants understood the incentives and how to claim them. These activities fell short of the model design, since the Advisors were not targeting those participants who earned fewer rewards, nor were they engaged in deep conversations about barriers to earning rewards.

Recognizing this, a form of counseling called motivational interviewing was introduced into family guidance at the start of Year 2. Motivational interviewing is a widely used, directive approach to counseling in which a counselor uses a set of techniques to explore an individual's ambivalence about change in an effort to get him or her to express a commitment to change. It is a client-driven approach in which the individual is viewed as the expert in changing his or her life. It took months of training for the staff to achieve a minimum level of competence in motivational interviewing, yet observations reveal that the nature and content of family guidance sessions did change significantly from Year 1 to the end of Year 2. In addition, the Advisors began targeting the participants earning the fewest rewards in Year 2, a group that proved to be challenging to serve.

Implementation Across Cities

- **The program was implemented well in both cities, although differences in local context required adaptations by NPOs to stay connected with participants.**

In general, the program was implemented similarly across both cities and across the four neighborhood partner organizations. In some cases, however, local circumstances affected the implementation of certain components. In particular, in Memphis participants had challenges related to transportation. This affected NPOs' ability to recruit families and the quality of their interaction with families once enrolled. When families did not show up for guidance meetings, for example, the staff adapted by conducting guidance over the phone or making home visits. Although this was a reasonable response, the unintended result was that Memphis staff members spent less time having intensive one-on-one meetings with participants and seemed to have less close relationships with them. Similarly, many students could not get to an NPO on their own, so parents tended to drop off or bring in report cards for them, which meant the Advisors did not develop personal relationships with many of the students. This was reflected in participants' views: in both locations they reported that they valued their relationships with Advisors highly, but this sentiment was expressed more often in the Bronx than in Memphis. It is not clear if this difference between cities will lead to different outcomes for participants, but it is an important part of the context that affected program delivery.

- **Families in both cities were fairly involved in earning rewards, although families in Memphis earned somewhat less than families in the Bronx.**

Implementing the Family Rewards model in both New York and Memphis provides an important test of whether the model can operate with different populations and in different local contexts, and if so how. Focus groups indicated that families in both cities understood the program well. Overall, families who earned rewards earned similar amounts in the two cities, although families in Memphis earned slightly less on average in Year 2 ($2,043) than families in the Bronx ($2,281). Reward receipt rates did differ, however, for specific rewards. For example, students in the Bronx were less likely to earn rewards for attendance because in New York tardiness is counted toward absences. In contrast, more students in New York earned the high-value reward for the state core exams because they were well informed about the exams and took practice tests in class as preparation. In Memphis, these exams were relatively new.

Finally, fewer adults claimed the reward for dental checkups in Memphis than in New York, largely because the public health insurance program in Tennessee does not cover dental cleanings, as it does in New York. Many adults in Memphis cited the out-of-pocket cost of dental care as the reason they did not earn that reward.

Family Rewards 2.0 Compared with 1.0

- **Families in Family Rewards 2.0 seem to have understood the rewards more completely than families in 1.0, and they were more likely to earn rewards.**

Parents and students generally had no trouble remembering the incentives when asked to list them several months after orientation. In most cases, the biggest challenge was remembering the specific dollar value associated with the reward, particularly for rewards for which the amounts changed between Year 1 and Year 2 (this happened for grades, for example) or for rewards that were paid out infrequently (for example, those for taking college prep tests). Parents also understood the work rewards fairly well, knowing the hour minimum and the documents that needed to be submitted in order to earn them. Although it is difficult to attribute parents' improved understanding to a particular program feature, it seems as though reducing the number of rewards had a positive effect on families' understanding of the program, as intended.

Another indication of better understanding is the higher rates of reward receipt. When comparing receipt of individual rewards that were offered in both programs, families in Family Rewards 2.0 were more likely to earn almost every reward. Students had higher receipt rates for attendance rewards, for example, and passing state core exams. The relatively high use of these rewards was probably due to the program's greater emphasis of them, given the shorter list of activities, and the Advisors' marketing of them and support for earning them.

- **However, offering fewer rewards meant that the total amount of cash transferred to families was less in Family Rewards 2.0 than in 1.0.**

Families in the original Family Rewards program who earned rewards earned on average over $3,000 per year during the first two years of the program. Families in that study who were similar to families in the new program (for example, those with high school students and those receiving TANF or food stamps) had higher average earnings among those who earned rewards in Year 2, at about $3,500. In contrast, families in Family Rewards 2.0 who earned rewards earned on average about $2,200 in Year 2.

The elimination of the reward for health insurance was a big factor contributing to the difference. In the original program, families could earn up to $100 every month for maintaining health insurance for their children and themselves, and receipt rates were fairly high for this reward given the high rates of coverage. Another reason for the difference is the elimination of rewards for elementary and middle school students: younger siblings in the new program did not contribute to family earnings via education. Finally, the education rewards offered to high school students were somewhat more generous in Family Rewards 1.0 than they are in 2.0, which also contributed to higher earnings for the original program.

Another result of the changed reward structure is that the earnings from students now make up a much higher fraction of total family earnings. Student earnings made up 57 percent of total family earnings in Family Rewards 2.0, compared with 33 percent in Family Rewards 1.0. This difference in the source of family earnings may change how the program affects family dynamics and family material well-being, particularly if students' earnings are viewed as separate from the family budget. The lower overall level of rewards earned also suggests that effects on poverty and material hardship, to be examined in a later report, may be more modest.

- **When fully in place in Year 2, the revised model, and most probably the more intensive family guidance component, succeeded in increasing reward rates among the types of families who earned the least in Family Rewards 1.0.**

In Family Rewards 1.0, the families who earned the most from the program were on average less disadvantaged than other families. The higher-earning families had adults with higher levels of education, employment, earnings from employment, marriage, and self-reported mental and physical health than did the lower-earning families. This pattern was also evident for program impacts, with larger effects on school outcomes for more proficient students and more positive effects on employment for adults with higher education levels.

The designers of the new program were particularly interested in improving participation and program impacts for two subgroups at risk of earning few rewards: adults who did not have a high school diploma or GED certificate at the start of the study and students who were not academically proficient at the start of the study.[3] Data through Year 2 indicate that the program has succeeded in increasing the rate at which these groups earn rewards. For example, among students who did not score at the proficient level on their English tests before they entered the study, 87 percent earned at least one attendance reward and 54 percent earned at least one reward for passing a state core exam in Family Rewards 2.0. The corresponding rates in Family Rewards 1.0 were 55 percent and 39 percent (for high school students in families receiving TANF or food stamps). As another example, among parents with lower education levels, 38 percent earned at least one reward for full-time work in Family Rewards 2.0 compared with 26 percent in Family Rewards 1.0. This higher level of reward receipt for more disadvantaged families suggests that the new program is an improvement over the original model.

Of course, the final assessment of whether the new program is more effective than the original model will come in a later report with the impact analysis. But the findings to date on the first two years of implementation are encouraging, and suggest that Family Rewards 2.0 was a step in the right direction in the effort to assess whether the conditional cash transfer model can work in the United States. The research will follow the program and control groups for the next several years to assess the program's impacts on income, well-being, education, health, and work. An impact report covering the first three years will be completed in 2015.

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[3]In 2010, the New York State Department of Education raised the scores necessary to be deemed "proficient." As a result, proficiency rates will be much lower for the Family Rewards 2.0 Bronx sample than they were in the Family Rewards 1.0 sample. The findings reported here were similar when proficiency was determined for the Family Rewards 1.0 sample using the new, higher score requirements.

Earlier MDRC Publications on Family Rewards

Conditional Cash Transfers in New York City
The Continuing Story of the Opportunity NYC−Family Rewards Demonstration
2013. James A. Riccio, Nadine Dechausay, Cynthia Miller, Stephen Nuñez, Nandita Verma, Edith Yang

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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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.

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- 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.