OPPORTUNITY NYC | FAMILY REWARDS

Executive Summary

NEW YORK CITY'S FIRST CONDITIONAL CASH TRANSFER PROGRAM

What Worked, What Didn't

James Riccio
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Overview

This report summarizes the findings of a long-term evaluation of Opportunity NYC–Family Rewards, an experimental, privately funded, conditional cash transfer (CCT) program to help families break the cycle of poverty. Family Rewards was the first comprehensive CCT program in a developed country. Launched in 2007 by New York City's Center for Economic Opportunity, it offered cash assistance to low-income families to reduce immediate hardship, but conditioned that assistance on families' efforts to build up their "human capital" to reduce the risk of longer-term and second-generation poverty. The program thus tied a broad array of cash rewards (financial incentives) to prespecified activities and outcomes in the areas of children's education, families' preventive health care, and parents' employment. It operated as a pilot program for three years, concluding, as planned, in August 2010.

Six community-based organizations, in partnership with a lead nonprofit agency, ran Family Rewards in six of New York City's highest-poverty communities. MDRC evaluated the program through a randomized controlled trial involving approximately 4,800 families with 11,000 children; half of the families could receive the cash rewards if they met the required conditions, and half were assigned to a control group that did not participate in the program and could not receive the rewards. This report distills previously published findings and some longer-term updates on the program's effects on a wide range of outcomes, covering two to six years after families entered the study (depending on the data source).

Key Findings

Family Rewards transferred over $8,700, on average, to families during the three-year period in which it operated. By the end of the study, it had produced some positive effects on some outcomes, but left many other outcomes unchanged. For example, the program:

- Reduced current poverty and material hardship, including hunger and some housing-related hardships (especially for families in severe poverty), although those effects weakened after the cash transfers ended
- Did not improve school outcomes for elementary or middle school students
- Substantially increased graduation rates and other school outcomes for ninth-graders who entered high school as proficient readers, and increased their likelihood of subsequently enrolling full time in four-year colleges
- Had few positive effects on school outcomes for nonproficient students
- Did not increase families' receipt of annual medical checkups, which was already high, and had limited effects on families' health outcomes
- Substantially increased families' receipt of preventive dental care
- Did not increase parents' employment in or earnings from jobs covered by the unemployment insurance system (thus impeding sustained reductions in poverty), and led to some small earnings reductions for certain more disadvantaged subgroups

MDRC is also studying a revised Family Rewards model that operated in Memphis, Tennessee, and the Bronx, New York, as part of a separate demonstration project, referred to as Family Rewards 2.0.

Preface

In 2006, under former Mayor Michael R. Bloomberg, New York City officials began exploring new approaches to reduce poverty. One bold idea that captured their attention — conditional cash transfers (CCTs) — came from Mexico, and it was spreading throughout Latin America and other low- and middle-income regions of the world. The concept was fairly simple in principle: to reduce current poverty by making substantial cash payments to poor families now, while structuring those payments in a way that could reduce families' longer-term poverty, especially the chances that their children would grow up poor. To receive the cash transfers, parents had to keep their children in school and get regular preventive health care for the whole family.

This concept was transformational in Mexico, which had had no national cash transfer system previously. A rigorous evaluation showed that it reduced poverty and improved a number of health and school outcomes for children. That evidence gave the program staying power across government administrations, and it propelled other countries to replicate the approach. Evaluation findings from multiple countries offered further support.

Learning about this expanding international CCT movement, New York City officials wondered whether such a program could work in their city despite differences between its poverty and the largely rural poverty of Mexico, and the reality that New York City already had a well-established safety net (with important strands conditioned on work). To find out, the city's Center for Economic Opportunity (CEO) commissioned MDRC to help it design and test a CCT approach, which came to be known as Opportunity NYC–Family Rewards. This three-year pilot program was launched in 2007 in six of the city's highest-poverty communities. Broader in scope and more complex than other CCT programs, Family Rewards' incentives were spread across three domains: children's education, families' preventive health care, and parents' employment. It was bold, innovative, untested, and — given the broad-ranging opinions about fighting poverty with incentives — controversial.

The results of a careful randomized trial are now in and paint a mixed picture. The program's near-term reductions in poverty and, especially, in a range of material hardships, were its most impressive effects. And, overall, it achieved those effects without large unintended consequences, and despite transferring substantial amounts of money to participating low-income families. It also appeared to produce encouraging improvements in some academic and health-related outcomes for select participant subgroups. But it left most human capital outcomes — the primary targets of the program — unchanged.

Still, some promising effects that emerged early in the study provided a foundation and rationale for trying again with a modified approach. In 2011, MDRC and CEO redesigned and launched a test of a revised CCT model, dubbed "Family Rewards 2.0." It operated for over three years (ending in 2014) in the Bronx, New York, and in Memphis, Tennessee. A report on its effects is scheduled for release in late 2016.

During the design phase of the original demonstration, many choices about what activities and accomplishments to reward, and how to structure and target the rewards, had to be made without the benefit of a strong evidence base. The lessons that are now available can help inform further considerations of the use of incentives and CCT programs to help low-income families rise out of poverty, internationally as well as in the United States.

Gordon L. Berlin
President, MDRC

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We owe special thanks to former Mayor Michael R. Bloomberg and former Deputy Mayor Linda Gibbs for their support for the project from its inception and their commitment to its rigorous evaluation. We thank staff of the New York City Center for Economic Opportunity, especially Sinead Keegan and Kate Dempsey and former staff members Veronica White, Kristin Morse, and Allegra Blackburn-Dwyer, for their overall coordination of the project, their assistance in helping us acquire crucial data from various city agencies, and their insights over the course of the study into the policy significance of the findings.

We appreciate the support of all the funders throughout the demonstration. They include Bloomberg Philanthropies, the Rockefeller Foundation, the Starr Foundation, the Open Society Institute, the Robin Hood Foundation, the Tiger Foundation, the Annie E. Casey Foundation, American International Group, and the New York Community Trust.

At MDRC, Gordon Berlin, William Corrin, David Greenberg, and John Hutchins provided valuable feedback on drafts of this report. Jared Smith led a team of MDRC researchers in acquiring and processing the quantitative data used in the analysis. Kemar Taylor and Jonathan Rodriguez prepared the exhibits and assisted with fact-checking. Alice Tufel edited the report, and Stephanie Cowell and Carolyn Thomas prepared it for publication. We also acknowledge with gratitude the work of many other MDRC staff and consultants who contributed to MDRC's previously published reports on Family Rewards (which are listed at the end of this document) — the foundation on which most of the current report is based.

The Authors

Executive Summary

In 2006, during the administration of former Mayor Michael R. Bloomberg, New York City officials began to explore bold new ways of using financial incentives to address some of the root causes of poverty. City officials had become intrigued with the success of Mexico and a growing number of other lower- and middle-income countries in reducing poverty through incentives-based conditional cash transfer (CCT) programs, which provide cash rewards that are conditioned on participants' achievement of specified behavioral benchmarks. They wondered whether such an approach could work in New York City. The newly established Center for Economic Opportunity (CEO), a unit within the Office of the Mayor, led the effort to find out.

After an extensive consultation and design phase, supported in part by the Rockefeller Foundation and involving input from a wide range of city, national, and international experts (including MDRC and Seedco, a New York-based nonprofit workforce and economic development organization), CEO launched Opportunity NYC–Family Rewards, an experimental three-year CCT program for some of New York City's most disadvantaged families. It selected Seedco to operate the program in partnership with six community-based organizations, and MDRC to evaluate it. A consortium of private funders paid for the cash transfers, the operation of the program, and the evaluation.[1] The program concluded, as planned, in 2010.

This report recaps the history and design of Family Rewards and summarizes the main research findings. In doing so, it synthesizes MDRC's previously published findings and presents new results on selected outcomes over a longer follow-up period (many of which confirm early patterns). Depending on the data source, it covers program effects on parents and children for up to six years after the date when each family entered the study. A companion document provides more detail on the longer-term findings from the administrative data and is available as an online supplement to this report.[2]

The International CCT Movement

Mexico pioneered the use of CCT programs. Its program, Prospera, was originally named Progresa and then Oportunidades. It provides immediate relief to very poor families, mostly in rural areas, through direct cash payments that are conditioned in part on children remaining in school. These payments are intended as one effort to combat the problem of children leaving school

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[1]The funders of Opportunity NYC–Family Rewards are the Bloomberg Philanthropies, the Rockefeller Foundation, the Starr Foundation, the Open Society Institute, the Robin Hood Foundation, the Tiger Foundation, the Annie E. Casey Foundation, American International Group, and New York Community Trust.

[2]Cynthia Miller and Victoria Deitch, *New York City's First Conditional Cash Transfer Program: What Worked, What Didn't — Supplemental Data on Impacts and Costs* (New York: MDRC, 2016).

early, particularly in the middle grades, often to work in the fields to help their families earn much-needed income. It also requires families to get preventive health care and adopt certain child nutrition practices. In these ways, Prospera links basic income support with investments in families' education, health, and employment potential — that is, their "human capital."

Today, CCT programs of varying scope and scale operate in most Latin American countries and in several countries in Africa, the Middle East, and Asia. Many of the programs serve as a core feature of a country's social and economic "safety net," and they typically condition the cash transfers on children's school attendance and families' preventive health care practices. Overall, studies have found CCT programs to improve school attendance, reduce short-term poverty, and increase consumption, particularly food consumption, with larger effects from programs that offered bigger transfers.[3]

A CCT Program for New York City: What Was Tried?

New York City officials recognized that the urban poverty of its communities was vastly different from the largely rural poverty of Mexico and other low- or middle-income countries, and the reasons for children dropping out of school or performing poorly were not the same. Moreover, New York City, like the rest of the United States, already had a well-developed safety net, including income transfer programs for poor families. In contrast, Mexico had no national income support system, and its CCT program was instituted as the country's main cash welfare system for poor families. A CCT program in New York City would thus have to be adapted to very different conditions.

Following the basic tenet of all CCT programs, the intent of New York's initiative was twofold: to use the rewards to reduce *current* family poverty and hardships, while simultaneously supporting and encouraging families to invest in their own "human capital development" for their *longer-term* economic security. It tied cash rewards to a variety of activities and outcomes in three main domains: (1) children's educational efforts and achievement, (2) families' preventive health care practices, and (3) parents' employment. The program operated in six of New York City's highest-poverty communities, two each from the Bronx, Brooklyn, and Manhattan.

The Family Rewards model was far more comprehensive and complex than CCT programs in other countries. It included 22 different financial rewards for various activities, which are summarized in Box ES.1. Values ranged from $20 per month for a parent maintain-

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

Box ES.1

Types of Activities for Which Family Rewards Offered Incentives

Children's Education

Students:

- High attendance (95 percent of scheduled days)
- Proficient performance on standardized tests
- Taking PSATs
- Getting a library card
- Earning required number of high school credits per year
- Graduating from high school

Parents:

- Discussing test results with teachers
- Attending parent-teacher conferences

Family Preventive Health Care

- Maintaining health insurance
- Getting preventive medical and dental check-ups

Parents' Work and Training

- Sustaining full-time work
- Completing education/training

ing public health insurance coverage for herself or himself to $600 for a high school student passing a New York State Regents (subject area) test.[4]

The program purposely included no case management. The goal was to test an "incentives-only" intervention. However, the program staff informed families about other programs and services that they could try to access in the community that might help them achieve the outcomes for which Family Rewards offered cash incentives. Its staff also marketed the incentives heavily over the three-year program period in order to remind families of the CCT offer.

[4]Regents exams are administered to all public high school students in New York State. Students must pass at least five tests in specified subject areas in order to graduate with a diploma recognized by the New York State Board of Regents, which sets standards and regulations for all public schools.

The Evaluation

Family Rewards was certainly not the first income transfer program in the United States to attach conditions to the receipt of benefits. The Earned Income Tax Credit (EITC), for example, conditions payments entirely on work. And the Temporary Assistance for Needy Families (TANF) program conditions cash assistance on parents' efforts to look for work (unless they are exempted).

Family Rewards established a much broader quid pro quo for benefits than these mainstream, work-based safety net programs. Its expansion of conditionality into the domains of education and health, in addition to employment, with a large and diverse range of incentives, made it much more comprehensive and complex than any income transfer program ever operated in the United States (and possibly anywhere). Neither its operational success nor its effects on families could be taken for granted.

MDRC used a randomized controlled trial (RCT) to determine the program's effects on families. The study involved approximately 4,800 families who applied for it, with 11,000 children (including elementary, middle, and high school students). Through a lottery-like process, about half of the applicant families were picked for Family Rewards and offered the incentives (the program group), and the balance were assigned to a control group that was not offered the incentives. As an RCT, the evaluation of Family Rewards measured the program's effects, or "impacts," by comparing the outcomes of the program and control groups; differences between the two groups' outcomes that are statistically significant — that is, that are unlikely to have arisen by chance alone — can be attributed with a high degree of confidence to the program.[5]

Data for the evaluation came from administrative records and two waves of surveys of parents (at 18 months and at 42 months after random assignment), and a special survey of teenagers at two years after random assignment. Other data, including findings from in-depth interviews with families and staff, as well as program fiscal data, provided evidence on program operations and costs, families' reward receipt patterns, and families' understanding and views of the program.

The evaluation found that Family Rewards transferred a substantial amount of cash to families, which reduced their current poverty and material hardship — its short-term goal. It also had a number of positive impacts on some participants' human capital outcomes (in support of its longer-term poverty-reduction goal), but it left most human capital outcomes unchanged for the majority of families.

[5]Unless otherwise noted, the impacts cited in this Executive Summary are statistically significant, with less than a 10 percent likelihood that they arose by chance alone.

Lessons Concerning Immediate Poverty Reduction

- **Family Rewards successfully implemented a broad-based quid pro quo in transferring substantial amounts of money to low-income families.**

The program passed a basic feasibility test: it transferred substantial amounts of money to low-income families, with all payments tied to a comprehensive and verifiable set of conditions. Virtually all families in the study's program group earned and received rewards. On average, each family earned over $8,700 for all three years combined. Reward amounts averaged over $3,100 during each of the first two years and $2,700 in the third year (when several rewards were discontinued). A majority of families — approximately 57 percent — earned at least $7,000 over the life of the program. The top 20 percent earned more than $13,000 in cash transfers.

- **Family Rewards reduced current poverty and material hardship, especially for families in "severe poverty" — those with incomes that are less than half of the federal poverty level.**

Overall, when the program was operating, it succeeded in reducing current poverty. For example, counting the value of the reward payments, it boosted self-reported average household income for the program group by $353 per month in Year 3, an improvement of about 22 percent relative to the control group's average monthly income of $1,620. This extra income reduced the proportion of families living at or below the federal poverty level by 12 percentage points relative to the control group rate of 68 percent.

The extra income helped those families reduce a variety of material hardships. For example, the proportion of families experiencing food insufficiency (meaning that parents indicated in survey interviews that their families "sometimes" or "often times" did not have enough to eat in the prior month) was 7 percentage points (or about 33 percent) lower than the control group average of 22 percent, according to the 18-month survey (when all program group members were still enrolled in Family Rewards). The magnitude of this effect was somewhat smaller by the time of the 42-month survey (about 5 percentage points). The parents in Family Rewards were also less likely (by 4 percentage points) than control group parents to report on the 42-month survey that they did not have enough money to pay their rent at some point in the prior year. They were less likely (by 5.6 percentage points) to report at that time that they did not have enough money to "make ends meet." Program group parents were about 18 percentage points more likely to report having a bank account after the program had ended. They were almost 8 percentage points more likely than control group parents to have any savings. And they were about 5 percentage points less likely to have borrowed cash from family or friends in the prior year.

Hardship reductions tended to be more concentrated among families who were living in severe poverty when they entered Family Rewards. For example, according to the 42-month survey, the program reduced the proportion of that subgroup reporting food insufficiency by 9 percentage points (or by 40 percent) relative to similar families in the control group, and it reduced the proportion that had not paid their full rent in the past year by 11 percentage points (or 23 percent). In contrast, reductions in hardships were small and statistically insignificant among those whose poverty was not as severe at the time they began the program.

The reductions in material hardship that are evident in the early post-program period (as indicated by the 42-month survey results, roughly within the six months after the rewards offer ended) most likely reflected a lingering effect of the cash transfers. They were not indicative of a permanent change.

- **The poverty and hardship reductions that Family Rewards had achieved began to attenuate after the cash transfers ended.**

Most of the poverty reduction observed during the program period was attributable to the cash transfers that families received. Once Family Rewards ended and the transfers were no longer available, the average income of families in the program group no longer differed substantially from that of the control group. This outcome was a direct consequence of the failure of the program to lead to increased parental employment and earnings.

Lessons Concerning Human Capital Development

Although Family Rewards sought to reduce current poverty in a way that would improve the human capital of parents and children, to help them avoid future poverty, this goal proved harder to achieve. Some participants, especially teenagers who were already better students when they entered the program (that is, they had scored proficient or higher on their eighth-grade standardized tests), benefited from Family Rewards in a number of important ways. On most measures, however, and for the majority of families, the program had no positive effects or produced only small improvements.

A Few Positive Results

- **Family Rewards increased high school achievement and graduation rates for initially better-prepared students, and increased their likelihood of full-time enrollment in four-year colleges.**

Among students who were entering ninth grade when their families enrolled in Family Rewards, those who scored at or above proficiency levels on their eighth-grade standardized math and reading-focused English language arts (ELA) tests performed better in high school than they would have in the absence of the program. For example, these students achieved higher attendance rates, accumulated more course credits, and passed more subject-area Regents exams than similarly proficient students in the control group. Moreover, as a result of Family Rewards, of the ninth-graders who were deemed *reading*-proficient when they entered high school (who made up about 31 percent of the overall sample of ninth-graders), 82 percent graduated within six years, a rate that was nearly 10 percentage points higher than the rate for similar students in the control group.

A special study that was conducted as part of the evaluation revealed that high school students in Family Rewards shifted more of their time during nonschool hours from social activities to academic activities (for example, homework and achievement-oriented after-school activities), compared with the way students in the control group spent their time. This change was greater among the more proficient students. As such, it may be one of the mechanisms through which the program improved the school outcomes for such students.

For the subgroup of ninth-graders who were initially proficient in reading, the positive schooling effects of Family Rewards carried over somewhat to postsecondary education. Although the program did not increase their overall enrollment in college and other postsecondary institutions, it changed the patterns of their engagement. For example, it increased *full-time enrollment* in *four-year institutions* by 9 percentage points above the 41 percent rate observed for comparable students in the control group.

- **Family Rewards reduced self-reported problem behaviors among teenagers.**

The special study of teenagers' time use also examined the effects of Family Rewards on teenagers' mental health and problem behaviors. It found that teenagers in the program group reported lower levels of aggression and lower levels of alcohol and marijuana use, and a lower likelihood of having friends using those substances, compared with their control group peers. For example, they were about 10 percentage points less likely to report having engaged in behaviors that were intended to cause harm to others, and 15 percentage points less likely to report having engaged in any substance abuse in the prior month.[6] These effects were observed regardless of the teenagers' educational proficiency levels.

- **Family Rewards increased families' receipt of dental care**

Family Rewards led to increased dental care for parents and children alike. According to responses to the 42-month survey, parents in the program group were 10 percentage points more likely than control group parents to report having seen a dentist for any reason in the prior

[6]Pamela Morris, J. Lawrence Aber, Sharon Wolf, and Juliette Berg, *Using Incentives to Change How Teenagers Spend Their Time: The Effects of New York City's Conditional Cash Transfer Program* (New York: MDRC, 2012).

year, and about 12 percentage points more likely to have had two dental checkups or more in the past year. The program also had strong positive effects on dental care among high school students and younger children.

Disappointing Results

- **Family Rewards had no positive effects on school outcomes for elementary school students or for middle school students.**

For elementary and middle school students, the evaluation found no pattern of positive effects on attendance rates, scores on standardized tests, grade progression, or other school outcomes during the program period or after six years from the time of random assignment. In addition, subgroup analyses did not reveal any consistent patterns of positive effects for particular types of students in those grades. Perhaps the program model's limited approach for these children — primarily rewarding attendance and standardized test scores (rather than more immediate performance indicators, such as good report card grades), and paying all rewards to the parents — might help explain why Family Rewards did not benefit students who were in elementary and middle school when they entered the program.

- **Family Rewards had no positive effects on school outcomes for less proficient ninth-graders.**

Ninth-grade students who were behind educationally when they entered Family Rewards (that is, they had scored below proficiency levels on their eighth-grade reading or math tests) did not experience any educational gains from the program. It may be that the members of this group, who made up about two-thirds of the overall sample of ninth-graders, were just too poorly prepared for high school or too disengaged from school for the incentives to make a difference.

- **Family Rewards did not improve the receipt of preventive health care services for most families.**

The health-related incentives of the Family Rewards program were designed to encourage low-income families to adopt better preventive health care practices. It turned out that a higher proportion of families than the program's designers had expected were already receiving health insurance coverage and practicing preventive health care.[7] The high rate in New York City, which was higher than in many other cities, likely reflects prior efforts by the city and state to improve access to health care coverage and to improve the health care delivery system for low- and moderate-income families. Most parents in the control group reported having health insurance for their families, reported getting regular physicals for themselves and their children,

[7]The study sample did not include low-income single adults or undocumented immigrants, who are much less likely to have health insurance.

and said they had a regular place for receiving routine health services (a "medical home"). Consequently, on some measures, Family Rewards had much less room to improve the use of basic preventive health care services further.

- **Family Rewards did not lead parents to increase their employment or earnings in jobs covered by the unemployment insurance (UI) system.**

According to the 42-month survey of parents, the program increased the likelihood of working at the time of the interview by over 6 percentage points above the control group rate of 50 percent. This difference was driven largely by an increase in full-time work (which the program rewarded). However, according to administrative records data, the program had no statistically significant impact on the average quarterly rate of employment in UI-covered jobs or on average earnings. (Some jobs, such as private child care, are not covered by the UI system.)

At the same time, subgroup analyses revealed that Family Rewards had a statistically significant *negative* effect on labor market outcomes for parents who entered the program with lower education levels and other disadvantages; in other words, they worked and earned less than they would have in the absence of the program, according to UI records. For example, parents who did not have a high school diploma or General Educational Development (GED) certificate had an average quarterly employment rate over the five years after random assignment that was 3 percentage points lower than that of their counterparts in the control group, and they earned an average of $2,934 less (a reduction of almost 8 percent).

The small reductions in UI-covered work among more disadvantaged parents may be a response to the substantial rewards that these families were earning from the program's health and education domains — an "income effect." Since families were able to earn program rewards by completing education or health-related activities, parents who were less prepared for the labor market may have relied more on earning what they could from those two program components and less on looking for or maintaining full-time work.

Some Exploratory Findings

As a comprehensive assessment of a new and complex intervention, the Family Rewards evaluation includes a number of exploratory analyses of hypotheses that emerged while the study was under way. Although the results from these analyses do not carry the same weight as the study's main findings, they suggest some other possible ways in which a CCT program might influence families, and that might be worth testing in future studies. Two of these analyses are highlighted here.

- **Family Rewards *may* have improved school achievement of younger siblings.**

A sizable number of families in the Family Rewards evaluation had very young children, who ranged in age from preschoolers to kindergarteners when their parents enrolled in the study. These children were eligible for the health rewards but not the education rewards, unless they reached third grade during the three-year program period. However, they would have experienced increased family incomes during their preschool or early elementary school years from the rewards received by their parents and older siblings. A question to consider is whether living in a family with less poverty at that younger age improves their subsequent educational outcomes. The current study cannot answer that question definitively, but it offers some suggestive evidence.

By the fifth and sixth years after random assignment, many of these children were old enough to have taken standardized tests, which are administered starting in third grade. According to an exploratory analysis, Family Rewards increased the proportion of these children who scored at proficiency levels on the ELA test in Year 6 by 5 percentage points, and on the math test by nearly 6 percentage points. Although the mechanisms for these impacts are not known, the pattern is consistent with findings from a number of "welfare-to-work" experiments that showed that program-produced increases in family income could have positive effects on young children's school performance.[8] Given the exploratory nature of this analysis, additional evidence would be required to confirm these findings.

- **Family Rewards *may* have improved health outcomes for parents with more health problems than other sample members.**

It is reasonable to expect that family members who were healthy when they entered Family Rewards would not see much improvement in their health status during the study's follow-up period, although the program might help them stay healthy through its emphasis on preventive care. In contrast, those who were less healthy to begin with would have more room to improve their health outcomes. An exploratory subgroup analysis found some indications of different effects for these groups. For example, parents who at the time of random assignment rated themselves as being in "fair" or "poor" health (about 19 percent of the sample) were 6 percentage points more likely than similar parents in the control group (or almost twice as likely) to report that they were in "very good" or "excellent" health at the time of the 42-month survey. No such effect was observed for the healthier subgroup. However, parents in the healthier subgroup were more likely than similar parents in the control group (by 4 percentage points) to report being treated for a medical condition (perhaps one that had previously gone undiagnosed), such as

[8]Pamela A. Morris, Aletha C. Huston, Greg J. Duncan, Danielle A. Crosby, and Johannes M. Bos, *How Welfare and Work Policies Affect Children: A Synthesis of Research* (New York: MDRC, 2001).

asthma.[9] Although not large or definitive, these findings suggest that future studies of health-related incentives should take initial health status into account.

What's Next?

Although it is impossible to know for sure, it is reasonable to question whether certain design choices help explain why Family Rewards did not produce larger and more widespread positive effects on human capital outcomes. For example, were the right behaviors and achievements rewarded? Were they structured and operationalized appropriately? Were there too many rewards overall? Were appropriate dollar values attached to the rewards? Should case management have been included? Chapter 5 of this report explores these and other questions.

But Opportunity NYC–Family Rewards was not the end of the efforts to experiment with a CCT approach in the United States. With the early evidence pointing to some promising effects of the original model, but also revealing a number of limitations, CEO and MDRC sought to try again in 2011 with a modified approach, even though the final results from the first attempt would not be available for several years. They collaborated to redesign Family Rewards and secured funding to test it with a new randomized trial. Support came from the federal Social Innovation Fund and private funds.[10] This time, the program would be tested in two very different locations: the Bronx, New York, and Memphis, Tennessee. It operated from 2011 through 2014.

The revised model, referred to as Family Rewards 2.0, is notable in a number of ways. While still a three-year program, it included many fewer incentives (8 rather than 22), with some dropped after it was determined that they were not working very well based on very early indications emerging from the original demonstration. The revised program also targeted only families with high school students in grades 9 or 10, since no positive effects on school outcomes had been found for elementary and middle school students. It further restricted the selection of families to those who were receiving TANF or SNAP benefits, as a way to focus attention on families who were among the poorest and for whom control group outcomes in the original study tended to be worse than for those who were not participating in these benefit programs. This targeting decision was also seen as a way of testing a program that offered the potential of a more direct connection to two of the country's mainstream safety net programs.

The new model also included a "family guidance" component, whereby each family was assigned a family adviser. The decision to include this feature was based on the emerging

[9]The difference in impacts across subgroup categories was statistically significant for the measure "being treated for a medical condition" but not for the self-rated health measure.

[10]The Social Innovation Fund is a program of the Corporation for National and Community Service that combines public and private resources to replicate and further test promising innovations to improve the lives of people in low-income communities.

findings from the original study suggesting that incentives by themselves would not be sufficient to produce big gains in human capital development.

Finally, Family Rewards 2.0 also attempted to make the reward payments more timely (and thus more salient) by disbursing payments monthly rather than every two months. Rewarding good report card grades, in addition to test scores, provided a more immediate incentive for teenagers to try to improve their school performance, since these rewards were tied to course grades in each report card.

The original Family Rewards experiment revealed a number of challenges in trying to use a two-generation, incentives-only strategy to achieve the dual goals of immediate poverty reduction and family human capital development. Whether the revised approach represented by Family Rewards 2.0, which builds on but also departs substantially from the initial model, is more effective remains to be seen. Impact findings on that project will be available in late 2016.

EARLIER MDRC PUBLICATIONS ON THE OPPORTUNITY NYC–FAMILY REWARDS DEMONSTRATION

Conditional Cash Transfers in New York City: The Continuing Story of the Opportunity NYC–Family Rewards Demonstration
2013. James 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.

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.