

## Opportunity NYC: Family Rewards

*Opportunity NYC: Family Rewards* is a privately-funded initiative that tests the impact of monetary incentives on health, education, and employment outcomes. The incentives are substantial enough to reduce poverty in the short-term as they encourage families to make long-term investments in human capital. *Family Rewards* is one of CEO's three conditional cash transfer experiments.

<i>Agency</i>	<i>Start Date</i>	<i>Number Served per year<sup>1</sup></i>	<i>CEO Budget (Private Donation)</i>	<i>Total Budget (Private Donation)</i>
Center for Economic Opportunity	September 2007	2,550	\$34,950,000	\$34,950,000

### ***Problem Statement***

Despite considerable regional economic growth and changes in federal, state and local welfare and related policies over the last two decades, one out of five New Yorkers and a third of New York City's children live in poverty. Moreover, poverty in New York City is concentrated geographically, creating "pockets" of extreme poverty – where more than 40% of the population lives below the Federal Poverty Line.<sup>2</sup>

### ***Research and Evidence***

Conditional cash transfer (CCT) programs in over 20 countries around the world provide monetary incentives to households living in poverty when they complete activities aimed at increasing human capital development and breaking the cycle of poverty. To date, Mexico's CCT program, known today as *Oportunidades*, is the largest and the most comprehensively evaluated. The empirical evidence gathered from these evaluations shows that incentive-based strategies are an effective approach to reducing poverty and building human capital. *Oportunidades* currently serves over 25 million very low-income Mexicans – about one fourth of the country's population.

Several smaller scale CCT programs in the U.S are also using incentives. At least two of these programs have used financial incentives to encourage a range of positive activities. Although neither program has been rigorously evaluated, initial outcomes are positive:

- [The Family Independence Initiative](#) provides monetary rewards for actions like improving children's grades, improving credit scores, or enrolling in a health insurance program. Families can receive up to \$2,000 annually, plus an additional \$4,000 as part of a matching savings program. An initial pilot in Oakland served 140 families, and program sponsors reported that household incomes rose 26% in 18 months.
- A Chicago program, [Pathways to Rewards](#), allows participants to earn points for an individualized set of goals such as holding a job, going to scheduled medical appointments, improving their children's school attendance, and paying the rent on time. The points can be redeemed for gift certificates or checks made out to particular stores or vendors (e.g., a utility company). About 80% of the 130 participants in a small pilot met their goals.

*Opportunity NYC: Family Rewards* is the first major CCT program to offer incentives for employment/training, in addition to the health and education incentives offered by international programs.

## ***Program Description***

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*Opportunity NYC: Family Rewards* is being piloted in six community districts with high levels of poverty. The program offers monetary incentives to low-income families for successfully completing targeted activities in education, health, and employment and training domains. The payments are significant and together have the potential to raise family income by an estimated 25-30% (approximately \$4,000 - \$6,000).<sup>3</sup> As such, the payments function as an *income supplement* to immediately reduce economic hardship. Moreover, this initiative aims to promote access to, and utilization of, existing family support resources. The program will last between two and three years and will be evaluated over five years. It is being implemented in the central Bronx, East and Central Harlem in Manhattan, and Brownsville and East New York in Brooklyn.

MDRC, a nonprofit, nonpartisan education and social policy research organization, and Seedco, a national nonprofit intermediary organization will lead the design, implementation, and evaluation of the program.

To be eligible for the program, families must have at least one child in the fourth, seventh, or ninth grade attending a New York City public school. These grades were carefully chosen in light of evidence that suggests that they are critical transition years where children faced increasing risk of falling behind. It should be noted, however, that once a family has enrolled in the program, *all* school-age children in the family are eligible for the program's education-focused incentive payments regardless of grade level. In addition, a family must have at least one parent who is a U.S. Citizen or legal permanent resident.

A total of 5,100 families residing in the selected community districts, whose household income is equal to or less than 130% of the federal poverty level<sup>4</sup> and who have school-age children at home will be enrolled in the program. Half of these families will be randomly assigned to a control group which will not receive incentives. The other half will receive incentive payments for completing activities in the targeted areas.

Six community based organizations (CBOs), one in each of the target community districts, were selected through a competitive process to enroll and support families. Families selected to be in the program group participated in an orientation workshop conducted by the CBOs in their respective communities. Throughout the program, the CBOs will offer information to program participants who seek guidance on services that might help them fulfill the requirements for the incentives.

Monetary rewards are awarded bi-monthly to participating households that meet specific targets for children's education, family preventive healthcare practices, and parents' workforce efforts. For example:

- **Education targets** include children's superior school attendance, sustained high achievement or improved performance on standardized tests, and parental engagement in children's education.
- **Health targets** include maintaining adequate health coverage for all children and adults in participant households, and age-appropriate medical and dental visits for each family member.
- **Workforce targets** include sustaining full-time work and/or combining work with approved education or job training.

Incentive payments range from \$25 for attending parent-teacher conferences and \$600 to high school students for passing a regents exam to \$100 for a preventive health screening and \$150 a month for maintaining full-time employment. In total, it is expected that participating families can earn approximately \$4,000 to \$6,000 per year depending on family size and the number of target activities met successfully. These funds are unrestricted, and may be used as the family deems necessary.<sup>5</sup>

## ***Target Population***

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*Opportunity NYC: Family Rewards* serves 2,550 low income families with school-aged children. The program serves the following communities:

Manhattan CD 10, 11  
Brooklyn CD 5, 16  
Bronx CD 5, 6

## ***Expected Outcomes***

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### **Short-Term:**

- Alleviate poverty through the income supplement provided by the incentives
- Improve health and education outcomes for children and adults and workforce outcomes for parents

### **Long-Term:**

- Reduce intergenerational poverty

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<sup>1</sup> This number refers to the actual number of families that will receive monetary incentives. Because *Opportunity NYC: Family Rewards* is subject to a controlled experiment design, 5,100 families will be enrolled in the program. Half of these families will be randomly assigned to a control group that will not receive any monetary incentives or services.

<sup>2</sup> CEO Report, 8-9.

<sup>3</sup> International CCT experts have found that for a CCT program to be effective, its monetary incentives need to offer between 25-30% of a family's income.

<sup>4</sup> 130% of poverty represents an annual income of less than \$22,321 for a family of three.

<sup>5</sup> Each program family received a coupon book highlighting the incentivized activities, and families submit documentation of meeting specified targets, such as a signed coupon by a doctor to verifying a health check up on a bi-monthly basis. Some activities like school attendance are automatically verified using administrative data. Each two-month period, the families' coupons and administrative data are reviewed and their earned rewards are deposited into a bank account or a stored-value card.