Family Rewards: A Conditional Cash Transfer (CCT) Pilot Program in NYC

SREE conference

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Family Rewards

• Testing an adaptation of the CCT concept in NYC
  – Designed by NYC CEO, MDRC, and Seedco
  – Goal to reduce short-term poverty (through cash transfers) and long-term and 2nd generation poverty (through human capital development)
  – Privately funded

• Targeted low-income families (with 4th, 7th, or 9th grader) in 6 high poverty community districts (N=4,750)

• 3-year intervention (Sep 2007-Aug 2010) and 5-year evaluation (through 2013)
The offer: Rewards in 3 domains

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

2. Family preventive health care
   - Maintaining health insurance
   - Preventive medical and dental check-ups

3. Parents’ work and training
   - Sustained full-time work
   - Completion of education/training while employed
Payment structure

• Range of payment amounts

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

• Parents receive most payments, except some education payments that go directly to high school students

• Payments made every 2 months—electronically, into bank accounts
Families’ understanding

• Parents understood general offer but often confused about the specifics; understanding improved over time

• Heavy use of the helpline (documentation issues)

• Highly variable understanding among kids. Many parents rewarded achievement without reproducing incentive system within family.

• Many HS kids didn’t focus on program or take seriously until end of first year

• Continuous marketing is essential
Rewards paid in first 2 years

- Virtually all families earned some rewards
- 65% received rewards in every activity period
- Over $3,000/year per family ($6,000 over 2 years)
- Most for education and health
- Almost 88% earned rewards requiring coupon submission
Effects on poverty
(18-month follow-up)

16% decrease
-11.1 pct. pts.***

44% decrease
-13.2 pct. pts.***

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Effects on family economic hardships
(18-month follow-up)

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

- **33% decrease**
  - 19% decrease
  - -7.8 pct. pts.***
  - -7.3 pct. pts***

- 41% increase
  - +18.3 pct. pts.***

- 38% decrease
  - -3.9 pct. pts.***

- Program
- Control

Food insufficiency
Cannot make ends meet
Financial situation better than last year
Did not get medical care because of cost

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Effects on banking and savings
(18-month follow-up)

**42% increase**
+21.5 pct. pts.***

**20% decrease**
-7.3 pct. pts.***

**58% increase**
+9.4 pct. pts.***

- Has a bank account
  - Program: 73.3
  - Control: 51.8

- Uses a check cashier
  - Program: 29.2
  - Control: 36.5

- Had any savings
  - Program: 25.7
  - Control: 16.3

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Education effects for 4th-grade cohort

Impacts in Year 2

<table>
<thead>
<tr>
<th></th>
<th>Program</th>
<th>Control</th>
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<tbody>
<tr>
<td>95% attendance</td>
<td>44.5</td>
<td>41.6</td>
</tr>
<tr>
<td>Proficient on math test</td>
<td>80.3</td>
<td>78.6</td>
</tr>
<tr>
<td>Proficient on ELA test</td>
<td>67.6</td>
<td>68.1</td>
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</tbody>
</table>

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Educational effects for 7th-grade cohort

Impacts in Year 2

- 95% attendance: Program 36.6 vs. Control 34.9
- Proficient on math test: Program 61.9 vs. Control 63.5
- Proficient on ELA test: Program 46.5 vs. Control 46.0

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Education effects for 9th grade subgroups

Subgroup: PROFICIENT on 8th grade tests

95% attendance (Y2):
- 51.1% in Program
- 36.2% in Control

Repeated 9th grade (Y2):
- 3.0% in Program
- 8.8% in Control

Earned 22 credits (Y1 & Y2):
- 72.7% in Program
- 64.5% in Control

Passed ≥ 2 regents (Y1 & Y2):
- 77.6% in Program
- 71.7% in Control

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Education effects for 9th grade subgroups

Subgroup: NOT PROFICIENT on 8th grade tests

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Effects on Health Coverage (Parents) (18-month follow-up)

- **2% increase**
  - Had any insurance in prior month: Program 95.6%, Control 93.7% +1.9 pct. pts.**

- **17% decrease**
  - Had a period of no insurance since RA: Program 16.1%, Control 19.4% -3.3 pct. pts.**

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Effects on Parents’ use of Health Services (18-month follow-up)

- **4% increase**: +3.5 pct. pts.***
  - Program: 94.9
  - Control: 91.4

- **38% decrease**: -2.0 pct. pts.***
  - Program: 3.3
  - Control: 5.3

- **16% increase**: +9.5 pct. pts.***
  - Program: 93.2
  - Control: 91.7

- **Had at least 2 dental visits since RA**
  - Program: 67.4
  - Control: 57.9

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Effects on Parents’ Health Outcomes (18-month follow-up)

- **Being treated for medical condition**
  - Program: 47.2%
  - Control: 44.4%
  - 6% increase
  - 2.8 pct. pts.*

- **Self-reported health is excellent**
  - Program: 15.8%
  - Control: 13.5%
  - 17% increase
  - 2.3 pct. pts.*

Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.
Effects on employment and earnings

**Employment rates**

- Ever worked during year 1 (UI records):
  - Program: 56.2%
  - Control: 58.5%
  - *4% decrease -2.3 pct pts**

- Working at survey interview (18 months):
  - Program: 48.6%
  - Control: 43.0%
  - **13% increase +5.6 pct pts***

**UI Earnings**

- Earnings during year 1 (UI records):
  - Program: $12,091
  - Control: $12,377
  - **-$286**

*Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.*
Effects on training completion

(18-month follow-up)

Parent has certificate/degree

- **6% increase**
  - +3.0 pct pts**

<table>
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<tr>
<th>Has trade license/certificate</th>
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<table>
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<tr>
<th>Has Associate's degree</th>
<th>Program</th>
<th>Control</th>
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<td>10.2</td>
<td>7.7</td>
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32% increase

+2.5 pct pts**

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

• Success in achieving short-term goal: reducing current poverty and hardship

• Although many early effects are small or modest, they span a wide range of human capital outcomes

• Longer-term results will show whether these effects grow enough to be cost-effective

• Too soon to draw final conclusion

• Evaluation will continue through 2014