



Randomized Controlled Trial of Family Rewards 2.0: Conditional Cash Transfers for Low-Income U.S. Families to Break the Cycle of Poverty

Cynthia Miller, Rhiannon Miller, Nandita Verma, Nadine Dechausay, Edith Yang, Timothy Rudd, Jonathan Rodriguez, and Sylvie Honig, *Effects of a Modified Conditional Cash Transfer Program in Two American Cities: Findings from Family Rewards 2.0*, MDRC, September 2016.

Overview:

This was a well-conducted randomized controlled trial (RCT) of Family Rewards 2.0, a conditional cash transfer program for low-income families with at least one child entering ninth or 10th grade. Over approximately a three-year period, the program provided each participating family with cash rewards that were contingent on the family meeting certain goals related to children's school performance, the family's use of preventive health care, and parents' employment. The sample comprised 2,456 families in the Bronx (New York) and Memphis, Tennessee. At follow-up two to four years after random assignment, the study found that the program produced no significant effects on children's educational outcomes and either no significant effects or modest adverse effects on parents' employment and earnings (depending on whether employment/earnings were measured with self-reports or official state records, respectively). The program produced a modest, statistically-significant increase in household income during the program period, but this is likely just due to the cash rewards that the families received during that time (*i.e.*, it's a mechanical result of program participation). The program also produced a small, statistically-significant positive effect on parents' self-reported health during the program period. On average, the program cost \$13,459 per family, 48 percent of which was paid directly to families as cash rewards.

Description of the program:

Family Rewards 2.0 was a conditional cash transfer program for families who (i) were receiving benefits under the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) program, and (ii) had at least one child entering ninth or 10th grade.¹ Families participated in the program for approximately three years, during which time the program offered them cash rewards that were contingent on their successfully meeting certain pre-specified conditions across three domains. The conditions were as follows:

- Education-focused conditions included high school students' maintaining high attendance at school, receiving high course grades, passing state core exams, and taking an ACT or SAT exam.
- Health-focused conditions included obtaining preventive medical and dental care for both parents and children.
- Workforce-focused conditions included parents' maintaining full-time employment and obtaining a General Equivalency Degree (GED) certificate.

¹ Family Rewards 2.0 was a modified version of New York City's Opportunity NYC–Family Rewards program, which had been found in an earlier RCT to produce weak or no impacts on the major targeted outcomes. Compared to the original program, Family Rewards 2.0 offered fewer rewards but paid awards more frequently, targeted education rewards more narrowly (*i.e.*, only to high school students), and provided more guidance to help families earn rewards.

Cash rewards ranged from \$10 to \$500 depending on the specific condition met, and families earned an average of \$6,154 in rewards over the course of the three-year program (or approximately \$35-40 per week). Such rewards were large relative to family earnings, which in the study sample described below, averaged \$8,622 in the year prior to the program (or about \$165 per week).

In addition to the cash rewards, advisors worked with families to develop a Family Earning Plan and met with them at least twice per year to discuss their progress toward earning the rewards. Advisors proactively engaged those families who were not earning many rewards and provided them with resources and services to help them to earn more rewards.² On average, the program cost a total of \$13,459 per family, 48 percent of which was paid directly to families as rewards.

Study design:

The study sample was comprised of 2,456 families (1,230 living in the Bronx and 1,226 in Memphis) who were randomly assigned to a group that was eligible for Family Rewards or a control group that was not. The study measured parents' employment and earnings over the program period (approximately three years after random assignment) using Unemployment Insurance (UI) records from the New York State Department of Labor and the Tennessee Department of Labor and Workforce Development. The study measured student outcomes over approximately four years after random assignment using administrative records from the New York City Department of Education, Memphis City Schools, and Shelby County Schools. The study measured additional outcomes through family surveys administered two years after random assignment.

Key findings:

- Based on state UI data covering the three-year program period:
 - Job earnings were slightly lower in the Family Rewards group. Adults in the Family Rewards group earned an average of \$9,228 per year versus \$9,906 for adults in the control group (statistically significant, $p < 0.05$).
 - Average quarterly employment during the three-year period was slightly lower in the Family Rewards group. An average of 49.6 percent of adults in the Family Rewards group were employed each quarter versus 52.2 percent of control group adults (statistically significant, $p < 0.05$).
- Based on education records covering the three-year program period and the following year:
 - There were no significant differences (or pattern of non-significant differences) between high school students in the Family Rewards group and their counterparts in the control group in educational outcomes, including school attendance, credits earned, state core exams passed, and high school graduation.

² These services and resources included funding for short-term tutoring, uniforms for work, transportation to job interviews, and/or licensing fees.

- Based on survey data collected two years after random assignment:
 - Family Rewards produced a modest, statistically-significant increase in families’ self-reported income in the month preceding the two-year survey. The Family Rewards group averaged \$1,636 in income versus \$1,498 for the control group (statistically significant, $p < 0.01$). This resulted in a decrease in the proportion of families living at or below the federal poverty line (74 percent in the Family Rewards group versus 78 percent in the control group, statistically significant, $p < 0.05$). However, since the program did not positively affect workforce earnings, these effects on income are likely just a mechanical result of the families’ receiving cash rewards during the program period.
 - Family Rewards had no significant effect on the proportion of parents reporting that they were employed in the past year (66.5 percent for the Family Rewards group versus 67.4 percent for the control group).
 - Family Rewards produced a statistically-significant increase in parent and child receipt of dental checkups but had no significant effect on their receipt of health checkups or on children’s vaccinations.
 - Family Rewards parents rated their health status slightly higher than control group parents (3.2 vs. 3.0 on a five-point scale, statistically significant, $p < 0.01$).
 - 76 percent of Family Rewards parents rated themselves as “pretty happy” or “very happy” compared to 72 percent of control group parents (statistically significant, $p < 0.01$).

Summary of study quality:

This was a well-conducted RCT. The Family Rewards and control groups were highly similar in their pre-program characteristics. The study collected workforce and educational outcomes for more than 99 percent of the sample using administrative data, and sample attrition on the 24-month survey was low and balanced across the two groups (17 percent of the Family Rewards group were lost to attrition versus 19 percent of the control group). The analysis appropriately included all families in the sample used to analyze the program’s effects, regardless of whether they earned rewards (consistent with an intent-to-treat approach). The study’s analysis appropriately adjusted for the fact that many outcomes were measured and found that the significant effects described above all remained statistically significant or close to significant ($p = 0.08$ level or lower).