

February 2015

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Dear Colleague,

Conditional cash transfer programs offer cash assistance to poor families, conditioning 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.

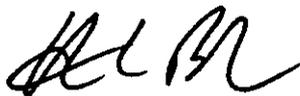
In Family Rewards 1.0, low-income families were offered cash incentives ("rewards") for completing activities related to children's education, family preventive health care, and adult work or training. The program had moderate effects, but did reduce hardship, increase access to dental care, and improve 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 federal 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, 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 represents a shift 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 that 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.

Sincerely,



Gordon L. Berlin  
President



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