Evaluating Social Protection Policies

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mdrc
BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

Outline of presentation

- Describe use of randomized controlled trials (RCTs) in building evidence for social protection policies
- Illustrate use of an RCT to test New York City's conditional cash transfer (CCT) program
- Reflections on using evaluations to improve social protection policies

What is MDRC?

- Social policy research firm
- Not-for-profit, non-partisan
- National firm, headquartered in New York City
- Mission: To increase knowledge of “what works” to improve the well-being of low-income people
- Leader in use of randomized controlled trials (RCTs) to test new social policies

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Randomized controlled trials (RCTs)

- Similar to clinical trials in medicine. Most reliable way to test for effectiveness
- Allocate a target population to “program group” or “control group” by **lottery**
- Control group is benchmark: similar at start to program group, even on traits difficult to measure (e.g., motivation)
- RCTs are not feasible or ethical in all cases, but appropriate in many situations
- Use has grown tremendously in U.S. over last 40 years

Uses of RCT evaluations

- **To evaluate existing policies**
  - Where slot capacity is limited (cannot serve all eligibles)
- **To test innovations on a smaller scale (pilot projects)**
  - Inform decisions about replication/expansion
  - Best when design policy and RTC evaluation *together*
- **To compare two or more different interventions**
  - E.g., alternative incentive policies in a CCT program

RCTs have been widely used to study co-responsibilty transfer programs in the US

- *Mandatory welfare-to-work programs*

Example of a Current RCT Pilot

Opportunity NYC – Family Rewards

New York City's
Conditional Cash Transfer (CCT) Program

Family Rewards partners

NYC Center for Economic Opportunity (CEO)

- Sponsoring Family Rewards demonstration; led design team
- Leading Mayor Bloomberg's anti-poverty agenda

MDRC (Evaluation firm)

- Helped design the intervention
- Conducting the evaluation (not *operating* the program)

Seedco (Program operator—private, nonprofit)

- Helped design the intervention
- Manages overall delivery of the program

6 NPOs (Neighborhood Partner Organizations)

- Community organizations; serve as "face" of the program in the targeted communities

Designing Family Rewards

- Drew on the conceptual framework of international CCTs
- Consulted with local and national poverty experts
- Consulted with NYC agencies
- Consulted with World Bank
- Learning exchange with Mexico
  - Program officials & researchers
  - NYC conference
  - Visit to Mexico

Family Rewards Experiment

- **Testing an adaptation of the CCT concept in NYC**
  - First comprehensive CCT in a developed country
  - Layered on top of existing safety net
  - Privately funded
- **3-year intervention**
  - September 2007 to August 2010
- **5-year evaluation**
  - Random assignment design
  - Implementation, impact, and benefit-cost analyses
- **Results so far cover first 1-2 years**
  (including "start-up")

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)

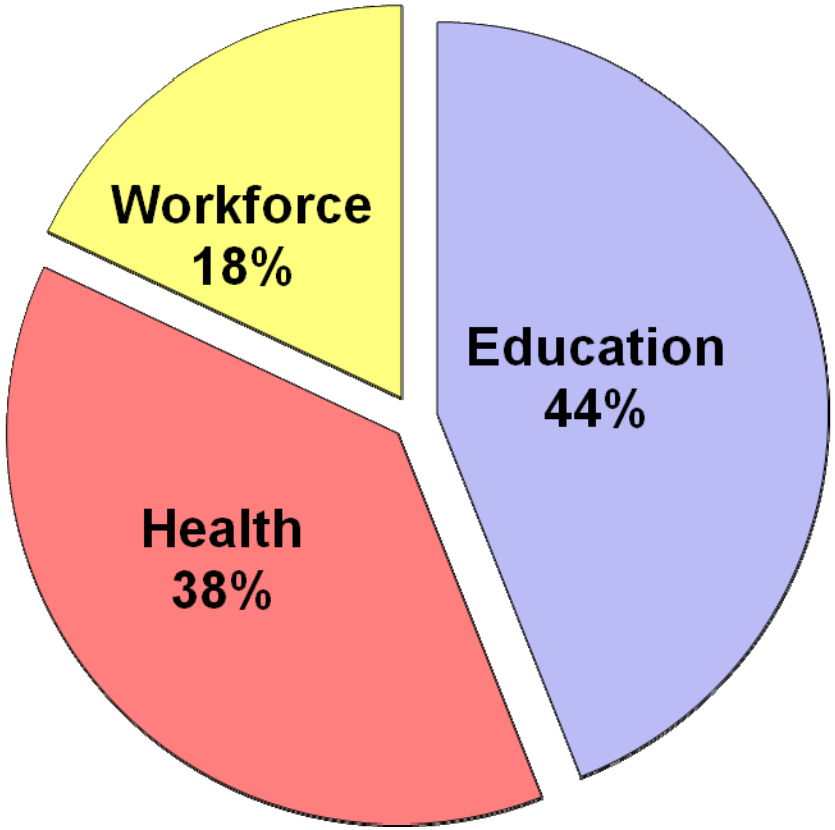
- **Most payments go to parents**

- **Some education payments go directly to high school students**

- **Payments made every 2 months—electronically, into bank accounts**

Rewards paid in first 2 years

- Over $3,000/year per family ($6,000 over 2 years)
- Virtually all families earned some rewards
- 65% received rewards in every activity period
- Most for education and health



Early Program Effects ("Impacts")

Using data from administrative records and an 18-month survey of parents

Interpreting the graphs

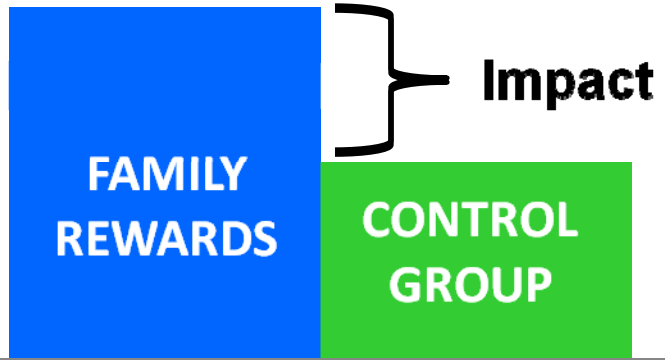
- **Blue bar** = Outcomes (i.e., behaviors/achievements) of **FAMILY REWARDS group**

- **Green bar** = Outcomes of **CONTROL GROUP**
  - Shows what Family Rewards participants *would* have achieved *without* program

- **DIFFERENCE** = the program effect (or "impact")

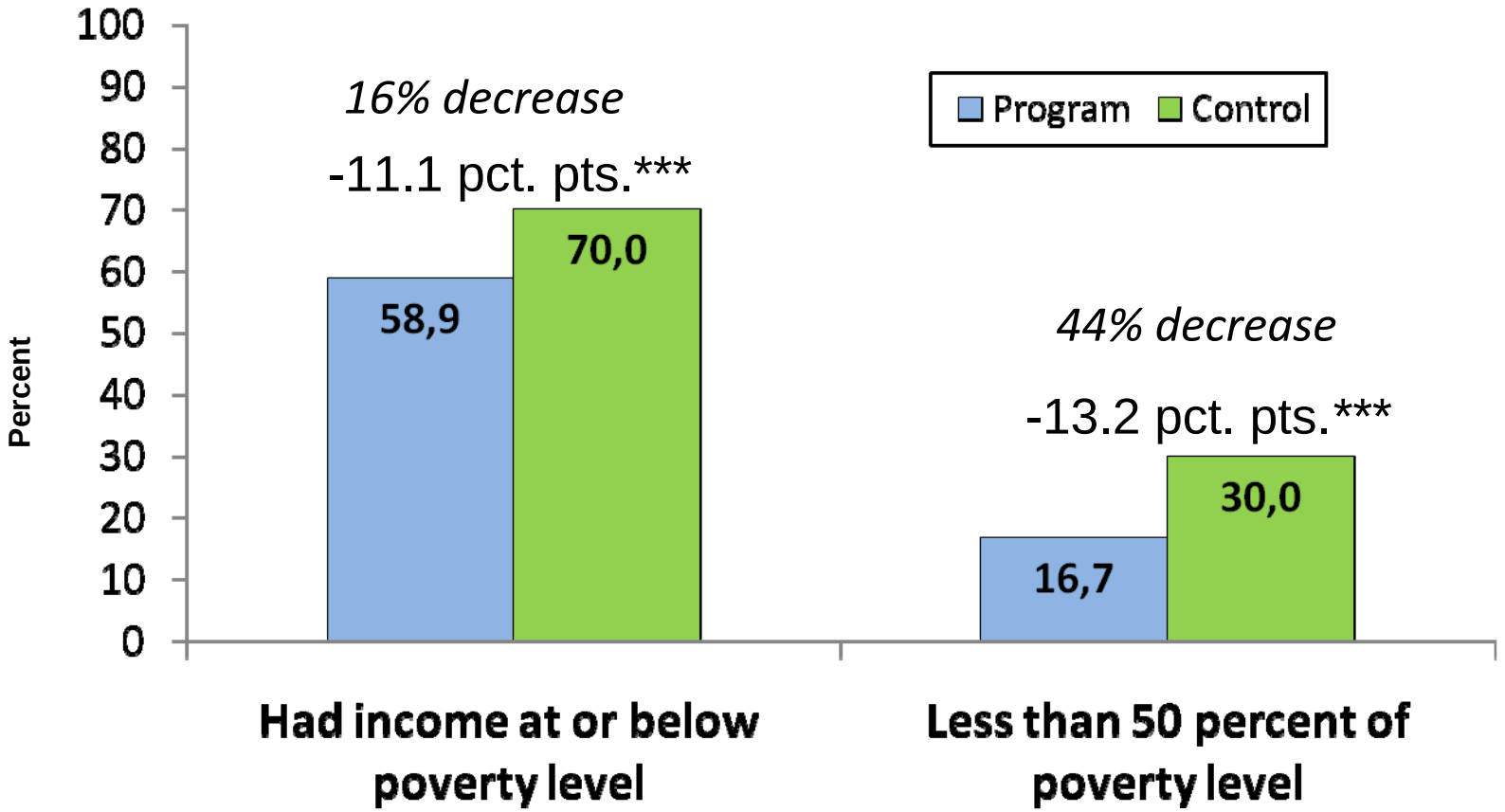
  ** = statistical significance*

Remember: EARLY findings only!



Effects on current poverty

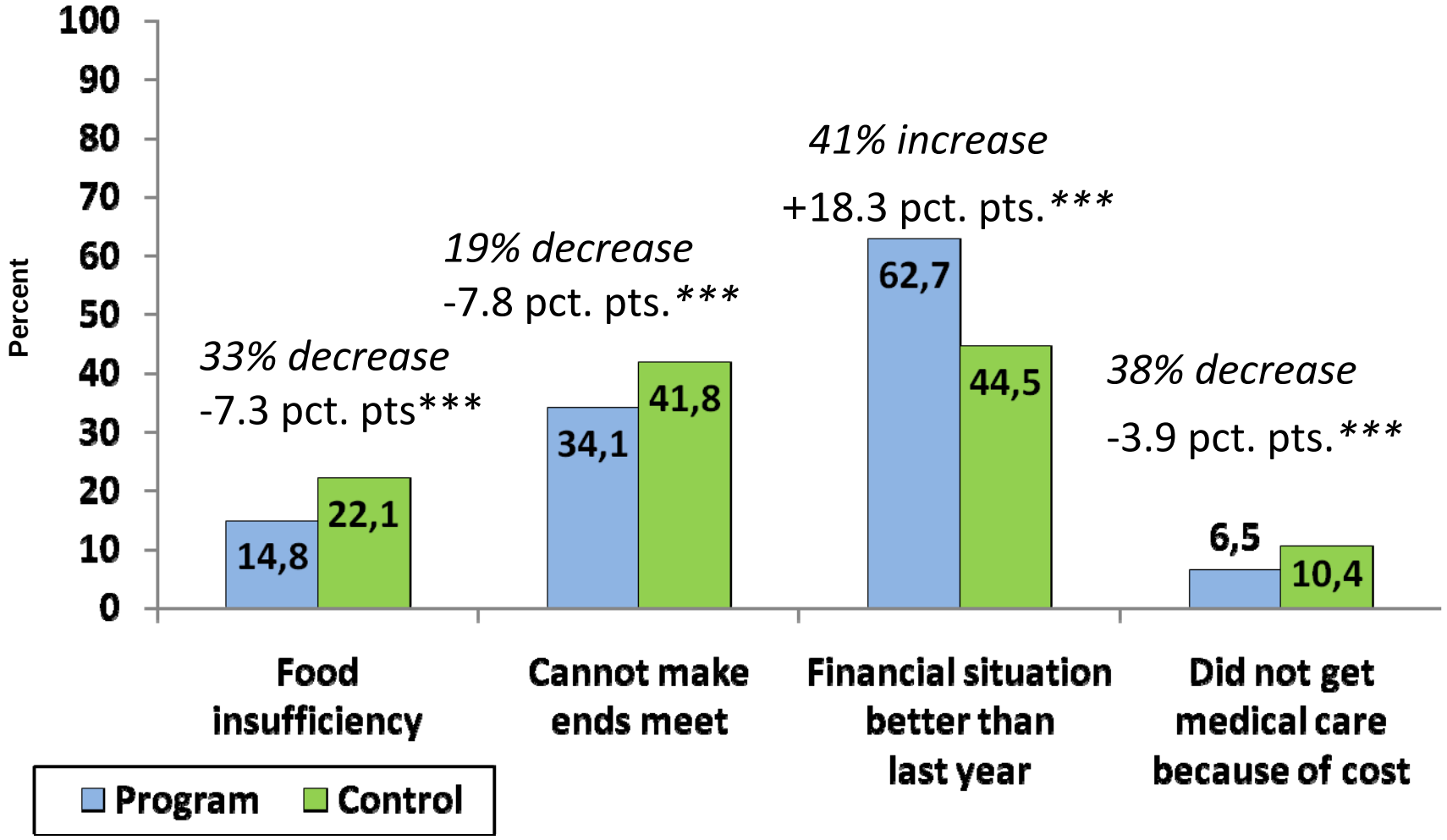
(18-month follow-up)



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

Effects on family economic hardships

(18-month follow-up)



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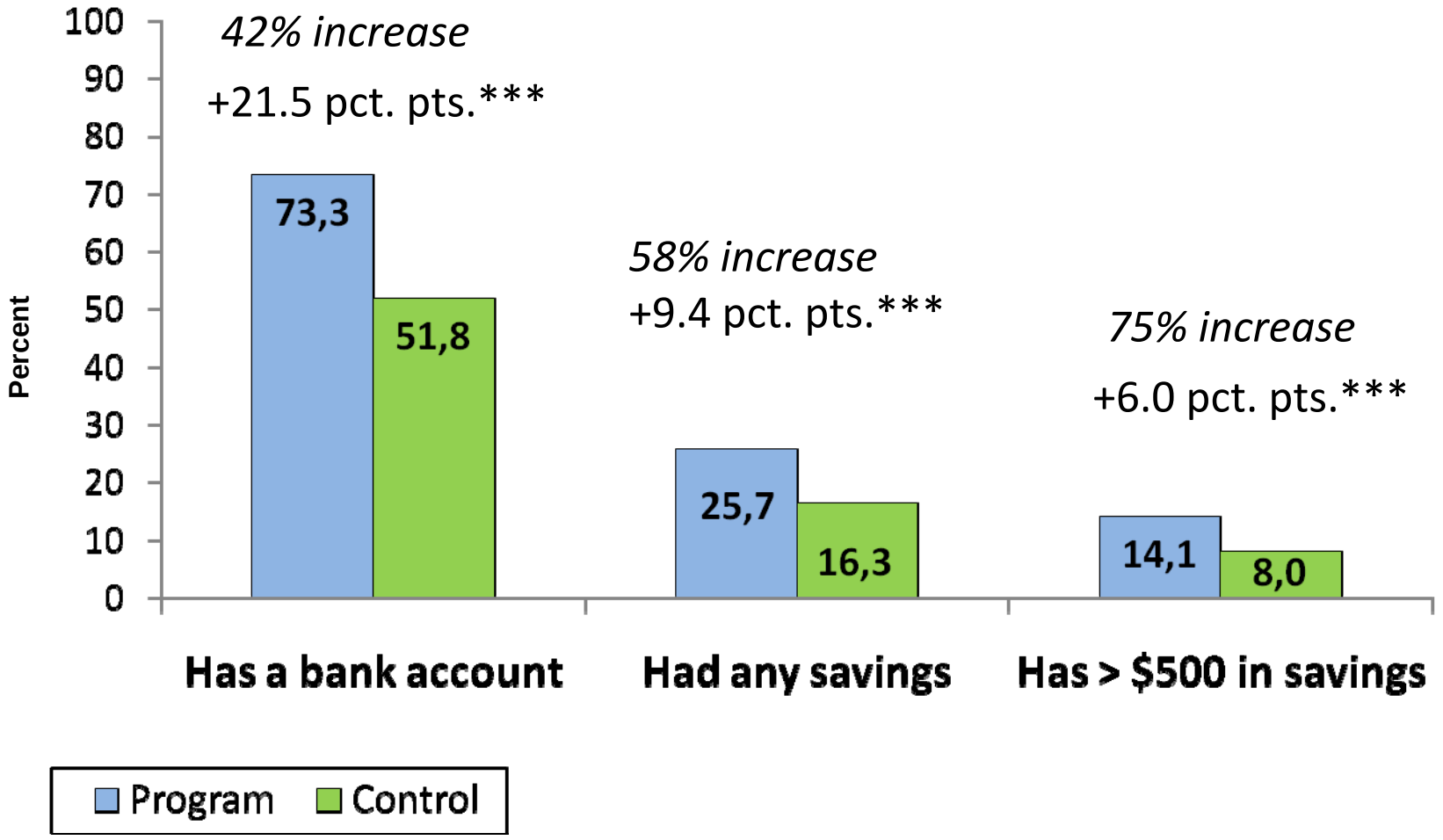
Effects on savings

(18-month follow-up)



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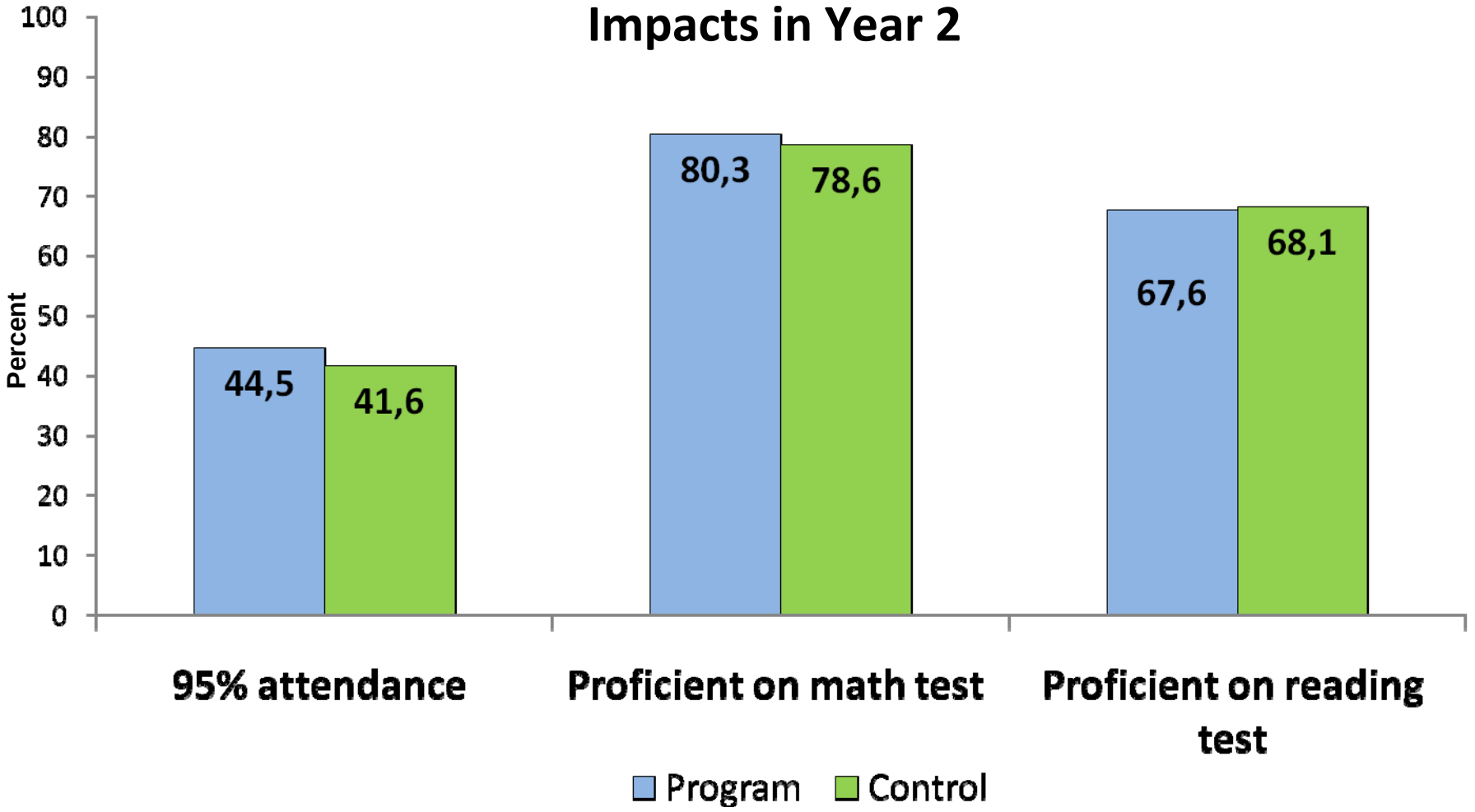
Education effects for 4th-grade cohort



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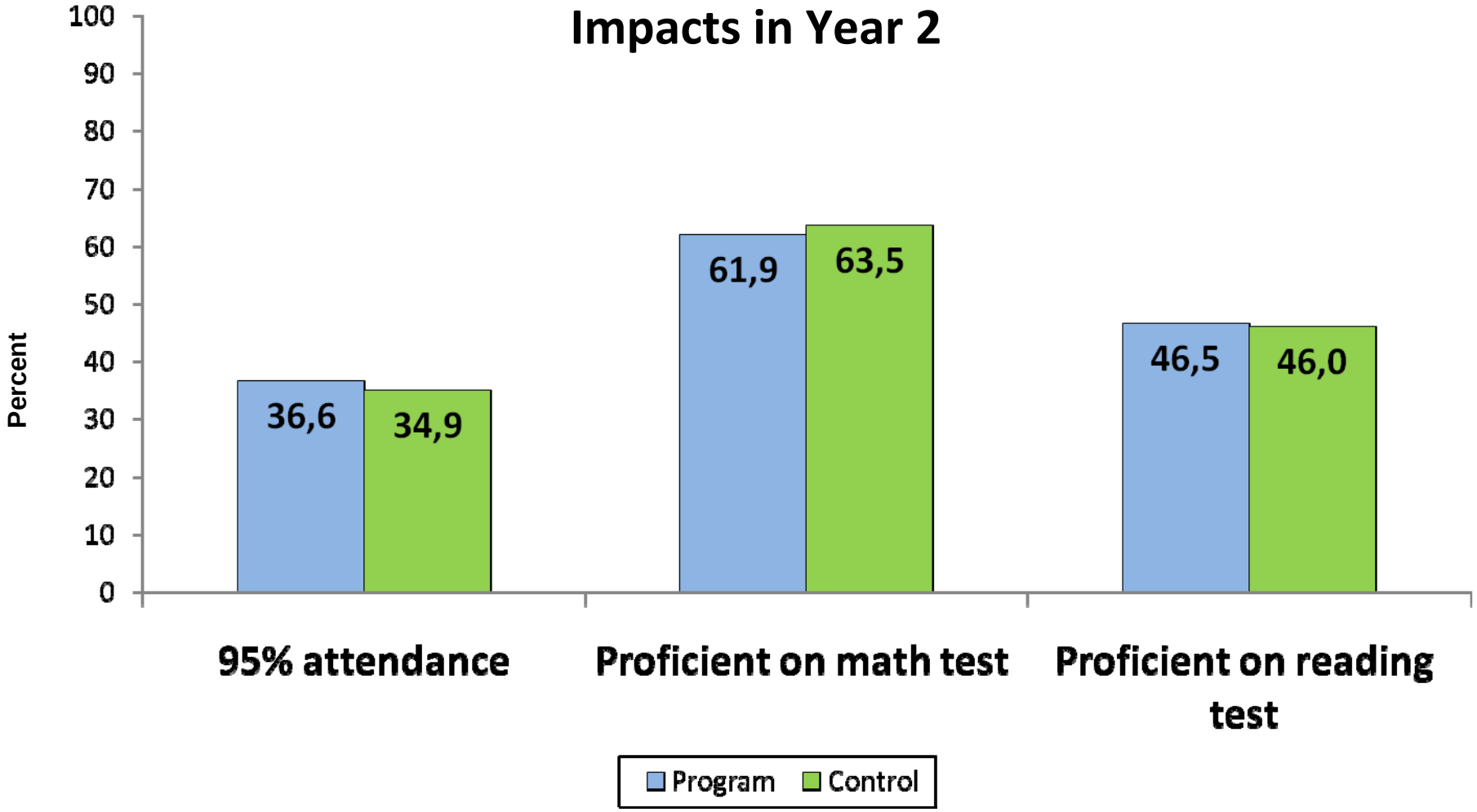
Educational effects for 7th-grade cohort



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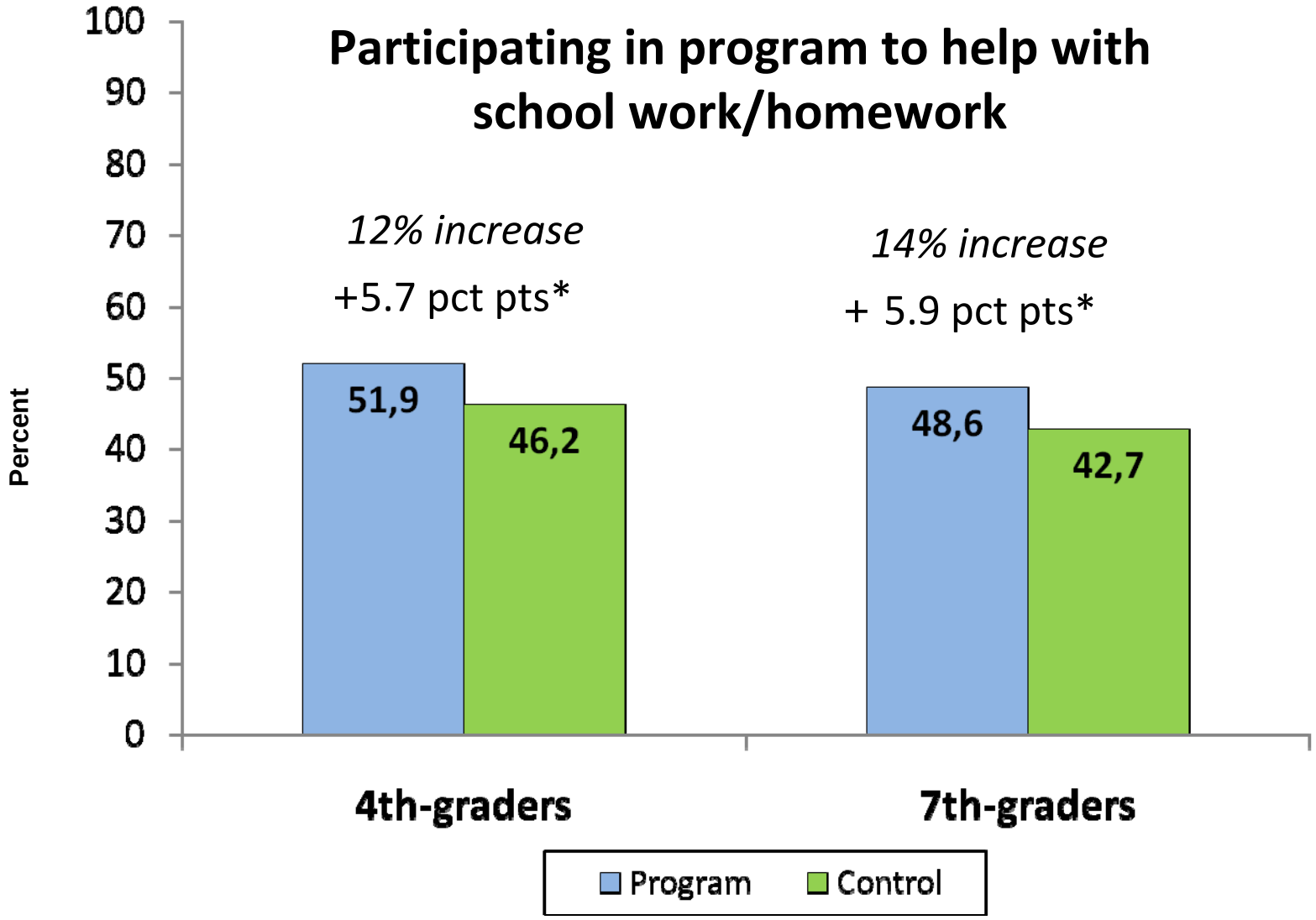
Effects on younger children's activities

(18-month follow-up)



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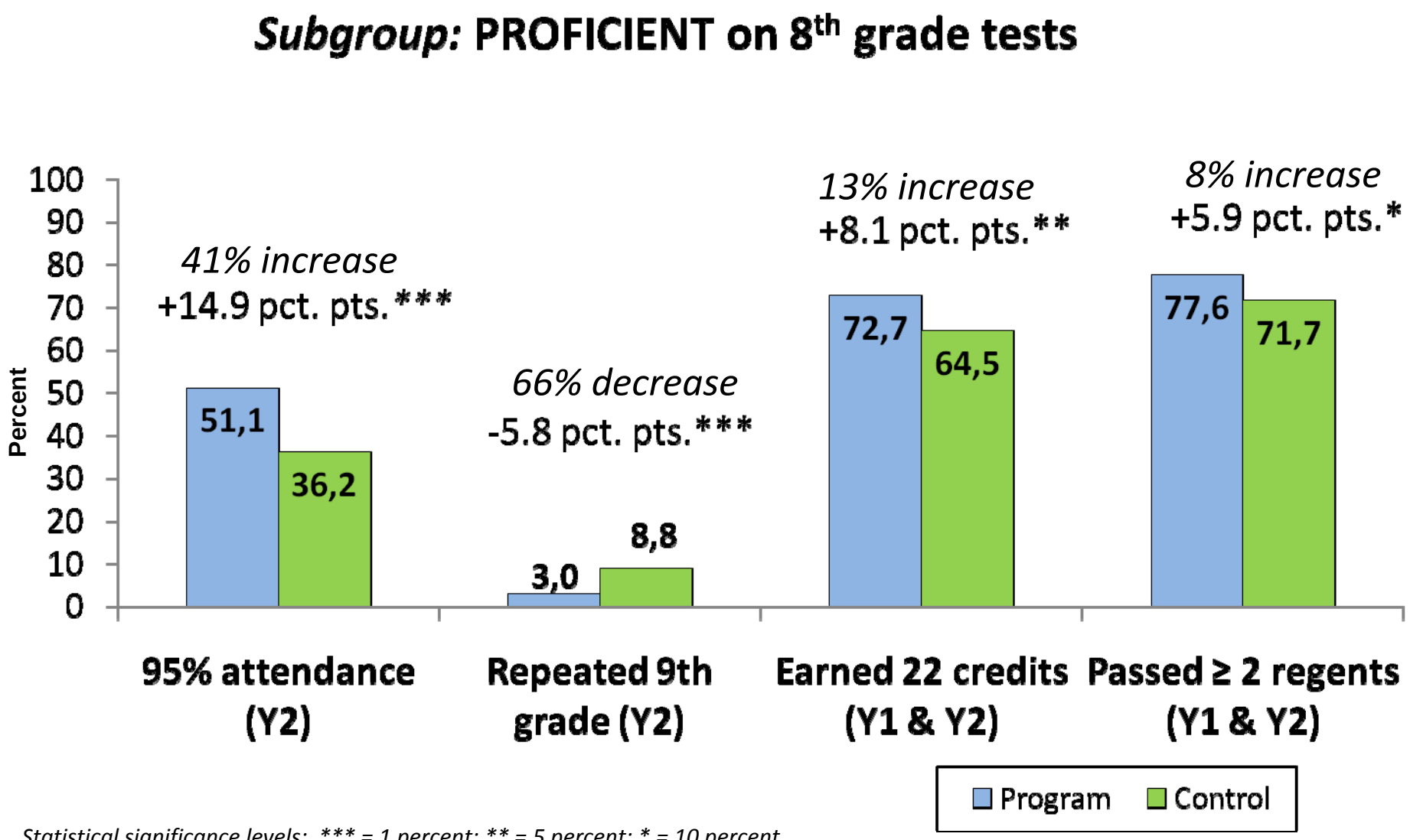
Analyzing the 9th grade sample

- Little effect on schooling overall, but…
- Subgroup analysis reveals differential response to the program
- Split entering 9th grade sample into 2 subgroups according to performance on 8th-grade standardized test *(before starting Family Rewards)*:
  - **"Proficient"** subgroup (more prepared for high school)
  - **"Not proficient"** subgroup (less prepared)

Education effects for 9th grade subgroups



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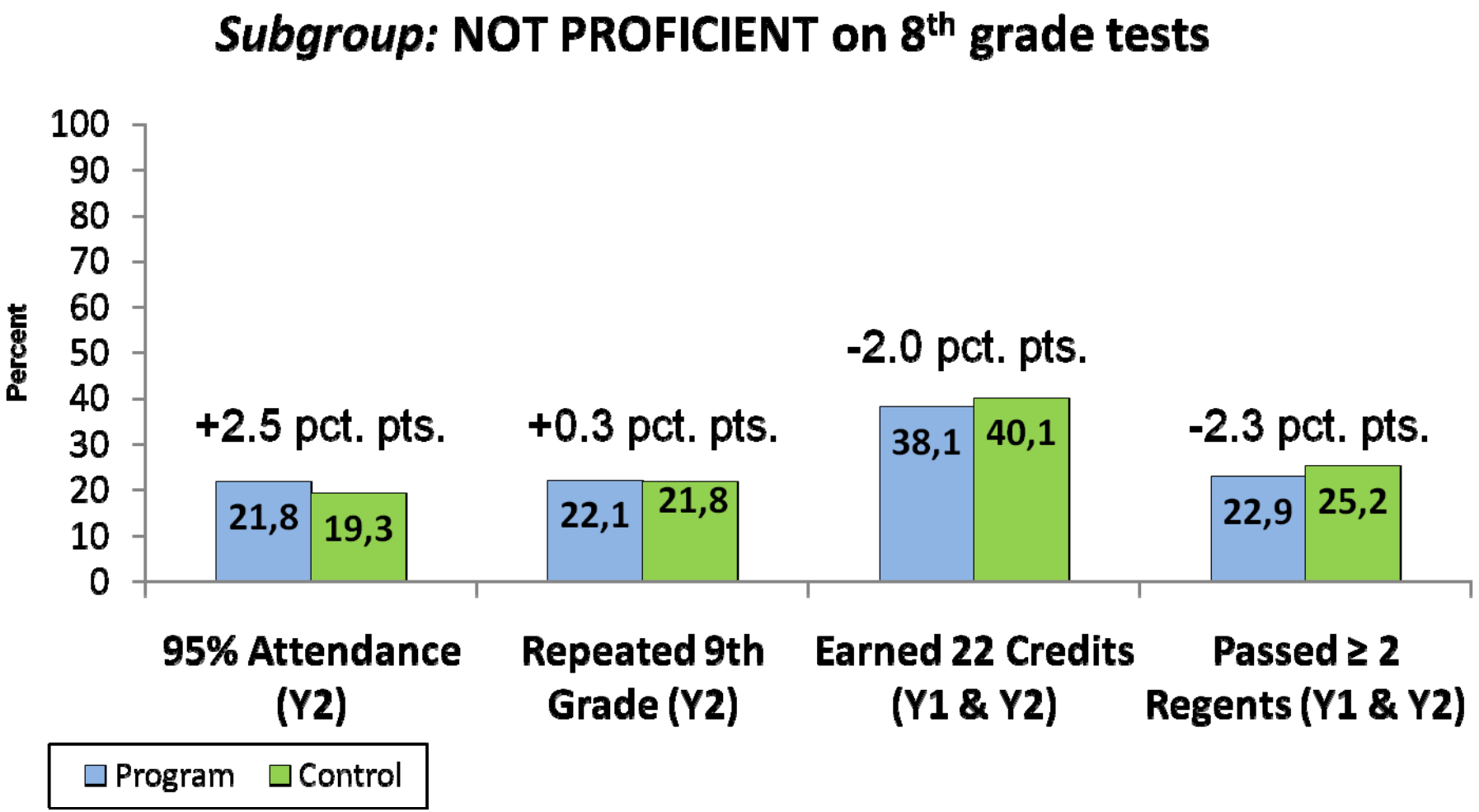
Education effects for 9th grade subgroups



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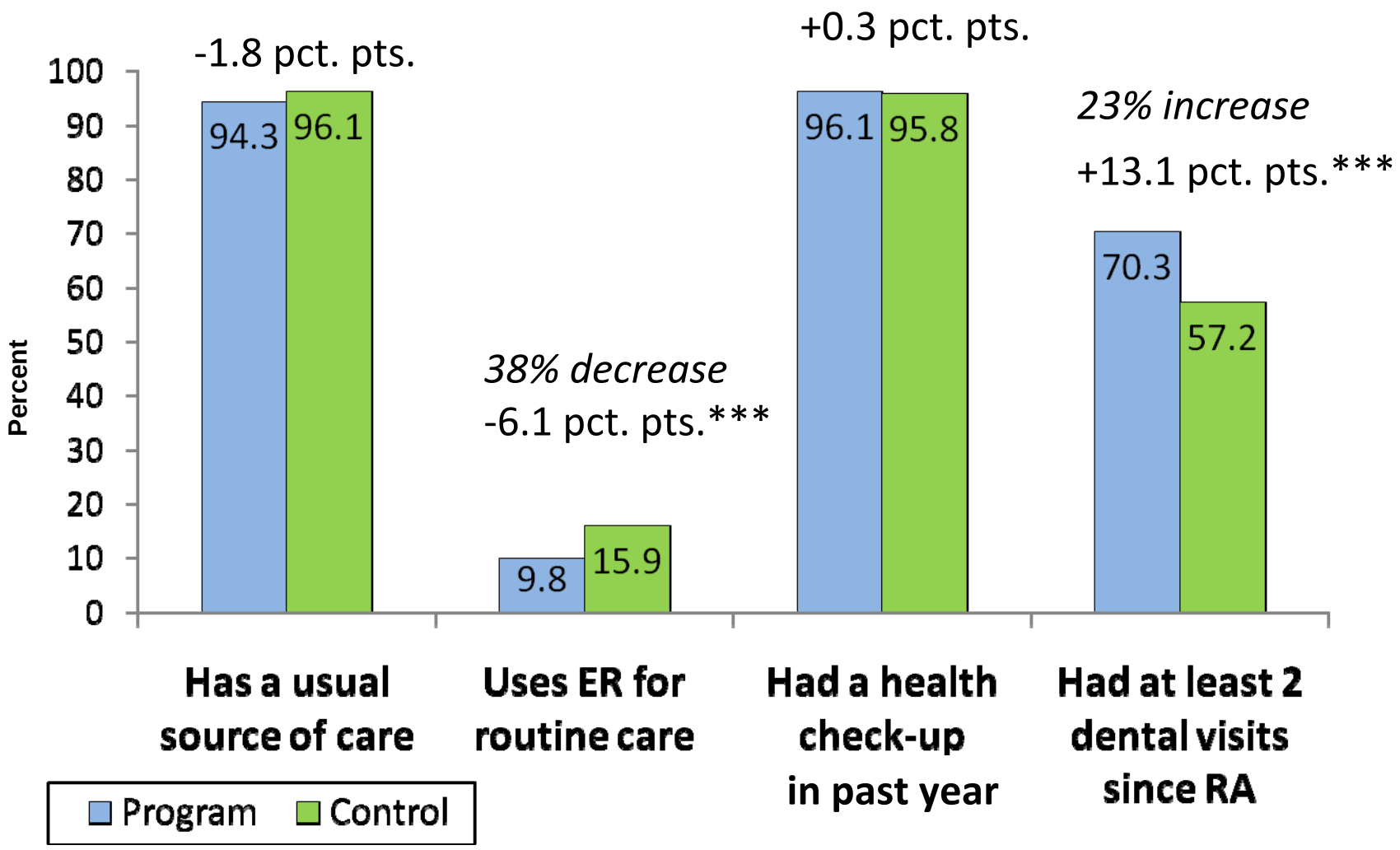
Effects on high school students' use of health services *(18-month follow-up)*



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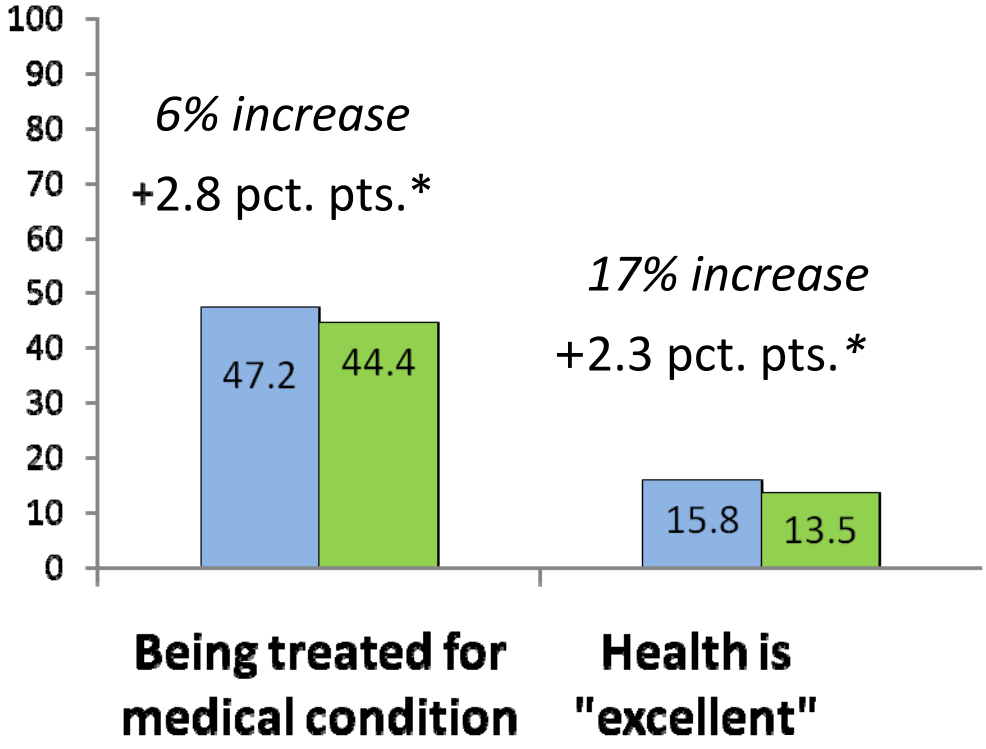
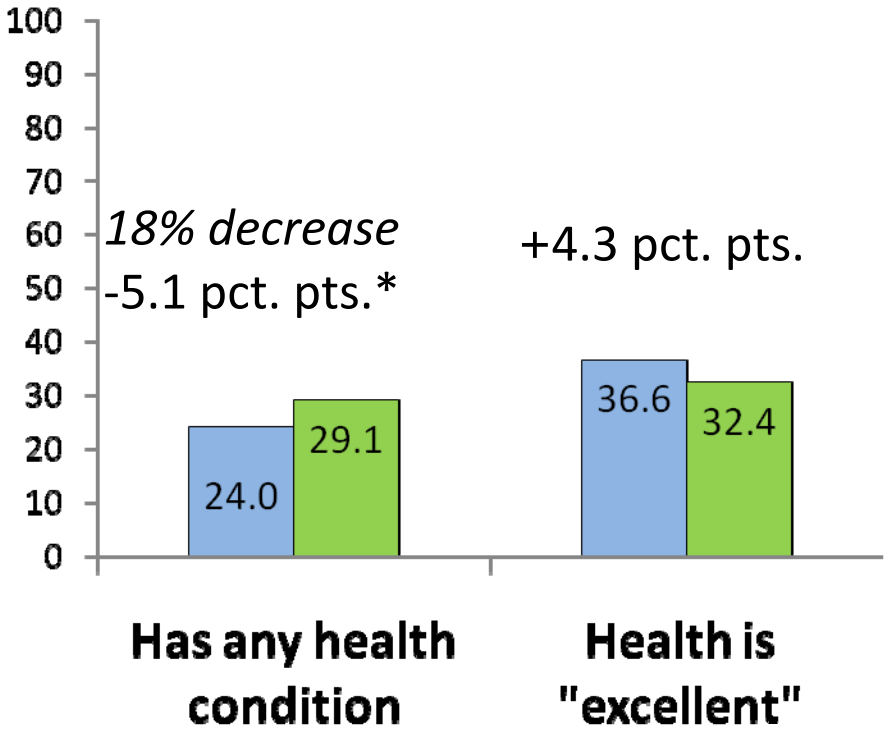
Effects on health outcomes

(18-month follow-up)

Parents



High school students

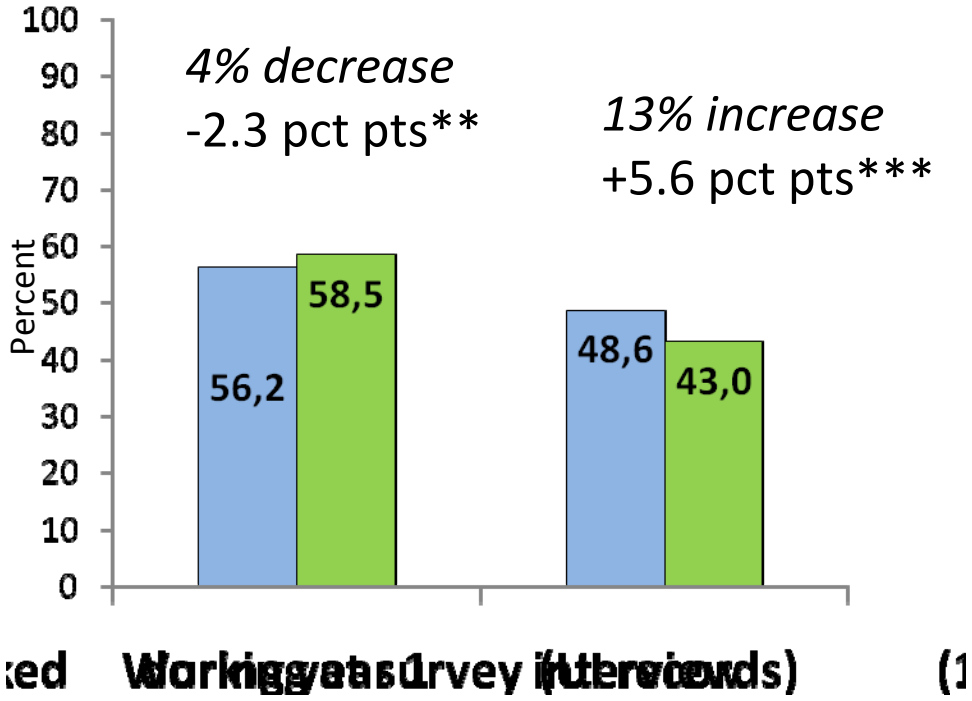


Program Control

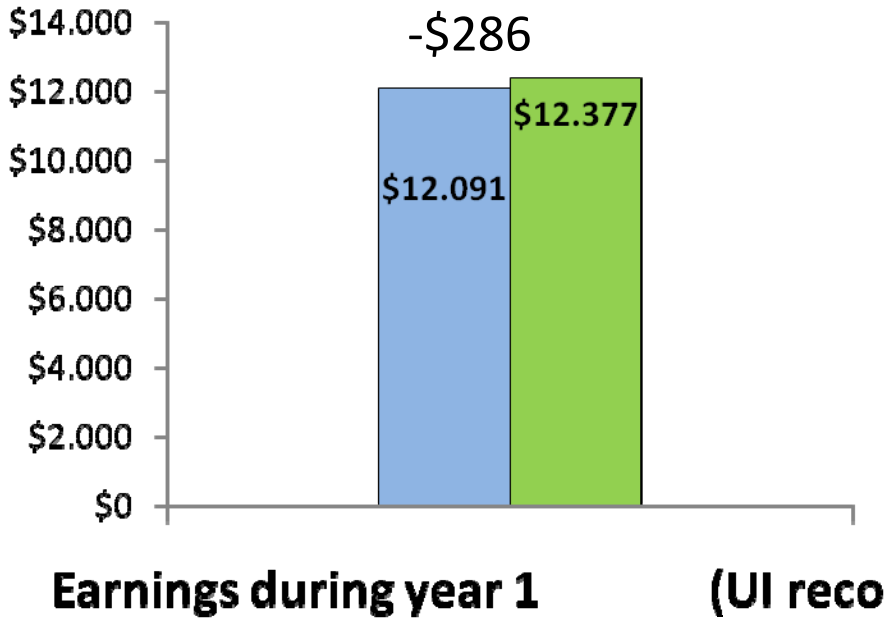
*Statistical significance levels: *** = 1 percent; ** = 5 percent; * = 10 percent.*

Effects on employment and earnings

Employment rates



UI earnings



Program Control

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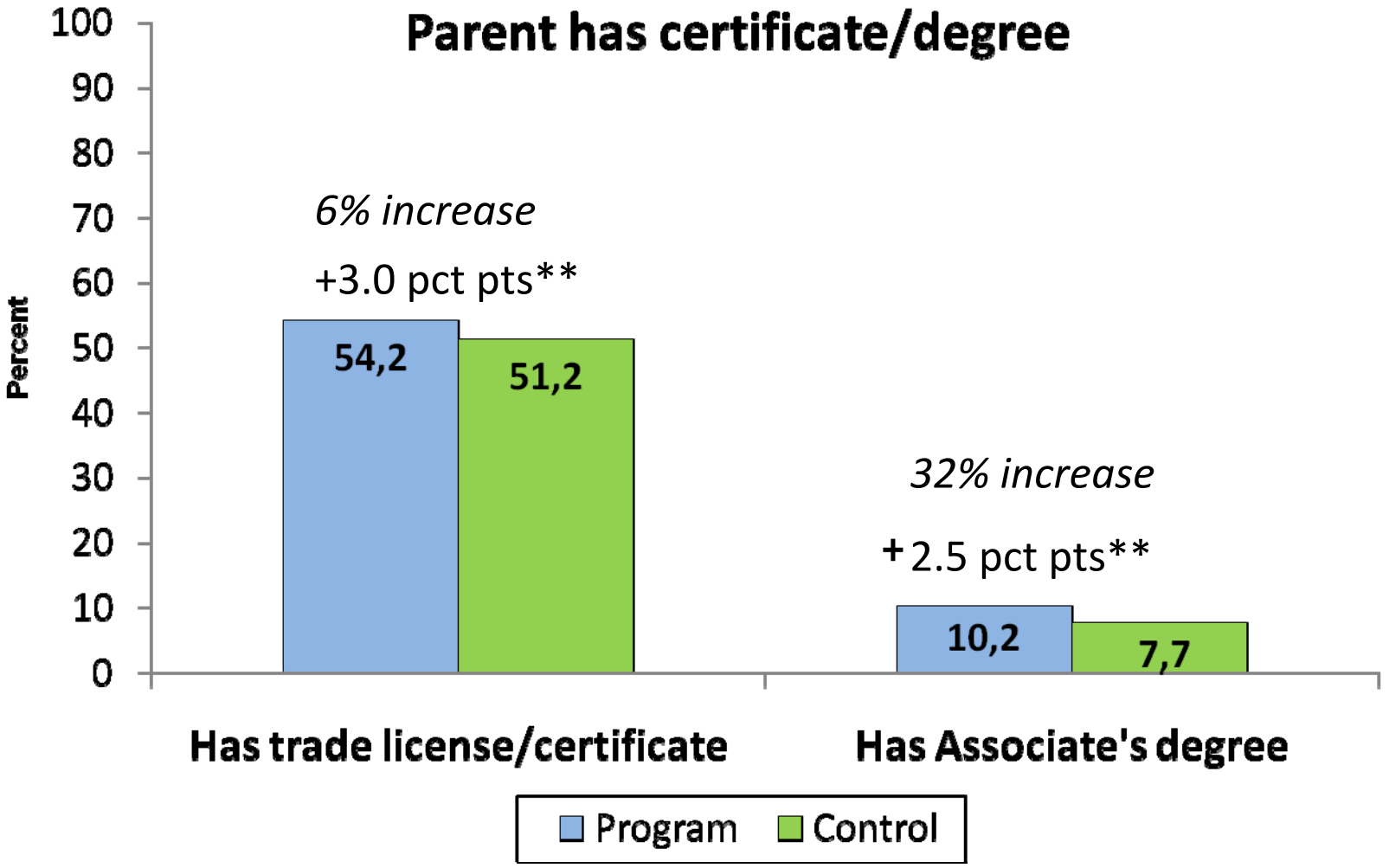
Effects on training completion

(18-month follow-up)



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Summary of early impacts

- Success in achieving short-term goal: reducing current poverty and hardship (with little reduction in work effort)
- Early positive effects on a wide range of human capital outcomes, suggesting a broad response to incentives
- Longer-term results are essential: will these effects grow enough to be cost-effective?
- Some incentives did not work; don't replicate in current form
- Too soon to draw final conclusions—*but managing expectations of press has been very difficult!*
- Evaluation will continue through 2014

New directions in evidence-building

- Obama administration has increased the US government's investment in evaluation
- Using "innovation funds" in education, health, and social policy
- One example: federal **Social Innovation Fund** (SIF)
  - Build capacity of nonprofit providers
  - Expand effective programs to help low-income families
  - Public –private investment: $1 federal to leverage $3 private
  - 11 major grantees across the US, who then fund local groups
  - Rigorous evaluation is central

SIF example involving MDRC and NYC

- MDRC and NYC mayor's office (Center for Economic Opportunity) partnered and won a SIF grant
- 5 different models, based on earlier pilots in in NYC and elsewhere
- NYC plus 6 other cities/areas across the US
  - 1 to 2 projects per city
- Major foundations involved (including Bloomberg)

CCT replication

- NYC's CCT pilot will be replicated as a SIF project
  - "New and improved" model, based on early evaluation evidence
  - Simpler (fewer incentives) and better targeted
  - More pro-active guidance and assistance to families (Family Action Plans and strategic outreach)

Conclusion

- Important to evaluate innovations: *many don't work!*
- Evaluation takes time and costs money. But…
  - Wasteful to implement *ineffective* strategies
  - May miss opportunities to improve lives and possibly save money in the longer term
- Take a cumulative approach
  - Each generation of policymakers should have more evidence on "what works" (and what *doesn't*) than the prior one

MORE INFORMATION

- For a hard copy of the Opportunity NYC – Family Rewards report (***Toward Reduced Poverty Across Generation***), contact Jim Riccio at: james.riccio@mdrc.org

- To access the report online, go to: http://www.mdrc.org/publications/549/full.pdf

- For more information about **MDRC**, go to: www.mdrc.org

- For more information about the **NYC Center for Economic Opportunity (CEO),** go to: www.nyc.gov/ceo